

## **AGENDA**

### **LSU BOARD OF SUPERVISORS MEETING**

Board Room, LSU System Building  
Baton Rouge, Louisiana

**1:00 P.M., FRIDAY, JUNE 3, 2011**

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#### **PUBLIC COMMENTS**

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

[www.lsusystem.edu/boardofsupervisors/publicComments.cfm](http://www.lsusystem.edu/boardofsupervisors/publicComments.cfm)

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### **INTEGRATED COMMITTEE MEETINGS**

#### **I. HEALTH CARE AND MEDICAL EDUCATION COMMITTEE**

Dr. John F. George, Chairman

1. Status report on activities at the LSU Health Sciences Centers and the Health Care Services Division

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#### **II. ACADEMIC AND STUDENT AFFAIRS, ACHIEVEMENT AND DISTINCTION COMMITTEE**

Mr. Roderick K. "Rod" West, Chairman

1. Low Completer Programs (Written Report Only)

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**III. FINANCE, INFRASTRUCTURE, AND CORE  
DEVELOPMENT COMMITTEE (Amended)**

Mr. Alvin E. Kimble, Chairman

1. Status report on the FY 2010-2011 Supplemental Appropriations Bill and the FY 2011-2012 Appropriations Bill
2. Presentation of the financial report for the 3rd quarter ending March 31, 2011
3. Report on campus bond indebtedness
4. Request from LSU and A&M for a restricted account for the operations of the Louisiana Library Network (LOUIS)
5. Recommendation to enter into a Cooperative Endeavor Agreement between the LSU Board of Supervisors, acting for the University of New Orleans, and the National World War II Museum, Inc. for purposes of enhancing the educational and research programs of the National World War II Museum, Inc. and the Eisenhower Center for American Studies
6. Resolution Regarding Proposed Transfer of UNO to the UL System

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**IV. PROPERTY AND FACILITIES COMMITTEE**

Mr. Benjamin W. Mount, Chairman

1. Recommendation to approve the Lease Agreement with Ricoh Americas Corporation for the operation of the LSU Student Union Copy and Mail Center
  2. Approval of schematic design for an educational facility at the Hilltop Arboretum
  3. Recommendation to approve a request for lease of property, Rosepine Research Station, Vernon Parish, Louisiana
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**V. AUDIT COMMITTEE**

Mr. Ronald R. Anderson, Chairman

The Audit Committee will meet in the President's Conference Room on Friday afternoon, following the Integrated Committee Meetings and the Board Meeting. The Committee may go into Executive Session in accordance with the provisions of LA. R.S. 42:6.1 A (4)

## **AGENDA**

### **LSU BOARD OF SUPERVISORS MEETING**

**(Immediately following the Integrated Committee Meetings)**

**Friday, June 3, 2011**

**Mr. James W. Moore, Jr., Chairman**

1. Call to Order and Roll Call
2. Invocation and Pledge of Allegiance
3. Introduction of Faculty and Staff Representatives
4. Oath of Office for the new Student Board Member
5. Approval of the Minutes of the Board Meeting held on April 15, 2011
6. Personnel Actions Requiring Board Approval
7. President's Report
8. Report on Activities of the Board of Regents
9. Reports to the Board
  - A. Health Plan Status Report (Written Report Only)
  - B. Quarterly Consolidated Investment Report (Written Report Only)
10. Approval of Consent Agenda Items
  - A. Request approval to consolidate M.S. Degrees in the School of Graduate Studies into a M.S. in Biomedical Sciences at the LSU Health Sciences Center in Shreveport
  - B. Request to consolidate the B.S. in Mathematics and the B.S. in Physics into a single B.S. in Mathematics and Physics at LSU in Shreveport
  - C. Request to consolidate the B.A. in French and the B. A. in Spanish into a B.A. in Romance Languages at UNO

- D. Request approval of an Exclusive Patent and Know-How license between Neuroquest, Inc. and the Pennington Biomedical Research Center
- E. Request approval of a Non-Exclusive license between Plantipp BV and the LSU Agricultural Center
- F. Recommendation to approve the Fifth Amendment to the Lease Agreement with Compass Group USA, Inc. at Louisiana State University
- G. Recommendation to name the LSU Career Center the “LSU Olinde Career Center”
- H. Recommendation to name the LSU Career Center’s Welcome and Information Center the “Mary Agnes Hardy delaHoussaye Belleau Welcome and Information Center”
- I. Recommendation to name the LSU Career Center’s Workforce Development Center the “LSU Career Center Chevron Workforce Development Center”
- J. Assignments of Oil, Gas & Mineral Interests by Woodson Oil & Gas, L.P. to Azalea Properties, Ltd. and by Azalea Properties, Ltd. to RCWI, L.P. at the Central Research Station
- K. Recommendation to approve a lease for the housing of medical students and residents at the LSUHSC-S, E. A. Conway Medical Center, Monroe, Louisiana
- L. Recommendation to name the LSU Laboratory School Gymnasium and Multipurpose Facility the “Pennington McKernan Gymnasium and Multipurpose Facility”
- M. Request for re-authorization of the Hearne Institute for Theoretical Physics at Louisiana State University

#### 11. Committee Reports

**I. HEALTH CARE AND MEDICAL EDUCATION  
COMMITTEE**

Dr. John F. George, Chairman

**II. ACADEMIC AND STUDENT AFFAIRS, ACHIEVEMENT  
AND DISTINCTION COMMITTEE**

Mr. Roderick K. “Rod” West, Chairman

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

Mr. Alvin E. Kimble, Chairman

**IV. PROPERTY AND FACILITIES COMMITTEE**

Mr. Benjamin W. Mount, Chairman

12. Chairman's Report

13. Adjournment

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

# AGENDA ITEM VII

## ACADEMIC PROGRAM/LOW COMPLETER REVIEW

### BACKGROUND

As part of an ongoing effort to increase efficiency, streamline delivery, and achieve an overall re-balancing of the postsecondary system, at its 27 January 2011 meeting the Board of Regents authorized a comprehensive review of academic programs in the state curriculum inventory. Though statewide reviews are historically conducted every 5-10 years, in light of continuing financial concerns this review followed one carried out in 2009. Unlike previous reviews, no degree program area was automatically excluded from review, so general education majors (mathematics, English, basic sciences) were included, as were teacher preparation majors.

Regents' staff identified 431 for which a campus and system review was mandatory based on the average number of program completers over the last three years reported (2007-08, 2008-09, 2009-10). A program was targeted for review and examination as a "Low Completer" if, during the last three years, it had fewer than the following numbers of degrees conferred:

<u>Degree Level</u>	<u>Productivity Level</u>
Associate/Baccalaureate/Post-Bachelors	24 (avg. 8 per year)
Master/Post-Master/Specialist	15 (avg. 5 per year)
Professional/Doctoral/Post-Doctoral	6 (avg. 2 per year)

Campuses were invited to put forward additional degree programs in this review as an opportunity for organizing or restructuring academic programs; 25 programs were added to the list.

Lists of low completer programs and the response templates were sent to the four systems to forward to campuses after the January Board meeting. Documentation was also posted on the Regents' web site so that campuses and interested parties could easily access what they needed. Campuses were asked to conduct a self-review of each program and respond by 28 February with a proposition and justification for one of the following actions:

1. Termination, with a plan (teach-out or transfer) to expedite completion for students in the pipeline.
2. Consolidation, with a rationale, curriculum map, and plan for implementation.
3. Continuation or Maintenance, with a compelling argument and plan for increasing productivity. In cases where other programs of the same type and level exist in the state, campuses were asked for reasons to warrant duplication and expect marked increases in productivity, including arrangements for collaboration, new delivery mechanisms, etc.

Staff recommendations were made based on consideration of documentation presented to address issues outlined in each category, as well as the program's relative standing among similar offerings, especially in the area, and its relevance to institutional role and scope, particularly for graduate-level programs.

### STAFF SUMMARY

#### Process for Staff Assessment

Staff began reviewing institutional responses upon receipt. At least two staff members read each response, focusing on program-specific issues raised, enrollment (particularly at the upper level) and completer history, and efforts in place to correct the productivity status. Other important factors included recent investments and expected impact, faculty strength and engagement, uniqueness, and relevance to region or area industry. Like program comparisons considered geographic proximity and strength of other enrollment options and whether or how the program contributed to a related graduate program (e.g., bachelor's to master's to doctorate). Also seriously considered was whether a major was required for its component courses to be offered, e.g., students today seem less likely to graduate with a foreign language *major*, but

the languages are popular and relevant as *minors* to augment other majors. Associate degrees at universities were very unlikely to be recommended for continuation unless they were uniquely related to the mission (an AS/Dental Laboratory Technology at the LSUHSC-NO).

Staff met to reach consensus on preliminary recommendations using: campus appeals, research notes, the statewide curriculum inventory annotated with average completer data for each program, and a state map annotated with 2- and 4-year campuses.

### **General Decision Factors**

In addition to the considerations mentioned above, general decision factors were developed to organize and guide the discussion. Preliminary decisions were guided by the factors listed below along with the campus report. Additional information and alternative solutions were obtained through further discussion with system and campus liaisons, who often sought additional faculty input and clarification, as needed.

#### TERMINATE

- Average completers: Undergraduate <4; Masters <2; Doctorate <1.
- Pattern (number) of completers over last 5 years.
- Pattern (number) of declared majors over 3 years, especially upper level (junior/senior).
- Duplication in the geographic area, or in the state, depending on the area.
- Low expectations for productivity growth.

#### CONSOLIDATE

- Reasonably related majors with a relevant CIP code option.
- Curriculum design has a common core and defined concentrations.
- Combined completer numbers have a reasonable chance of meeting viability thresholds.
- Opportunities for interdisciplinary interaction for student and faculty benefit.
- Campus department(s) ready to consolidate and collaborate to help the program succeed.

#### CONDITIONALLY MAINTAIN

- Average completers: Undergraduate 4-7; Masters 2-4; Doctorate >1.
- Pattern of majors and completers is steady or rising.
- Graduates expected for 2010-11 (and beyond) based on recent interventions.
- Uniqueness to state and/or region, and alignment with unique campus mission or strengths.
- New approach, e.g., to collaboration, delivery, scholarships, curriculum design, etc. holds promise for quick returns.
- Correction of data/tracking problems impact yield; recent rise in majors with justified expectations of increased graduates; no cost sub-section of viable doctoral program; or related factors.
- Direct regional workforce impact with productivity plan.

#### MAINTAIN

- Average completers: Undergraduate >7; Masters >4; Doctorate >1.
- Unique in the nation or state.
- Accreditation/licensing requirements.
- Program nationally ranked; strong faculty/research base;
- Program is interdisciplinary option, supported by faculty from other strong programs.

## Program Review Recommendations

Appendix A is a summary of staff recommendation by system, institution and program. These recommendations have been discussed with the chief academic officer of the relevant system and campuses, as they wished. (New curricula for teacher education consolidations must be confirmed by the LA Department of Education as meeting certification requirements before they may be fully approved.) Recommended actions for the 456 programs include the following:

### TERMINATE (T) 109 Programs

The program will be terminated in the statewide curriculum inventory (CRIN), effective May 2011. Currently enrolled students who are declared majors in the program will be given an appropriate length of time to complete the major or to transfer to another program.

### CONSOLIDATE (C) 17 Programs

The program will incorporate other programs as new concentrations within the major. In some cases the name and/or CIP may be changed slightly to better reflect the new combination.

### CONSOLIDATE & TERMINATE (C+T) 172 Programs

The program is being changed to either become a concentration in an existing major or to combine with other majors to form a new degree program, usually as a concentration. The old program will be removed from the CRIN and the campus' catalog, and the new program will be monitored for productivity. Students currently enrolled as declared majors will be given an appropriate length of time to either complete the original major or transfer to the new curriculum.

### CONDITIONALLY MAINTAIN (CM) 107 Programs

The program is approaching required productivity levels or has demonstrated a likelihood for reaching them or showing marked growth in completers in a short time, but there remain concerns for its future relevance or viability. Additional time is required to see if remediating actions or innovations will have an effect. Follow-up progress reports will be required, and programs will be reevaluated in two years based on enrollment and completer data from 2010-11 and 2011-12, at a minimum.

### MAINTAIN (M) 51 Programs

There are no significant concerns for continued program relevant/productivity, or the program is close enough to viability thresholds to not require further monitoring until the next program review.

Attachment B is a more detailed spreadsheet, again sorted by system, campus, and program, which provides basic data on program completers, the campus request and staff recommendations with a very brief explanation of staff observations leading to that recommendation.

## STAFF RECOMMENDATION

***The staff recommends Board approval of recommendations relative to 456 programs included in this review, including***

- termination of 109 programs,***
- consolidation of 189 programs (including the cancellation of 172 on the curriculum inventory),***
- conditional maintenance of 107 programs,***
- and the addition of new programs in the Curriculum Inventory as part of the consolidations and restructuring as curriculum design is completed.***

***Campuses with programs noted as "Conditional Maintenance" will report on progress annually, as entered in the tracking database.***

**2011 Academic Program Review  
Summary of Staff Recommendations**

System	Campus	Associate					Bachelor					Graduate					TOTAL	
		C	C+T	CM	M	T	C	C+T	CM	M	T	C	C+T	CM	M	T		
LCTCS	BPCC		2	3														5
	BRCC			2	1													3
	DCC		8	4	2	4												18
	FTCC			3	2	1												6
	LDCC					2												2
	Nunez			3		2												5
	RPCC			1		1												2
	SLCC					1												1
	Sowela			2	1	2												5
	TC Acad	1	1	6		3												11
	TC Cap			3		1												4
	TC Cntrl					3												3
	TC NE			1														1
	TC NShr	1	1			2												4
	TC NW			3														3
TC SCtrl			1		1												2	
LSU	HSC-NO				1					1			8	1	5	2	18	
	HSC-S								1			5	1	2		9		
	LSU						1		1	2		2	9	14	2	31		
	LSU A					1		1								2		
	LSU E	1				1										2		
	LSU S						2	10			5					17		
	UNO						12	3	2	6		1	7	1	2	34		
SUS	SUBR						1	13		1	10		2	5	2	3	37	
	SUNO								8	1	1					10		
	SUSLA			4	1	2										7		
ULS	GSU						2	12	3		5		2	4	1	2	31	
	McNeese						1	15		1	3			1		1	22	
	Nicholls				1		2	8	2	2	1				1		17	
	NSU							5	2	1	3		2			13		
	SLU						2	7	3		7					20		
	Tech				1		1	18	6	1	6			4	3	3	43	
	ULL						1	18	2	1	5		5	2		1	35	
	ULM				1		2	13	3	1	5			3	2	3	33	
		<b>Associate</b>					<b>Bachelor</b>					<b>Graduate</b>					<b>TOTAL</b>	
<b>TOTALS</b>		3	12	36	9	29	14	132	33	13	60	0	25	39	31	20	456	

C - Consolidate: other programs will be terminated and added to this major, usually as a concentration.

C+T - Consolidate & Terminate: program cancelled on the Curriculum Inventory (CRIN) to allow for consolidation into a new or existing program.

CM - Conditional Maintenance: program continues on probation; must show improvement in productivity; will be reevaluated in two years.

M - Maintain: program continues; no additional reporting required.

T - Termination: program will be cancelled on the CRIN; only declared majors may continue in the program.



I. FINANCE, INFRASTRUCTURE, AND CORE DEVELOPMENT COMMITTEE  
(Amended)

**Mr. Alvin E. Kimble, Chair**  
**Dr. John F. George, Vice Chair**  
Mr. Ronald R. Anderson  
Mr. R. Blake Chatelain  
Mr. Anthony G. "Tony" Falterman  
Mr. Raymond J. Lasseigne  
Mr. Roderick K. "Rod" West  
Mr. Robert "Bobby" Yarborough

AGENDA

1. Status report on the FY 2010-2011 Supplemental Appropriations Bill and the FY 2011-2012 Appropriations Bill
2. Presentation of the financial report for the 3rd quarter ending March 31, 2011
3. Report on campus bond indebtedness
4. Request from LSU and A&M for a restricted account for the operations of the Louisiana Library Network (LOUIS)
5. Recommendation to enter into a Cooperative Endeavor Agreement between the LSU Board of Supervisors, acting for the University of New Orleans, and the National World War II Museum, Inc. for purposes of enhancing the educational and research programs of the National World War II Museum, Inc. and the Eisenhower Center for American Studies
6. Resolution Regarding Proposed Transfer of UNO to the UL System



**Status Report on FY 2010-2011 Supplemental Appropriation Bill and  
FY 2011-2012 Appropriation Bill**

To: Members of the Board of Supervisors

Date: June 3, 2011

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

1. Summary of the Matter

House Bill 611, the Supplemental Appropriations Bill provides amended appropriations for the current fiscal year, 2010-2011. The initial submission of the supplemental appropriation bill provided for no line items that pertained to the LSU System institutions. The initial submission did however, include the \$97.2 million in State General Fund that will be distributed to public institutions of higher education based on a plan approved by the Board of Regents and implemented by the Division of Administration.

The bill also authorizes and directs the reduction of fees and self generated funds from the public institutions of higher education based on a plan approved by the Board of Regents and implemented by the Division of Administration.

On a related matter, the Revenue Estimating Committee met on May 18, 2011 and adopted a revised FY 2010-2011 revenue forecast that reduces the state general fund revenue estimate for the remainder of this fiscal year by \$77 million.

On Monday, May 23<sup>rd</sup>, the supplemental appropriation bill was heard in the House Appropriation Committee. With the exception of technical changes, postsecondary education was not directly affected by the amendments offered by the House Appropriation Committee. The Committee did reduce approximately \$11.4 million in general fund appropriations to other agencies as a result of the savings realized from Executive Order BJ-2011-7 (expenditure freeze). The next step in the process for this bill is consideration by the House Floor. The staff will continue to monitor this bill and update you on any further progress.

On March 11, 2011 the Governor presented HB 1, the FY 2011-2012 Executive budget with various components to address the reported \$1.6 billion shortfall. The executive budget proposed to eliminate the shortfall with use of savings mechanisms as well as proposed new revenue mechanisms in the following fashion:

Proposed Savings	Amount
Reductions in various government departments	\$410M
Annualize FY 2011 mid-year reductions	\$110M
Eliminate 4,000 positions	\$96M
Efficiency savings in base-line budget	\$225M
Absorb mandated and other costs	\$200M
<b>Total Proposed Savings</b>	<b>\$1,041B</b>

Proposed New Revenue	Amount
<b>Sale of prisons</b>	<b>\$86M</b>
From dedicated funds	\$341M
<b>Increase retirement contributions 3%</b>	<b>\$25M</b>
<b>Transfer from Millennium Trust fund (TOPS)</b>	<b>\$92M</b>
<b>Total Proposed New Revenue</b>	<b>\$544M</b>

On May 17, 2011, the House Appropriation Committee amended the executive budget to extract the proposed new revenue that was contingent on subsequent legislation, which included the proposed \$86 million from the sale of prisons, the proposed \$25 million from the increase in employee retirement contributions, and the \$92 million to be provided to the TOPS from the Millennium Trust fund.

The House Appropriation Committee proposed to replace the funds extracted by making an additional \$139 million in reductions at state agencies (exclusive of higher education) in the categories of travel, operating services, and supplies and by using an \$82 million fund balance from an economic development fund.

Although mainly technical in nature, the most significant amendments approved by the House Appropriation Committee that affects the LSU System are as follows:

- The Louisiana Animal Disease Diagnostic Laboratory Program and the Arbovirus surveillance program and funding will be moved from LSU A&M to the LA Department of Agriculture
- The Truancy Assessment and Services Centers Program and funding will be moved from the LSU BOS and LSU A&M to the Louisiana Commission on Law Enforcement
- Operating funds for the LSU AgCenter in the amount of \$5 million will be restored.

The next step in the process is a debate on the appropriation bill by the full house. The House is expected to debate the bill and the issues that are surrounding the bill on May 25<sup>th</sup> and 26<sup>th</sup>. Staff will update the committee on the outcome of that action if necessary at the board's committee meeting.

In a related matter, at its meeting on May 18, 2011, the Joint Legislative Committee on the Budget failed to approve the FY 2011-2012 tuition increases (3-4-5 tuition increases) allowed by Act 915 of the 2008 Legislative Session. These funds were built into the Governor's Executive Budget as a means to mitigate a portion of the loss of stimulus dollars and amount to approximately \$14.9 million for the LSU System.

## 2. Review of Documents Related to Referenced Matter

N/A

## Attachments

- (1) Relevant section of HB 611, FY 2010-2011 Supplemental Appropriation Bill
- (2) House Appropriation Committee amendments to FY 2011-2012 Postsecondary Education Section of the Appropriation Bill

## Recommendation

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

1 Program by 344 positions and increasing the number of authorized positions for the  
 2 Community and Family Services Program by 357 positions and the Administration and  
 3 Executive Support Program by 4 positions.

4 The commissioner of administration is hereby authorized and directed to adjust the means  
 5 of finance for the Administration and Executive Support Program, as contained in Act 11  
 6 of the 2010 Regular Session of the Legislature, by reducing the appropriation out of Federal  
 7 Funds by \$67,022.

8 The commissioner of administration is hereby authorized and directed to adjust the means  
 9 of finance for the Field Services Program, as contained in Act 11 of the 2010 Regular  
 10 Session of the Legislature, by reducing the appropriation out of Federal Funds by \$456,970.

11 **HIGHER EDUCATION**

12 **19-615 SOUTHERN UNIVERSITY BOARD OF SUPERVISORS**

13 The commissioner of administration is hereby authorized and directed to adjust the  
 14 appropriations for the Southern University - Agricultural and Mechanical College and  
 15 Southern University - Law Center, as contained in Act 11 of the 2010 Regular Session of the  
 16 Legislature, by reducing the appropriation for Southern University - Agricultural and  
 17 Mechanical College by \$2,014,000 and increasing the appropriation for Southern University  
 18 - Law Center by \$2,014,000.

19 **19-620 UNIVERSITY OF LOUISIANA SYSTEM**

20 Payable out of the State General Fund by  
 21 Fees & Self-generated Revenues to  
 22 Southeastern Louisiana University due to  
 23 increases in enrollment \$ 1,320,000

24 Payable out of the State General Fund by  
 25 Fees & Self-generated Revenues to  
 26 University of Louisiana at Lafayette  
 27 due to increases in enrollment \$ 1,750,000

28 **19-649 LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEMS**

29 Payable out of the State General Fund by  
 30 Fees & Self-generated Revenues to  
 31 Baton Rouge Community College  
 32 due to increases in enrollment \$ 465,000

33 Payable out of the State General Fund by  
 34 Fees & Self-generated Revenues to  
 35 Delgado Community College  
 36 due to increases in enrollment \$ 1,400,000

37 Payable out of the State General Fund by  
 38 Fees & Self-generated Revenues to  
 39 Bossier Parish Community College  
 40 due to increases in enrollment \$ 2,500,000

41 Payable out of the State General Fund by  
 42 Fees & Self-generated Revenues to  
 43 Louisiana Delta Community College  
 44 due to increases in enrollment \$ 1,000,000

1 **19-671 BOARD OF REGENTS**

2 Payable out of the State General Fund (Direct)  
3 to the Board of Regents \$ 97,246,512

4 Provided, however, of the \$97,246,512 in State General Fund (Direct) to the Board of  
5 Regents shall be distributed to only public institutions of higher education based on a plan  
6 approved by the Board of Regents and implemented by the Division of Administration.

7 Provided further, however, the commissioner of administration is hereby authorized and  
8 directed to adjust the means of finance for the Board of Regents, as contained in Act 11 of  
9 the 2010 Regular Session of the Legislature, by reducing the appropriation out of the State  
10 General Fund by Fees & Self-generated Revenues by \$53,272,603. The \$53,272,603 shall  
11 be distributed to public institutions of higher education based on a plan approved by the  
12 Board of Regents and implemented by the Division of Administration.

13 **SPECIAL SCHOOLS AND COMMISSIONS**14 **19-653 LOUISIANA SCHOOLS FOR THE DEAF AND VISUALLY IMPAIRED**

15 Payable out of the State General Fund by  
16 Statutory Dedications out of the Education  
17 Excellence Fund to the Louisiana School for the  
18 Visually Impaired Program \$ 1,261

19 Provided, however, that the commissioner of administration is hereby authorized and  
20 directed to adjust the means of finance for the Louisiana School for the Deaf Program, as  
21 contained in Act 11 of the 2010 Regular Session of the Legislature, by reducing the  
22 appropriation out of the State General Fund by Statutory Dedications out of the Education  
23 Excellence Fund by \$1,660.

24 **19-655 LOUISIANA SPECIAL EDUCATION CENTER**

25 Payable out of the State General Fund by  
26 Interagency Transfers to the Louisiana Special  
27 Education Center for the dormitory renovation  
28 project \$ 2,440,802

29 **19-657 LOUISIANA SCHOOL FOR MATH, SCIENCE, AND THE ARTS**

30 Payable out of the State General Fund by  
31 Fees & Self-generated Revenues for the Living  
32 and Learning Community Program for renovation  
33 of the Caddo dormitory \$ 62,000

34 Payable out of the State General Fund by  
35 Statutory Dedications out of the Education Excellence  
36 Fund for the Living and Learning Community Program \$ 49

37 **19-673 NEW ORLEANS CENTER FOR THE CREATIVE ARTS**

38 Payable out of the State General Fund by  
39 Statutory Dedications out of the Education Excellence  
40 Fund to the NOCCA Instruction Program \$ 2,239

41 **DEPARTMENT OF EDUCATION**42 **19-678 STATE ACTIVITIES**

43 Payable out of the State General Fund (Direct)  
44 to the Executive Office for litigation expenses \$ 200,000

House Appropriation Committee amendments to 2011-2012 Postsecondary Education section of Appropriation Bill

Institution Name	Description	Amount	Funding ID
Southeastern La	Adjust funding to reflect revenues and expend	1,320,000	Self-Generated
Univ. of La - Lafayette	Adjust funding to reflect revenues and expend	1,750,000	Self-Generated
Southern BR	Adjust funding to reflect revenues and expend	(4,028,000)	Self-Generated
Southern Law	Adjust funding to reflect revenues and expend	(493,600)	Self-Generated
Southern Ag. Ctr.	Funding from OC for Ag Centers	100,000	Stat Ded
LSU HSC - S	Adjust IAT Authority for savings with LINCA	5,323,710	IAT
EA Conway	Adjust IAT Authority for savings with LINCA	397,272	IAT
Huey P. Long	Adjust IAT Authority for savings with LINCA	(1,123,851)	IAT
LSU BOS	Transfer TASC Program to LCLE	(3,004,983)	Gen Fund
LSU Baton Rouge	Transfer LA Animal Disease Diagnostic Lab Program	(909,000)	Gen Fund
LSU Ag Center	Funding from OC for Ag Centers	5,000,000	Stat Ded
Paul M. Hebert Law	Adjust funding to reflect revenues and expend	(175,000)	Self-Generated
LOSFA	Replace TOPS Fund with OC Fund	92,345,957	Stat Ded
LOSFA	Replace TOPS Fund with OC Fund	(92,345,957)	Stat Ded
Net Change		4,156,548	



## Presentation of the System Financial Report for the 3rd Quarter ending March 31, 2011

To: Members of the Board of Supervisors

Date: June 3, 2011

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

### 1. Summary of the Matter

On August 27, 2010 the Board of Supervisors adopted a resolution requiring that each campus and hospital continue to prepare a quarterly financial report in accordance with a format approved by the President. The initial format and requirement for the report was adopted by the Board of Supervisors on August 27, 2009 and provided that the format of the report 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.

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

The LSU System campuses and institutions have submitted to the System Office the 2010-2011 3<sup>rd</sup> quarter reports, which are in the required format and provide the required information requested by the LSU Board of Supervisors and the President. The Staff have reviewed the submissions and have compiled a summary of significant changes.

### Attachments

1. FY 2010-2011 3rd Quarter Financial Report *(To conserve paper, this attachment is available on the System Office website.)*
2. FY 2010-2011 3rd Quarter Financial Report Summary of Variances.

### Recommendation

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

# **Louisiana State University System**



## **2010-2011 Third Quarter Operating Budget Report**



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LOUISIANA STATE UNIVERSITY

Office of the Chancellor

TO: John Lombardi  
President  
LSU System

DATE: May 19, 2011

FROM: Michael Martin  
Chancellor

RE: Third Quarter of FY 2010-11 Budget Report

During fiscally challenging times, one may think additional flexibility and autonomy would be granted to address any ensuing obstacles. In reality, LSU and other higher education institutions are now faced with even more operating restrictions. A “ceiling” on the number of employees LSU can have at any point in time, referred to as an “Authorized Table of Organization”, and the following three Executive Orders greatly restrict the degrees of freedom available to an institution attempting to maintain quality with limited resources:

Executive Order BJ 2010-12 Limited Hiring Freeze issued on July 1, 2010  
Executive Order BJ 2011-6 Personnel Services Freeze issued on April 8, 2011  
Executive Order BJ 2011-7 Expenditure Freeze issued on May 9, 2011

With your leadership and that of the Board of Supervisors, we hope LSU will be granted more operational flexibility and autonomy in the future and not be subjected to selected restrictions applied during the fiscal year. Even with these restrictions, the third quarter of FY 2010-2011 report shows LSU is continuing to be “on target” in terms of the budget. The report reflects routine campus adjustments. Brief comments following each section of the report explain any amounts or percentage changes which may appear to be unusual. Most importantly, LSU is continuing to meet its flagship teaching and research obligations.

As previously reported, LSU is pleased with the growth in the total student enrollment for the 2010-2011 academic year. At this time, a modest increase in enrollment is projected for the coming academic year. More enrollment information will be provided in the coming months. This 2010-2011 enrollment growth and its subsequent impact on net tuition revenue will greatly assist the University in addressing the “mid-year” cut assigned last fall through Executive Order BJ 2010-20. This third quarter report does not reflect the impact of the LSU System \$2.9 million internal reallocation cut since LSU has not received final instructions on the procedures to implement it.

We continue to meet with internal and external decision makers during this critical legislative session. The current version of the Appropriations Bill (House Bill 1) avoids the disastrous “fiscal cliff” in 2011-2012. LSU stands ready to work together on a fiscal solution which will protect the academic core of LSU while maintaining access, capacity, breadth, and depth of programs for qualified students. Again with your leadership and the Board’s guidance, we intend to become a better flagship university serving the students and citizens of Louisiana. Should you have any questions concerning the third quarter report, please contact me.

Unrestricted Operations		Actual Amount for each Quarter in 2010-11				
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	135,483,452	45,916,823	34,437,617	34,437,616		114,792,056
Statutory Dedications	14,253,550	2,266,598	2,430,870	2,586,853		7,284,321
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	6,649,986	1,667,697	1,676,811	1,588,539		4,933,047
Interagency Transfers - Federal Stimulus	56,507,987	0	32,220,973	22,048,168		54,269,141
Self Generated Revenues	227,964,234	130,395,581	79,720,130	22,599,255		232,714,966
Federal Funds	0	0	0	0		0
<b>Total Revenues</b>	<b>440,859,209</b>	<b>180,246,699</b>	<b>150,486,401</b>	<b>83,260,431</b>		<b>413,993,531</b>
<b>Expenditures by Object:</b>						
Personal Services	333,034,468	62,929,961	90,335,170	90,362,319		243,627,450
Operating Expenses	28,317,474	9,429,381	5,127,085	7,820,430		22,376,896
Other Charges	69,035,503	28,793,507	30,872,672	5,587,283		65,253,462
Acquisitions and Major Repairs	10,471,764	622,578	1,450,468	3,178,564		5,251,609
<b>Expenditures by Function:</b>						
Academic Expenditures	301,067,638	54,798,415	82,618,360	80,953,790		218,370,565
Transfers out of agency	574,910	306,943	(234,699)	536,894		609,139
Non-Academic Expenditures	139,791,571	46,977,012	45,167,035	25,994,805		118,138,852
<b>Total Expenditures</b>	<b>440,859,209</b>	<b>101,775,427</b>	<b>127,785,395</b>	<b>106,948,595</b>		<b>336,509,417</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	11,073,923	16,884,173	17,776,855	16,964,582	
Sales and Services of Educational Activities	5,269,203	5,471,455	5,626,262	5,559,318	
Auxiliaries	21,231,196	54,454,505	48,603,034	45,213,063	
Endowment Income	11,053,087	10,889,640	10,836,204	10,654,369	
Grants and Contracts	2,510,875	9,343,562	11,358,151	9,338,643	
Indirect Cost Recovered	33,639,865	30,444,478	27,677,982	29,898,993	
Gifts	2,264,767	2,222,504	2,265,354	2,254,518	
Federal Funds	0	0	0	0	
Hospitals	0	0	0	0	
All Other Sources	9,014,084	10,775,459	14,032,001	18,263,098	
<b>TOTAL</b>	<b>96,056,999</b>	<b>140,485,776</b>	<b>138,175,843</b>	<b>138,146,583</b>	

**Overview and Analysis of Campus Operations**

The Governor's Executive Order BJ 2010-20 budget cut was implemented in the third quarter. Individual college and unit realignment of budgets are also included in the budget adjustments for this quarter. The revenues and expenditures appear to be in line with their budget.

Operating Budget Development		Campus: Louisiana State University					
		Budget Adjustments					
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Adjusted Operating Budget	% change to Beg Budget
<b>Revenues</b>							
General Fund	137,750,466			(2,267,014)		135,483,452	-1.6%
Statutory Dedications	14,253,550					14,253,550	0.0%
Interim Emergency Board	0					0	
Interagency Transfers	6,649,986					6,649,986	0.0%
Interagency Transfers - Federal Stimulus	56,507,987					56,507,987	0.0%
Self Generated Revenues	227,964,234					227,964,234	0.0%
Federal Funds	0					0	
<b>Total Revenues</b>	<b>443,126,223</b>	<b>0</b>	<b>0</b>	<b>(2,267,014)</b>	<b>0</b>	<b>440,859,209</b>	<b>-0.5%</b>
<b>Expenditures by Object:</b>							
Salaries	230,738,299	(64,369)	(160,794)	(1,777,642)		228,735,494	-0.9%
Other Compensation	24,992,101	57,400	11,582	346,871		25,407,955	1.7%
Related Benefits	79,436,730	0	11,603	(557,314)		78,891,019	-0.7%
<b>Total Personal Services</b>	<b>335,167,130</b>	<b>(6,969)</b>	<b>(137,609)</b>	<b>(1,988,085)</b>	<b>0</b>	<b>333,034,468</b>	<b>-0.6%</b>
Travel	1,970,237	1,129	82,019	100,061		2,153,446	9.3%
Operating Services	15,291,699	(14,667)	(20,247)	(210,338)		15,046,447	-1.6%
Supplies	11,150,783	12,045	84,745	(129,992)		11,117,581	-0.3%
<b>Total Operating Expenses</b>	<b>28,412,719</b>	<b>(1,493)</b>	<b>146,517</b>	<b>(240,269)</b>	<b>0</b>	<b>28,317,474</b>	<b>-0.3%</b>
Professional Services	2,441,928	(3,333)	(1,485)	(119,819)		2,317,290	-5.1%
Other Charges	52,886,399	1,464	(11,601)	17,706		52,893,968	0.0%
Debt Services	0	0	0	0		0	
Interagency Transfers	13,824,245	0	0	0		13,824,245	0.0%
<b>Total Other Charges</b>	<b>69,152,572</b>	<b>(1,870)</b>	<b>(13,086)</b>	<b>(102,113)</b>	<b>0</b>	<b>69,035,503</b>	<b>-0.2%</b>
General Acquisitions	5,699,790	5,332	2,678	63,453		5,771,252	1.3%
Library Acquisitions	4,694,012	5,000	1,500	0		4,700,512	0.1%
Major Repairs	0	0	0	0		0	
<b>Total Acquisitions and Major Repairs</b>	<b>10,393,802</b>	<b>10,332</b>	<b>4,178</b>	<b>63,453</b>	<b>0</b>	<b>10,471,764</b>	<b>0.8%</b>
<b>Total Expenditures</b>	<b>443,126,223</b>	<b>0</b>	<b>0</b>	<b>(2,267,014)</b>	<b>0</b>	<b>440,859,209</b>	<b>-0.5%</b>
<b>Expenditures by Function:</b>							
Instruction	185,002,677	(544,633)	2,214,528	(1,157,509)		185,515,063	0.3%
Research	54,672,096	495,913	(1,471,213)	(296,861)		53,399,935	-2.3%
Public Service	6,120,655	(8,329)	181,280	(94,705)		6,198,902	1.3%
Academic Support (Includes Library)	56,166,301	89,328	(76,484)	(225,406)		55,953,739	-0.4%
<b>Academic Expenditures Subtotal</b>	<b>301,961,729</b>	<b>32,279</b>	<b>848,111</b>	<b>(1,774,481)</b>	<b>0</b>	<b>301,067,638</b>	
Student Services	12,396,982	(1,699)	(140,989)	(56,809)		12,197,485	-1.6%
Institutional Support	25,839,023	(48,025)	145,297	(246,230)		25,690,065	-0.6%
Scholarships/Fellowships	51,365,903	0	0	156		51,366,059	0.0%
Plant Operations/Maintenance	50,987,676	17,445	(852,419)	(189,650)		49,963,052	-2.0%
Hospital	0	0	0	0		0	
Transfers out of agency	574,910	0	0	0		574,910	0.0%
Athletics	0	0	0	0		0	
Other	0	0	0	0		0	
<b>Non-Academic Expenditures Subtotal</b>	<b>141,164,494</b>	<b>(32,279)</b>	<b>(848,111)</b>	<b>(492,533)</b>	<b>0</b>	<b>139,791,571</b>	
<b>Total Expenditures</b>	<b>443,126,223</b>	<b>(0)</b>	<b>0</b>	<b>(2,267,014)</b>	<b>0</b>	<b>440,859,209</b>	<b>-0.5%</b>

Use next page for Detailed Explanation

**Budget Adjustments Narrative**

**Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

The Governor's Executive Order BJ 2010-20 budget cut was implemented in the third quarter. Individual college and unit realignment of budgets are also included in the budget adjustments for this quarter.

**Report on changes to Significant Funding Issues**

# Overview of Unrestricted Revenues and Expenditures

Campus: Louisiana State University

	Actual Amount for each Quarter						% Actual to Budget 2010-11
	Operating Budget 2010-11	1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11	Cumulative Total 2010-11	
<b>Revenues</b>							
General Fund	135,483,452	45,916,823	34,437,617	34,437,616		114,792,056	84.7%
Statutory Dedications	14,253,550	2,266,598	2,430,870	2,586,853		7,284,321	51.1%
Interim Emergency Board	0	0	0	0		0	
Interagency Transfers	6,649,986	1,667,697	1,676,811	1,588,539		4,933,047	74.2%
Interagency Transfers - Federal Stimulus	56,507,987	0	32,220,973	22,048,168		54,269,141	96.0%
Self Generated Revenues	227,964,234	130,395,581	79,720,130	22,599,255		232,714,966	102.1%
Federal Funds	0	0	0			0	
<b>TOTAL</b>	<b>440,859,209</b>	<b>180,246,699</b>	<b>150,486,401</b>	<b>83,260,431</b>	<b>0</b>	<b>413,993,531</b>	<b>93.9%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	228,735,494	45,933,111	61,225,531	62,595,056		169,753,698	74.2%
Other Compensation	25,407,955	5,205,966	7,945,999	7,388,970		20,540,935	80.8%
Related Benefits	78,891,019	11,790,883	21,163,641	20,378,294		53,332,818	67.6%
<b>Total Personal Services</b>	<b>333,034,468</b>	<b>62,929,961</b>	<b>90,335,170</b>	<b>90,362,319</b>	<b>0</b>	<b>243,627,450</b>	<b>73.2%</b>
Travel	2,153,446	342,916	558,329	635,365		1,536,610	71.4%
Operating Services	15,046,447	5,531,766	1,256,711	4,307,376		11,095,854	73.7%
Supplies	11,117,581	3,554,699	3,312,044	2,877,689		9,744,432	87.6%
<b>Total Operating Expenses</b>	<b>28,317,474</b>	<b>9,429,381</b>	<b>5,127,085</b>	<b>7,820,430</b>	<b>0</b>	<b>22,376,896</b>	<b>79.0%</b>
Professional Services	2,317,290	199,308	441,590	456,185		1,097,082	47.3%
Other Charges	52,893,968	28,404,072	17,437,844	5,176,452		51,018,368	96.5%
Debt Services	0	0	0	0		0	
Interagency Transfers	13,824,245	190,128	12,993,238	(45,354)		13,138,012	95.0%
<b>Total Other Charges</b>	<b>69,035,503</b>	<b>28,793,507</b>	<b>30,872,672</b>	<b>5,587,283</b>	<b>0</b>	<b>65,253,462</b>	<b>94.5%</b>
General Acquisitions	5,771,252	431,915	913,122	613,057		1,958,094	33.9%
Library Acquisitions	4,700,512	190,663	537,346	2,565,507		3,293,515	70.1%
Major Repairs	0	0	0	0		0	
<b>Total Acquisitions and Major Repairs</b>	<b>10,471,764</b>	<b>622,578</b>	<b>1,450,468</b>	<b>3,178,564</b>	<b>0</b>	<b>5,251,609</b>	<b>50.2%</b>
<b>TOTAL</b>	<b>440,859,209</b>	<b>101,775,427</b>	<b>127,785,395</b>	<b>106,948,595</b>	<b>0</b>	<b>336,509,417</b>	<b>76.3%</b>
<b>by Function</b>							
Instruction	185,515,063	31,759,876	51,819,166	49,080,773		132,659,815	71.5%
Research	53,399,935	9,092,327	14,963,426	14,309,406		38,365,159	71.8%
Public Service	6,198,902	1,126,082	1,719,049	1,394,644		4,239,775	68.4%
Academic Support (Includes Library)	55,953,739	12,820,130	14,116,719	16,168,967		43,105,816	77.0%
<b>Academic Expenditures Subtotal</b>	<b>301,067,638</b>	<b>54,798,415</b>	<b>82,618,360</b>	<b>80,953,790</b>	<b>0</b>	<b>218,370,565</b>	<b>72.5%</b>
Student Services	12,197,485	2,852,290	3,280,509	3,032,829		9,165,628	75.1%
Institutional Support	25,690,065	5,280,702	6,167,044	5,595,014		17,042,760	66.3%
Scholarships/Fellowships	51,366,059	28,302,679	17,200,421	5,080,301		50,583,401	98.5%
Plant Operations/Maintenance	49,963,052	10,234,398	18,753,759	11,749,767		40,737,924	81.5%
Hospital	0	0	0	0		0	
Transfers out of agency	574,910	306,943	(234,699)	536,894		609,139	106.0%
Athletics	0	0				0	
Other	0	0				0	
<b>Non-Academic Expenditures Subtotal</b>	<b>139,791,571</b>	<b>46,977,012</b>	<b>45,167,035</b>	<b>25,994,805</b>	<b>0</b>	<b>118,138,852</b>	<b>84.5%</b>
<b>TOTAL</b>	<b>440,859,209</b>	<b>101,775,427</b>	<b>127,785,395</b>	<b>106,948,595</b>	<b>0</b>	<b>336,509,417</b>	<b>76.3%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: Louisiana State University

## **Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

### Revenues

The self-generated revenues for the first, second and third quarters include tuition and fees collected for the summer, fall and spring term. Currently, the total self-generated revenues collected exceed the operating budget. In accordance with established LSU Board of Supervisor's policies and procedures, these revenues will be adjusted in the fourth quarter to be within the operating budget established for this category.

### Expenditures

The large percentage for actual expenditures compared to the operating budget in the other charges expenditure category and the Scholarship/Fellowships function is attributable to the tuition and fee exemption expenditures for the summer, fall and spring terms. The exemption expenditures are projected to remain within the operating budgets established for these categories for this fiscal year.

The large percentage for actual expenditures compared to the operating budget in the Transfers function is attributable to clearing/holding accounts that will be processed at the end of the fiscal year.



# Overview of Restricted Funds

Campus: Louisiana State University

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
State Appropriations	0	0	0	0	0	0	
Restricted Fees	17,050,000	9,252,170	5,100,717	2,523,288		16,876,175	99.0%
Sales and Services of Educational Activities	4,000,000	1,159,771	1,295,348	1,480,453		3,935,572	98.4%
Auxiliaries (List)							
1 Athletic Department	88,250,000	38,092,957	10,770,687	15,277,732		64,141,377	72.7%
2 Golf Course	1,190,700	352,553	224,150	251,391		828,093	69.5%
3 Residential Life	30,896,954	15,668,305	12,201,671	3,024,231		30,894,207	100.0%
4 Lab School Cafeteria	545,000	455,915	14,375	28,952		499,242	91.6%
5 Procurement Auxiliary Services	13,712,221	2,962,955	3,222,609	2,576,023		8,761,586	63.9%
6 Parking, Traffic, & Transportation	10,049,450	3,426,263	3,126,931	2,708,175		9,261,370	92.2%
7 Student Health Center	9,611,110	4,725,711	3,220,883	1,198,519		9,145,114	95.2%
8 Student Media	1,868,650	723,608	522,145	366,646		1,612,399	86.3%
9 University Auxiliary Services	1,655,863	518,579	711,836	305,456		1,535,871	92.8%
10 LSU Union	10,623,888	3,769,984	3,772,770	2,350,259		9,893,013	93.1%
11 LSU Press	0	0	0	0		0	
12						0	
13						0	
14						0	
15						0	
Endowment Income	1,800,000	319,631	234,088	207,020		760,739	42.3%
Grants and Contracts							
Federal	118,508,000	28,501,736	23,049,363	30,948,803		82,499,902	69.6%
State and Local	38,500,000	12,252,293	7,582,015	6,912,852		26,747,160	69.5%
Private	15,200,000	11,508,080	5,152,296	3,969,876		20,630,251	135.7%
Indirect Cost Recovered	21,500,000	1,548,476	2,560,970	5,852,336		9,961,782	46.3%
Gifts	13,300,000	3,236,553	3,188,495	4,132,637		10,557,685	79.4%
Federal Funds	0	0	0	0		0	
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay	0	0	0	0		0	
Physician Practice Plans	0	0	0	0		0	
Medicare	0	0	0	0		0	
Medicaid	0	0	0	0		0	
Uncompensated Care Costs (UCC)	0	0	0	0		0	
All Other Sources	6,442,000	2,315,498	4,131,464	5,153,989		11,600,952	180.1%
<b>TOTAL</b>	<b>404,703,836</b>	<b>140,791,039</b>	<b>90,082,812</b>	<b>89,268,638</b>	<b>0</b>	<b>320,142,489</b>	<b>79.1%</b>

# Overview of Restricted Funds

## Report on Restricted Budget

### Non-Auxiliary Funds

The figures included in the estimated column for non-auxiliary funds are based on the actual revenues collected from the previous fiscal year. Most of these funds are one-time or multiyear award funds that are not confined to fiscal year budgets.

Private Grants & Contracts - The private funds are in excess of the projected total revenues for the fiscal year due to private sponsors providing advance payments for projects such as \$5 million from BP Exploration & Production Inc. At fiscal year end, the portion of the revenue not used to complete the project (earned) during the year is deferred into the next fiscal year.

All Other Sources - The revenues for other sources appear to be out of line with the budget due to the interest earnings for Auxiliaries not being distributed until end of the fiscal year.

# Overview of Restricted Operations

Campus: Louisiana State University

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter Expenses, Transfers, & ICR			2nd Quarter Expenses, Transfers, & ICR			3rd Quarter Expenses, Transfers, & ICR			4th Quarter Expenses, Transfers, & ICR		
		Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fees	11,073,923	9,252,170	3,441,920	16,884,173	5,100,717	4,208,035	17,776,855	2,523,288	3,335,561	16,964,582	0		16,964,582
Sales & Svcs of Educ. Activ's Auxiliaries (List)	5,269,203	1,159,771	957,518	5,471,455	1,295,348	1,140,541	5,626,262	1,480,453	1,547,397	5,559,318	0		5,559,318
1 Athletic Department	6,507,097	38,092,957	22,278,663	22,321,391	10,770,687	22,063,647	11,028,431	15,277,732	15,747,463	10,558,699	0		10,558,699
2 Golf Course	969,696	352,553	261,712	1,060,537	224,150	267,555	1,017,132	251,391	223,876	1,044,647	0		1,044,647
3 Residential Life	4,615,421	15,668,305	4,886,514	15,397,212	12,201,671	9,521,134	18,077,749	3,024,231	4,595,786	16,506,194	0		16,506,194
4 Lab School Cafeteria	413,257	455,915	124,896	744,276	14,375	150,133	608,518	28,952	140,920	496,549	0		496,549
5 Procurement Auxiliary Services	1,571,431	2,962,955	3,031,848	1,502,539	3,222,609	2,899,631	1,825,516	2,576,023	2,769,211	1,632,327	0		1,632,327
6 Parking, Traffic, & Transportation	963,121	3,426,263	1,661,693	2,727,692	3,126,931	2,377,597	3,477,026	2,708,175	1,707,753	4,477,448	0		4,477,448
7 Student Health Center	2,321,792	4,725,711	3,071,025	3,976,479	3,220,883	2,004,750	5,192,613	1,198,519	2,224,428	4,166,704	0		4,166,704
8 Student Media	693,636	723,608	374,699	1,042,545	522,145	537,510	1,027,180	366,646	388,494	1,005,332	0		1,005,332
9 University Auxiliary Services	835,535	518,579	357,339	996,775	711,836	362,155	1,346,456	305,456	628,550	1,023,363	0		1,023,363
10 LSU Union	3,762,339	3,769,984	1,413,277	6,119,047	3,772,770	3,469,860	6,421,957	2,350,259	3,048,503	5,723,712	0		5,723,712
11 LSU Press	(1,422,129)	0	11,858	(1,433,987)	0	(14,444)	(1,419,543)	0	2,371	(1,421,914)	0		(1,421,914)
12		0		0	0		0	0	0	0	0		0
13		0		0	0		0	0	0	0	0		0
14		0		0	0		0	0	0	0	0		0
15		0		0	0		0	0	0	0	0		0
Endowment Income	11,053,087	319,631	483,078	10,889,640	234,088	287,524	10,836,204	207,020	388,855	10,654,369	0		10,654,369
Grants and Contracts													
Federal	(696,098)	28,501,736	32,569,776	(4,764,137)	23,049,363	22,531,567	(4,246,342)	30,948,803	30,551,923	(3,849,462)	0		(3,849,462)
State and Local	2,753,847	12,252,293	8,159,165	6,846,975	7,582,015	7,232,978	7,196,012	6,912,852	8,096,986	6,011,878	0		6,011,878
Private	453,126	11,508,080	4,700,481	7,260,725	5,152,296	4,004,539	8,408,482	3,969,876	5,202,130	7,176,227	0		7,176,227
Indirect Cost Recovered	33,639,865	1,548,476	4,743,863	30,444,478	2,560,970	5,327,466	27,677,982	5,852,336	3,631,325	29,898,993	0		29,898,993
Gifts	2,264,767	3,236,553	3,278,816	2,222,504	3,188,495	3,145,644	2,265,354	4,132,637	4,143,474	2,254,518	0		2,254,518
Federal Funds	0	0	0	0	0	0	0	0	0	0	0		0
<b>Hospitals</b>													
Hospital - Commercial/Self-Pay	0	0	0	0	0	0	0	0	0	0	0		0
Physician Practice Plans	0	0	0	0	0	0	0	0	0	0	0		0
Medicare	0	0	0	0	0	0	0	0	0	0	0		0
Medicaid	0	0	0	0	0	0	0	0	0	0	0		0
Uncompensated Care Costs	0	0	0	0	0	0	0	0	0	0	0		0
All Other Sources	9,014,084	2,315,498	554,123	10,775,459	4,131,464	874,923	14,032,001	5,153,989	922,892	18,263,098	0		18,263,098
<b>TOTAL</b>	<b>96,056,999</b>	<b>140,791,039</b>	<b>96,362,262</b>	<b>140,485,776</b>	<b>90,082,812</b>	<b>92,392,745</b>	<b>138,175,843</b>	<b>89,268,638</b>	<b>89,297,897</b>	<b>138,146,583</b>	<b>0</b>	<b>0</b>	<b>138,146,583</b>

## Overview of Restricted Operations

Campus: Louisiana State University

### Report on Restricted Operations

LSU Press: As outlined in the FY 10-11 Auxiliary Report to the System Office, the campus has phased out the restricted auxiliary component of the LSU Press and transferred it to a restricted sales and services academic support unit as of July 1, 2010. Due to the current fiscal crisis at LSU, the Press' current negative fund balance will be eliminated over the next three fiscal years.

Federal Grants: The University must incur the expenses and seek reimbursement. Revenue is recognized after the expenses are incurred.

State Grants: Board of Regents grants provide a large part of the funding in advance, which provides positive cash flow for state projects.

Private Grants & Contracts: Private sponsors provide advance payments for projects. At fiscal year end, the portion of the revenue not used to complete the project (earned) during the year is deferred into the next fiscal year.

Indirect Cost Recovered: The fund balance is comprised of funds that are earmarked to be used as start-up funds for new faculty members, matching funds for grants, high cost maintenance expenses for research equipment or lab renovations, and other unexpected costs. The start-up costs can range from \$100,000 for a researcher in Arts and Sciences to \$500,000 for researchers in Engineering to amounts in excess of \$3M for an internationally renowned researcher in Basic Sciences.



TO: Dr. John V. Lombardi  
President, LSU System

FROM: Jack M. Weiss *JMW*  
Chancellor

DATE: April 29, 2011

RE: LSU Paul M. Hebert Law Center  
Executive Summary  
FY 2010-2011 Quarterly Report on the Budget – 3rd Quarter Activities

The Law Center has continued the careful management of its financial resources through the third quarter.

The mid-year budget reduction of \$218,923 has influenced the allocation of Law Center funds. We have reduced scholarships that are used to attract highly-credentialed students. We have delayed filling a number of critical positions, particularly in the Library. To offset the lack of full-time employees, the Law Center has relied more heavily on student workers to continue to keep the library open and available for our faculty, staff, students, and our external constituencies.

In the aggregate, unrestricted revenues collected and expenditures incurred to date are generally in line with budget after adjustment for the mid-year cut. Self-generated revenues and expenditures include actual Fall 2010 and Spring 2011 tuition and fees and scholarships. Expenses for the research and public services functions are in line with annual budget after summer research and interdisciplinary lecture expenditures have been recognized in our accounting system in the last quarter. Restricted fees were generated by the collection of student technology fees and student bar association fees. Revenues from educational activities were realized through the sale of books and materials. Private grant revenues were realized through a grant with the MacArthur Foundation. Grant revenue will increase once activity and associated revenue receipts are recognized for an energy-saving grant for retro-commissioning of the Law Center buildings, a project funded with Federal stimulus funds through the United States Department of Natural Resources.

In sum, budgetary uncertainty and curtailments of state funding continue to limit the potential of the Law Center for regional and national competitiveness. We are sustaining our outstanding program of legal education at an effective though less than optimal level through prudent management of the available resources. Despite our increasing budget challenges, the Law Center remains committed to providing quality programs in the most cost effective manner possible.

JMW:ch

Unrestricted Operations	Actual Amount for each Quarter in 2010-11					
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	5,763,266	1,953,233	1,464,926	1,464,925		4,883,084
Statutory Dedications	404,101	33,969	117,298	88,635		239,902
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	0	0	0	0		0
Interagency Transfers - Federal Stimulus	2,455,272	0	1,621,824	833,448		2,455,272
Self Generated Revenues	12,909,883	6,478,577	3,675,721	2,604,652		12,758,950
Federal Funds	0	0	0	0		0
<b>Total Revenues</b>	<b>21,532,522</b>	<b>8,465,779</b>	<b>6,879,769</b>	<b>4,991,660</b>		<b>20,337,208</b>
<b>Expenditures by Object:</b>						
Personal Services	13,180,328	2,331,768	3,498,302	3,414,042		9,244,112
Operating Expenses	3,949,448	506,469	992,325	896,979		2,395,773
Other Charges	4,096,246	1,845,329	1,084,127	733,560		3,663,016
Acquisitions and Major Repairs	306,500	(214)	143,944	87,242		230,972
<b>Expenditures by Function:</b>						
Academic Expenditures	12,625,528	1,944,456	3,365,977	3,286,739		8,597,172
Transfers out of agency	0	0	0	0		0
Non-Academic Expenditures	8,906,994	2,738,896	2,352,721	1,845,084		6,936,701
<b>Total Expenditures</b>	<b>21,532,522</b>	<b>4,683,352</b>	<b>5,718,698</b>	<b>5,131,823</b>		<b>15,533,873</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	258,062	303,365	311,417	350,936	
Sales and Services of Educational Activities	753,943	771,412	731,655	746,001	
Auxiliaries	0	0	0	0	
Endowment Income	280,251	272,668	272,668	267,768	
Grants and Contracts	0	3,342	80,151	57,082	
Indirect Cost Recovered	125,098	125,865	126,621	127,373	
Gifts	28,346	18,375	14,512	7,883	
Federal Funds	0	0	0	0	
Hospitals	0	0	0	0	
All Other Sources	184,051	184,051	184,051	184,051	
<b>TOTAL</b>	<b>1,629,751</b>	<b>1,679,078</b>	<b>1,721,075</b>	<b>1,741,094</b>	

**Overview and Analysis of Campus Operations**

In the aggregate, revenues collected and expenditures incurred to date are generally in line with available budget. Self-generated revenues and expenditures actual include Fall 10 and Spring 11 tuition and fees and scholarships/waivers (Other Charges), respectively. A BA-7 request to increase self-generated budget authority by \$325,000 has been submitted to the system and Division of Administration for consideration. Expenses for the research and public services functions will fall in line with annual budget after summer research and conference/lecture expenditures have been recognized in our accounting system in the last quarter. Other compensation (student labor), supply and professional services expenses have been curtailed in keeping with the Law Center's conservative approach to spending in FY11.

The restricted fees were associated with the collection of student tech and student bar association fees. Expenditures were reduced by a net \$15,501 as student tech expenses were transferred to our unrestricted budget. Revenues from sales and services of educational activities were realized through the sale of books and materials. Private grant revenues were attributed to a grant with the MacArthur Foundation. These revenues have increased with a second MacArthur grant and will reflect revenues in the final quarter from an energy-saving grant for retro-commissioning of the Law School buildings,

Operating Budget Development		Campus: Paul M. Hebert Law Center					
		Budget Adjustments				Adjusted Operating Budget	% change to Beg Budget
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
<b>Revenues</b>							
General Fund	5,859,701			(96,435)		5,763,266	-1.6%
Statutory Dedications	404,101					404,101	0.0%
Interim Emergency Board						0	
Interagency Transfers						0	
Interagency Transfers - Federal Stimulus	2,455,272					2,455,272	0.0%
Self Generated Revenues	12,909,883					12,909,883	0.0%
Federal Funds						0	
<b>Total Revenues</b>	<b>21,628,957</b>	<b>0</b>	<b>0</b>	<b>(96,435)</b>	<b>0</b>	<b>21,532,522</b>	<b>-0.4%</b>
<b>Expenditures by Object:</b>							
Salaries	9,990,797					9,990,797	0.0%
Other Compensation	283,084					283,084	0.0%
Related Benefits	2,906,447					2,906,447	0.0%
<b>Total Personal Services</b>	<b>13,180,328</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,180,328</b>	<b>0.0%</b>
Travel	344,066					344,066	0.0%
Operating Services	3,277,982					3,277,982	0.0%
Supplies	327,400					327,400	0.0%
<b>Total Operating Expenses</b>	<b>3,949,448</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,949,448</b>	<b>0.0%</b>
Professional Services	247,625					247,625	0.0%
Other Charges	3,945,056			(96,435)		3,848,621	-2.4%
Debt Services						0	
Interagency Transfers						0	
<b>Total Other Charges</b>	<b>4,192,681</b>	<b>0</b>	<b>0</b>	<b>(96,435)</b>	<b>0</b>	<b>4,096,246</b>	<b>-2.3%</b>
General Acquisitions	54,200					54,200	0.0%
Library Acquisitions	252,300					252,300	0.0%
Major Repairs						0	
<b>Total Acquisitions and Major Repairs</b>	<b>306,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>306,500</b>	<b>0.0%</b>
<b>Total Expenditures</b>	<b>21,628,957</b>	<b>0</b>	<b>0</b>	<b>(96,435)</b>	<b>0</b>	<b>21,532,522</b>	<b>-0.4%</b>
<b>Expenditures by Function:</b>							
Instruction	9,230,625					9,230,625	0.0%
Research	595,695					595,695	0.0%
Public Service	57,900					57,900	0.0%
Academic Support (Includes Library)	2,741,308					2,741,308	0.0%
<b>Academic Expenditures Subtotal</b>	<b>12,625,528</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,625,528</b>	
Student Services	1,426,869					1,426,869	0.0%
Institutional Support	2,305,624					2,305,624	0.0%
Scholarships/Fellowships	3,715,271			(96,435)		3,618,836	-2.6%
Plant Operations/Maintenance	1,555,665					1,555,665	0.0%
Hospital						0	
Transfers out of agency						0	
Athletics						0	
Other						0	
<b>Non-Academic Expenditures Subtotal</b>	<b>9,003,429</b>	<b>0</b>	<b>0</b>	<b>(96,435)</b>	<b>0</b>	<b>8,906,994</b>	
<b>Total Expenditures</b>	<b>21,628,957</b>	<b>0</b>	<b>0</b>	<b>(96,435)</b>	<b>0</b>	<b>21,532,522</b>	<b>-0.4%</b>

Use next page for Detailed Explanation

**Operating Budget Development****Campus:****Paul M. Hebert Law Center****Budget Adjustments Narrative****Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

Mid-year budget cut of \$96,435 reflected in 3rd quarter. The remaining portion of our cut, \$122,488 will be transferred out of the Law Center's budget by year end.

**Report on changes to Significant Funding Issues**



# Overview of Unrestricted Revenues and Expenditures

Campus: Paul M. Hebert Law Center

	Actual Amount for each Quarter						% Actual to Budget 2010-11
	Operating Budget 2010-11	1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11	Cumulative Total 2010-11	
<b>Revenues</b>							
General Fund	5,763,266	1,953,233	1,464,926	1,464,925		4,883,084	84.7%
Statutory Dedications	404,101	33,969	117,298	88,635		239,902	59.4%
Interim Emergency Board	0					0	
Interagency Transfers	0					0	
Interagency Transfers - Federal Stimulus	2,455,272		1,621,824	833,448		2,455,272	100.0%
Self Generated Revenues	12,909,883	6,478,577	3,675,721	2,604,652		12,758,950	98.8%
Federal Funds	0					0	
<b>TOTAL</b>	<b>21,532,522</b>	<b>8,465,779</b>	<b>6,879,769</b>	<b>4,991,660</b>	<b>0</b>	<b>20,337,208</b>	<b>94.4%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	9,990,797	1,786,325	2,715,831	2,633,708		7,135,864	71.4%
Other Compensation	283,084	57,759	49,461	36,499		143,719	50.8%
Related Benefits	2,906,447	487,684	733,010	743,835		1,964,529	67.6%
<b>Total Personal Services</b>	<b>13,180,328</b>	<b>2,331,768</b>	<b>3,498,302</b>	<b>3,414,042</b>	<b>0</b>	<b>9,244,112</b>	<b>70.1%</b>
Travel	344,066	43,812	94,390	90,182		228,384	66.4%
Operating Services	3,277,982	426,882	840,992	714,747		1,982,621	60.5%
Supplies	327,400	35,775	56,943	92,050		184,768	56.4%
<b>Total Operating Expenses</b>	<b>3,949,448</b>	<b>506,469</b>	<b>992,325</b>	<b>896,979</b>	<b>0</b>	<b>2,395,773</b>	<b>60.7%</b>
Professional Services	247,625	63,954	21,051	38,931		123,936	50.0%
Other Charges	3,848,621	1,781,375	1,063,076	694,629		3,539,080	92.0%
Debt Services	0					0	
Interagency Transfers	0					0	
<b>Total Other Charges</b>	<b>4,096,246</b>	<b>1,845,329</b>	<b>1,084,127</b>	<b>733,560</b>	<b>0</b>	<b>3,663,016</b>	<b>89.4%</b>
General Acquisitions	54,200	(14,266)	42,103	46,075		73,912	136.4%
Library Acquisitions	252,300	14,052	101,841	41,167		157,060	62.3%
Major Repairs	0					0	
<b>Total Acquisitions and Major Repairs</b>	<b>306,500</b>	<b>(214)</b>	<b>143,944</b>	<b>87,242</b>	<b>0</b>	<b>230,972</b>	<b>75.4%</b>
<b>TOTAL</b>	<b>21,532,522</b>	<b>4,683,352</b>	<b>5,718,698</b>	<b>5,131,823</b>	<b>0</b>	<b>15,533,873</b>	<b>72.1%</b>
<b>by Function</b>							
Instruction	9,230,625	1,496,310	2,730,440	2,610,367		6,837,117	74.1%
Research	595,695	54,942	70,279	73,837		199,058	33.4%
Public Service	57,900	11,364	3,817	3,285		18,466	31.9%
Academic Support (Includes Library)	2,741,308	381,840	561,441	599,250		1,542,531	56.3%
<b>Academic Expenditures Subtotal</b>	<b>12,625,528</b>	<b>1,944,456</b>	<b>3,365,977</b>	<b>3,286,739</b>	<b>0</b>	<b>8,597,172</b>	<b>68.1%</b>
Student Services	1,426,869	259,084	293,521	308,042		860,647	60.3%
Institutional Support	2,305,624	421,164	594,654	514,846		1,530,664	66.4%
Scholarships/Fellowships	3,618,836	1,773,857	977,273	683,059		3,434,189	94.9%
Plant Operations/Maintenance	1,555,665	284,791	487,273	339,137		1,111,201	71.4%
Hospital	0					0	
Transfers out of agency	0					0	
Athletics	0					0	
Other	0					0	
<b>Non-Academic Expenditures Subtotal</b>	<b>8,906,994</b>	<b>2,738,896</b>	<b>2,352,721</b>	<b>1,845,084</b>	<b>0</b>	<b>6,936,701</b>	<b>77.9%</b>
<b>TOTAL</b>	<b>21,532,522</b>	<b>4,683,352</b>	<b>5,718,698</b>	<b>5,131,823</b>	<b>0</b>	<b>15,533,873</b>	<b>72.1%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: Paul M. Hebert Law Center

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## **Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

In the aggregate, revenues collected and expenditures incurred to date are generally in line with available budget. Self-generated revenues and expenditures actual include Fall 10 and Spring 11 tuition and fees and scholarships/waivers (Other Charges), respectively. A BA-7 request to increase self-generated budget authority by \$325,000 has been submitted to the system and Division of Administration for consideration. Expenses for the research and public services functions will fall in line with annual budget after summer research and conference/lecture expenditures have been recognized in our accounting system in the last quarter. Other compensation (student labor), supply and professional services expenses have been curtailed in keeping with the Law Center's conservative approach to spending in FY11.

# Overview of Restricted Funds

Campus: Paul M. Hebert Law Center

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
State Appropriations						0	
Restricted Fees	150,000	63,952	33,385	24,018		121,355	80.9%
Sales and Services of Educational Activities	200,000	69,442	17,671	55,496		142,609	71.3%
Auxiliaries (List)							
1						0	
2						0	
3						0	
4						0	
5						0	
6						0	
7						0	
8						0	
9						0	
10						0	
11						0	
12						0	
13						0	
14						0	
15						0	
Endowment Income	30,000	5,257	8,623	8,623		22,503	75.0%
Grants and Contracts							
Federal						0	
State and Local						0	
Private	250,000	26,860	100,000	0		126,860	50.7%
Indirect Cost Recovered	19,000	767	756	752		2,275	12.0%
Gifts	670,000	164,032	149,962	198,970		512,964	76.6%
Federal Funds						0	
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay						0	
Physician Practice Plans						0	
Medicare						0	
Medicaid						0	
Uncompensated Care Costs (UCC)						0	
All Other Sources	30,000					0	0.0%
<b>TOTAL</b>	<b>1,349,000</b>	<b>330,310</b>	<b>310,397</b>	<b>287,859</b>	<b>0</b>	<b>928,566</b>	<b>68.8%</b>

# Overview of Restricted Funds

## Report on Restricted Budget

The restricted fees were associated with the collection of student tech and student bar association fees. Revenues from sales and services of educational activities were realized through the sale of books and materials. Private grant revenues were attributed to a grant with the MacArthur Foundation. These revenues will increase once activity begins with a second MacArthur grant and a grant for retro-commissioning of the Law School buildings, which is funded with stimulus funds through the Department of Natural Resources

# Overview of Restricted Operations

Campus: Paul M. Hebert Law Center

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter Expenses, Transfers, & Fund Balance			2nd Quarter Expenses, Transfers, & Fund Balance			3rd Quarter Expenses, Transfers, & Fund Balance			4th Quarter Expenses, Transfers, & Fund Balance		
		Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations		0		0	0		0	0		0	0		0
Restricted Fees	258,062	63,952	18,649	303,365	33,385	25,333	311,417	24,018	(15,501)	350,936	0		350,936
Sales & Svcs of Educ. Activ's Auxiliaries (List)	753,943	69,442	51,973	771,412	17,671	57,428	731,655	55,496	41,150	746,001	0		746,001
1		0		0	0		0	0		0	0		0
2		0		0	0		0	0		0	0		0
3		0		0	0		0	0		0	0		0
4		0		0	0		0	0		0	0		0
5		0		0	0		0	0		0	0		0
6		0		0	0		0	0		0	0		0
7		0		0	0		0	0		0	0		0
8		0		0	0		0	0		0	0		0
9		0		0	0		0	0		0	0		0
10		0		0	0		0	0		0	0		0
11		0		0	0		0	0		0	0		0
12		0		0	0		0	0		0	0		0
13		0		0	0		0	0		0	0		0
14		0		0	0		0	0		0	0		0
15		0		0	0		0	0		0	0		0
Endowment Income	280,251	5,257	12,840	272,668	8,623	8,623	272,668	8,623	13,523	267,768	0		267,768
Grants and Contracts		0		0	0		0	0		0	0		0
Federal		0		0	0		0	0		0	0		0
State and Local		0		0	0		0	0		0	0		0
Private		26,860	23,518	3,342	100,000	23,191	80,151	0	23,069	57,082	0		57,082
Indirect Cost Recovered	125,098	767	0	125,865	756	0	126,621	752	0	127,373	0		127,373
Gifts	28,346	164,032	174,003	18,375	149,962	153,825	14,512	198,970	205,599	7,883	0		7,883
Federal Funds		0		0	0		0	0		0	0		0
<b>Hospitals</b>		0		0	0		0	0		0	0		0
Hospital - Commercial/Self-Pay		0		0	0		0	0		0	0		0
Physician Practice Plans		0		0	0		0	0		0	0		0
Medicare		0		0	0		0	0		0	0		0
Medicaid		0		0	0		0	0		0	0		0
Uncompensated Care Costs		0		0	0		0	0		0	0		0
All Other Sources	184,051	0	0	184,051	0		184,051	0		184,051	0		184,051
<b>TOTAL</b>	<b>1,629,751</b>	<b>330,310</b>	<b>280,983</b>	<b>1,679,078</b>	<b>310,397</b>	<b>268,400</b>	<b>1,721,075</b>	<b>287,859</b>	<b>267,840</b>	<b>1,741,094</b>	<b>0</b>	<b>0</b>	<b>1,741,094</b>

## Overview of Restricted Operations

Campus: Paul M. Hebert Law Center

### Report on Restricted Operations

The restricted fees were associated with the collection of student tech and student bar association fees. Expenditures were reduced by a net \$15,501 as student tech expenses were transferred to our unrestricted budget. Revenues from sales and services of educational activities were realized through the sale of books and materials. Private grant revenues were attributed to a grant with the MacArthur Foundation. These revenues have increased with a second MacArthur grant and will reflect revenues in the final quarter from an energy-saving grant for retro-commissioning of the Law School buildings, which will be funded with stimulus funds through the Department of Natural Resources.



## Pennington Biomedical Research Center

LOUISIANA STATE UNIVERSITY SYSTEM

### Quarterly Budget Summary Narrative

For the Quarter Ending March 31, 2011

#### Revenues

The Pennington Biomedical Research Center is on track in the realization all self-generated revenues which were included in the state appropriation for fiscal year 2010-2011 (net of the midyear reduction).

Restricted (non-appropriated) revenues are being collected below anticipated levels. This is largely due to a tightening of funding for federal awards from the National Institutes of Health (NIH). As a result federal grants and contracts are well below the budgeted levels.

#### Expenditures

Individual researchers are given internal budgetary discretion to utilize Operating Services funding for other necessary line item expenses so long as the total budget for the unit is not exceeded.

In the first three quarters of this year, a number of researchers have chosen to shift Operating Services funds to Travel for educational purposes. Therefore Travel expenses are well over budget, while Operating Services expenditures remain significantly under budget, keeping the total budget within defined limits.

Currently travel, as well as other operating expenses and supplies are frozen by Executive Order, so these numbers are not expected to increase significantly in the fourth quarter.

#### Budget Adjustments

The budget has been adjusted for the net reduction allocated by the LSU System Office for the midyear cuts (\$526,125).

A handwritten signature in black ink that reads "Steven Heymsfield".

Steven Heymsfield, M.D.  
Executive Director

Unrestricted Operations		Actual Amount for each Quarter in 2010-11				
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	13,225,105	4,583,744	3,437,808	3,437,807		11,459,359
Statutory Dedications	94,147	6,756	27,695	20,927		55,378
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	0	0	0	0		0
Interagency Transfers - Federal Stimulus	0	0	0	0		0
Self Generated Revenues	825,561	8,618	18,562	9,845		37,025
Federal Funds	0	0	0	0		0
<b>Total Revenues</b>	<b>14,144,813</b>	<b>4,599,118</b>	<b>3,484,065</b>	<b>3,468,579</b>		<b>11,551,762</b>
<b>Expenditures by Object:</b>						
Personal Services	8,150,856	2,038,537	2,750,563	2,342,888		7,131,988
Operating Expenses	5,835,355	1,306,327	743,123	924,695		2,974,144
Other Charges	158,602	3,155	41,749	19,413		64,316
Acquisitions and Major Repairs	0	5,519	5,786	6,333		17,638
<b>Expenditures by Function:</b>						
Academic Expenditures	8,233,853	2,068,052	2,103,291	1,933,226		6,104,569
Transfers out of agency	0	4,068	4,398	(21,491)		(13,025)
Non-Academic Expenditures	5,910,960	1,285,485	1,437,930	1,360,103		4,083,518
<b>Total Expenditures</b>	<b>14,144,813</b>	<b>3,353,537</b>	<b>3,541,221</b>	<b>3,293,329</b>		<b>10,188,087</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	0	0	0	0	
Sales and Services of Educational Activities	9,082	9,082	9,082	9,082	
Auxiliaries	73	44,177	116,842	124,056	
Endowment Income	804,965	804,965	804,965	804,965	
Grants and Contracts	3,615,756	4,535,326	3,300,684	1,873,827	
Indirect Cost Recovered	5,380,264	5,172,618	4,873,505	4,379,415	
Gifts	1,236,055	681,589	1,182,146	1,001,189	
Federal Funds	0	0	0	0	
Hospitals	0	0	0	0	
All Other Sources	939,253	941,473	914,359	888,010	
<b>TOTAL</b>	<b>11,985,449</b>	<b>12,189,231</b>	<b>11,201,583</b>	<b>9,080,543</b>	

**Overview and Analysis of Campus Operations**

See Executive Director's Summary (attached)



Operating Budget Development		Campus: Pennington Biomedical Research Center					
		Budget Adjustments				Adjusted Operating Budget	% change to Beg Budget
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
<b>Revenues</b>							
General Fund	13,751,230			(526,125)		13,225,105	-3.8%
Statutory Dedications	94,147					94,147	0.0%
Interim Emergency Board						0	
Interagency Transfers						0	
Interagency Transfers - Federal Stimulus						0	
Self Generated Revenues	825,561					825,561	0.0%
Federal Funds						0	
<b>Total Revenues</b>	<b>14,670,938</b>	<b>0</b>	<b>0</b>	<b>(526,125)</b>	<b>0</b>	<b>14,144,813</b>	<b>-3.6%</b>
<b>Expenditures by Object:</b>							
Salaries	6,370,056			(282,592)		6,087,464	-4.4%
Other Compensation	95,169					95,169	0.0%
Related Benefits	2,054,912			(86,689)		1,968,223	-4.2%
<b>Total Personal Services</b>	<b>8,520,137</b>	<b>0</b>	<b>0</b>	<b>(369,281)</b>	<b>0</b>	<b>8,150,856</b>	<b>-4.3%</b>
Travel	27,307					27,307	0.0%
Operating Services	5,025,809			(154,844)		4,870,965	-3.1%
Supplies	939,083			(2,000)		937,083	-0.2%
<b>Total Operating Expenses</b>	<b>5,992,199</b>	<b>0</b>	<b>0</b>	<b>(156,844)</b>	<b>0</b>	<b>5,835,355</b>	<b>-2.6%</b>
Professional Services	155,602					155,602	0.0%
Other Charges	3,000					3,000	0.0%
Debt Services						0	
Interagency Transfers						0	
<b>Total Other Charges</b>	<b>158,602</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>158,602</b>	<b>0.0%</b>
General Acquisitions						0	
Library Acquisitions						0	
Major Repairs						0	
<b>Total Acquisitions and Major Repairs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Expenditures</b>	<b>14,670,938</b>	<b>0</b>	<b>0</b>	<b>(526,125)</b>	<b>0</b>	<b>14,144,813</b>	<b>-3.6%</b>
<b>Expenditures by Function:</b>							
Instruction						0	
Research	5,539,115			(102,716)		5,436,399	-1.9%
Public Service	230,671					230,671	0.0%
Academic Support (Includes Library)	2,649,457			(82,674)		2,566,783	-3.1%
<b>Academic Expenditures Subtotal</b>	<b>8,419,243</b>	<b>0</b>	<b>0</b>	<b>(185,390)</b>	<b>0</b>	<b>8,233,853</b>	
Student Services						0	
Institutional Support	1,543,700			(190,735)		1,352,965	-12.4%
Scholarships/Fellowships						0	
Plant Operations/Maintenance	4,707,995			(150,000)		4,557,995	-3.2%
Hospital						0	
Transfers out of agency						0	
Athletics						0	
Other						0	
<b>Non-Academic Expenditures Subtotal</b>	<b>6,251,695</b>	<b>0</b>	<b>0</b>	<b>(340,735)</b>	<b>0</b>	<b>5,910,960</b>	
<b>Total Expenditures</b>	<b>14,670,938</b>	<b>0</b>	<b>0</b>	<b>(526,125)</b>	<b>0</b>	<b>14,144,813</b>	<b>-3.6%</b>

Use next page for Detailed Explanation

**Budget Adjustments Narrative**

**Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

Budget adjustments reflect the net System allocation of the mid-year reduction.

**Report on changes to Significant Funding Issues**

NONE.

# Overview of Unrestricted Revenues and Expenditures

Campus: Pennington Biomedical Research Center

	Actual Amount for each Quarter						% Actual to Budget 2010-11
	Operating Budget 2010-11	1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11	Cumulative Total 2010-11	
<b>Revenues</b>							
General Fund	13,225,105	4,583,744	3,437,808	3,437,807		11,459,359	86.6%
Statutory Dedications	94,147	6,756	27,695	20,927		55,378	58.8%
Interim Emergency Board	0					0	
Interagency Transfers	0					0	
Interagency Transfers - Federal Stimulus	0					0	
Self Generated Revenues	825,561	8,618	18,562	9,845		37,025	4.5%
Federal Funds	0					0	
<b>TOTAL</b>	<b>14,144,813</b>	<b>4,599,118</b>	<b>3,484,065</b>	<b>3,468,579</b>	<b>0</b>	<b>11,551,762</b>	<b>81.7%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	6,087,464	1,881,472	2,045,259	1,801,226		5,727,956	94.1%
Other Compensation	95,169	28,926	22,290	14,194		65,409	68.7%
Related Benefits	1,968,223	128,139	683,014	527,469		1,338,622	68.0%
<b>Total Personal Services</b>	<b>8,150,856</b>	<b>2,038,537</b>	<b>2,750,563</b>	<b>2,342,888</b>	<b>0</b>	<b>7,131,988</b>	<b>87.5%</b>
Travel	27,307	26,153	43,421	27,656		97,230	356.1%
Operating Services	4,870,965	1,040,700	403,744	661,373		2,105,817	43.2%
Supplies	937,083	239,474	295,958	235,665		771,097	82.3%
<b>Total Operating Expenses</b>	<b>5,835,355</b>	<b>1,306,327</b>	<b>743,123</b>	<b>924,695</b>	<b>0</b>	<b>2,974,144</b>	<b>51.0%</b>
Professional Services	155,602	2,549	40,339	17,354		60,241	38.7%
Other Charges	3,000	606	1,410	2,059		4,075	135.8%
Debt Services	0					0	
Interagency Transfers	0					0	
<b>Total Other Charges</b>	<b>158,602</b>	<b>3,155</b>	<b>41,749</b>	<b>19,413</b>	<b>0</b>	<b>64,316</b>	<b>40.6%</b>
General Acquisitions	0	5,519	5,786	6,333		17,638	
Library Acquisitions	0					0	
Major Repairs	0					0	
<b>Total Acquisitions and Major Repairs</b>	<b>0</b>	<b>5,519</b>	<b>5,786</b>	<b>6,333</b>	<b>0</b>	<b>17,638</b>	
<b>TOTAL</b>	<b>14,144,813</b>	<b>3,353,537</b>	<b>3,541,221</b>	<b>3,293,329</b>	<b>0</b>	<b>10,188,087</b>	<b>72.0%</b>
<b>by Function</b>							
Instruction	0					0	
Research	5,436,399	1,371,308	1,523,340	1,266,555		4,161,202	76.5%
Public Service	230,671	50,231	39,650	44,006		133,887	58.0%
Academic Support (Includes Library)	2,566,783	646,514	540,301	622,665		1,809,480	70.5%
<b>Academic Expenditures Subtotal</b>	<b>8,233,853</b>	<b>2,068,052</b>	<b>2,103,291</b>	<b>1,933,226</b>	<b>0</b>	<b>6,104,569</b>	<b>74.1%</b>
Student Services	0					0	
Institutional Support	1,352,965	234,033	353,211	277,926		865,170	63.9%
Scholarships/Fellowships	0					0	
Plant Operations/Maintenance	4,557,995	1,047,384	1,080,321	1,103,668		3,231,372	70.9%
Hospital	0					0	
Transfers out of agency	0	4,068	4,398	(21,491)		(13,025)	
Athletics	0					0	
Other	0					0	
<b>Non-Academic Expenditures Subtotal</b>	<b>5,910,960</b>	<b>1,285,485</b>	<b>1,437,930</b>	<b>1,360,103</b>	<b>0</b>	<b>4,083,518</b>	<b>69.1%</b>
<b>TOTAL</b>	<b>14,144,813</b>	<b>3,353,537</b>	<b>3,541,221</b>	<b>3,293,329</b>	<b>0</b>	<b>10,188,087</b>	<b>72.0%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: Pennington Biomedical Research Center

## **Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

90% of self-generated revenues are collected in the 4th Quarter, so collections to date are not out of line.

Individual researchers are given internal budgetary discretion to utilize Operating Services funding for other necessary line item expenses so long as the total budget for the unit is not exceeded.

In the first half of this year, a number of researchers have chosen to shift Operating Services funds to Travel for educational purposes. Therefore Travel expenses are well over budget, while Operating Services expenditures remain significantly under budget.

# Overview of Restricted Funds

Campus: Pennington Biomedical Research Center

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
State Appropriations						0	
Restricted Fees						0	
Sales and Services of Educational Activities						0	
Auxiliaries (List)							
1 PBRC Stores	2,850,000	476,172	539,364	537,185		1,552,722	54.5%
2						0	
3						0	
4						0	
5						0	
6						0	
7						0	
8						0	
9						0	
10						0	
11						0	
12						0	
13						0	
14						0	
15						0	
Endowment Income						0	
Grants and Contracts							
Federal	21,000,000	5,443,804	3,635,230	2,676,017		11,755,051	56.0%
State and Local	700,000	71,066	213,513	477,207		761,786	108.8%
Private	9,000,000	2,058,355	2,087,637	2,678,068		6,824,059	75.8%
Indirect Cost Recovered	7,500,000	1,743,314	1,866,283	1,862,022		5,471,618	73.0%
Gifts	3,000,000	(1,414)	1,064,602	401,484		1,464,673	48.8%
Federal Funds						0	
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay						0	
Physician Practice Plans						0	
Medicare						0	
Medicaid						0	
Uncompensated Care Costs (UCC)						0	
All Other Sources		3,144	(2,519)	(13,422)		(12,798)	
<b>TOTAL</b>	<b>44,050,000</b>	<b>9,794,442</b>	<b>9,404,109</b>	<b>8,618,561</b>	<b>0</b>	<b>27,817,113</b>	<b>63.1%</b>

**Overview of Restricted Funds**

**Report on Restricted Budget**

Due to a tightening of paylines on NIH awards, Federal Grants and Contracts are below budgeted levels.

# Overview of Restricted Operations

Campus: Pennington Biomedical Research Center

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter Expenses, Transfers, &			2nd Quarter Expenses, Transfers, &			3rd Quarter Expenses, Transfers, &			4th Quarter Expenses, Transfers, &		
		Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations		0		0	0		0	0		0	0		0
Restricted Fees		0		0	0		0	0		0	0		0
Sales & Svcs of Educ. Activ's Auxiliaries (List)	9,082	0		9,082	0		9,082	0		9,082	0		9,082
1 PBRC Stores	73	476,172	432,068	44,177	539,364	466,699	116,842	537,185	529,972	124,056	0		124,056
2		0		0	0		0	0		0	0		0
3		0		0	0		0	0		0	0		0
4		0		0	0		0	0		0	0		0
5		0		0	0		0	0		0	0		0
6		0		0	0		0	0		0	0		0
7		0		0	0		0	0		0	0		0
8		0		0	0		0	0		0	0		0
9		0		0	0		0	0		0	0		0
10		0		0	0		0	0		0	0		0
11		0		0	0		0	0		0	0		0
12		0		0	0		0	0		0	0		0
13		0		0	0		0	0		0	0		0
14		0		0	0		0	0		0	0		0
15		0		0	0		0	0		0	0		0
Endowment Income	804,965	0	0	804,965	0		804,965	0		804,965	0		804,965
Grants and Contracts		0		0	0		0	0		0	0		0
Federal	(1,036)	5,443,804	4,392,520	1,050,248	3,635,230	4,834,792	(149,313)	2,676,017	4,619,067	(2,092,364)	0		(2,092,364)
State and Local	146,961	71,066	224,889	(6,862)	213,513	225,812	(19,161)	477,207	245,542	212,503	0		212,503
Private	3,469,831	2,058,355	2,036,246	3,491,940	2,087,637	2,110,418	3,469,159	2,678,068	2,393,539	3,753,688	0		3,753,688
Indirect Cost Recovered	5,380,264	1,743,314	1,950,961	5,172,618	1,866,283	2,165,396	4,873,505	1,862,022	2,356,112	4,379,415	0		4,379,415
Gifts	1,236,055	(1,414)	553,052	681,589	1,064,602	564,046	1,182,146	401,484	582,441	1,001,189	0		1,001,189
Federal Funds		0		0	0		0	0		0	0		0
<b>Hospitals</b>		0		0	0		0	0		0	0		0
Hospital - Commercial/Self-Pay		0		0	0		0	0		0	0		0
Physician Practice Plans		0		0	0		0	0		0	0		0
Medicare		0		0	0		0	0		0	0		0
Medicaid		0		0	0		0	0		0	0		0
Uncompensated Care Costs		0		0	0		0	0		0	0		0
All Other Sources	939,253	3,144	924	941,473	(2,519)	24,595	914,359	(13,422)	12,927	888,010	0		888,010
<b>TOTAL</b>	<b>11,985,449</b>	<b>9,794,442</b>	<b>9,590,660</b>	<b>12,189,231</b>	<b>9,404,109</b>	<b>10,391,757</b>	<b>11,201,583</b>	<b>8,618,561</b>	<b>10,739,600</b>	<b>9,080,543</b>	<b>0</b>	<b>0</b>	<b>9,080,543</b>

**Overview of Restricted Operations**

Campus: Pennington Biomedical Research Center

**Report on Restricted Operations**

Restricted operations were within expectations.





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Date: May 2, 2011

To: John Lombardi, President  
LSU System

From: William Richardson, Chancellor  
LSU Agricultural Center

*WR  
5/2/11*

Subject: Third Quarter Budget Report for FY 2010-2011

We have continued the freeze on hiring and merit increases for all employees as well as the suspension of any out-of-state travel on state general funds. We continue to evaluate all our operations to make most efficient use of resources with the continued budget reductions.

The process is a difficult one. Without a doubt, our ability to deliver the level and range of research and educational programs to which the public is accustomed will be affected. This also will undoubtedly have a negative effect on support for the undergraduate and graduate programs in the College of Agriculture.

As previously indicated, I have directed the vice chancellors of research and extension to make immediate plans to reduce the scope of activities in their operations. They will consider previous planning documents prepared by various committees and other strategic planning statements as they conduct this review.

I have specifically directed the vice chancellor for research to examine the branch research stations that are currently in operation and to present a plan to me to reduce the number of those units. Cost savings, productivity and importance to the core mission of the LSU AgCenter are the three criteria that are to be addressed. The LSU AgCenter has announced and begun phasing out research programs at three research stations.

I also have directed the vice chancellor for extension to review Extension Service programs and to recommend ones to be eliminated, reduced and/or merged. In addition, I have directed the vice chancellors to review campus department and school structures and to recommend consolidations and/or mergers. They were asked to conduct this review and make recommendations with the assumption that we would not be in a state of exigency.

In a similar manner, I am reviewing all the units that report directly to the chancellor's office to reduce the size and scope of administrative services and overhead. Additionally, we continue to request current year resolution on the pending \$6 million budget reallocation from the prior year's revenue shortfall.

We intend to make every effort to maintain our most critical programs, to remain true to our core mission of improving the lives of Louisiana citizens and to provide the most we can for every dollar invested in the LSU AgCenter.

c: Mark Legendre  
Paul Coreil  
John Russin

For the latest  
research-based information  
on just about anything,  
visit our website:  
[www.LSUAgCenter.com](http://www.LSUAgCenter.com)

Unrestricted Operations	Actual Amount for each Quarter in 2010-11					
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	64,819,924	22,609,061	16,956,797	16,956,796		56,522,654
Statutory Dedications	10,132,642	5,435,392	1,195,131	1,250,799		7,881,321
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	0	0	0	0		0
Interagency Transfers - Federal Stimulus	0	0	0	0		0
Self Generated Revenues	6,807,967	727,101	1,875,184	1,249,266		3,851,551
Federal Funds	13,018,275	2,850,637	1,154,094	4,723,774		8,728,505
<b>Total Revenues</b>	<b>94,778,808</b>	<b>31,622,191</b>	<b>21,181,206</b>	<b>24,180,635</b>		<b>76,984,031</b>
<b>Expenditures by Object:</b>						
Personal Services	71,930,443	18,353,651	19,997,129	19,174,624		57,525,403
Operating Expenses	18,794,944	1,954,306	5,173,679	2,983,037		10,111,022
Other Charges	3,672,619	126,483	118,519	294,339		539,341
Acquisitions and Major Repairs	380,802	55,523	182,913	88,339		326,775
<b>Expenditures by Function:</b>						
Academic Expenditures	79,799,010	18,871,341	20,121,072	19,406,961		58,399,374
Transfers out of agency	0	0	0	0		0
Non-Academic Expenditures	14,979,798	1,618,623	5,351,167	3,133,378		10,103,168
<b>Total Expenditures</b>	<b>94,778,808</b>	<b>20,489,964</b>	<b>25,472,239</b>	<b>22,540,339</b>		<b>68,502,542</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	0	0	0	0	
Sales and Services of Educational Activities	1,130,152	1,242,358	1,290,653	1,300,774	
Auxiliaries	0	0	0	0	
Endowment Income	184,454	174,892	168,258	162,277	
Grants and Contracts	1,324,840	3,149,938	3,268,865	3,001,959	
Indirect Cost Recovered	4,829,895	4,912,372	4,863,440	4,984,935	
Gifts	4,400,292	4,639,970	4,826,219	4,936,839	
Federal Funds	0	0	0	0	
Hospitals	0	0	0	0	
All Other Sources	7,002,451	11,257,650	7,998,390	7,328,464	
<b>TOTAL</b>	<b>18,872,084</b>	<b>25,377,180</b>	<b>22,415,825</b>	<b>21,715,248</b>	

**Overview and Analysis of Campus Operations**

We have continued the freeze on hiring and merit increases for all employees as well as the suspension of any out-of-state travel on state general funds. We continue to evaluate all our operations to make most efficient use of resources with the continued budget reductions. The process is a difficult one. Without a doubt, our ability to deliver the level and range of research and educational programs to which the public is accustomed will be affected. This also will undoubtedly have a negative effect on support for the undergraduate and graduate programs in the College of Agriculture.

As previously indicated, I have directed the vice chancellors of research and extension to make immediate plans to reduce the scope of activities in their operations. They will consider previous planning documents prepared by various committees and other strategic planning statements as they conduct this review. I have specifically directed the vice chancellor for research to examine the branch research stations that are currently in operation and to present a plan to me to reduce the number of those units. Cost savings, productivity and importance to the core mission of the LSU AgCenter are the three criteria that are to be addressed. The LSU AgCenter has announced and begun phasing out research programs at three research stations. I also have directed the vice chancellor for extension to review Extension Service programs and to recommend ones to be eliminated, reduced and/or merged. In addition, I have directed the vice chancellors to review campus department and school structures and to recommend consolidations and/or mergers. They were asked to conduct this review and make recommendations with the assumption that we would not be in a state of exigency. In a similar manner, I am reviewing all the units that report directly to the chancellor's office to reduce the size and scope of administrative services and overhead. Additionally, we continue to request current year resolution on the pending \$6 million budget reallocation from the prior year's revenue shortfall.

Operating Budget Development		Campus: LSU Agricultural Center					
		Budget Adjustments					
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Adjusted Operating Budget	% change to Beg Budget
<b>Revenues</b>							
General Fund	67,827,185			(3,007,261)		64,819,924	-4.4%
Statutory Dedications	10,132,642					10,132,642	0.0%
Interim Emergency Board						0	
Interagency Transfers						0	
Interagency Transfers - Federal Stimulus						0	
Self Generated Revenues	6,807,967					6,807,967	0.0%
Federal Funds	13,018,275					13,018,275	0.0%
<b>Total Revenues</b>	<b>97,786,069</b>	<b>0</b>	<b>0</b>	<b>(3,007,261)</b>	<b>0</b>	<b>94,778,808</b>	<b>-3.1%</b>
<b>Expenditures by Object:</b>							
Salaries	51,366,065	(17,839)	(99,580)	(2,006,191)		49,242,455	-4.1%
Other Compensation	1,632,231	(18,675)	2,140	22,603		1,638,299	0.4%
Related Benefits	21,519,995			(470,305)		21,049,690	-2.2%
<b>Total Personal Services</b>	<b>74,518,291</b>	<b>(36,514)</b>	<b>(97,440)</b>	<b>(2,453,894)</b>	<b>0</b>	<b>71,930,443</b>	<b>-3.5%</b>
Travel	1,642,615	1,750	61,200	(62,992)		1,642,573	0.0%
Operating Services	10,298,580	9,000	4,195	(193,234)		10,118,541	-1.7%
Supplies	7,218,650	25,764	32,045	(242,629)		7,033,830	-2.6%
<b>Total Operating Expenses</b>	<b>19,159,845</b>	<b>36,514</b>	<b>97,440</b>	<b>(498,855)</b>	<b>0</b>	<b>18,794,944</b>	<b>-1.9%</b>
Professional Services	434,283			(19,813)		414,470	-4.6%
Other Charges	682,835			(29,883)		652,952	-4.4%
Debt Services						0	
Interagency Transfers	2,605,197					2,605,197	0.0%
<b>Total Other Charges</b>	<b>3,722,315</b>	<b>0</b>	<b>0</b>	<b>(49,696)</b>	<b>0</b>	<b>3,672,619</b>	<b>-1.3%</b>
General Acquisitions	385,618			(4,816)		380,802	-1.2%
Library Acquisitions						0	
Major Repairs						0	
<b>Total Acquisitions and Major Repairs</b>	<b>385,618</b>	<b>0</b>	<b>0</b>	<b>(4,816)</b>	<b>0</b>	<b>380,802</b>	<b>-1.2%</b>
<b>Total Expenditures</b>	<b>97,786,069</b>	<b>0</b>	<b>0</b>	<b>(3,007,261)</b>	<b>0</b>	<b>94,778,808</b>	<b>-3.1%</b>
<b>Expenditures by Function:</b>							
Instruction						0	
Research	42,786,966	33,075	71,994	(1,568,459)		41,323,576	-3.4%
Public Service	36,516,533			(1,235,714)		35,280,819	-3.4%
Academic Support (Includes Library)	3,232,224			(37,610)		3,194,614	-1.2%
<b>Academic Expenditures Subtotal</b>	<b>82,535,723</b>	<b>33,075</b>	<b>34,384</b>	<b>(2,804,172)</b>	<b>0</b>	<b>79,799,010</b>	
Student Services						0	
Institutional Support	10,783,923	(33,075)	(34,384)	(203,089)		10,513,375	-2.5%
Scholarships/Fellowships						0	
Plant Operations/Maintenance	4,466,423					4,466,423	0.0%
Hospital						0	
Transfers out of agency						0	
Athletics						0	
Other						0	
<b>Non-Academic Expenditures Subtotal</b>	<b>15,250,346</b>	<b>(33,075)</b>	<b>(34,384)</b>	<b>(203,089)</b>	<b>0</b>	<b>14,979,798</b>	
<b>Total Expenditures</b>	<b>97,786,069</b>	<b>0</b>	<b>0</b>	<b>(3,007,261)</b>	<b>0</b>	<b>94,778,808</b>	<b>-3.1%</b>

Use next page for Detailed Explanation

**Budget Adjustments Narrative****Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

1st Quarter: First quarter routine budget adjustments moved minimal operational funds from non-academic to academic units.

2nd Quarter: Second quarter routine budget adjustments moved minimal operational funds from non-academic to academic units. Prior year budget reduction for \$3,007,261 has not be finalized.

3rd Quarter: Third quarter budget adjustment reflects routine budget adjustments and the prior year budget reduction for \$3,007,261. The funding and budget adjustment for the \$6 million has not be finalized.

**Report on changes to Significant Funding Issues**

1st Quarter: No significant funding issues except for the pending FY 2010 Year Revenue Short fall budget adjustment and the possible mid year budget cut for the shortfall in current year state revenue .

2nd Quarter: No significant funding issues except for the pending FY 2010 Year Revenue Short fall budget reduction of \$3,007,261 .

3rd Quarter: No significant funding issues except for the pending FY 2010 Year Revenue Short fall budget reduction reallocation of \$6,000,000 not finalized.

# Overview of Unrestricted Revenues and Expenditures

Campus: LSU Agricultural Center

	Actual Amount for each Quarter						% Actual to Budget 2010-11
	Operating Budget 2010-11	1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11	Cumulative Total 2010-11	
<b>Revenues</b>							
General Fund	64,819,924	22,609,061	16,956,797	16,956,796		56,522,654	87.2%
Statutory Dedications	10,132,642	5,435,392	1,195,131	1,250,799		7,881,321	77.8%
Interim Emergency Board	0					0	
Interagency Transfers	0					0	
Interagency Transfers - Federal Stimulus	0					0	
Self Generated Revenues	6,807,967	727,101	1,875,184	1,249,266		3,851,551	56.6%
Federal Funds	13,018,275	2,850,637	1,154,094	4,723,774		8,728,505	67.0%
<b>TOTAL</b>	<b>94,778,808</b>	<b>31,622,191</b>	<b>21,181,206</b>	<b>24,180,635</b>	<b>0</b>	<b>76,984,031</b>	<b>81.2%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	49,242,455	13,205,768	13,197,247	13,350,130		39,753,144	80.7%
Other Compensation	1,638,299	467,026	433,893	486,190		1,387,109	84.7%
Related Benefits	21,049,690	4,680,858	6,365,989	5,338,304		16,385,151	77.8%
<b>Total Personal Services</b>	<b>71,930,443</b>	<b>18,353,651</b>	<b>19,997,129</b>	<b>19,174,624</b>	<b>0</b>	<b>57,525,403</b>	<b>80.0%</b>
Travel	1,642,573	286,713	262,959	289,162		838,834	51.1%
Operating Services	10,118,541	781,173	3,788,381	1,443,058		6,012,612	59.4%
Supplies	7,033,830	886,420	1,122,339	1,250,817		3,259,576	46.3%
<b>Total Operating Expenses</b>	<b>18,794,944</b>	<b>1,954,306</b>	<b>5,173,679</b>	<b>2,983,037</b>	<b>0</b>	<b>10,111,022</b>	<b>53.8%</b>
Professional Services	414,470	57,501	90,653	109,257		257,411	62.1%
Other Charges	652,952	68,982	27,866	185,082		281,930	43.2%
Debt Services	0					0	
Interagency Transfers	2,605,197					0	0.0%
<b>Total Other Charges</b>	<b>3,672,619</b>	<b>126,483</b>	<b>118,519</b>	<b>294,339</b>	<b>0</b>	<b>539,341</b>	<b>14.7%</b>
General Acquisitions	380,802	46,289	163,740	75,472		285,501	75.0%
Library Acquisitions	0					0	
Major Repairs	0	9,234	19,173	12,867		41,274	
<b>Total Acquisitions and Major Repairs</b>	<b>380,802</b>	<b>55,523</b>	<b>182,913</b>	<b>88,339</b>	<b>0</b>	<b>326,775</b>	<b>85.8%</b>
<b>TOTAL</b>	<b>94,778,808</b>	<b>20,489,964</b>	<b>25,472,239</b>	<b>22,540,339</b>	<b>0</b>	<b>68,502,542</b>	<b>72.3%</b>
<b>by Function</b>							
Instruction	0					0	
Research	41,323,576	9,909,475	10,959,647	10,458,396		31,327,518	75.8%
Public Service	35,280,819	8,164,240	8,300,871	8,129,200		24,594,311	69.7%
Academic Support (Includes Library)	3,194,614	797,626	860,554	819,365		2,477,545	77.6%
<b>Academic Expenditures Subtotal</b>	<b>79,799,010</b>	<b>18,871,341</b>	<b>20,121,072</b>	<b>19,406,961</b>	<b>0</b>	<b>58,399,374</b>	<b>73.2%</b>
Student Services	0					0	
Institutional Support	10,513,375	1,421,908	3,282,044	2,111,961		6,815,913	64.8%
Scholarships/Fellowships	0					0	
Plant Operations/Maintenance	4,466,423	191,196	2,065,614	1,014,471		3,271,281	73.2%
Hospital	0					0	
Transfers out of agency	0					0	
Athletics	0					0	
Other	0	5,519	3,509	6,947		15,974	
<b>Non-Academic Expenditures Subtotal</b>	<b>14,979,798</b>	<b>1,618,623</b>	<b>5,351,167</b>	<b>3,133,378</b>	<b>0</b>	<b>10,103,168</b>	<b>67.4%</b>
<b>TOTAL</b>	<b>94,778,808</b>	<b>20,489,964</b>	<b>25,472,239</b>	<b>22,540,339</b>	<b>0</b>	<b>68,502,542</b>	<b>72.3%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: LSU Agricultural Center

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**Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

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1st Quarter: No significant variances noted. Academic Support, Institutional Support, and Plant Operations & Maintenance appears to be low due to Baton Rouge Campus indirect cost chargers have not be recorded for FY 2011.

2nd Quarter: No significant variances noted.

3rd Quarter: No significant variances noted.

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# Overview of Restricted Funds

Campus: LSU Agricultural Center

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					Cumulative Revenues & Transfers 2010-11	% Collected 2010-11
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter			
		2010-11	2010-11	2010-11	2010-11			
State Appropriations						0		
Restricted Fees						0		
Sales and Services of Educational Activities	1,000,000	370,464	237,560	94,966		702,990	70.3%	
Auxiliaries (List)								
1						0		
2						0		
3						0		
4						0		
5						0		
6						0		
7						0		
8						0		
9						0		
10						0		
Endowment Income	100,000	1,401	23,603	26,605		51,609	51.6%	
Grants and Contracts								
Federal	8,000,000	1,423,443	2,173,788	2,235,338		5,832,569	72.9%	
State and Local	12,000,000	4,039,526	2,890,657	3,025,481		9,955,665	83.0%	
Private	5,000,000	2,021,169	1,251,721	1,335,886		4,608,775	92.2%	
Indirect Cost Recovered	2,000,000	513,266	499,567	632,963		1,645,795	82.3%	
Gifts	2,500,000	766,463	632,479	601,736		2,000,677	80.0%	
Federal Funds						0		
<b>Hospitals</b>								
Hospital - Commercial/Self-Pay						0		
Physician Practice Plans						0		
Medicare						0		
Medicaid						0		
Uncompensated Care Costs (UCC)						0		
All Other Sources	8,500,000	5,077,151	11,878	355,529		5,444,558	64.1%	
<b>TOTAL</b>	<b>39,100,000</b>	<b>14,212,883</b>	<b>7,721,253</b>	<b>8,308,503</b>	<b>0</b>	<b>30,242,639</b>	<b>77.3%</b>	

# Overview of Restricted Funds

Campus: LSU Agricultural Center

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## Report on Restricted Budget

1st Quarter: Restricted revenues seem to be where expected. Received \$5.58 million from BASF license and royalty agreement on rice variety.  
2nd Quarter: Restricted revenues seem to be where expected.  
3rd Quarter: Restricted revenues seem to be where expected.



Overview of Restricted Operations

Campus: LSU Agricultural Center

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
		Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations		0		0	0		0	0		0	0		0
Restricted Fees		0		0	0		0	0		0	0		0
Sales & Svcs of Educ. Activ's	1,130,152	370,464	258,257	1,242,358	237,560	189,265	1,290,653	94,966	84,845	1,300,774	0		1,300,774
Auxiliaries (List)													
1		0		0	0		0	0		0	0		0
2		0		0	0		0	0		0	0		0
3		0		0	0		0	0		0	0		0
4		0		0	0		0	0		0	0		0
5		0		0	0		0	0		0	0		0
6		0		0	0		0	0		0	0		0
7		0		0	0		0	0		0	0		0
8		0		0	0		0	0		0	0		0
9		0		0	0		0	0		0	0		0
10		0		0	0		0	0		0	0		0
Endowment Income	184,454	1,401	10,963	174,892	23,603	30,237	168,258	26,605	32,586	162,277	0		162,277
Grants and Contracts		0		0	0		0	0		0	0		0
Federal	(488,289)	1,423,443	1,691,898	(756,744)	2,173,788	2,032,374	(615,330)	2,235,338	2,705,706	(1,085,698)	0		(1,085,698)
State and Local	898,086	4,039,526	2,736,581	2,201,031	2,890,657	2,866,825	2,224,864	3,025,481	2,839,758	2,410,588	0		2,410,588
Private	915,044	2,021,169	1,230,562	1,705,651	1,251,721	1,298,040	1,659,332	1,335,886	1,318,148	1,677,069	0		1,677,069
Indirect Cost Recovered	4,829,895	513,266	430,789	4,912,372	499,567	548,498	4,863,440	632,963	511,467	4,984,935	0		4,984,935
Gifts	4,400,292	766,463	526,785	4,639,970	632,479	446,229	4,826,219	601,736	491,116	4,936,839	0		4,936,839
Federal Funds		0		0	0		0	0		0	0		0
<b>Hospitals</b>		0		0	0		0	0		0	0		0
Hospital - Commercial/Self-Pay		0		0	0		0	0		0	0		0
Physician Practice Plans		0		0	0		0	0		0	0		0
Medicare		0		0	0		0	0		0	0		0
Medicaid		0		0	0		0	0		0	0		0
Uncompensated Care Costs		0		0	0		0	0		0	0		0
All Other Sources	7,002,451	5,077,151	821,951	11,257,650	11,878	3,271,139	7,998,390	355,529	1,025,454	7,328,464	0		7,328,464
<b>TOTAL</b>	<b>18,872,084</b>	<b>14,212,883</b>	<b>7,707,787</b>	<b>25,377,180</b>	<b>7,721,253</b>	<b>10,682,608</b>	<b>22,415,825</b>	<b>8,308,503</b>	<b>9,009,080</b>	<b>21,715,248</b>	<b>0</b>	<b>0</b>	<b>21,715,248</b>

# Overview of Restricted Operations

Campus: LSU Agricultural Center

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## Report on Restricted Operations

1st Quarter: No significant variances.  
2nd Quarter: No significant variances.  
3rd Quarter: No significant variances.



May 2, 2011

Dr. John V. Lombardi  
President  
Louisiana State University System  
3810 West Lakeshore Drive  
Baton Rouge, LA 70808

Dear President Lombardi:

As requested, here are my comments regarding the Third quarter budget report ending March 31, 2011. The budget documents for our third quarter report are attached.

**Comments on Fiscal Year 2010-2011 Budget**

LSU Shreveport continues to provide quality educational opportunities to our students and we continue to support our faculty and staff despite all the publicity on the State's budget outlook for the next fiscal year.

At the end of the third quarter our General Fund revenues total approximately \$28.25 million and expenditures are at \$23.69 million, leaving a little over \$4.56 million in the fund balance. Our Business Affairs office monitors our revenues and expenditures very closely, and I assure you that we will operate the campus within the funding that we receive, even if we receive less self-generated funds than originally anticipated.

This report reflects the mid-year budget reduction of \$167,145 mandated by the Governor. The LSU internal budget reallocation of \$212,000 to support the LSU Ag Center and Pennington had not been approved by the State by the end of this quarter and thus will be reflected in the fourth quarter report. The grand total of the two budget reductions total \$379,145.

How were we able to continue to operate within the restrictions of a tight budget year with budget reductions, and additional funding cuts from LASFA (discussed later in this memo)? We are managing to do it by:

1. Eliminating a considerable number of class sections.
2. Increase class size
3. Reduce adjunct faculty
4. Reduce Library acquisitions
5. Reduce overall operating expenses for travel, operating services, supplies and professional services
6. Freeze all non "Mission Critical" positions as they become vacant
7. Only fill "Mission Critical" vacant positions
8. Initiated a retirement incentive program to reduce faculty and staff positions



We are operating within the parameters of our budget; however, there are three things that have had a detrimental financial effect upon our campus for this fiscal year.

1. Enrollment is down a little, which is normal when tuition is increased a significant amount and thus our self generated revenues will not be as we originally anticipated. In the Shreveport/Bossier Metropolitan area we have two Community Colleges – Bossier Parish Community College and Southern University in Shreveport competing for students. These community colleges now have a combined enrollment of over 10,000 students. Bossier Parish Community College experienced an increase of approximately 1,000 students for the last fall term. It is evident that lower tuition costs and new academic programs in nursing and engineering are driving students from LSUS to the community colleges.
2. We have been notified by LASFA that we will not be reimbursed 100% of the \$300 due from LASFA for every Early Start (Dual Enrollment) student who takes a class from LSU Shreveport for the spring semester. As we understand it, the amount that LASFA will pay has changed several times in the last 90 days with a prediction that they will make may be as low as 50% to a high of 62.5% on the amount due to the University. We have also been advised that we cannot charge the student for any shortfall in the payment from LASFA – thus an additional unfunded mandate from the state.
3. LSU Shreveport was denied by the LSU System Office to impose a student approved \$9 per credit hour (Maximum \$54 per FTE) athletic fee increase in combination with the 10% tuition increase (3-4-5 and GRAD ACT). The Athletic fee increase was approved overwhelmingly by a student referendum (as required by the LSU Board) in April 2010. Because of the denial to increase the athletic fee in combination with the tuition increase, we were forced to reallocate a portion of the 3-4-5 tuition increase to the athletic fee. We did not have any other option, as the decision to deny implementation of both increases came too late in the budget deliberations and in the student/athlete recruiting process. Our Coaches had already obligated scholarship funds to continuing and incoming athletes based upon the approved increase in the athletic fee - that really turned out not-to-be. Our decision to reallocate a portion of the 5% 3-4-5 tuition increase to the Athletic Fee reduced our general fund self generated revenues by over \$300,000. We handled the reduction in general fund revenues by not replacing any of the vacant positions we had at July 1.

With the problems noted above we anticipate that we will manage our expenditures to remain within the revenues generated, but we will not have any funds from our general fund budget to carry forward into fiscal year 2011-12.

#### **Retirement Incentives for Fiscal Year 2010-11 and 2011-12**

LSUS has received authorization from the LSU Board of Supervisors to implement a Retirement Incentive for FY 10-11 and 11-12. The effect upon the general fund budget is as follows:



FY 2010-12

11 employees accepted the incentive. Only one (mission critical) employee was replaced. Total Savings for FY 2010-11 \$291,870, which is salaries, related benefits less the replacement employee. Total Savings for these same individuals for FY 11-12 will be an additional \$270,627 which represents the employee's leave and incentive payout made in FY 10-11. Total savings for this incentive plan is \$562,497.

FY 2011-12

The Retirement Incentive Plan for FY 11-12 was open between January 18 through February 28, 2011, and eleven employees accepted the plan with an anticipated savings in FY 11-12 of \$405,924 and in FY 12-13 of \$226,911. Because of the loss of some mission critical employees with this year's incentive, we have made the decision to replace two of these positions, and we may have to replace one or two more mission critical positions – but that decision will come later in the budget process. The final savings on this year's incentive is not yet final because of the replacement employees and one employee who may or may not qualify for the incentive.

**Campus Table of Organization:**

LSUS is in compliance with the Governor's executive order and the President Lombardi's order on the hiring freeze and on the freeze on salary increases. We are also within the number of employee numbers as mandated by the Legislature in regards to the Table of Organization.

Sincerely yours,



Dr. Vincent J. Marsala  
Chancellor

Attachments



Unrestricted Operations	Actual Amount for each Quarter in 2010-11					
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	9,989,060	3,385,401	2,539,052	2,539,051		8,463,504
Statutory Dedications	1,141,147	555,159	185,704	129,468		870,331
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	0	0	0	0		0
Interagency Transfers - Federal Stimulus	4,409,204	0	0	4,409,204		4,409,204
Self Generated Revenues	15,515,270	8,296,015	1,372,177	4,846,767		14,514,959
Federal Funds	0	0	0	0		0
<b>Total Revenues</b>	<b>31,054,681</b>	<b>12,236,575</b>	<b>4,096,933</b>	<b>11,924,490</b>		<b>28,257,998</b>
<b>Expenditures by Object:</b>						
Personal Services	23,186,235	5,697,770	5,929,656	5,856,263		17,483,689
Operating Expenses	3,349,328	963,847	549,811	526,979		2,040,637
Other Charges	4,341,818	1,583,205	731,917	1,665,690		3,980,812
Acquisitions and Major Repairs	177,300	25,468	133,942	24,020		183,430
<b>Expenditures by Function:</b>						
Academic Expenditures	18,237,454	4,271,425	4,733,534	4,567,303		13,572,262
Transfers out of agency	99,661	0	0	0		0
Non-Academic Expenditures	12,817,227	3,998,865	2,611,792	3,505,649		10,116,306
<b>Total Expenditures</b>	<b>31,054,681</b>	<b>8,270,290</b>	<b>7,345,326</b>	<b>8,072,952</b>		<b>23,688,568</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	998,649	1,541,071	1,559,693	1,548,537	
Sales and Services of Educational Activities	0	0	0	0	
Auxiliaries	1,428,882	1,802,121	1,648,753	1,513,624	
Endowment Income	0	(902)	(2,725)	(846)	
Grants and Contracts	1,773,324	159,912	1,488,529	1,478,339	
Indirect Cost Recovered	649,547	649,547	646,263	701,889	
Gifts	0	0	0	0	
Federal Funds	0	0	0	0	
Hospitals	0	0	0	0	
All Other Sources	425,323	393,064	422,698	493,812	
<b>TOTAL</b>	<b>5,275,725</b>	<b>4,544,813</b>	<b>5,763,211</b>	<b>5,735,355</b>	

**Overview and Analysis of Campus Operations**

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Operating Budget Development		Campus: Louisiana State University in Shreveport					
		Budget Adjustments					
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Adjusted Operating Budget	% change to Beg Budget
<b>Revenues</b>							
General Fund	10,156,205			(167,145)		9,989,060	-1.6%
Statutory Dedications	1,141,147					1,141,147	0.0%
Interim Emergency Board						0	
Interagency Transfers						0	
Interagency Transfers - Federal Stimulus	4,409,204					4,409,204	0.0%
Self Generated Revenues	15,515,270					15,515,270	0.0%
Federal Funds						0	
<b>Total Revenues</b>	<b>31,221,826</b>	<b>0</b>	<b>0</b>	<b>(167,145)</b>	<b>0</b>	<b>31,054,681</b>	<b>-0.5%</b>
<b>Expenditures by Object:</b>							
Salaries	16,696,205					16,696,205	0.0%
Other Compensation	532,014					532,014	0.0%
Related Benefits	5,958,016					5,958,016	0.0%
<b>Total Personal Services</b>	<b>23,186,235</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,186,235</b>	<b>0.0%</b>
Travel	97,102					97,102	0.0%
Operating Services	2,239,127			(167,145)		2,071,982	-7.5%
Supplies	1,180,244					1,180,244	0.0%
<b>Total Operating Expenses</b>	<b>3,516,473</b>	<b>0</b>	<b>0</b>	<b>(167,145)</b>	<b>0</b>	<b>3,349,328</b>	<b>-4.8%</b>
Professional Services	245,698					245,698	0.0%
Other Charges	3,197,840					3,197,840	0.0%
Debt Services						0	
Interagency Transfers	898,280					898,280	0.0%
<b>Total Other Charges</b>	<b>4,341,818</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,341,818</b>	<b>0.0%</b>
General Acquisitions						0	
Library Acquisitions	177,300					177,300	0.0%
Major Repairs						0	
<b>Total Acquisitions and Major Repairs</b>	<b>177,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>177,300</b>	<b>0.0%</b>
<b>Total Expenditures</b>	<b>31,221,826</b>	<b>0</b>	<b>0</b>	<b>(167,145)</b>	<b>0</b>	<b>31,054,681</b>	<b>-0.5%</b>
<b>Expenditures by Function:</b>							
Instruction	14,644,314			(25,000)		14,619,314	-0.2%
Research	68,733					68,733	0.0%
Public Service	0					0	
Academic Support (Includes Library)	3,609,407			(60,000)		3,549,407	-1.7%
<b>Academic Expenditures Subtotal</b>	<b>18,322,454</b>	<b>0</b>	<b>0</b>	<b>(85,000)</b>	<b>0</b>	<b>18,237,454</b>	
Student Services	2,058,748			(20,000)		2,038,748	-1.0%
Institutional Support	4,625,962			(42,145)		4,583,817	-0.9%
Scholarships/Fellowships	3,088,540			(20,000)		3,068,540	-0.6%
Plant Operations/Maintenance	3,026,461					3,026,461	0.0%
Hospital						0	
Transfers out of agency	99,661					99,661	0.0%
Athletics						0	
Other						0	
<b>Non-Academic Expenditures Subtotal</b>	<b>12,899,372</b>	<b>0</b>	<b>0</b>	<b>(82,145)</b>	<b>0</b>	<b>12,817,227</b>	
<b>Total Expenditures</b>	<b>31,221,826</b>	<b>0</b>	<b>0</b>	<b>(167,145)</b>	<b>0</b>	<b>31,054,681</b>	<b>-0.5%</b>

Use next page for Detailed Explanation

**Budget Adjustments Narrative**

**Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

Mid Year budget cut  
BA-7 Number 2

**Report on changes to Significant Funding Issues**



# Overview of Unrestricted Revenues and Expenditures

Campus: Louisiana State University in Shreveport

	Operating Budget 2010-11	Actual Amount for each Quarter				Cumulative Total 2010-11	% Actual to Budget 2010-11
		1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11		
<b>Revenues</b>							
General Fund	9,989,060	3,385,401	2,539,052	2,539,051		8,463,504	84.7%
Statutory Dedications	1,141,147	555,159	185,704	129,468		870,331	76.3%
Interim Emergency Board	0	0	0	0		0	
Interagency Transfers	0	0	0	0		0	
Interagency Transfers - Federal Stimulus	4,409,204	0	0	4,409,204		4,409,204	100.0%
Self Generated Revenues	15,515,270	8,296,015	1,372,177	4,846,767		14,514,959	93.6%
Federal Funds	0					0	
<b>TOTAL</b>	<b>31,054,681</b>	<b>12,236,575</b>	<b>4,096,933</b>	<b>11,924,490</b>	<b>0</b>	<b>28,257,998</b>	<b>91.0%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	16,696,205	4,219,107	4,334,419	4,274,741		12,828,267	76.8%
Other Compensation	532,014	81,982	100,694	94,196		276,872	52.0%
Related Benefits	5,958,016	1,396,681	1,494,543	1,487,326		4,378,550	73.5%
<b>Total Personal Services</b>	<b>23,186,235</b>	<b>5,697,770</b>	<b>5,929,656</b>	<b>5,856,263</b>	<b>0</b>	<b>17,483,689</b>	<b>75.4%</b>
Travel	97,102	10,875	28,499	15,295		54,669	56.3%
Operating Services	2,071,982	778,429	369,622	357,791		1,505,842	72.7%
Supplies	1,180,244	174,543	151,690	153,893		480,126	40.7%
<b>Total Operating Expenses</b>	<b>3,349,328</b>	<b>963,847</b>	<b>549,811</b>	<b>526,979</b>	<b>0</b>	<b>2,040,637</b>	<b>60.9%</b>
Professional Services	245,698	26,887	30,346	21,835		79,068	32.2%
Other Charges	3,197,840	1,556,318	(90)	1,143,855		2,700,083	84.4%
Debt Services	0	0				0	
Interagency Transfers	898,280	0	701,661	500,000		1,201,661	133.8%
<b>Total Other Charges</b>	<b>4,341,818</b>	<b>1,583,205</b>	<b>731,917</b>	<b>1,665,690</b>	<b>0</b>	<b>3,980,812</b>	<b>91.7%</b>
General Acquisitions	0	11,563	23,381	17,355		52,299	
Library Acquisitions	177,300	13,905	110,561	6,665		131,131	74.0%
Major Repairs	0					0	
<b>Total Acquisitions and Major Repairs</b>	<b>177,300</b>	<b>25,468</b>	<b>133,942</b>	<b>24,020</b>	<b>0</b>	<b>183,430</b>	<b>103.5%</b>
<b>TOTAL</b>	<b>31,054,681</b>	<b>8,270,290</b>	<b>7,345,326</b>	<b>8,072,952</b>	<b>0</b>	<b>23,688,568</b>	<b>76.3%</b>
<b>by Function</b>							
Instruction	14,619,314	3,358,334	3,889,160	3,747,924		10,995,418	75.2%
Research	68,733	21,334	21,334	4,437		47,105	68.5%
Public Service	0	0	0	0		0	
Academic Support (Includes Library)	3,549,407	891,757	823,040	814,942		2,529,739	71.3%
<b>Academic Expenditures Subtotal</b>	<b>18,237,454</b>	<b>4,271,425</b>	<b>4,733,534</b>	<b>4,567,303</b>	<b>0</b>	<b>13,572,262</b>	<b>74.4%</b>
Student Services	2,038,748	576,861	481,999	458,705		1,517,565	74.4%
Institutional Support	4,583,817	1,286,966	1,054,449	1,375,686		3,717,101	81.1%
Scholarships/Fellowships	3,068,540	1,555,995	(490)	1,116,690		2,672,195	87.1%
Plant Operations/Maintenance	3,026,461	579,043	1,075,834	554,568		2,209,445	73.0%
Hospital	0	0	0	0		0	
Transfers out of agency	99,661	0	0	0		0	0.0%
Athletics	0	0	0	0		0	
Other	0	0	0	0		0	
<b>Non-Academic Expenditures Subtotal</b>	<b>12,817,227</b>	<b>3,998,865</b>	<b>2,611,792</b>	<b>3,505,649</b>	<b>0</b>	<b>10,116,306</b>	<b>78.9%</b>
<b>TOTAL</b>	<b>31,054,681</b>	<b>8,270,290</b>	<b>7,345,326</b>	<b>8,072,952</b>	<b>0</b>	<b>23,688,568</b>	<b>76.3%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: Louisiana State University in Shreveport

**Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

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# Overview of Restricted Funds

Campus: Louisiana State University in Shreveport

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
State Appropriations						0	
Restricted Fees	2,132,754	742,299	224,080	294,174		1,260,553	59.1%
Sales and Services of Educational Activities						0	
Auxiliaries (List)							
1 - University Center - Student Fees	378,385	145,673	47,831	58,149		251,653	66.5%
2 - University Center - Self Generated	99,000	27,077	24,564	28,869		80,510	81.3%
3 - Food Service	341,500	78,330	82,786	79,349		240,465	70.4%
4 - Bookstore	1,620,340	663,109	89,964	525,389		1,278,462	78.9%
5 - University Court Apartments - Lease	1,000	1,016	11	15		1,042	104.2%
6 - Athletics - Self Generated	131,636	16,061	14,747	23,417		54,225	41.2%
7 - Athletics - Student Fees	1,116,807	631,236	223,381	271,617		1,126,234	100.8%
8						0	
9						0	
10						0	
11						0	
12						0	
13						0	
14						0	
15						0	
Endowment Income	0	6,574	23,626	25,598		55,798	
Grants and Contracts							
Federal	6,906,000	3,132,522	311,948	3,649,458		7,093,928	102.7%
State and Local	3,700,000	373,316	1,491,686	1,368,153		3,233,155	87.4%
Private	3,400,000	590,002	535,372	598,882		1,724,256	50.7%
Indirect Cost Recovered				58,886		58,886	
Gifts						0	
Federal Funds						0	
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay						0	
Physician Practice Plans						0	
Medicare						0	
Medicaid						0	
Uncompensated Care Costs (UCC)						0	
All Other Sources	305,000	8,415	72,218	50,224		130,857	42.9%
<b>TOTAL</b>	<b>20,132,422</b>	<b>6,415,630</b>	<b>3,142,214</b>	<b>7,032,180</b>	<b>0</b>	<b>16,590,024</b>	<b>82.4%</b>

**Overview of Restricted Funds**  
**Report on Restricted Budget**

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# Overview of Restricted Operations

Campus: Louisiana State University in Shreveport

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter Expenses, Transfers, & Fund Balance			2nd Quarter Expenses, Transfers, & Fund Balance			3rd Quarter Expenses, Transfers, & Fund Balance			4th Quarter Expenses, Transfers, & Fund Balance		
		Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations				0	0	0	0	0	0	0	0	0	0
Restricted Fees	998,649	742,299	199,877	1,541,071	224,080	205,458	1,559,693	294,174	305,330	1,548,537	0	0	1,548,537
Sales & Svcs of Educ. Activ's Auxiliaries (List)				0	0	0	0	0	0	0	0	0	0
1 - University Center - Student Fees	0	145,673	73,737	71,936	47,831	81,133	38,634	58,149	79,097	17,686	0	0	17,686
2 - University Center - Self Generated	0	27,077	0	27,077	24,564	0	51,641	28,869	0	80,510	0	0	80,510
3 - Food Service	(327,898)	78,330	76,644	(326,212)	82,786	114,837	(358,263)	79,349	88,790	(367,704)	0	0	(367,704)
4 - Bookstore	1,865,277	663,109	648,261	1,880,125	89,964	170,142	1,799,947	525,389	574,989	1,750,347	0	0	1,750,347
5 - University Court Apartments - Lea	14,738	1,016	0	15,754	11	0	15,765	15	0	15,780	0	0	15,780
6 - Athletics - Self Generated	30,370	16,061	31,272	15,159	14,747	(5,119)	35,025	23,417	8,578	49,864	0	0	49,864
7 - Athletics - Student Fees	(153,605)	631,236	359,349	118,282	223,381	275,659	66,004	271,617	370,480	(32,859)	0	0	(32,859)
8		0		0	0		0	0		0	0	0	0
9		0		0	0		0	0		0	0	0	0
10		0		0	0		0	0		0	0	0	0
11		0		0	0		0	0		0	0	0	0
12		0		0	0		0	0		0	0	0	0
13		0		0	0		0	0		0	0	0	0
14		0		0	0		0	0		0	0	0	0
15		0		0	0		0	0		0	0	0	0
Endowment Income		6,574	7,476	(902)	23,626	25,449	(2,725)	25,598	23,719	(846)	0	0	(846)
Grants and Contracts		0		0	0		0	0		0	0	0	0
Federal	82,833	3,132,522	3,431,356	(216,001)	311,948	315,491	(219,544)	3,649,458	3,529,570	(99,656)	0	0	(99,656)
State and Local	425,395	373,316	1,619,267	(820,556)	1,491,686	126,745	544,385	1,368,153	1,498,965	413,573	0	0	413,573
Private	1,265,096	590,002	658,629	1,196,469	535,372	568,153	1,163,688	598,882	598,148	1,164,422	0	0	1,164,422
Indirect Cost Recovered	649,547	0		649,547	0	3,284	646,263	58,886	3,260	701,889	0	0	701,889
Gifts		0		0	0		0	0		0	0	0	0
Federal Funds		0		0	0		0	0		0	0	0	0
<b>Hospitals</b>		0		0	0		0	0		0	0	0	0
Hospital - Commercial/Self-Pay		0		0	0		0	0		0	0	0	0
Physician Practice Plans		0		0	0		0	0		0	0	0	0
Medicare		0		0	0		0	0		0	0	0	0
Medicaid		0		0	0		0	0		0	0	0	0
Uncompensated Care Costs		0		0	0		0	0		0	0	0	0
All Other Sources	425,323	8,415	40,674	393,064	72,218	42,584	422,698	50,224	(20,890)	493,812	0	0	493,812
<b>TOTAL</b>	<b>5,275,725</b>	<b>6,415,630</b>	<b>7,146,542</b>	<b>4,544,813</b>	<b>3,142,214</b>	<b>1,923,816</b>	<b>5,763,211</b>	<b>7,032,180</b>	<b>7,060,036</b>	<b>5,735,355</b>	<b>0</b>	<b>0</b>	<b>5,735,355</b>

**Overview of Restricted Operations**

Campus: Louisiana State University in Shreveport

**Report on Restricted Operations**

The Food Service fund balance is part of the Bookstore fund balance .  
The deficits in the Athletic fund balance, endowments, and federal grants should be eliminated by year end.

## Louisiana State University at Alexandria

### Third Quarter Financial Report

**Summary:** Campus financial operations are occurring as anticipated. The unrestricted and restricted operating budgets were budgeted at steady-state enrollment. Summer enrollment was higher than anticipated, while fall and spring enrollment was steady-state as anticipated. All operational expenses are as anticipated; no unexpected expenditures such as hurricane damage have occurred or been encumbered. Mid-year budget reduction adjustment requests (BA-7's) have been submitted and will affect operations as described in budget reduction documents.

#### Budget Adjustments

No funds moved from academic to non-academic. One of two pending BA-7s was approved in the third quarter to comply with a mid-year budget reduction order.

#### Unrestricted Operations

**Revenues:** Revenues collected include summer, fall, and some spring tuition and fees and state general fund support. Self-generated revenue will not increase significantly so approximately \$1.5 million in budgeted self-generated funds included by the Office of Planning and Budget for potential increased enrollment will not be realized. The corresponding amount in expenses is budgeted in the Category of Salaries and the Function of General Instructional Support and will not be transferred to departmental instructional accounts since revenue increases were not realized. One BA-7 was approved in the third quarter for the general fund reduction. Another BA-7 for a reduction in self-generated funding to be reallocated to other LSU System campuses is still pending. When the budget adjustments are approved, the "% Actual to Budget" should be aligned.

**Expenditures - By Category: Other Compensation** has increased due to the increased use of transient labor while some vacancies remain frozen and unfilled but remains below budget. The majority of the **Other Charges'** budget is Scholarships and Fellowships. Fewer scholarships and fee exemptions were awarded than anticipated. The budget for **General Acquisitions** includes \$34,500 budgeted for Library Books which have been ordered in the Library Book accounting system but not encumbered yet in the LSU General Ledger System. **Expenditures - By Function: Scholarships/Fellowships** - Fewer scholarships and fee exemptions were awarded than anticipated and budgeted for.

#### Restricted Budget

Restricted revenue collections are not expected to fall short of estimates or experience significant increases. Restricted expenses are as anticipated with the exception of Continuing Education. Endowment Income and Indirect Cost Recovered are not realized until closer to the end of the fiscal year. The bookstore revenue is collected from the bookstore vendor, Follette, on a monthly basis. The child care center receives parent paid tuition on a weekly basis. Campus card operation revenue, endowment income, and indirect costs recovered are not posted until the fourth quarter.

### **Restricted Operations**

Fees collected include summer, fall, and some spring collections. Restricted revenue collections are not expected to fall significantly short of estimates or experience significant increases. Campus Card operations and Indirect Cost Recovered activities occur closer to the end of the fiscal year. State grants are expended first and reimbursement has been requested. Restricted expenses are as anticipated.



Unrestricted Operations	Actual Amount for each Quarter in 2010-11					
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	6,782,416	2,298,636	1,723,977	1,723,975		5,746,588
Statutory Dedications	274,220	25,254	78,899	59,619		163,772
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	0	0	0	0		0
Interagency Transfers - Federal Stimulus	3,400,985	0	1,391,094	1,879,281		3,270,375
Self Generated Revenues	9,073,719	4,282,451	2,481,201	838,703		7,602,355
Federal Funds	0	0	0	0		0
<b>Total Revenues</b>	<b>19,531,340</b>	<b>6,606,341</b>	<b>5,675,171</b>	<b>4,501,578</b>		<b>16,783,090</b>
<b>Expenditures by Object:</b>						
Personal Services	15,914,003	2,789,259	3,742,184	3,551,500		10,082,944
Operating Expenses	2,641,769	468,298	777,673	312,224		1,558,195
Other Charges	908,568	251,151	94,012	171,513		516,676
Acquisitions and Major Repairs	67,000	1,837	10,252	13,904		25,993
<b>Expenditures by Function:</b>						
Academic Expenditures	12,122,170	1,833,114	2,762,079	2,520,460		7,115,652
Transfers out of agency	0	(2,597)	2,597	0		0
Non-Academic Expenditures	7,409,170	1,677,431	1,862,043	1,528,681		5,068,155
<b>Total Expenditures</b>	<b>19,531,340</b>	<b>3,510,545</b>	<b>4,624,122</b>	<b>4,049,141</b>		<b>12,183,808</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	894,175	942,448	956,244	870,100	
Sales and Services of Educational Activities	44,444	40,560	40,234	44,380	
Auxiliaries	1,433,660	1,807,505	1,814,634	1,843,011	
Endowment Income	157,911	157,911	157,927	157,927	
Grants and Contracts	(6,131)	76,042	(71,280)	(14,395)	
Indirect Cost Recovered	90,989	91,053	92,749	94,809	
Gifts	86,423	181,124	112,689	79,855	
Federal Funds	0	0	0	0	
Hospitals	0	0	0	0	
All Other Sources	180,051	180,051	180,051	180,051	
<b>TOTAL</b>	<b>2,881,522</b>	<b>3,476,693</b>	<b>3,283,247</b>	<b>3,255,738</b>	

**Overview and Analysis of Campus Operations**

**Summary:** Campus financial operations are occurring as anticipated. The unrestricted and restricted operating budgets were budgeted at steady-state enrollment. Summer enrollment was higher than anticipated, while fall and spring enrollment was steady-state as anticipated. All operational expenses are as anticipated; no unexpected expenditures such as hurricane damage have occurred or been encumbered. Mid-year budget reduction adjustment requests (BA-7's) have been submitted and will affect operations as described in budget reduction documents.

Operating Budget Development		Campus: Louisiana State University at Alexandria					
		Budget Adjustments					
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Adjusted Operating Budget	% change to Beg Budget
<b>Revenues</b>							
General Fund	6,895,905	0	0	(113,489)		6,782,416	-1.6%
Statutory Dedications	274,220	0	0	0		274,220	0.0%
Interim Emergency Board	0	0	0	0		0	
Interagency Transfers	0	0	0	0		0	
Interagency Transfers - Federal Stimulus	3,400,985	0	0	0		3,400,985	0.0%
Self Generated Revenues	9,073,719	0	0	0	0	9,073,719	0.0%
Federal Funds	0	0	0	0		0	
<b>Total Revenues</b>	<b>19,644,829</b>	<b>0</b>	<b>0</b>	<b>(113,489)</b>	<b>0</b>	<b>19,531,340</b>	<b>-0.6%</b>
<b>Expenditures by Object:</b>							
Salaries	11,817,879	0	0	(150,001)		11,667,878	-1.3%
Other Compensation	45,500	0	0	70,523		116,023	155.0%
Related Benefits	4,049,000	0	0	81,103		4,130,103	2.0%
<b>Total Personal Services</b>	<b>15,912,379</b>	<b>0</b>	<b>0</b>	<b>1,624</b>	<b>0</b>	<b>15,914,003</b>	<b>0.0%</b>
Travel	58,600	0	0	0		58,600	0.0%
Operating Services	2,265,600	0	0	(11,131)		2,254,469	-0.5%
Supplies	358,700	0	0	(30,000)		328,700	-8.4%
<b>Total Operating Expenses</b>	<b>2,682,900</b>	<b>0</b>	<b>0</b>	<b>(41,131)</b>	<b>0</b>	<b>2,641,769</b>	<b>-1.5%</b>
Professional Services	145,900	0	0	(10,000)		135,900	-6.9%
Other Charges	832,650	0	0	(59,982)		772,668	-7.2%
Debt Services	0	0	0	0		0	
Interagency Transfers	0	0	0	0		0	
<b>Total Other Charges</b>	<b>978,550</b>	<b>0</b>	<b>0</b>	<b>(69,982)</b>	<b>0</b>	<b>908,568</b>	<b>-7.2%</b>
General Acquisitions	36,500	0	0	(4,000)		32,500	-11.0%
Library Acquisitions	34,500	0	0	0		34,500	0.0%
Major Repairs	0	0	0	0		0	
<b>Total Acquisitions and Major Repairs</b>	<b>71,000</b>	<b>0</b>	<b>0</b>	<b>(4,000)</b>	<b>0</b>	<b>67,000</b>	<b>-5.6%</b>
<b>Total Expenditures</b>	<b>19,644,829</b>	<b>0</b>	<b>0</b>	<b>(113,489)</b>	<b>0</b>	<b>19,531,340</b>	<b>-0.6%</b>
<b>Expenditures by Function:</b>							
Instruction	10,776,117	0	0	(139,136)		10,636,981	-1.3%
Research	0	0	0	0		0	
Public Service	0	0	0	0		0	
Academic Support (Includes Library)	1,436,458	0	0	48,730		1,485,188	3.4%
<b>Academic Expenditures Subtotal</b>	<b>12,212,575</b>	<b>0</b>	<b>0</b>	<b>(90,405)</b>	<b>0</b>	<b>12,122,170</b>	
Student Services	1,227,221	0	0	105,720		1,332,941	8.6%
Institutional Support	2,999,267	0	0	(94,077)		2,905,190	-3.1%
Scholarships/Fellowships	586,800	0	0	(59,000)		527,800	-10.1%
Plant Operations/Maintenance	2,618,966	0	0	24,273		2,643,239	0.9%
Hospital	0	0	0	0		0	
Transfers out of agency	0	0	0	0		0	
Athletics	0	0	0	0		0	
Other	0	0	0	0		0	
<b>Non-Academic Expenditures Subtotal</b>	<b>7,432,254</b>	<b>0</b>	<b>0</b>	<b>(23,084)</b>	<b>0</b>	<b>7,409,170</b>	
<b>Total Expenditures</b>	<b>19,644,829</b>	<b>0</b>	<b>0</b>	<b>(113,489)</b>	<b>0</b>	<b>19,531,340</b>	<b>-0.6%</b>

Use next page for Detailed Explanation

**Budget Adjustments Narrative**

**Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

No funds moved from academic to non-academic. One of two pending BA-7s were approved in the third quarter to comply with a mid-year budget reduction order.

**Report on changes to Significant Funding Issues**

# Overview of Unrestricted Revenues and Expenditures

Campus: Louisiana State University at Alexandria

	Operating Budget 2010-11	Actual Amount for each Quarter				Cumulative Total 2010-11	% Actual to Budget 2010-11
		1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11		
<b>Revenues</b>							
General Fund	6,782,416	2,298,636	1,723,977	1,723,975		5,746,588	84.7%
Statutory Dedications	274,220	25,254	78,899	59,619		163,772	59.7%
Interim Emergency Board	0	0		0		0	
Interagency Transfers	0	0		0		0	
Interagency Transfers - Federal Stimulus	3,400,985	0	1,391,094	1,879,281		3,270,375	96.2%
Self Generated Revenues	9,073,719	4,282,451	2,481,201	838,703		7,602,355	83.8%
Federal Funds	0	0				0	
<b>TOTAL</b>	<b>19,531,340</b>	<b>6,606,341</b>	<b>5,675,171</b>	<b>4,501,578</b>	<b>0</b>	<b>16,783,090</b>	<b>85.9%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	11,667,878	2,036,819	2,636,977	2,568,173		7,241,969	62.1%
Other Compensation	116,023	1,789	10,866	21,595		34,250	29.5%
Related Benefits	4,130,103	750,652	1,094,341	961,732		2,806,725	68.0%
<b>Total Personal Services</b>	<b>15,914,003</b>	<b>2,789,259</b>	<b>3,742,184</b>	<b>3,551,500</b>	<b>0</b>	<b>10,082,944</b>	<b>63.4%</b>
Travel	58,600	4,784	9,033	9,683		23,500	40.1%
Operating Services	2,254,469	383,245	692,759	203,105		1,279,109	56.7%
Supplies	328,700	80,268	75,882	99,436		255,586	77.8%
<b>Total Operating Expenses</b>	<b>2,641,769</b>	<b>468,298</b>	<b>777,673</b>	<b>312,224</b>	<b>0</b>	<b>1,558,195</b>	<b>59.0%</b>
Professional Services	135,900	9,903	41,296	34,534		85,733	63.1%
Other Charges	772,668	241,248	52,716	136,979		430,943	55.8%
Debt Services	0	0	0	0		0	
Interagency Transfers	0	0	0	0		0	
<b>Total Other Charges</b>	<b>908,568</b>	<b>251,151</b>	<b>94,012</b>	<b>171,513</b>	<b>0</b>	<b>516,676</b>	<b>56.9%</b>
General Acquisitions	32,500	0	0	7,082		7,082	21.8%
Library Acquisitions	34,500	1,837	10,252	6,822		18,911	54.8%
Major Repairs	0	0	0			0	
<b>Total Acquisitions and Major Repairs</b>	<b>67,000</b>	<b>1,837</b>	<b>10,252</b>	<b>13,904</b>	<b>0</b>	<b>25,993</b>	<b>38.8%</b>
<b>TOTAL</b>	<b>19,531,340</b>	<b>3,510,545</b>	<b>4,624,122</b>	<b>4,049,141</b>	<b>0</b>	<b>12,183,808</b>	<b>62.4%</b>
<b>by Function</b>							
Instruction	10,636,981	1,488,368	2,431,802	2,190,462		6,110,632	57.4%
Research	0	0	0	0		0	
Public Service	0	0	0	0		0	
Academic Support (Includes Library)	1,485,188	344,746	330,277	329,998		1,005,021	67.7%
<b>Academic Expenditures Subtotal</b>	<b>12,122,170</b>	<b>1,833,114</b>	<b>2,762,079</b>	<b>2,520,460</b>	<b>0</b>	<b>7,115,652</b>	<b>58.7%</b>
Student Services	1,332,941	311,537	274,960	286,303		872,800	65.5%
Institutional Support	2,905,190	565,980	627,940	585,226		1,779,146	61.2%
Scholarships/Fellowships	527,800	223,849	28,033	126,614		378,497	71.7%
Plant Operations/Maintenance	2,643,239	578,662	928,513	530,538		2,037,713	77.1%
Hospital	0	0	0	0		0	
Transfers out of agency	0	(2,597)	2,597	0		0	
Athletics	0	0	0	0		0	
Other	0	0	0	0		0	
<b>Non-Academic Expenditures Subtotal</b>	<b>7,409,170</b>	<b>1,677,431</b>	<b>1,862,043</b>	<b>1,528,681</b>	<b>0</b>	<b>5,068,155</b>	<b>68.4%</b>
<b>TOTAL</b>	<b>19,531,340</b>	<b>3,510,545</b>	<b>4,624,122</b>	<b>4,049,141</b>	<b>0</b>	<b>12,183,808</b>	<b>62.4%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: Louisiana State University at Alexandria

## **Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

**Revenues:** Revenues collected include summer, fall, and some spring tuition and fees and state general fund support. Self-generated revenue will not increase significantly so approximately \$1.5 million in budgeted self-generated funds included by the Office of Planning and Budget for potential increased enrollment will not be realized. The corresponding amount in expenses is budgeted in the Category of Salaries and the Function of General Instructional Support and will not be transferred to departmental instructional accounts since revenue increases were not realized. One BA-7 was approved in the third quarter for the general fund reduction. Another BA-7 for a reduction in self-generated funding to be reallocated to other LSU System campuses is still pending. When the budget adjustments are approved, the “% Actual to Budget” should be aligned.

**Expenditures - By Category: Other Compensation** has increased due to the increased use of transient labor while some vacancies remain frozen and unfilled but remains below budget. The majority of the **Other Charges'** budget is Scholarships and Fellowships. Fewer scholarships and fee exemptions were awarded than anticipated. The budget for **General Acquisitions** includes \$34,500 budgeted for Library Books which have been ordered in the Library Book accounting system but not encumbered yet in the LSU General Ledger System. **Expenditures - By Function: Scholarships/Fellowships -** Fewer scholarships and fee exemptions were awarded than anticipated and budgeted for.

# Overview of Restricted Funds

Campus: Louisiana State University at Alexandria

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
State Appropriations						0	
Restricted Fees	649,444	308,200	154,408	92,532		555,141	85.5%
Sales and Services of Educational Activities	32,696	2,220	6,145	6,623		14,988	45.8%
Auxiliaries (List)							
1. LSUA Athletic Department	379,432	106,045	61,649	18,246		185,939	49.0%
2. LSUA Bookstore	175,000	31,535	29,743	58,658		119,935	68.5%
3. LSUA Child Care Center	177,000	48,760	42,058	40,932		131,751	74.4%
4. LSUA Campus Housing	434,942	35,062	29,880	1,474		66,416	15.3%
5. LSUA Campus Card Operations	3,500	0	27,513	6,163		33,676	962.2%
6. LSUA Duplications and Copy	139,532	42,451	35,383	29,527		107,360	76.9%
7. LSUA Golf Course	142,000	44,133	22,296	22,143		88,571	62.4%
8. LSUA Newspaper	4,635	3,063	1,127	466		4,656	100.5%
9. LSUA Parking, Street & Safety	80,550	49,128	47,102	31,235		127,465	158.2%
10. LSUA Union	745,550	322,879	188,824	148,483		660,186	88.6%
11. LSUA Yearbook	11,200	7,102	3,006	1,242		11,350	101.3%
12						0	
13						0	
14						0	
15						0	
Endowment Income	31,766	5,472	10,037	9,434		24,942	78.5%
Grants and Contracts							
Federal	5,340,950	2,082,381	575,012	2,119,666		4,777,058	89.4%
State and Local	703,300	123,448	169,675	133,750		426,873	60.7%
Private	15,131	11,661	0	86,000		97,661	645.4%
Indirect Cost Recovered	5,404	64	1,697	2,060		3,820	70.7%
Gifts	277,141	125,491	21,203	51,422		198,116	71.5%
Federal Funds						0	
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay						0	
Physician Practice Plans						0	
Medicare						0	
Medicaid						0	
Uncompensated Care Costs (UCC)						0	
All Other Sources	13,482					0	0.0%
<b>TOTAL</b>	<b>9,362,656</b>	<b>3,349,093</b>	<b>1,426,756</b>	<b>2,860,056</b>	<b>0</b>	<b>7,635,905</b>	<b>81.6%</b>

## Overview of Restricted Funds

Campus: Louisiana State University at Alexandria

**Report on Restricted Budget:** Restricted revenue collections are not expected to fall short of estimates or experience significant increases. Restricted expenses are as anticipated with the exception of Continuing Education. Endowment Income and Indirect Cost Recovered are not realized until closer to the end of the fiscal year. The bookstore revenue is collected from the bookstore vendor, Follette, on a monthly basis. The child care center receives parent paid tuition on a weekly basis. Campus card operation revenue, endowment income, and indirect costs recovered are not posted until the fourth quarter.

# Overview of Restricted Operations

Campus: Louisiana State University at Alexandria

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter Expenses, Transfers, & Fund Balance			2nd Quarter Expenses, Transfers, & Fund Balance			3rd Quarter Expenses, Transfers, & Fund Balance			4th Quarter Expenses, Transfers, & Fund Balance		
		Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations	0	0		0	0		0	0	0	0		0	0
Restricted Fees	894,175	308,200	259,927	942,448	154,408	140,612	956,244	92,532	178,676	870,100	0		870,100
Sales & Svcs of Educ. Activ's Auxiliaries (List)	44,444	2,220	6,104	40,560	6,145	6,471	40,234	6,623	2,477	44,380	0		44,380
1. LSUA Athletic Department	(157,230)	106,045	42,125	(93,310)	61,649	130,140	(161,802)	18,246	63,207	(206,764)	0		(206,764)
2. LSUA Bookstore	646,556	31,535	10,956	667,135	29,743	13,438	683,439	58,658	5,565	736,532	0		736,532
3. LSUA Child Care Center	69,749	48,760	31,733	86,776	42,058	48,230	80,605	40,932	37,644	83,892	0		83,892
4. LSUA Campus Housing	(6,585)	35,062	34,937	(6,460)	29,880	22,803	617	1,474	10,740	(8,650)	0		(8,650)
5. LSUA Campus Card	5,633	0	27,346	(21,713)	27,513	8,819	(3,019)	6,163	3,268	(123)	0		(123)
6. LSUA Duplications and Copy	133,140	42,451	19,280	156,311	35,383	24,451	167,242	29,527	22,757	174,012	0		174,012
7. LSUA Golf Course	175,967	44,133	30,142	189,957	22,296	32,065	180,188	22,143	25,260	177,071	0		177,071
8. LSUA Newspaper	120,461	3,063	0	123,524	1,127	0	124,652	466	0	125,117	0		125,117
9. LSUA Parking, Street & Safety	88,581	49,128	43,399	94,310	47,102	13,174	128,238	31,235	55,168	104,304	0		104,304
10. LSUA Union	289,959	322,879	76,293	536,545	188,824	188,139	537,230	148,483	106,231	579,482	0		579,482
11. LSUA Yearbook	67,429	7,102	102	74,430	3,006	191	77,244	1,242	350	78,136	0		78,136
12		0		0	0	0	0	0	0	0	0		0
13		0		0	0	0	0	0	0	0	0		0
14		0		0	0	0	0	0	0	0	0		0
15		0		0	0	0	0	0	0	0	0		0
Endowment Income	157,911	5,472	5,472	157,911	10,037	10,021	157,927	9,434	9,434	157,927	0		157,927
Grants and Contracts		0		0	0		0	0	0	0	0		0
Federal	(10,854)	2,082,381	1,946,271	125,256	575,012	699,775	493	2,119,666	2,135,288	(15,130)	0		(15,130)
State and Local	(4,439)	123,448	186,026	(67,017)	169,675	190,091	(87,433)	133,750	103,219	(56,903)	0		(56,903)
Private	9,162	11,661	3,020	17,803	0	2,142	15,660	86,000	44,024	57,637	0		57,637
Indirect Cost Recovered	90,989	64	0	91,053	1,697	0	92,749	2,060	0	94,809	0		94,809
Gifts	86,423	125,491	30,790	181,124	21,203	89,639	112,689	51,422	84,256	79,855	0		79,855
Federal Funds		0		0	0		0	0	0	0	0		0
<b>Hospitals</b>		0		0	0		0	0	0	0	0		0
Hospital - Commercial/Self-Pay		0		0	0		0	0	0	0	0		0
Physician Practice Plans		0		0	0		0	0	0	0	0		0
Medicare		0		0	0		0	0	0	0	0		0
Medicaid		0		0	0		0	0	0	0	0		0
Uncompensated Care Costs		0		0	0		0	0	0	0	0		0
All Other Sources	180,051	0	0	180,051	0		180,051	0	0	180,051	0		180,051
<b>TOTAL</b>	<b>2,881,522</b>	<b>3,349,093</b>	<b>2,753,922</b>	<b>3,476,693</b>	<b>1,426,756</b>	<b>1,620,202</b>	<b>3,283,247</b>	<b>2,860,056</b>	<b>2,887,564</b>	<b>3,255,738</b>	<b>0</b>	<b>0</b>	<b>3,255,738</b>

**Report on Restricted Operations:** Fees collected include summer, fall, and some spring collections. Restricted revenue collections are not expected to fall short of estimates or experience significant increases. Additional restricted athletic fees, child care fees, newspaper, parking, union and yearbook fees for the Spring semester will be reflected in the third quarter report. Campus Card operations and Indirect Cost Recovered activities occur closer to the end of the fiscal year. State grants are expended first and reimbursement has been requested. Restricted expenses are as anticipated. First quarter restricted operations are as anticipated. No significant variances are anticipated.



**Overview of Restricted Operations**

Campus: Louisiana State University at Alexandria

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LSU EUNICE  
FY 2010-11 QUARTERLY BUDGET NARRATIVE  
FOR THE QUARTER ENDING MARCH 31, 2011

Revenues accrued in the 3<sup>rd</sup> Quarter of FY 2010-11 equaled \$3,128,707 which included: the remaining \$1,121,061 of the total Federal Stimulus funds (\$1,948,366) which had been assigned to LSUE by the state for FY 2010-11; \$581,659 worth of Self-Generated funds, resulting from the remaining Spring 2011 registration; and, State General Fund and Statutory Dedications of \$1,370,496 and \$55,491, respectively. Collectively, these funds accounted for the 3<sup>rd</sup> quarter total of \$3,128,707. This latter sum, along with the 1<sup>st</sup> and 2<sup>nd</sup> quarter total revenue of \$9,581,745, represent a total revenue generated, to date, of \$12,710,452, or 95.2% of the campus' projected-revenue total of \$13,356,784. Moreover, to date, over 104.9% of the projected "Self-Generated" revenue from tuition and fees, or \$6,043,294, has been realized at this three-quarter mark for the 2010-11 FY. Obviously, the largest share of this third-quarter revenue increase is, in large measure, the result of the additional money raised by the 5% tuition increase generated by the enactment of the LA GRAD Act this past academic year; and, to a lesser extent, the enrollment increase realized for both the Fall and Spring semesters of this AY 2010-11. We are awaiting approval on a BA-7 to increase our self-generated budget by \$450,000 for this fiscal year.

NB. Part of the 2010-11 budget year cut, assigned to LSU Eunice by the State of Louisiana Office of Administration, is still pending. In this regard, this past Fall (2010), the Division of Administration discovered that the state had ended FY 2009-10 with a budget deficit of > \$108 million—\$35 million of which was to be assessed to higher education—with a higher percentage, (32%) or \$21.2 million, being assigned to the LSU System, since it contained non-teaching institutions such as the LSU Agricultural Center and the Pennington Biomedical Research Center. As noted previously, in the 1<sup>st</sup> Quarterly report for FY 2010-11, the initial proposal for the budget reductions would have cut the LSU System teaching campuses by 1.6% and Pennington and the LSU Ag Center by 13.3%, due to federal guidelines limiting state cuts to teaching institutions in order to retain federal stimulus money. However, since the state's leadership was not in favor of Pennington and the Ag Center sustaining 13% cuts, a higher percentage cut of 3.7% was assigned to the LSU System's teaching campuses which, in the case of LSU Eunice, identified as a cut of \$204,811 (3.7%) as compared to the initially proposed cut of \$90,219 (1.6%). This higher cut (3.7%) for LSU Eunice has required that the campus eliminate ten adjunct positions, which reduced course offerings and caused increased class sizes, along with the elimination of library purchases of academic books and periodicals and the reduction of the campus' public affairs budget by 66%, thereby essentially removing, to date, the funding available for marketing of the campus' programs and activities. Additionally, this increased level of a cut has delayed the filling of a critical Registrar's position—open recently due to an unexpected retirement. Consequently, it remained unfilled for approximately six months of the 2010-11 fiscal year, only to be advertised, late, in this third quarter. NB. Thus far, LSUE recently has paid the original 1.6%, or \$90,219. The remaining amount or \$114,592 will be paid in the 4<sup>th</sup> quarter.

Finally, in respect to "Expenditures," of the \$13,356,784 allocated for FY 2010-11, only 71% or \$9,476,778 has been expended to date. Obviously, from the remaining sum of \$3,880,006 for this fiscal year will necessarily come the additional \$114,592 "mid-year budget cut," which was initiated FY 2009-10, but then increased in FY 2010-11 when the legislature incurred a budget deficit of > \$108 million for the fiscal 2009-10 year, along with the remaining standard operating expenditures necessary to carry the campus to the end of the 2010-11 fiscal year. Finally, with the Spring 2011 Regular Session of the Legislature currently operating, and with several components of the Governor's Executive budget for FY 2011-12 in doubt, there is concern that the legislature will seek a budget cut for the remaining 4<sup>th</sup> quarter of FY 2010-11. Such a cut, if enacted, at this late date in the fiscal year, would have significant consequences for the campus, potentially compromising its ability to fulfill both its academic and its fiduciary responsibilities for the remainder of FY 2010-11.

Quarterly Revenues and Expenditures Executive Summary

Unrestricted Operations		Actual Amount for each Quarter in 2010-11				
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	5,391,765	1,827,328	1,370,496	1,370,496		4,568,320
Statutory Dedications	253,270	21,545	73,436	55,491		150,472
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	0	0	0	0		0
Interagency Transfers - Federal Stimulus	1,948,366	0	827,305	1,121,061		1,948,366
Self Generated Revenues	5,763,383	3,298,613	2,163,022	581,659		6,043,294
Federal Funds	0	0	0	0		0
<b>Total Revenues</b>	<b>13,356,784</b>	<b>5,147,486</b>	<b>4,434,259</b>	<b>3,128,707</b>		<b>12,710,452</b>
<b>Expenditures by Object:</b>						
Personal Services	10,764,436	2,075,301	2,852,452	2,770,096		7,697,849
Operating Expenses	1,933,622	717,679	347,647	393,879		1,459,205
Other Charges	444,568	188,545	78,217	(49,861)		216,901
Acquisitions and Major Repairs	214,158	4,167	37,513	61,143		102,823
<b>Expenditures by Function:</b>						
Academic Expenditures	5,516,997	1,240,943	2,075,710	1,936,931		5,253,584
Transfers out of agency	5,982	0	0	0		0
Non-Academic Expenditures	7,839,787	1,744,749	1,240,119	1,238,326		4,223,194
<b>Total Expenditures</b>	<b>13,356,784</b>	<b>2,985,692</b>	<b>3,315,829</b>	<b>3,175,257</b>		<b>9,476,778</b>

Restricted Operations

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	485,680	644,716	731,185	748,443	
Sales and Services of Educational Activities	3,688	3,615	4,096	3,673	
Auxiliaries	3,709,960	4,168,219	3,675,203	4,142,188	
Endowment Income	50,661	50,556	50,556	50,306	
Grants and Contracts	(18,160)	(393,873)	(35,714)	73,312	
Indirect Cost Recovered	372,077	379,306	399,600	412,510	
Gifts	15,688	20,283	19,965	15,319	
Federal Funds	0	0	0	0	
Hospitals	0	0	0	0	
All Other Sources	0	0	0	0	
<b>TOTAL</b>	<b>4,619,594</b>	<b>4,872,822</b>	<b>4,844,891</b>	<b>5,445,751</b>	

Overview and Analysis of Campus Operations

LSUE's third quarter budget adjustments were due to the Mid-year Budget Cut (Executive Order BJ 2010-20). The large amount of professional services (compared to current operating budget) is due to legal services for LSUE's maintenance projects. LSUE's restricted operations have fluctuated slightly during the year, but this is mainly attributed to a timing issue with grants and contracts where revenue is received after expenses are incurred.

Operating Budget Development		Campus: LSU Eunice					
		Budget Adjustments					
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Adjusted Operating Budget	% change to Beg Budget
<b>Revenues</b>							
General Fund	5,481,984			(90,219)		5,391,765	-1.6%
Statutory Dedications	253,270					253,270	0.0%
Interim Emergency Board						0	
Interagency Transfers						0	
Interagency Transfers - Federal Stimulus	1,948,366					1,948,366	0.0%
Self Generated Revenues	5,763,383					5,763,383	0.0%
Federal Funds						0	
<b>Total Revenues</b>	<b>13,447,003</b>	<b>0</b>	<b>0</b>	<b>(90,219)</b>	<b>0</b>	<b>13,356,784</b>	<b>-0.7%</b>
<b>Expenditures by Object:</b>							
Salaries	7,730,224			(18,000)		7,712,224	-0.2%
Other Compensation	130,669					130,669	0.0%
Related Benefits	2,922,920			(1,377)		2,921,543	0.0%
<b>Total Personal Services</b>	<b>10,783,813</b>	<b>0</b>	<b>0</b>	<b>(19,377)</b>	<b>0</b>	<b>10,764,436</b>	<b>-0.2%</b>
Travel	103,971					103,971	0.0%
Operating Services	1,349,960			(30,000)		1,319,960	-2.2%
Supplies	509,691					509,691	0.0%
<b>Total Operating Expenses</b>	<b>1,963,622</b>	<b>0</b>	<b>0</b>	<b>(30,000)</b>	<b>0</b>	<b>1,933,622</b>	<b>-1.5%</b>
Professional Services	11,825					11,825	0.0%
Other Charges	432,743					432,743	0.0%
Debt Services						0	
Interagency Transfers						0	
<b>Total Other Charges</b>	<b>444,568</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>444,568</b>	<b>0.0%</b>
General Acquisitions	255,000			(40,842)		214,158	-16.0%
Library Acquisitions						0	
Major Repairs						0	
<b>Total Acquisitions and Major Repairs</b>	<b>255,000</b>	<b>0</b>	<b>0</b>	<b>(40,842)</b>	<b>0</b>	<b>214,158</b>	<b>-16.0%</b>
<b>Total Expenditures</b>	<b>13,447,003</b>	<b>0</b>	<b>0</b>	<b>(90,219)</b>	<b>0</b>	<b>13,356,784</b>	<b>-0.7%</b>
<b>Expenditures by Function:</b>							
Instruction	5,087,429			(18,000)		5,069,429	-0.4%
Research						0	
Public Service						0	
Academic Support (Includes Library)	475,068			(27,500)		447,568	-5.8%
<b>Academic Expenditures Subtotal</b>	<b>5,562,497</b>	<b>0</b>	<b>0</b>	<b>(45,500)</b>	<b>0</b>	<b>5,516,997</b>	
Student Services	772,670					772,670	0.0%
Institutional Support	4,892,220			(31,377)		4,860,843	-0.6%
Scholarships/Fellowships	341,431					341,431	0.0%
Plant Operations/Maintenance	1,872,203			(13,342)		1,858,861	-0.7%
Hospital						0	
Transfers out of agency	5,982					5,982	0.0%
Athletics						0	
Other						0	
<b>Non-Academic Expenditures Subtotal</b>	<b>7,884,506</b>	<b>0</b>	<b>0</b>	<b>(44,719)</b>	<b>0</b>	<b>7,839,787</b>	
<b>Total Expenditures</b>	<b>13,447,003</b>	<b>0</b>	<b>0</b>	<b>(90,219)</b>	<b>0</b>	<b>13,356,784</b>	<b>-0.7%</b>

Use next page for Detailed Explanation

**Budget Adjustments Narrative**

Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.

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**Report on changes to Significant Funding Issues**

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# Overview of Unrestricted Revenues and Expenditures

Campus: LSU Eunice

	Operating Budget 2010-11	Actual Amount for each Quarter				Cumulative Total 2010-11	% Actual to Budget 2010-11
		1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11		
<b>Revenues</b>							
General Fund	5,391,765	1,827,328	1,370,496	1,370,496		4,568,320	84.7%
Statutory Dedications	253,270	21,545	73,436	55,491		150,472	59.4%
Interim Emergency Board	0					0	
Interagency Transfers	0					0	
Interagency Transfers - Federal Stimulus	1,948,366		827,305	1,121,061		1,948,366	100.0%
Self Generated Revenues	5,763,383	3,298,613	2,163,022	581,659		6,043,294	104.9%
Federal Funds	0					0	
<b>TOTAL</b>	<b>13,356,784</b>	<b>5,147,486</b>	<b>4,434,259</b>	<b>3,128,707</b>	<b>0</b>	<b>12,710,452</b>	<b>95.2%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	7,712,224	1,479,543	2,059,091	2,008,809		5,547,443	71.9%
Other Compensation	130,669	20,466	35,610	29,754		85,830	65.7%
Related Benefits	2,921,543	575,292	757,751	731,533		2,064,576	70.7%
<b>Total Personal Services</b>	<b>10,764,436</b>	<b>2,075,301</b>	<b>2,852,452</b>	<b>2,770,096</b>	<b>0</b>	<b>7,697,849</b>	<b>71.5%</b>
Travel	103,971	10,355	21,998	17,427		49,780	47.9%
Operating Services	1,319,960	515,495	264,057	309,836		1,089,388	82.5%
Supplies	509,691	191,829	61,592	66,616		320,037	62.8%
<b>Total Operating Expenses</b>	<b>1,933,622</b>	<b>717,679</b>	<b>347,647</b>	<b>393,879</b>	<b>0</b>	<b>1,459,205</b>	<b>75.5%</b>
Professional Services	11,825	23,743	9,736	10,572		44,051	372.5%
Other Charges	432,743	164,802	68,481	(60,433)		172,850	39.9%
Debt Services	0					0	
Interagency Transfers	0					0	
<b>Total Other Charges</b>	<b>444,568</b>	<b>188,545</b>	<b>78,217</b>	<b>(49,861)</b>	<b>0</b>	<b>216,901</b>	<b>48.8%</b>
General Acquisitions	214,158	3,052	10,303	22,178		35,533	16.6%
Library Acquisitions	0	1,115	3,094	13,615		17,824	
Major Repairs	0		24,116	25,350		49,466	
<b>Total Acquisitions and Major Repairs</b>	<b>214,158</b>	<b>4,167</b>	<b>37,513</b>	<b>61,143</b>	<b>0</b>	<b>102,823</b>	<b>48.0%</b>
<b>TOTAL</b>	<b>13,356,784</b>	<b>2,985,692</b>	<b>3,315,829</b>	<b>3,175,257</b>	<b>0</b>	<b>9,476,778</b>	<b>71.0%</b>
<b>by Function</b>							
Instruction	5,069,429	1,107,700	1,942,430	1,774,661		4,824,791	95.2%
Research	0					0	
Public Service	0					0	
Academic Support (Includes Library)	447,568	133,243	133,280	162,270		428,793	95.8%
<b>Academic Expenditures Subtotal</b>	<b>5,516,997</b>	<b>1,240,943</b>	<b>2,075,710</b>	<b>1,936,931</b>	<b>0</b>	<b>5,253,584</b>	<b>95.2%</b>
Student Services	772,670	238,299	231,423	235,995		705,717	91.3%
Institutional Support	4,860,843	765,994	422,991	467,726		1,656,711	34.1%
Scholarships/Fellowships	341,431	158,591	62,879	(61,657)		159,813	46.8%
Plant Operations/Maintenance	1,858,861	581,865	522,826	596,262		1,700,953	91.5%
Hospital	0					0	
Transfers out of agency	5,982					0	0.0%
Athletics	0					0	
Other	0					0	
<b>Non-Academic Expenditures Subtotal</b>	<b>7,839,787</b>	<b>1,744,749</b>	<b>1,240,119</b>	<b>1,238,326</b>	<b>0</b>	<b>4,223,194</b>	<b>53.9%</b>
<b>TOTAL</b>	<b>13,356,784</b>	<b>2,985,692</b>	<b>3,315,829</b>	<b>3,175,257</b>	<b>0</b>	<b>9,476,778</b>	<b>71.0%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: LSU Eunice

**Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

The increase in Professional Services is due to an increase in legal services and professional contracts for maintenance projects.

# Overview of Restricted Funds

Campus: LSU Eunice

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
State Appropriations						0	
Restricted Fees	569,173	268,581	168,151	65,575		502,307	88.3%
Sales and Services of Educational Activities	794	20	800	308		1,128	142.1%
Auxiliaries (List)							
1 Athletics	377,249	212,292	140,035	56,840		409,167	108.5%
2 Bookstore	1,845,434	1,031,000	38,797	772,910		1,842,707	99.9%
3 Newspaper	9,200	4,911	3,396	883		9,190	99.9%
4 Union	116,832	113,256	84,832	24,990		223,078	190.9%
5						0	
6						0	
7						0	
8						0	
9						0	
10						0	
11						0	
12						0	
13						0	
14						0	
15						0	
Endowment Income	14,941	157				157	1.1%
Grants and Contracts							
Federal	6,529,474	1,289,510	1,842,415	2,790,307		5,922,232	90.7%
State and Local	620,678	101,393	157,207	384,998		643,598	103.7%
Private	119,217	16,883	38,936	26,480		82,299	69.0%
Indirect Cost Recovered	16,779	7,229	20,294	12,910		40,433	241.0%
Gifts	134,889	51,152	20,385	48,431		119,968	88.9%
Federal Funds						0	
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay						0	
Physician Practice Plans						0	
Medicare						0	
Medicaid						0	
Uncompensated Care Costs (UCC)						0	
All Other Sources						0	
<b>TOTAL</b>	<b>10,354,660</b>	<b>3,096,384</b>	<b>2,515,248</b>	<b>4,184,632</b>	<b>0</b>	<b>9,796,264</b>	<b>94.6%</b>



**Overview of Restricted Funds**  
**Report on Restricted Budget**

Campus: LSU Eunice

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# Overview of Restricted Operations

Campus: LSU Eunice

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter Expenses, Transfers, &			2nd Quarter Expenses, Transfers, &			3rd Quarter Expenses, Transfers, &			4th Quarter Expenses, Transfers, &		
		Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations		0		0	0		0	0		0	0		0
Restricted Fees	485,680	268,581	109,545	644,716	168,151	81,682	731,185	65,575	48,317	748,443	0		748,443
Sales & Svcs of Educ. Activ's Auxiliaries (List)	3,688	20	93	3,615	800	319	4,096	308	731	3,673	0		3,673
1 Athletics	3,060	212,292	54,286	161,066	140,035	116,925	184,176	56,840	150,786	90,230	0		90,230
2 Bookstore	3,006,000	1,031,000	794,333	3,242,667	38,797	602,202	2,679,262	772,910	212,612	3,239,560	0		3,239,560
3 Newspaper	104,586	4,911	(20)	109,517	3,396	1,625	111,288	883	725	111,446	0		111,446
4 Union	596,314	113,256	54,601	654,969	84,832	39,324	700,477	24,990	24,515	700,952	0		700,952
5		0		0	0		0	0		0	0		0
6		0		0	0		0	0		0	0		0
7		0		0	0		0	0		0	0		0
8		0		0	0		0	0		0	0		0
9		0		0	0		0	0		0	0		0
10		0		0	0		0	0		0	0		0
11		0		0	0		0	0		0	0		0
12		0		0	0		0	0		0	0		0
13		0		0	0		0	0		0	0		0
14		0		0	0		0	0		0	0		0
15		0		0	0		0	0		0	0		0
Endowment Income	50,661	157	262	50,556	0		50,556	0	250	50,306	0		50,306
Grants and Contracts		0		0	0		0	0		0	0		0
Federal	(48,094)	1,289,510	1,644,782	(403,366)	1,842,415	1,512,853	(73,804)	2,790,307	2,898,514	(182,011)	0		(182,011)
State and Local	1,745	101,393	106,073	(2,935)	157,207	141,252	13,020	384,998	172,407	225,611	0		225,611
Private	28,189	16,883	32,644	12,428	38,936	26,294	25,070	26,480	21,838	29,712	0		29,712
Indirect Cost Recovered	372,077	7,229		379,306	20,294		399,600	12,910		412,510	0		412,510
Gifts	15,688	51,152	46,557	20,283	20,385	20,703	19,965	48,431	53,077	15,319	0		15,319
Federal Funds		0		0	0		0	0		0	0		0
<b>Hospitals</b>		0		0	0		0	0		0	0		0
Hospital - Commercial/Self-Pay		0		0	0		0	0		0	0		0
Physician Practice Plans		0		0	0		0	0		0	0		0
Medicare		0		0	0		0	0		0	0		0
Medicaid		0		0	0		0	0		0	0		0
Uncompensated Care Costs		0		0	0		0	0		0	0		0
All Other Sources		0		0	0		0	0		0	0		0
<b>TOTAL</b>	<b>4,619,594</b>	<b>3,096,384</b>	<b>2,843,156</b>	<b>4,872,822</b>	<b>2,515,248</b>	<b>2,543,179</b>	<b>4,844,891</b>	<b>4,184,632</b>	<b>3,583,772</b>	<b>5,445,751</b>	<b>0</b>	<b>0</b>	<b>5,445,751</b>

**Overview of Restricted Operations**

Campus: LSU Eunice

**Report on Restricted Operations**

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OFFICE OF THE CHANCELLOR

**UNIVERSITY OF NEW ORLEANS  
QUARTERLY REPORT OF REVENUES AND EXPENDITURES  
FOR THE QUARTER ENDED MARCH 31, 2011  
CHANCELLOR'S NARRATIVE**

The University of New Orleans continued to struggle financially in the third quarter of the fiscal year due to a decline in student enrollment for the Spring Semester that will probably result in an overall loss of fee revenues in the academic year (actual to budget) in the amount of \$2M. Because of the projected decrease in self-generated revenues, measures taken in the first and second quarters to curtail spending in the Operating Budget remained in place. The freeze on hiring continued; departments were asked to keep general operating costs to a minimum; and, unobligated account balances, e.g., scholarships and fee waivers, have been kept in reserve to offset the fiscal impact associated with the reduction in self generated revenues and increase in fringe benefit costs.

The result of having fewer students in the Fall and Spring Semesters certainly had an impact on both restricted and auxiliary operations. Compared to the cumulative results of the third quarter ending March 31, 2010, revenues through March 31, 2011, show a decline between years for those operations that benefit from an allocation of student tuition, e.g., Children's Center; Recreation and Fitness Center; and Capital Improvement Fund. In order to address the shortfall in revenues, it was necessary to curtail spending in these student service areas through the end of the third quarter. In all probability, it will likely be necessary to pursue the same course of action for the remaining quarter. The University will continue to routinely monitor these budgetary units to ensure that they stay within authorized levels.

Auxiliary operations experienced an overall decline in revenues when compared to all three quarters of the prior fiscal year. Housing (Pontchartrain Hall) revenues were down as might be expected because of the loss of students and also due to the fact that there was far less revenue recognized from the University's Ground Lease Agreement with Campus Living Villages (Privateer Place). Compared to the prior fiscal year, Pontchartrain Hall's cumulative spending continued to be adjusted in the third quarter to accommodate the decline in revenues and also to address the on-going 24/7 security detail. The Bookstore cumulatively adjusted its operations to reflect the lower student enrollment and the loss of revenues due to the emerging competition associated with e-commerce and other alternate means of acquiring course materials.

Other restricted funds being reported through March 31, 2011 (Grants and Contracts; and Endowments) are being administered in accordance with appropriate awarding agency guidelines and the Louisiana Board of Regents.

The University took yet another hit in the third quarter with a State imposed mid-year budget reduction in the amount of \$687,586. Campus-wide adjustments had to be made, once again, to the detriment of our students, faculty, and staff. These adjustments in the amount of \$687,586 were allocated, by object, as follows: Travel - 37%; Operating Services – 32%, Supplies – 17%; Professional Services - 4%; Other Charges – 2%; Acquisitions and Major Repairs – 8%. This will mean, for example, fewer dollars available for consulting support and acquisitions as the University implements the latest PeopleSoft upgrade affecting administrative processes integral to sustaining day to day operations, as well as less funding for general maintenance of grounds and buildings. In addition to the mid-year budget reduction, there is an anticipated Interagency Transfer of Self-Generated Revenues in the amount of \$873,341. The impact of this will be felt in the fourth quarter.

As the end of the fiscal year approaches, UNO will continue to closely monitor its net operating position on a routine basis and make appropriate adjustments in the fourth quarter as conditions warrant in order to remain within the budget. Should funds come available, the University will move immediately to address its longstanding backlog of maintenance and repair projects; and permit the academic colleges to purchase supply items and equipment necessary for instructional purposes. Student recruiting and retention initiatives remain a top funding priority.

Unrestricted Operations		Actual Amount for each Quarter in 2010-11				
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	41,092,137	13,926,575	10,444,931	10,444,930		34,816,436
Statutory Dedications	2,592,740	220,244	751,863	568,135		1,540,241
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	0	0	0	0		0
Interagency Transfers - Federal Stimulus	17,000,729	0	5,443,116	4,501,286		9,944,402
Self Generated Revenues	61,296,011	31,191,353	1,587,950	24,537,603		57,316,906
Federal Funds	0	0	0	0		0
<b>Total Revenues</b>	<b>121,981,617</b>	<b>45,338,172</b>	<b>18,227,860</b>	<b>40,051,954</b>		<b>103,617,985</b>
<b>Expenditures by Object:</b>						
Personal Services	82,487,018	17,562,170	21,209,888	20,551,976		59,324,035
Operating Expenses	17,105,296	3,918,274	4,024,946	2,886,520		10,829,740
Other Charges	19,431,585	10,343,069	419,401	5,102,814		15,865,283
Acquisitions and Major Repairs	2,957,718	72,378	1,219,662	182,285		1,474,325
<b>Expenditures by Function:</b>						
Academic Expenditures	68,649,362	14,252,694	18,592,064	17,131,417		49,976,175
Transfers out of agency	0	0	0	0		0
Non-Academic Expenditures	53,332,255	17,643,196	8,281,834	11,592,177		37,517,207
<b>Total Expenditures</b>	<b>121,981,617</b>	<b>31,895,891</b>	<b>26,873,897</b>	<b>28,723,595</b>		<b>87,493,382</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	110,324	2,150,715	1,252,524	3,255,871	
Sales and Services of Educational Activities	0	0	0	0	
Auxiliaries	1,228,736	2,531,742	2,082,243	2,092,183	
Endowment Income	240,447	177,639	741	(186,259)	
Grants and Contracts	4,601,781	1,641,467	2,819,290	3,211,474	
Indirect Cost Recovered	5,453,092	5,365,149	5,642,179	5,644,627	
Gifts	(22,957)	359,371	390,191	413,472	
Federal Funds	0	(82,061)	(27,426)	(91,739)	
Hospitals	0	0	0	0	
All Other Sources	2,142,337	1,814,583	1,466,645	2,598,404	
<b>TOTAL</b>	<b>13,753,761</b>	<b>13,958,605</b>	<b>13,626,387</b>	<b>16,938,034</b>	

**Overview and Analysis of Campus Operations**

The University of New Orleans was required to reduce its Operating Budget during the 3rd quarter in the amount of \$687,586 due to the Governor's Executive Order No. BJ 2010-20. See following pages for detailed explanations.

Operating Budget Development		Campus: University of New Orleans					
		Budget Adjustments					
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Adjusted Operating Budget	% change to Beg Budget
<b>Revenues</b>							
General Fund	41,779,723			(687,586)		41,092,137	-1.6%
Statutory Dedications	2,592,740					2,592,740	0.0%
Interim Emergency Board						0	
Interagency Transfers						0	
Interagency Transfers - Federal Stimulus	17,000,729					17,000,729	0.0%
Self Generated Revenues	61,296,011					61,296,011	0.0%
Federal Funds						0	
<b>Total Revenues</b>	<b>122,669,203</b>	<b>0</b>	<b>0</b>	<b>(687,586)</b>	<b>0</b>	<b>121,981,617</b>	<b>-0.6%</b>
<b>Expenditures by Object:</b>							
Salaries	60,699,987	(382,010)	(31,799)	(962,728)		59,323,450	-2.3%
Other Compensation	5,136,763	(30,711)	(19,345)	205,806		5,292,513	3.0%
Related Benefits	17,905,322	(19,267)	0	(15,000)		17,871,055	-0.2%
<b>Total Personal Services</b>	<b>83,742,072</b>	<b>(431,988)</b>	<b>(51,144)</b>	<b>(771,922)</b>	<b>0</b>	<b>82,487,018</b>	<b>-1.5%</b>
Travel	762,371	(33,469)	13,569	(166,032)		576,439	-24.4%
Operating Services	12,822,443	(18,176)	(56,437)	12,731		12,760,561	-0.5%
Supplies	3,113,931	341,664	145,995	166,706		3,768,296	21.0%
<b>Total Operating Expenses</b>	<b>16,698,745</b>	<b>290,019</b>	<b>103,127</b>	<b>13,405</b>	<b>0</b>	<b>17,105,296</b>	<b>2.4%</b>
Professional Services	1,215,031	27,981	23,511	34,718		1,301,241	7.1%
Other Charges	18,275,828	57,893	(190,015)	(13,362)		18,130,344	-0.8%
Debt Services						0	
Interagency Transfers						0	
<b>Total Other Charges</b>	<b>19,490,859</b>	<b>85,874</b>	<b>(166,504)</b>	<b>21,356</b>	<b>0</b>	<b>19,431,585</b>	<b>-0.3%</b>
General Acquisitions	1,063,662	56,095	34,329	49,575		1,203,661	13.2%
Library Acquisitions	1,673,865		80,192			1,754,057	4.8%
Major Repairs						0	
<b>Total Acquisitions and Major Repairs</b>	<b>2,737,527</b>	<b>56,095</b>	<b>114,521</b>	<b>49,575</b>	<b>0</b>	<b>2,957,718</b>	<b>8.0%</b>
<b>Total Expenditures</b>	<b>122,669,203</b>	<b>0</b>	<b>0</b>	<b>(687,586)</b>	<b>0</b>	<b>121,981,617</b>	<b>-0.6%</b>
<b>Expenditures by Function:</b>							
Instruction	50,960,225	(540,927)	(161,134)	(175,880)		50,082,284	-1.7%
Research	1,569,469	599,230	95,180	10,324		2,274,203	44.9%
Public Service	2,796,276	1,986	(1,763)	462		2,796,961	0.0%
Academic Support (Includes Library)	13,614,175	(49,789)	106,292	(174,764)		13,495,914	-0.9%
<b>Academic Expenditures Subtotal</b>	<b>68,940,145</b>	<b>10,500</b>	<b>38,575</b>	<b>(339,858)</b>	<b>0</b>	<b>68,649,362</b>	
Student Services	7,206,850			(94,016)		7,112,834	-1.3%
Institutional Support	19,609,547	(500)	11,425	(125,109)		19,495,363	-0.6%
Scholarships/Fellowships	11,850,521					11,850,521	0.0%
Plant Operations/Maintenance	15,062,140	(10,000)	(50,000)	(128,603)		14,873,537	-1.3%
Hospital						0	
Transfers out of agency						0	
Athletics						0	
Other						0	
<b>Non-Academic Expenditures Subtotal</b>	<b>53,729,058</b>	<b>(10,500)</b>	<b>(38,575)</b>	<b>(347,728)</b>	<b>0</b>	<b>53,332,255</b>	
<b>Total Expenditures</b>	<b>122,669,203</b>	<b>0</b>	<b>0</b>	<b>(687,586)</b>	<b>0</b>	<b>121,981,617</b>	<b>-0.6%</b>

Use next page for Detailed Explanation

**Budget Adjustments Narrative**

**Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

The University of New Orleans was required to reduce its Operating Budget during the 3rd quarter in the amount of \$687,586 due to the Governor's Executive Order No. BJ 2010-20.

The \$687,586 reduction was allocated, by **Function**, as follows: Instruction - 15%, Research - 2%, Academic Support - 34%, Student Services - 12%, Institutional Support - 21%, Plant Operations/Maintenance - 16%. The remaining budget transfers in the 3rd quarter, by function, includes \$22,952 transferred from Instruction to Research for cost share, \$25,085 from Instruction to Academic Support to fund recruiting efforts in the College of Liberal Arts, as well as transfers between various functions related to the University's implementation of line-item budget control.

The \$687,586 reduction was allocated, by **Object**, as follows: Travel - 37%, Operating Services - 32%, Supplies - 17%, Professional Services - 4%, Other Charges - 2%, Acquisitions and Major Repairs - 8%. The reduction in Salaries includes the following:

- approximately \$260,000 - as a result of the University preparing for additional budget reductions this fiscal year, the University escrowed funds in which it is now allocating to departments for various initiatives, including recruiting, enhancing the teaching and learning environment by upgrading technology equipment and services, and distance education;
- approximately \$215,000 - to the Lakefront Arena as a result of it generating more revenue than was projected;
- approximately, \$75,000 - to fund a legal settlement; and
- transfers due to funds being available from buyouts from grants.

The remaining budget transfers between functions in the 3rd quarter are related to the University's implementation of line-item budget control, including transfers from Salaries to Other Compensation.

**Report on changes to Significant Funding Issues**

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# Overview of Unrestricted Revenues and Expenditures

Campus: University of New Orleans

	Actual Amount for each Quarter						% Actual to Budget 2010-11
	Operating Budget 2010-11	1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11	Cumulative Total 2010-11	
<b>Revenues</b>							
General Fund	41,092,137	13,926,575	10,444,931	10,444,930		34,816,436	84.7%
Statutory Dedications	2,592,740	220,244	751,863	568,135		1,540,241	59.4%
Interim Emergency Board	0					0	
Interagency Transfers	0					0	
Interagency Transfers - Federal Stimulus	17,000,729		5,443,116	4,501,286		9,944,402	58.5%
Self Generated Revenues	61,296,011	31,191,353	1,587,950	24,537,603		57,316,906	93.5%
Federal Funds	0					0	
<b>TOTAL</b>	<b>121,981,617</b>	<b>45,338,172</b>	<b>18,227,860</b>	<b>40,051,954</b>	<b>0</b>	<b>103,617,985</b>	<b>84.9%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	59,323,450	12,060,997	14,777,594	14,297,811		41,136,402	69.3%
Other Compensation	5,292,513	951,560	1,266,269	1,192,879		3,410,708	64.4%
Related Benefits	17,871,055	4,549,613	5,166,025	5,061,287		14,776,925	82.7%
<b>Total Personal Services</b>	<b>82,487,018</b>	<b>17,562,170</b>	<b>21,209,888</b>	<b>20,551,976</b>	<b>0</b>	<b>59,324,035</b>	<b>71.9%</b>
Travel	576,439	46,234	128,633	72,605		247,472	42.9%
Operating Services	12,760,561	2,872,385	3,164,638	2,320,202		8,357,225	65.5%
Supplies	3,768,296	999,655	731,676	493,713		2,225,043	59.0%
<b>Total Operating Expenses</b>	<b>17,105,296</b>	<b>3,918,274</b>	<b>4,024,946</b>	<b>2,886,520</b>	<b>0</b>	<b>10,829,740</b>	<b>63.3%</b>
Professional Services	1,301,241	88,480	204,692	434,978		728,150	56.0%
Other Charges	18,130,344	10,254,588	214,709	4,667,836		15,137,133	83.5%
Debt Services	0					0	
Interagency Transfers	0					0	
<b>Total Other Charges</b>	<b>19,431,585</b>	<b>10,343,069</b>	<b>419,401</b>	<b>5,102,814</b>	<b>0</b>	<b>15,865,283</b>	<b>81.6%</b>
General Acquisitions	1,203,661	84,185	88,458	73,113		245,756	20.4%
Library Acquisitions	1,754,057	(11,807)	1,131,204	109,172		1,228,569	70.0%
Major Repairs	0					0	
<b>Total Acquisitions and Major Repairs</b>	<b>2,957,718</b>	<b>72,378</b>	<b>1,219,662</b>	<b>182,285</b>	<b>0</b>	<b>1,474,325</b>	<b>49.8%</b>
<b>TOTAL</b>	<b>121,981,617</b>	<b>31,895,891</b>	<b>26,873,897</b>	<b>28,723,595</b>	<b>0</b>	<b>87,493,382</b>	<b>71.7%</b>
<b>by Function</b>							
Instruction	50,082,284	10,310,303	13,286,397	13,108,905		36,705,605	73.3%
Research	2,274,203	408,512	601,461	579,050		1,589,023	69.9%
Public Service	2,796,961	690,536	814,402	754,522		2,259,461	80.8%
Academic Support (Includes Library)	13,495,914	2,843,343	3,889,804	2,688,940		9,422,086	69.8%
<b>Academic Expenditures Subtotal</b>	<b>68,649,362</b>	<b>14,252,694</b>	<b>18,592,064</b>	<b>17,131,417</b>	<b>0</b>	<b>49,976,175</b>	<b>72.8%</b>
Student Services	7,112,834	1,335,992	1,328,411	1,313,536		3,977,939	55.9%
Institutional Support	19,495,363	3,665,737	2,968,461	3,143,502		9,777,700	50.2%
Scholarships/Fellowships	11,850,521	5,745,753	88,621	4,411,327		10,245,701	86.5%
Plant Operations/Maintenance	14,873,537	6,895,714	3,896,340	2,723,812		13,515,866	90.9%
Hospital	0					0	
Transfers out of agency	0					0	
Athletics	0					0	
Other	0					0	
<b>Non-Academic Expenditures Subtotal</b>	<b>53,332,255</b>	<b>17,643,196</b>	<b>8,281,834</b>	<b>11,592,177</b>	<b>0</b>	<b>37,517,207</b>	<b>70.3%</b>
<b>TOTAL</b>	<b>121,981,617</b>	<b>31,895,891</b>	<b>26,873,897</b>	<b>28,723,595</b>	<b>0</b>	<b>87,493,382</b>	<b>71.7%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: University of New Orleans

## **Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

### **Revenues**

Statutory Dedications revenues are 59.4% of budget for the 3rd Quarter because the revenue received by the University is based on what is generated by the State.

Typically, reimbursement requests for Interagency Stimulus Funds are submitted and reported to the LSU System and federal government by the 10th of the month following the end of the quarter. Reimbursement for expenditures in the amount of \$4,501,286 were submitted and reported in the month of January for the 2nd quarter, which resulted in a % Actual to Budget of 58.5%. The 3rd quarter's reimbursement request in the amount of \$7,056,327 was submitted in April 2011.

The Self Generated Revenues for the third quarter includes tuition and fees collected for the Spring term. Although the University has collected 93.5% of the Self Generated Revenues budgeted in the third quarter, we are currently projecting a shortfall in fee revenues for the end of the fiscal year as a result of the decline in student enrollment in Fall 2010 and Spring 2011.

The Lakefront Arena is projected to generate more revenue than was budgeted.

### **Expenditures - For analysis purposes, this narrative discusses variances outside of the 70% to 80% range for the third quarter.**

#### **Expenditures by Category**

- Other Compensation's % Actual to Budget variance of 64.4% is a result of less spending in the 1st three quarters.
- Related benefits % Actual to Budget variance of 82.7% is a result of the increase in employer retirement contribution rates for the fiscal year.
- Travel, Operating Services, and Supplies decreased from the 2nd to the 3rd quarter as a result of less spending by departments due to probable budget cuts. However, Operating Services are projected to increase in the fourth quarter because of main campus renovation projects.
- Professional Services 3rd quarter actual expenditures and cumulative total are higher compared to the prior year. These expenditures are higher because of increases in the categories of Bank Card Services (Credit Card Fees), Collection Services, Legal Services, and various professional services agreements. As in prior years, spending is projected to increase in the fourth quarter.
- Other Charges category includes Scholarships/Fellowships and Insurances. Scholarships, fellowships, fee waivers are recorded at the beginning of each semester, and totaled \$4.4M for the third quarter.
- General acquisitions % Actual to Budget of 20.4% is slightly lower compared to the prior year 3rd quarter. However, spending is projected to increase in the 4th quarter, since University Computing and Communications plans to purchase servers and computer room equipment.

#### **Expenditures by Function**

- Public Service % Actual to Budget of 80.8% was expected because of the increased spending by the UNO Lakefront Arena.
- Student Services spending decreased slightly in the 3rd quarter and is at a low unanticipated 55.9%. Spending is expected to increase in the fourth quarter based upon last fiscal year's trend.
- Institutional Support spending increased in the 3rd quarter and the 50.2% Actual to Budget is slightly higher compared to the prior year. Spending is expected to increase in the fourth quarter due to normal operating expenditures and other expenditures that are generally recorded in the fourth quarter.
- Typically, Scholarships/Fellowships are recorded and show an increase in the 1st (Fall semester) and 3rd (Spring semester) quarters. Compared to the prior year 3rd quarter, scholarships decreased by 472,441, or approximately 10%, which is relative to the decline in student enrollment.
- Plant Operations/Maintenance % Actual to Budget of 90.9% in the 3rd quarter was anticipated due to the \$3,595,000 interagency insurance premium expensed totally in the first quarter of FY 2011. Spending is expected to increase as major University repairs and renovations continue into the fourth quarter.

# Overview of Restricted Funds

Campus: University of New Orleans

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
State Appropriations						0	
Restricted Fees	8,303,816	3,827,083	232,175	3,244,842		7,304,100	88.0%
Sales and Services of Educational Activities						0	
Auxiliaries (List)							
Athletics	2,842,792	1,281,873	266,320	918,304		2,466,497	86.8%
Housing	3,823,000	1,843,642	27,807	1,585,811		3,457,260	90.4%
Vending	67,000	7,363	23,734	7,060		38,157	57.0%
Parking	750,000	510,650	78,568	120,900		710,118	94.7%
Copy Center	24,000	4,000	6,000	6,000		16,000	66.7%
Cove		0	0			0	
Univ Center & Bookstore Operations	7,439,805	2,892,352	1,092,783	2,071,783		6,056,918	81.4%
8						0	
9						0	
10						0	
11						0	
12						0	
13						0	
14						0	
15						0	
Endowment Income	387,553	31,444	42,494	36,301		110,239	28.4%
Grants and Contracts							
Federal	14,465,257	2,255,026	4,088,203	5,978,078		12,321,307	85.2%
State and Local	15,761,334	3,061,982	3,465,457	2,783,795		9,311,234	59.1%
Private	14,255,958	3,113,051	5,158,519	4,594,847		12,866,417	90.3%
Indirect Cost Recovered	5,169,561	1,024,780	1,189,793	1,082,268		3,296,841	63.8%
Gifts	512,670	567,808	233,316	86,401		887,525	173.1%
Federal Funds	12,009,000	5,985,481	575,276	5,872,244		12,433,001	103.5%
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay						0	
Physician Practice Plans						0	
Medicare						0	
Medicaid						0	
Uncompensated Care Costs (UCC)						0	
All Other Sources	2,200,000	173,336	173,035	1,320,587		1,666,958	75.8%
<b>TOTAL</b>	<b>88,011,746</b>	<b>26,579,870</b>	<b>16,653,480</b>	<b>29,709,221</b>	<b>0</b>	<b>72,942,571</b>	<b>82.9%</b>

# Overview of Restricted Funds

Campus: University of New Orleans

## **Report on Restricted Budget**

Generally, the Fall semester registration generates the greatest percentage of tuition revenue allocated to restricted funds with lesser amounts collected in the 3rd and 4th quarters for the Spring registration, respectively.

### **RESTRICTED FEES:**

Although the University has collected 88% of total projected restricted fee revenues through the third quarter in tuition and fees for the Summer, Fall and Spring semesters, it is highly probable that the University will realize a shortfall in projected revenues for the fourth quarter, which is mainly due to lower student enrollment. The state approved tuition increase was not applied to any of the restricted fee components, so the shortfall in enrollment has caused restricted operations like the Wellness Center to make expenditure adjustments to balance their budget.

### **AUXILIARIES:**

Housing revenues are down compared to the same period last year by \$243,002, which is mainly due to the loss of revenues associated with the University's ground lease agreement with Campus Living Villages (Privateer Place). Vending revenues are down by \$6,846 compared to the 3rd quarter in the prior year. The Copy Center revenues realized are close to projections and are comparable to the same period last year. The % revenues collected from both parking permits and the pay parking lots have exceeded the percentage collected in the prior year and is anticipated to be greater than 100% in the fourth quarter.

The Cove, a student food service operation, was damaged during Hurricane Katrina and is not expected to reopen until Fall 2011. Therefore, any revenues generated from this operation will be in the fiscal year 2011-12.

### **ENDOWMENT INCOME**

In the third quarter, endowment income in the amount of \$36,301 is attributable to endowments managed by both the UNO Foundation and UNO. UNO's 40% of the Board of Regents Endowments which are managed by the UNO Foundation recognized interest income in the cumulative amount of \$109,050. Endowments managed by UNO recognized interest income in the cumulative amount of \$1,189. Therefore, the cumulative endowment income for all three quarters is \$110,239. Interest earned is based on market conditions. Endowment income does not include realized or unrealized capital gains.

### **GRANTS AND CONTRACTS:**

Compared to the third quarter last fiscal year, Federal Grants and Contracts decreased slightly by 2%, or \$103,757, in actual revenues.

State and Local revenues decreased by \$165,732, or 6%, and Private revenues increased by \$663,226, or 14%, because of fiscal year 2010-11 changes attributable to the reassignment of the Gentilly Terrace Elementary School into the New Beginnings UNO Capital One Charter School Network.

The Indirect Cost recovered revenues increased by \$502,615, or 46%. This increase is partially attributable to the increase in federal expenditures. Federal grants are predominately assessed the full 44% indirect cost recovered rate. In addition, in fiscal year 2010-11, the Gentilly Terrace Charter School is being assessed 8% indirect cost, which was not assessed in the prior fiscal year.

### **GIFTS**

Actual Gifts revenues collected through the third quarter exceeds estimated revenues by 73.1%. When comparing the results to the prior fiscal year's third quarter, actual Gifts revenues have increased by \$36,120. The University received various miscellaneous donor gifts in the third quarter.

### **FEDERAL FUNDS (Title IV programs)**

Actual Federal Funds revenues collected through the third quarter exceeds estimated revenues by 3.5%. Typically, approximately half of the federal funds are collected in the Fall semester with the remaining funds being collected in the Spring and summer semesters. The majority of Federal Funds collected through the 3rd quarter are Pell grants in the amount of \$11,031,461, which is approximately 92% of estimated revenues.

# Overview of Restricted Operations

Campus: University of New Orleans

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter Expenses, Transfers, & Fund Balance 2010-11			2nd Quarter Expenses, Transfers, & Fund Balance 2010-11			3rd Quarter Expenses, Transfers, & Fund Balance 2010-11			4th Quarter Expenses, Transfers, & Fund Balance 2010-11		
		Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations	0	0		0	0		0		0		0		0
Restricted Fees	110,324	3,827,083	1,786,692	2,150,715	232,175	1,130,366	1,252,524	3,244,842	1,241,494	3,255,871	0		3,255,871
Sales & Svcs of Educ. Activ's Auxiliaries (List)	0	0		0	0		0		0		0		0
1 Athletics	(5,366,127)	1,281,873	535,487	(4,619,741)	266,320	584,539	(4,937,960)	918,304	613,587	(4,633,243)	0		(4,633,243)
2 Housing	1,513,153	1,843,642	1,594,876	1,761,919	27,807	295,752	1,493,974	1,585,811	1,554,579	1,525,206	0		1,525,206
3 Vending	352,619	7,363	0	359,982	23,734	0	383,716	7,060	0	390,776	0		390,776
4 Parking	888,381	510,650	33,484	1,365,547	78,568	243,792	1,200,323	120,900	53,845	1,267,378	0		1,267,378
5 Copy Center	130,065	4,000	0	134,065	6,000	0	140,065	6,000	0	146,065	0		146,065
6 Cove	189,040	0	10,731	178,309	0	0	178,309	0	0	178,309	0		178,309
7 Univ Ctr & Bkstore Operations	3,521,606	2,892,352	3,062,296	3,351,662	1,092,783	820,628	3,623,817	2,071,783	2,477,907	3,217,693	0		3,217,693
8	0	0		0	0		0		0		0		0
9	0	0		0	0		0		0		0		0
10	0	0		0	0		0		0		0		0
11	0	0		0	0		0		0		0		0
12	0	0		0	0		0		0		0		0
13	0	0		0	0		0		0		0		0
14	0	0		0	0		0		0		0		0
15	0	0		0	0		0		0		0		0
Endowment Income	240,447	31,444	94,252	177,639	42,494	219,392	741	36,301	223,301	(186,259)	0		(186,259)
Grants and Contracts	0	0		0	0		0		0		0		0
Federal	125,004	2,255,026	3,751,529	(1,371,499)	4,088,203	4,153,597	(1,436,893)	5,978,078	5,218,544	(677,359)	0		(677,359)
State and Local	2,467,624	3,061,982	3,621,202	1,908,404	3,465,457	2,699,679	2,674,182	2,783,795	3,219,758	2,238,219	0		2,238,219
Private	2,009,153	3,113,051	4,017,642	1,104,562	5,158,519	4,681,080	1,582,001	4,594,847	4,526,234	1,650,614	0		1,650,614
Indirect Cost Recovered	5,453,092	1,024,780	1,112,723	5,365,149	1,189,793	912,763	5,642,179	1,082,268	1,079,820	5,644,627	0		5,644,627
Gifts	(22,957)	567,808	185,480	359,371	233,316	202,496	390,191	86,401	63,120	413,472	0		413,472
Federal Funds	0	5,985,481	6,067,542	(82,061)	575,276	520,641	(27,426)	5,872,244	5,936,557	(91,739)	0		(91,739)
<b>Hospitals</b>	0	0		0	0		0		0		0		0
Hospital - Commercial/Self-Pay	0	0		0	0		0		0		0		0
Physician Practice Plans	0	0		0	0		0		0		0		0
Medicare	0	0		0	0		0		0		0		0
Medicaid	0	0		0	0		0		0		0		0
Uncompensated Care Costs	0	0		0	0		0		0		0		0
All Other Sources	2,142,337	173,336	501,089	1,814,583	173,035	520,973	1,466,645	1,320,587	188,828	2,598,404	0		2,598,404
<b>TOTAL</b>	<b>13,753,761</b>	<b>26,579,870</b>	<b>26,375,026</b>	<b>13,958,605</b>	<b>16,653,480</b>	<b>16,985,698</b>	<b>13,626,387</b>	<b>29,709,221</b>	<b>26,397,574</b>	<b>16,938,034</b>	<b>0</b>	<b>0</b>	<b>16,938,034</b>

**RESTRICTED FEES**

While revenues show a increase of \$750,316 for the third quarter when compared to the prior fiscal year, expenditures have also increased by 1,074,666. Revenues increased mainly because of International Education fees and expenditures show an increase because of the reporting of debt service in the third quarter.

**AUXILIARIES**

As a result of the University's decision to transfer from Division 1 Athletics, projected costs in 2010-2011 are significantly less (full-time personnel; general operating expenses; and scholarship costs) than the prior fiscal year. Athletics has controlled spending in all three quarters due to the loss in revenue experienced from the decline in student enrollment.

Housing experienced a loss of revenues associated with the University's ground lease agreement with Campus Living Villages (Privateer Place). Current spending for security continued into the third quarter and is projected to continue into the fourth. Spending is being closely monitored.

Compared to the cumulative three quarters of last fiscal year, the Bookstore's revenues are down by \$548,994 and similarly expenditures decreased by \$510,027.

**ENDOWMENT INCOME**

The majority of the expenditures applicable to the third quarter in the amount of \$223,301 represent salaries and fringe benefits for endowed professors and chairs. While it appears that expenditures exceed endowed earnings for the third quarter, the operating budget for the fiscal year is determined based on the Board of Regents Endowment spending policy. This Policy will permit the University to make up any difference by way of a funds transfer from the corpus as long as the market value of the endowment is greater than the inflation-adjusted baseline.

**GRANTS AND CONTRACTS**

Compared to the third quarter last fiscal year, Federal Grants and Contracts decreased slightly by 2%, or \$103,757, in actual revenues. Federal Grants and Contracts expenditures show an increase compared to the prior year for the same quarter in the amount of \$1,088,877, or 21%, which is mainly attributable to spending on the DED Hurricane Recovery Fund grant. Cumulatively, the DED Hurricane Recovery grant expended \$1.6M.

State and Local revenues decreased by \$165,732, or 6%. State and Local expenditures show a decrease compared to the prior year for the same quarter in the amount of \$2,618,197, or 81%. This decrease is attributable to the reassignment in fiscal year 2010-11 of the Gentilly Terrace Elementary School from the Recovery School District into the New Beginnings UNO Capital One Charter School Network, and fewer Board of Regents LEQSF grants.

Private revenues increased by \$663,226, or 14% and expenditures increased by 80,627, or 2%. These changes for fiscal year 2010-11 are attributable to the reassignment of the Gentilly Terrace Elementary School into the New Beginnings UNO Capital One Charter School Network.

Indirect cost recovered expenditures decreased compared to the prior year for the same quarter in the amount of \$235,166, or 22%, which is attributable to fewer awarded grants with required cost sharing.

**All Other Sources**

The majority of the other sources expenditures are attributable to the International Studies Abroad program. In comparing expenditures cumulatively through the third quarter with the prior year, this year's expenditures have increased by \$355,425. While travel expenditures have doubled, salaries and fringes have also increased significantly.

**LSU Health Sciences Center at New Orleans  
Executive Summary  
FY2010-2011 Quarterly Report on the Budget – 3rd Quarter Activities**

Our challenges did not change appreciably from the previous quarters of Fiscal Year 2010-11.

- We continue to preserve our core mission by generating alternative revenue streams from sponsored projects, patient care services, additional overhead support from private patient care contracts, and billing and collection efficiencies to support the salary, benefits and other expenditures associated with faculty and staff.
- Our faculty continue to be encouraged to aggressively file grant applications.
- We continually look for opportunities to expand our patient care activities and to promote billing and collection efficiencies.
- We have reallocated existing resources to achieve operational improvements and to fund priority items, especially in view of scarce resources for the long term.
- This is the 2nd year of a general policy of prohibiting salary increases. Rare exceptions were allowed for the few faculty who received a promotion in rank.
- New hires are being limited to critical needs, particularly in the areas of direct patient care and sponsored research. This is more stringent than the mandated hiring freeze in place.
- We are curtailing expenditures for travel, supplies, professional services and acquisitions as much as possible. The budget for Library acquisitions has been at a standstill for this fiscal year and the prior year, which is difficult when the inflation rate for books and journals increases about 8% per year.
- We are facing the challenge of managing an adjusted reduction of \$2,552,494 under Executive Order BJ 2010-20.
- We will be able to absorb this reduction without a negative impact on employees or enrollment provided we are able to offset this reduction as follows:
  - By the anticipated increases in revenue as a consequence of increased enrollments in the Schools of Allied Health Professions, Medicine and Nursing and from an anticipated 5% increase in tuition effective January 1, 2011 under the

LA Grad Act (\$1.8 million in total). We plan to seek additional budget authority in fees and self-generated revenues through BA-7's.

- We have found a restricted source of funds for a lease we currently have for the School of Public Health (\$969,074). We are in the process of renovating space to permit them to relocate back on campus as of July 1, 2011.



Unrestricted Operations		Actual Amount for each Quarter in 2010-11				
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	67,195,614	22,773,328	17,079,996	17,079,996		56,933,320
Statutory Dedications	20,525,230	1,779,903	3,589,790	5,141,331		10,511,024
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	38,169,464	4,272,663	8,829,978	9,987,179		23,089,820
Interagency Transfers - Federal Stimulus	28,742,733	0	16,787,022	5,091,496		21,878,518
Self Generated Revenues	24,042,129	20,586,560	456,604	3,535,267		24,578,431
Federal Funds	0	0	0	0		0
<b>Total Revenues</b>	<b>178,675,170</b>	<b>49,412,454</b>	<b>46,743,390</b>	<b>40,835,269</b>		<b>136,991,113</b>
<b>Expenditures by Object:</b>						
Personal Services	129,019,004	31,752,133	30,794,292	29,674,113		92,220,538
Operating Expenses	18,227,192	3,710,276	4,762,101	4,432,190		12,904,567
Other Charges	29,517,805	3,381,498	6,671,621	8,203,511		18,256,629
Acquisitions and Major Repairs	1,911,169	185,104	1,123,098	367,847		1,676,048
<b>Expenditures by Function:</b>						
Academic Expenditures	133,235,657	28,027,064	30,923,001	30,949,779		89,899,844
Transfers out of agency	270,583	0	130,276	0		130,276
Non-Academic Expenditures	45,439,513	11,001,947	12,428,110	11,727,881		35,157,938
<b>Total Expenditures</b>	<b>178,675,170</b>	<b>39,029,011</b>	<b>43,351,111</b>	<b>42,677,660</b>		<b>125,057,782</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	2,481,155	3,406,607	2,881,470	2,917,813	
Sales and Services of Educational Activities	5,258,675	4,273,579	4,273,847	5,408,375	
Auxiliaries	3,565,421	4,913,625	3,722,186	3,760,555	
Endowment Income	1,376,803	1,343,185	1,313,762	1,289,549	
Grants and Contracts	47,565,490	26,246,895	27,926,809	29,500,354	
Indirect Cost Recovered	22,515,884	18,707,914	19,572,736	18,520,399	
Gifts	250,906	161,678	225,907	225,264	
Federal Funds	0	0	0	0	
Hospitals	18,168,180	18,820,604	19,906,762	20,895,509	
All Other Sources	12,380,251	12,090,656	11,357,485	10,032,185	
<b>TOTAL</b>	<b>113,562,764</b>	<b>89,964,743</b>	<b>91,180,965</b>	<b>92,550,004</b>	

**Overview and Analysis of Campus Operations**

The only budget adjustments that were made during the third quarter were due to the Midyear Budget Cut (Executive Order BJ 2010-20) and to properly align budget with expenditures. HSCNO has drawn down 10/12 of its original state fund, but this amount has been reduced due to the Executive Order. HSCNO's self-generated revenues are slightly higher than the original budget, and this is due from the LaGRAD act being effective January 2011. HSCNO's restricted operations appear to be adequate and many of the negative fund balance are due to a timing issue where revenues are booked after the expenditures are incurred.

Operating Budget Development		Campus: LSUHSC New Orleans					
		Budget Adjustments					
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Adjusted Operating Budget	% change to Beg Budget
<b>Revenues</b>							
General Fund	68,319,983	0	0	(1,124,369)		67,195,614	-1.6%
Statutory Dedications	20,525,230	0	0	0		20,525,230	0.0%
Interim Emergency Board		0	0	0		0	
Interagency Transfers	38,169,464	0	0	0		38,169,464	0.0%
Interagency Transfers - Federal Stimulus	28,742,733	0	0	0		28,742,733	0.0%
Self Generated Revenues	24,042,129	0	0	0		24,042,129	0.0%
Federal Funds						0	
<b>Total Revenues</b>	<b>179,799,539</b>	<b>0</b>	<b>0</b>	<b>(1,124,369)</b>	<b>0</b>	<b>178,675,170</b>	<b>-0.6%</b>
<b>Expenditures by Object:</b>							
Salaries	101,985,380	0	(500,000)	(516,763)		100,968,617	-1.0%
Other Compensation	1,702,421	0	0	0		1,702,421	0.0%
Related Benefits	23,557,475	0	2,200,000	590,491		26,347,966	11.8%
<b>Total Personal Services</b>	<b>127,245,276</b>	<b>0</b>	<b>1,700,000</b>	<b>73,728</b>	<b>0</b>	<b>129,019,004</b>	<b>1.4%</b>
Travel	227,675	0	0	0		227,675	0.0%
Operating Services	16,498,675	0	(1,700,000)	(969,074)		13,829,601	-16.2%
Supplies	3,769,916	0	0	400,000		4,169,916	10.6%
<b>Total Operating Expenses</b>	<b>20,496,266</b>	<b>0</b>	<b>(1,700,000)</b>	<b>(569,074)</b>	<b>0</b>	<b>18,227,192</b>	<b>-11.1%</b>
Professional Services	1,806,075	0	0	0		1,806,075	0.0%
Other Charges	20,670,151	0	0	(529,023)		20,141,128	-2.6%
Debt Services	260,553	0	0	0		260,553	0.0%
Interagency Transfers	7,310,049	0	0	0		7,310,049	0.0%
<b>Total Other Charges</b>	<b>30,046,828</b>	<b>0</b>	<b>0</b>	<b>(529,023)</b>	<b>0</b>	<b>29,517,805</b>	<b>-1.8%</b>
General Acquisitions	267,677	0	0	(100,000)		167,677	-37.4%
Library Acquisitions	1,743,492	0	0	0		1,743,492	0.0%
Major Repairs	0	0	0	0		0	
<b>Total Acquisitions and Major Repairs</b>	<b>2,011,169</b>	<b>0</b>	<b>0</b>	<b>(100,000)</b>	<b>0</b>	<b>1,911,169</b>	<b>-5.0%</b>
<b>Total Expenditures</b>	<b>179,799,539</b>	<b>0</b>	<b>0</b>	<b>(1,124,369)</b>	<b>0</b>	<b>178,675,170</b>	<b>-0.6%</b>
<b>Expenditures by Function:</b>							
Instruction	99,348,200	0	0	(1,424,369)		97,923,831	-1.4%
Research	15,120,621	0	0	0		15,120,621	0.0%
Public Service	6,593,667	0	0	0		6,593,667	0.0%
Academic Support (Includes Library)	12,697,538	0	600,000	300,000		13,597,538	7.1%
<b>Academic Expenditures Subtotal</b>	<b>133,760,026</b>	<b>0</b>	<b>600,000</b>	<b>(1,124,369)</b>	<b>0</b>	<b>133,235,657</b>	
Student Services	2,429,081	0	0	0	0	2,429,081	0.0%
Institutional Support	14,379,141	0	2,539,239	186,507		17,104,887	19.0%
Scholarships/Fellowships	3,104,160	0	0	0		3,104,160	0.0%
Plant Operations/Maintenance	25,856,548	0	(3,139,239)	(186,507)		22,530,802	-12.9%
Hospital	0	0	0	0		0	
Transfers out of agency	270,583	0	0	0		270,583	0.0%
Athletics	0	0	0	0		0	
Other	0	0	0	0		0	
<b>Non-Academic Expenditures Subtotal</b>	<b>46,039,513</b>	<b>0</b>	<b>(600,000)</b>	<b>0</b>	<b>0</b>	<b>45,439,513</b>	
<b>Total Expenditures</b>	<b>179,799,539</b>	<b>0</b>	<b>0</b>	<b>(1,124,369)</b>	<b>0</b>	<b>178,675,170</b>	<b>-0.6%</b>

Use next page for Detailed Explanation

**Budget Adjustments Narrative**

**Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

Adjustments were made during the 2nd Quarter to expenditures by object for salaries, related benefits and operating services; and expenditures by function for Academic Support, Institutional Support and Operation and Maintenance. The intent of the adjustments are to more closely align budgets with actual expenditures. No funds were moved from academic functions to non-academic functions.

Adjustments were made during the 3rd Quarter as a result of the approval of BA-7' in relation to the reductions in state general funds mandated by EO BJ 2010-20. Adjustments were made between Plant Operations Maintenance and Institutional Support; and salaries, related benefits, supplies, other charges and general acquisitions to more close align the budget with actual expenditures.

**Report on changes to Significant Funding Issues**

As discussed in the first quarter report, we hope to offset a significant portion of the reductions in state general funds mandated by Executive Order BJ 2010-20 through a January 1, 2011 5% tuition increase under the LA Grad Act and unanticipated enrollment increases in our professional schools.

# Overview of Unrestricted Revenues and Expenditures

Campus: LSUHSC New Orleans

	Operating Budget 2010-11	Actual Amount for each Quarter				Cumulative Total 2010-11	% Actual to Budget 2010-11
		1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11		
<b>Revenues</b>							
General Fund	67,195,614	22,773,328	17,079,996	17,079,996		56,933,320	84.7%
Statutory Dedications	20,525,230	1,779,903	3,589,790	5,141,331		10,511,024	51.2%
Interim Emergency Board	0	0	0			0	
Interagency Transfers	38,169,464	4,272,663	8,829,978	9,987,179		23,089,820	60.5%
Interagency Transfers - Federal Stimulus	28,742,733	0	16,787,022	5,091,496		21,878,518	76.1%
Self Generated Revenues	24,042,129	20,586,560	456,604	3,535,267		24,578,431	102.2%
Federal Funds	0	0	0			0	
<b>TOTAL</b>	<b>178,675,170</b>	<b>49,412,454</b>	<b>46,743,390</b>	<b>40,835,269</b>	<b>0</b>	<b>136,991,113</b>	<b>76.7%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	100,968,617	24,018,715	24,182,644	23,203,499		71,404,858	70.7%
Other Compensation	1,702,421	432,210	428,710	399,358		1,260,278	74.0%
Related Benefits	26,347,966	7,301,208	6,182,938	6,071,256		19,555,402	74.2%
<b>Total Personal Services</b>	<b>129,019,004</b>	<b>31,752,133</b>	<b>30,794,292</b>	<b>29,674,113</b>	<b>0</b>	<b>92,220,538</b>	<b>71.5%</b>
Travel	227,675	11,603	54,909	54,022		120,534	52.9%
Operating Services	13,829,601	2,765,833	3,532,548	3,010,445		9,308,826	67.3%
Supplies	4,169,916	932,840	1,174,644	1,367,723		3,475,207	83.3%
<b>Total Operating Expenses</b>	<b>18,227,192</b>	<b>3,710,276</b>	<b>4,762,101</b>	<b>4,432,190</b>	<b>0</b>	<b>12,904,567</b>	<b>70.8%</b>
Professional Services	1,806,075	133,084	362,110	409,947		905,141	50.1%
Other Charges	20,141,128	2,783,650	2,905,190	6,156,543		11,845,383	58.8%
Debt Services	260,553	0	130,276	0		130,276	50.0%
Interagency Transfers	7,310,049	464,764	3,274,044	1,637,022		5,375,829	73.5%
<b>Total Other Charges</b>	<b>29,517,805</b>	<b>3,381,498</b>	<b>6,671,621</b>	<b>8,203,511</b>	<b>0</b>	<b>18,256,629</b>	<b>61.8%</b>
General Acquisitions	167,677	12,771	46,352	31,424		90,547	54.0%
Library Acquisitions	1,743,492	155,408	1,013,499	416,594		1,585,501	90.9%
Major Repairs	0	16,925	63,247	(80,172)		0	
<b>Total Acquisitions and Major Repairs</b>	<b>1,911,169</b>	<b>185,104</b>	<b>1,123,098</b>	<b>367,847</b>	<b>0</b>	<b>1,676,048</b>	<b>87.7%</b>
<b>TOTAL</b>	<b>178,675,170</b>	<b>39,029,011</b>	<b>43,351,111</b>	<b>42,677,660</b>	<b>0</b>	<b>125,057,782</b>	<b>70.0%</b>
<b>by Function</b>							
Instruction	97,923,831	22,192,665	23,330,881	21,527,081		67,050,627	68.5%
Research	15,120,621	2,117,559	2,737,315	4,004,680		8,859,554	58.6%
Public Service	6,593,667	545,764	963,295	1,713,068		3,222,127	48.9%
Academic Support (Includes Library)	13,597,538	3,171,076	3,891,510	3,704,950		10,767,536	79.2%
<b>Academic Expenditures Subtotal</b>	<b>133,235,657</b>	<b>28,027,064</b>	<b>30,923,001</b>	<b>30,949,779</b>	<b>0</b>	<b>89,899,844</b>	<b>67.5%</b>
Student Services	2,429,081	571,329	592,249	567,559		1,731,137	71.3%
Institutional Support	17,104,887	4,729,393	5,122,547	4,414,972		14,266,912	83.4%
Scholarships/Fellowships	3,104,160	1,211,886	286,831	1,397,796		2,896,513	93.3%
Plant Operations/Maintenance	22,530,802	4,489,339	6,296,207	5,347,554		16,133,100	71.6%
Hospital	0	0	0	0		0	
Transfers out of agency	270,583	0	130,276	0		130,276	48.1%
Athletics	0	0	0	0		0	
Other	0	0	0	0		0	
<b>Non-Academic Expenditures Subtotal</b>	<b>45,439,513</b>	<b>11,001,947</b>	<b>12,428,110</b>	<b>11,727,881</b>	<b>0</b>	<b>35,157,938</b>	<b>77.4%</b>
<b>TOTAL</b>	<b>178,675,170</b>	<b>39,029,011</b>	<b>43,351,111</b>	<b>42,677,660</b>	<b>0</b>	<b>125,057,782</b>	<b>70.0%</b>

## **Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

Instances of unrestricted expenditures and revenues with Actual to Budget being notably more or less than 75% for the third quarter are due to a number of factors:

- State General Funds

We have drawn down 10/12 of the original state general fund appropriation to date. The state general fund appropriation was decreased as a result of Executive Order BJ 2010-20.

- Statutory Dedications Revenue

A significant portion of Statutory Dedications Revenue is derived from tobacco taxes dedicated to the Louisiana Cancer Consortium for research and smoking cessation. To date, about 49% of the statutory dedications for these purposes have been collected. Only 59% of the appropriation for the SELF fund has been realized to date.

- Interagency Transfers Revenue

The Interagency Transfers means of financing reflects intraagency agreements our campus has with the Health Care Services Division for medical direction and residency supervision at Earl K. Long Medical Center, University Medical Center and LSU Interim Hospital. Both revenues and expenditures have lagged behind budget authority year to date.

- Self-Generated Revenue

Most of these revenues are front-loaded from tuition and fees collected for the late summer 2010 semester, fall 2010 semester, spring 2011 semester and for M.D., D.D.S. and Master of Nursing-Nurse Anesthesia students who are assessed tuition and fees on an annual basis. As a result of the January 1, 2011 5% tuition increase under the LA Grad Act and increased enrollment, we have requested over \$1.8 million in additional budget authority.

- Travel, Operating Services, Professional Services, and General Acquisitions

Expenditures are lagging but will pick up as contracts are executed and invoices are received.

- Debt Service

One half of our annual debt service is due in the 4th quarter.

- Library Acquisitions

A considerable portion of the expenditures occur early in the fiscal year for the renewal of access to electronic databases and journal subscriptions.

- Instruction

Expenditures are influenced by the lag in travel, operating services and professional services expenditures mentioned above.

- Research Expenditures and Public Service Expenditures (Other Charges)

A significant portion of expenditures budgeted in these two functions are for pass-through's to the Cancer Consortium for research and smoking cessation. Collections and pass-throughs have been limited year to date.. This also impacts the expenditure category of Other Charges, where these pass-through's are classified.

- Institutional Support

Interagency Transfer expenditures for the Legislative Auditor, Civil Service and CPTP are front-loaded.

- Scholarships/Fellowships

These expenditures are front-loaded.

- Transfers

Please see note regarding Debt Service above.

# Overview of Restricted Funds

Campus: LSUHSC New Orleans

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter				Cumulative Revenues & Transfers 2010-11	% Collected 2010-11
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
		2010-11	2010-11	2010-11	2010-11		
State Appropriations					0		
Restricted Fees	1,245,574	1,031,482	30	224,583	1,256,095	100.8%	
Sales and Services of Educational Activities	3,954,000	79,028	1,313,579	1,694,251	3,086,858	78.1%	
Auxiliaries (List)							
1 Bookstore	7,825,400	2,190,911	882,923	1,136,176	4,210,010	53.8%	
2 Cafeteria	36,000	6,771	9,894	9,198	25,863	71.8%	
3 Student Housing	2,241,600	502,736	410,736	558,011	1,471,483	65.6%	
4 Parking	1,325,000	484,532	262,387	301,733	1,048,652	79.1%	
5 HSC Stores	6,880,000	1,478,432	1,085,811	942,427	3,506,670	51.0%	
6 Duplicating and Printing	1,000,000	136,332	118,593	119,332	374,257	37.4%	
7					0		
8					0		
9					0		
10					0		
11					0		
12					0		
13					0		
14					0		
15					0		
Endowment Income	372,500	16,641	108,925	120,780	246,346	66.1%	
Grants and Contracts							
Federal	49,188,567	6,603,924	11,664,165	14,498,093	32,766,182	66.6%	
State and Local	82,511,299	11,158,054	19,028,908	20,103,531	50,290,493	60.9%	
Private	99,168,154	15,054,636	25,010,989	23,096,494	63,162,119	63.7%	
Indirect Cost Recovered	17,400,000	4,107,826	4,188,422	4,467,964	12,764,212	73.4%	
Gifts	1,377,600	155,433	424,040	298,815	878,288	63.8%	
Federal Funds					0		
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay					0		
Physician Practice Plans	13,595,000	2,713,781	3,590,930	3,356,404	9,661,115	71.1%	
Medicare					0		
Medicaid					0		
Uncompensated Care Costs (UCC)					0		
All Other Sources	1,940,600	45,153	27,431	79,887	152,472	7.9%	
<b>TOTAL</b>	<b>290,061,294</b>	<b>45,765,673</b>	<b>68,127,764</b>	<b>71,007,679</b>	<b>0</b>	<b>63.7%</b>	

# Overview of Restricted Funds

## Report on Restricted Budget

Campus: LSUHSC New Orleans

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No adjustments have been made to the restricted budget during the first , second or third quarters.

# Overview of Restricted Operations

Campus: LSUHSC New Orleans

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter Expenses, Transfers, & Fund Balance			2nd Quarter Expenses, Transfers, & Fund Balance			3rd Quarter Expenses, Transfers, & Fund Balance			4th Quarter Expenses, Transfers, & Fund Balance		
		Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fees	2,481,155	1,031,482	106,030	3,406,607	30	525,168	2,881,470	224,583	188,239	2,917,813	0		2,917,813
Sales & Svcs of Educ. Activ's	5,258,675	79,028	1,064,124	4,273,579	1,146,750	1,146,482	4,273,847	1,694,251	559,723	5,408,375	0		5,408,375
Auxiliaries (List)													
1 Bookstore	(349,161)	2,190,911	1,580,842	260,908	882,923	1,638,619	(494,788)	1,136,176	1,259,637	(618,249)	0		(618,249)
2 Cafeteria	81,290	6,771	334	87,728	9,894	3,195	94,427	9,198	114	103,512	0		103,512
3 Student Housing	638,700	502,736	397,735	743,701	410,736	586,090	568,347	558,011	311,520	814,838	0		814,838
4 Parking	2,096,381	484,532	213,234	2,367,678	262,387	311,550	2,318,515	301,733	179,070	2,441,178	0		2,441,178
5 HSC Stores	1,290,798	1,478,432	1,098,985	1,670,245	1,085,811	1,290,814	1,465,242	942,427	1,130,285	1,277,385	0		1,277,385
6 Duplicating and Printing	(192,587)	136,332	160,379	(216,634)	118,593	131,516	(229,558)	119,332	147,883	(258,109)	0		(258,109)
7	0	0	0	0	0	0	0	0	0	0	0		0
8	0	0	0	0	0	0	0	0	0	0	0		0
9	0	0	0	0	0	0	0	0	0	0	0		0
10	0	0	0	0	0	0	0	0	0	0	0		0
11	0	0	0	0	0	0	0	0	0	0	0		0
12	0	0	0	0	0	0	0	0	0	0	0		0
13	0	0	0	0	0	0	0	0	0	0	0		0
14	0	0	0	0	0	0	0	0	0	0	0		0
15	0	0	0	0	0	0	0	0	0	0	0		0
Endowment Income	1,376,803	16,641	50,260	1,343,185	108,925	138,348	1,313,762	120,780	144,992	1,289,549	0		1,289,549
Grants and Contracts													
Federal	(160,869)	6,603,924	10,754,034	(4,310,979)	11,664,165	10,546,561	(3,193,375)	14,498,093	12,562,181	(1,257,464)	0		(1,257,464)
State and Local	12,548,968	11,158,054	19,525,954	4,181,068	19,028,908	19,200,220	4,009,756	20,103,531	18,533,053	5,580,234	0		5,580,234
Private	35,177,391	15,054,636	23,855,222	26,376,805	25,010,989	24,277,365	27,110,428	23,096,494	25,029,339	25,177,584	0		25,177,584
Indirect Cost Recovered	22,515,884	4,107,826	7,915,797	18,707,914	4,188,422	3,323,599	19,572,736	4,467,964	5,520,302	18,520,399	0		18,520,399
Gifts	250,906	155,433	244,661	161,678	424,040	359,811	225,907	298,815	299,458	225,264	0		225,264
Federal Funds		0	0	0	0	0	0	0	0	0	0		0
<b>Hospitals</b>													
Hospital - Commercial/Self-Pay		0	0	0	0	0	0	0	0	0	0		0
Physician Practice Plans	18,168,180	2,713,781	2,061,357	18,820,604	3,590,930	2,504,772	19,906,762	3,356,404	2,367,657	20,895,509	0		20,895,509
Medicare		0	0	0	0	0	0	0	0	0	0		0
Medicaid		0	0	0	0	0	0	0	0	0	0		0
Uncompensated Care Costs		0	0	0	0	0	0	0	0	0	0		0
All Other Sources	12,380,251	45,153	334,748	12,090,656	27,431	760,602	11,357,485	79,887	1,405,187	10,032,185	0		10,032,185
<b>TOTAL</b>	<b>113,562,764</b>	<b>45,765,673</b>	<b>69,363,695</b>	<b>89,964,743</b>	<b>67,960,935</b>	<b>66,744,712</b>	<b>91,180,965</b>	<b>71,007,679</b>	<b>69,638,640</b>	<b>92,550,004</b>	<b>0</b>	<b>0</b>	<b>92,550,004</b>



## Overview of Restricted Operations

Campus: LSUHSC New Orleans

### Report on Restricted Operations

Current balances by source are adequate for cash flow and operations. Historically, there has been a significant lag between expenditures and revenues until the fourth quarter of the fiscal year. This is due to a number of factors:

- Revenues for contracts are recorded when billed rather than collected. Other revenues such as grants, restricted fees, sales and services, auxiliary enterprises, practice plan and other sources are generally reported on an actual basis. This impacts the column entitled “% Collected” as it measures in part revenues that are billed rather than collected.
- The quarterly report excludes projects we maintain on behalf of the HCSD and FEMA/ORM related activity for project worksheets and contents replacement.
- For cost reimbursable grants and contracts, which are the majority of our sponsored project universe, there is a lag of one month between expenditures and revenues. For example, billing for grant and contract revenues in relation to March 2011 expenditures are not posted until April 2011. Catch up is not made until the final accounting period of June.
- As was the case with unrestricted tuition and fees, restricted student fees are front -loaded. It comprises fees collected for the late summer 2010 semester, fall 2010 semester , spring 2011 semester and for M.D., D.D.S. and Master of Nursing-Nurse Anesthesia students who are assessed tuition and fees on an annual basis.
- Some revenue sources are not posted until later in the fiscal year, including interest earnings.
- Revenues from duplicating and printing are down considerably due to the loss of a forms management contract with the LSU Interim Hospital and less duplicating usage as a result of budget reductions on our campus.
- Bookstore sales of textbooks, office supplies and microcomputers have and are facing increased competition from other sources. An expected bump in revenues for the Bookstore auxiliary operation from the purchase of equipment and supplies for the new Louisiana Cancer Research Center Building has not yet materialized.
- A plan to reduce costs and increase profitability in Auxiliary Enterprises is being put into place and is expected to have a measurable impact on FY 2011-12

## **LSUHSC-S Operating Budget HSC-S, EACMC and HPLMC Quarterly Financial Reporting Narrative FY 2010-2011 as of March 31, 2011**

The total mid-year budget reductions to State General Funds Direct of \$5,042,007 under BA-7 #2 allocated to the LSU Health Sciences Center at Shreveport, E. A. Conway Medical Center and Huey P. Long Medical Center are reflected in the 3rd quarter reports; and the campuses have implemented these cuts with the least possible adverse impact on respective institutional core missions.

Further compounding the decline of State General Funds (Direct) in the original LSUHSC-S budgets for FY 2010-2011, are several additional known factors. First is the enactment of the DSH Audit Rule, which is a fundamental change in the way that DSH reimbursement is calculated having a significant negative impact on revenue earned by the LSU Hospital in Shreveport, E. A. Conway Medical Center, and Huey P. Long Medical Center. Second is the shift in the state and federal portions of Medicaid claims reimbursement that will require Louisiana to ante up more State General Funds (Direct) to compensate for a reduction in the federal portion match rate. Absent some change emanating from CMS or the Congress, the FMAP change will negatively impact the FY 2010-2011 budget for DHH with indirect impact on revenue earned by the three LSUHSC-S hospitals. Third is DHH announcement that it will achieve part of its mid-year cut by reducing \$20.7 million from the \$135 million in one-time State General Funds (Direct) appropriated by the Legislature to help offset revenue reductions to the LSU hospitals that result from the federal DSH Audit Rule. Fourth is the state "rainy day" funds used to help obviate the cuts to higher education in the current fiscal year that will not be available in FY2011-2012, further reducing state funds for all three LSUHSC-S budgets from the FY2009-2010 levels. Fifth is the implementation of the precertification requirements under Medicaid which is resulting in delay of paid claims until the process is fine-tuned.

The following descriptions outline by campus the impact of the FY 2010-2011 mid-year reductions. The guiding principle in developing the plan to force mid-year cuts in each of the three separate budgets was preservation of the educational, patient care and research core missions. Also briefly described are preliminary steps still being developed by LSUHSC-S in anticipation of additional

reductions to the state revenue stream that will further diminish State General Funds (Direct) available for appropriation in FY 2011-2012.

### **LSU Health Sciences Center at Shreveport**

The FY 2010-2011 mid-year budget reduction of \$2.0 million to State General Funds (Direct) under BA-7#2 will be achieved in large part by reducing travel expenditures on operating budget funds, freezing vacant faculty positions, and reducing medical supply expenditures through volume discounts and therapeutic drug interchange. While the effect of these reductions will be felt throughout the institution, we believe they represent the most rational means of achieving the necessary reduction in budget with least damage to our core mission.

DHH's announcement that it will achieve part of its mid-year cut from the \$135 million in one-time State General Funds (Direct) appropriated as DSH Audit Rule payments by the Legislature to help offset revenue reductions to the LSU hospitals is not reflected in the reduction plan above. Preliminary identification of curtailments with potential to produce significant, additional budgetary savings with least harm to the core mission has begun. It is inevitable that the result will be shrinkage in our capacity for health care service delivery and corresponding--and unavoidable--longer waits by our patients for many services.

### **E. A. Conway Medical Center in Monroe**

The FY 2010-2011 mid-year budget reduction of \$1.4 million to State General Funds (Direct) under BA-7#2 will be achieved by implementing compensatory time in lieu of paid overtime pay for classified employees, eliminating the clinic scheduling system programming contract with LSUHSC-NO, and closing 1 of the 16 ICU beds.

DHH's announcement that it will achieve part of its mid-year cut from the \$135 million in one-time State General Funds (Direct) appropriated as DSH Audit Rule payments by the Legislature to help offset revenue reductions to the LSU hospitals is not reflected in the reduction plan above. Preliminary identification of curtailments with potential to produce significant, additional budgetary savings with least harm to the core mission has begun. It is inevitable that the result will be shrinkage in our capacity for health care service delivery and corresponding--and unavoidable--longer waits by our patients for many services.

## **Huey P. Long Medical Center in Pineville**

The FY 2010-2011 mid-year budget reduction of \$1.6 million to State General Funds (Direct) under BA-7#2 will be achieved by eliminating HIV Prisoner drugs, reducing classified employee overtime, and closing OB services.

DHH's announcement that it will achieve part of its mid-year cut from the \$135 million in one-time State General Funds (Direct) appropriated as DSH Audit Rule payments by the Legislature to help offset revenue reductions to the LSU hospitals is not reflected in the reduction plan above. Preliminary identification of curtailments with potential to produce significant, additional budgetary savings with least harm to the core mission has begun. It is inevitable that the result will be shrinkage in our capacity for health care service delivery and corresponding--and unavoidable--longer waits by our patients for many services.

Implementing the assigned mid-year cuts to State General Funds (Direct) in the LSU Hospital, E. A. Conway Medical Center, and Huey P. Long Medical Center has been complicated by the prohibition against cutting the prisoner care services, for which most of the State General Funds (Direct) were appropriated. Because we are not permitted to eliminate prisoner care concomitant with the cut in the State General Funds (Direct) to the hospital, areas supported by self-generated hospital revenues have been identified to achieve the necessary budget savings.

Finally, issues on the federal level related to healthcare reform, the DSH Audit Rule and FMAP changes overlaid on Louisiana's declines in state revenues complicate already complex budgetary issues and make fiscal projections more difficult for LSUHSC-S. However, the information above summarizes as fully and accurately as possible in the current economic climate how the rationale LSUHSC-S is employing in an effort to meet its core mission in a fiscally restrained manner.

**Unrestricted Operations**

	Adjusted Operating Budget	Actual Amount for each Quarter in 2010-11				Cumulative Total
		1st Quarter 2010-2011	2nd Quarter 2010-2011	3rd Quarter 2010-2011	4th Quarter 2010-2011	
<b>Revenues</b>						
General Fund	42,286,892	7,389,028	14,778,056	14,778,056		36,945,140
Statutory Dedications	9,347,602	339,826	1,796,263	2,872,593		5,008,682
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	245,572,698	0	94,602,376	91,671,558		186,273,934
Interagency Transfers - Federal Stimulus	18,675,205	0	6,677,777	5,137,485		11,815,262
Self Generated Revenues	54,910,867	7,919,922	17,691,212	15,528,265		41,139,399
Federal Funds	58,724,160	0	19,508,113	20,928,445		40,436,558
<b>Total Revenues</b>	<b>429,517,424</b>	<b>15,648,776</b>	<b>155,053,797</b>	<b>150,916,402</b>		<b>321,618,975</b>
<b>Expenditures by Object:</b>						
Personal Services	287,697,376	66,104,513	73,878,548	66,921,128		206,904,189
Operating Expenses	121,370,543	25,885,393	28,160,191	30,655,436		84,701,020
Other Charges	16,793,414	961,154	4,689,468	8,738,790		14,389,412
Acquisitions and Major Repairs	3,656,091	311,232	606,891	728,173		1,646,296
<b>Expenditures by Function:</b>						
Academic Expenditures	69,146,110	17,020,398	16,929,344	17,239,918		51,189,660
Non-Academic Expenditures	360,371,314	76,241,894	90,405,754	89,803,609		256,451,257
<b>Total Expenditures</b>	<b>429,517,424</b>	<b>93,262,292</b>	<b>107,335,098</b>	<b>107,043,527</b>		<b>307,640,917</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	662,846	796,615	791,052	782,601	
Sales and Services of Educational Activities	88,076,493	69,748,739	67,901,750	75,969,715	
Auxiliaries	10,888,773	12,086,269	12,324,988	12,573,346	
Endowment Income	11,511,840	11,699,109	11,830,358	11,854,127	
Grants and Contracts	12,684,460	7,496,847	6,443,079	6,372,499	
Indirect Cost Recovered	15,642,701	15,781,358	16,183,715	16,529,631	
Gifts	0	0	24,371	23,689	
Federal Funds	0	0	0	0	
Hospitals	62,421,433	61,300,052	61,376,642	61,262,330	
All Other Sources	942,778	944,486	902,570	907,214	
<b>TOTAL</b>	<b>202,831,324</b>	<b>179,853,475</b>	<b>177,778,525</b>	<b>186,275,152</b>	

**Overview and Analysis of Campus Operations**

See detailed spreadsheets

Operating Budget Development		Campus: LSUHSC-Shreveport					
		Budget Adjustments					Adjusted Operating Budget
	Beginning Operating Budget	1st Quarter 2010-2011	2nd Quarter 2010-2011	3rd Quarter 2010-2011	4th Quarter 2010-2011		
<b>Revenues</b>							
General Fund	44,334,167	0	0	(2,047,275)	0	42,286,892	-4.6%
Statutory Dedications	9,347,602	0	0	0	0	9,347,602	0.0%
Interim Emergency Board	0	0	0	0	0	0	0.0%
Interagency Transfers	245,572,698	0	0	0	0	245,572,698	0.0%
Interagency Transfers - Federal Stimulus	18,675,205	0	0	0	0	18,675,205	0.0%
Self Generated Revenues	54,910,867	0	0	0	0	54,910,867	0.0%
Federal Funds	58,724,160	0	0	0	0	58,724,160	0.0%
<b>Total Revenues</b>	<b>431,564,699</b>	<b>0</b>	<b>0</b>	<b>(2,047,275)</b>	<b>0</b>	<b>429,517,424</b>	<b>-0.5%</b>
<b>Expenditures by Object:</b>							
Salaries	198,389,580	0	0	(186,424)	0	198,203,156	-0.1%
Other Compensation	28,359,616	0	0	0	0	28,359,616	0.0%
Related Benefits	61,190,531	0	0	(55,927)	0	61,134,604	-0.1%
<b>Total Personal Services</b>	<b>287,939,727</b>	<b>0</b>	<b>0</b>	<b>(242,351)</b>	<b>0</b>	<b>287,697,376</b>	<b>-0.1%</b>
Travel	664,248	0	0	(300,879)	0	363,369	-45.3%
Operating Services	38,150,430	0	0	0	0	38,150,430	0.0%
Supplies	84,360,789	0	0	(1,504,045)	0	82,856,744	-1.8%
<b>Total Operating Expenses</b>	<b>123,175,467</b>	<b>0</b>	<b>0</b>	<b>(1,804,924)</b>	<b>0</b>	<b>121,370,543</b>	<b>-1.5%</b>
Professional Services	2,319,395	0	0	0	0	2,319,395	0.0%
Other Charges	1,207,214	0	0	0	0	1,207,214	0.0%
Debt Services	0	0	0	0	0	0	0.0%
Interagency Transfers	13,266,805	0	0	0	0	13,266,805	0.0%
<b>Total Other Charges</b>	<b>16,793,414</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,793,414</b>	<b>0.0%</b>
General Acquisitions	3,611,091	0	0	0	0	3,611,091	0.0%
Library Acquisitions	45,000	0	0	0	0	45,000	0.0%
Major Repairs	0	0	0	0	0	0	0.0%
<b>Total Acquisitions and Major Repairs</b>	<b>3,656,091</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,656,091</b>	<b>0.0%</b>
<b>Total Expenditures</b>	<b>431,564,699</b>	<b>0</b>	<b>0</b>	<b>(2,047,275)</b>	<b>0</b>	<b>429,517,424</b>	<b>-0.5%</b>
<b>Expenditures by Function:</b>							
Instruction	40,485,487	0	0	0	0	40,485,487	0.0%
Research	19,195,780	0	0	0	0	19,195,780	0.0%
Public Service	2,244,342	0	0	0	0	2,244,342	0.0%
Academic Support (Includes Library)	7,220,501	0	0	0	0	7,220,501	0.0%
<b>Academic Expenditures Subtotal</b>	<b>69,146,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69,146,110</b>	
Student Services	1,110,508	0	0	0	0	1,110,508	0.0%
Institutional Support	22,654,397	0	0	(543,230)	0	22,111,167	-2.4%
Scholarships/Fellowships	820,163	0	0	0	0	820,163	0.0%
Plant Operations/Maintenance	5,240,118	0	0	0	0	5,240,118	0.0%
Hospital	332,578,403	0	0	(1,504,045)	0	331,074,358	-0.5%
Transfers out of agency	0	0	0	0	0	0	0.0%
Athletics	0	0	0	0	0	0	0.0%
Other	15,000	0	0	0	0	15,000	0.0%
<b>Non-Academic Expenditures Subtotal</b>	<b>362,418,589</b>	<b>0</b>	<b>0</b>	<b>(2,047,275)</b>	<b>0</b>	<b>360,371,314</b>	
<b>Total Expenditures</b>	<b>431,564,699</b>	<b>0</b>	<b>0</b>	<b>(2,047,275)</b>	<b>0</b>	<b>429,517,424</b>	<b>-0.5%</b>

Use next page for Detailed Explanation

## Operating Budget Development

Campus: LSUHSC-Shreveport

### Budget Adjustments Narrative

Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.

Quarter 1: No adjustments.  
Quarter 2: No adjustments.  
Quarter 3: BA-7 #2 (approved 12/31/10) was recorded in the third quarter -see explanation below.

### Report on changes to Significant Funding Issues

Quarter 1: No adjustments.  
Quarter 2: No adjustments. According to BA-7 #2, the mid-year budget reduction in SGF Direct in the amount of \$2,047,275 is not reflected in the numbers above, and will be reported in Quarter 3.  
Quarter 3: BA-7 #2 (approved 12/31/10) was recorded in the third quarter -- SGF (direct) had a mid-year budget cut of \$2,047,275. The mid year budget cut was applied to personnel services (\$186,424); related benefits (\$55,927); travel (\$300,879); and supplies (\$1,504,045). The mid year budget cut was applied to the medical school (\$543,230) and the hospital (\$1,504,045).  
(Original appropriated budget of \$431,564,699 reduced by the mid year cut of \$2,047,275 = revised budget of \$429,517,424).

# Overview of Unrestricted Revenues and Expenditures

Campus: LSUHSC-Shreveport

Actual Amount for each Quarter

	Operating Budget 2010-11	1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11	Cumulative Total 2010-11	% Actual to Budget 2010-11
<b>Revenues</b>							
General Fund	42,286,892	7,389,028	14,778,056	14,778,056	0	36,945,140	87.4%
Statutory Dedications	9,347,602	339,826	1,796,263	2,872,593	0	5,008,682	53.6%
Interim Emergency Board	0	0	0	0	0	0	0.0%
Interagency Transfers	245,572,698	0	94,602,376	91,671,558	0	186,273,934	75.9%
Interagency Transfers - Federal Stimulus	18,675,205	0	6,677,777	5,137,485	0	11,815,262	63.3%
Self Generated Revenues	54,910,867	7,919,922	17,691,212	15,528,265	0	41,139,399	74.9%
Federal Funds	58,724,160	0	19,508,113	20,928,445	0	40,436,558	68.9%
<b>TOTAL</b>	<b>429,517,424</b>	<b>15,648,776</b>	<b>155,053,797</b>	<b>150,916,402</b>	<b>0</b>	<b>321,618,975</b>	<b>74.9%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	198,203,156	46,194,066	51,847,049	47,277,059	0	145,318,174	73.3%
Other Compensation	28,359,616	6,383,377	6,969,193	5,435,868	0	18,788,438	66.3%
Related Benefits	61,134,604	13,527,070	15,062,306	14,208,201	0	42,797,577	70.0%
<b>Total Personal Services</b>	<b>287,697,376</b>	<b>66,104,513</b>	<b>73,878,548</b>	<b>66,921,128</b>	<b>0</b>	<b>206,904,189</b>	<b>71.9%</b>
Travel	363,369	16,280	12,945	4,132	0	33,357	9.2%
Operating Services	38,150,430	7,521,210	7,680,277	10,039,520	0	25,241,007	66.2%
Supplies	82,856,744	18,347,903	20,466,969	20,611,784	0	59,426,656	71.7%
<b>Total Operating Expenses</b>	<b>121,370,543</b>	<b>25,885,393</b>	<b>28,160,191</b>	<b>30,655,436</b>	<b>0</b>	<b>84,701,020</b>	<b>69.8%</b>
Professional Services	2,319,395	313,746	329,871	520,112	0	1,163,729	50.2%
Other Charges	1,207,214	271,707	97,485	244,186	0	613,378	50.8%
Debt Services	0	0	0	0	0	0	0.0%
Interagency Transfers	13,266,805	375,701	4,262,112	7,974,492	0	12,612,305	95.1%
<b>Total Other Charges</b>	<b>16,793,414</b>	<b>961,154</b>	<b>4,689,468</b>	<b>8,738,790</b>	<b>0</b>	<b>14,389,412</b>	<b>85.7%</b>
General Acquisitions	3,611,091	309,213	603,296	727,113	0	1,639,622	45.4%
Library Acquisitions	45,000	2,019	3,595	1,060	0	6,674	14.8%
Major Repairs	0	0	0	0	0	0	0.0%
<b>Total Acquisitions and Major Repairs</b>	<b>3,656,091</b>	<b>311,232</b>	<b>606,891</b>	<b>728,173</b>	<b>0</b>	<b>1,646,296</b>	<b>45.0%</b>
<b>TOTAL</b>	<b>429,517,424</b>	<b>93,262,292</b>	<b>107,335,098</b>	<b>107,043,527</b>	<b>0</b>	<b>307,640,917</b>	<b>71.6%</b>
<b>by Function</b>							
Instruction	40,485,487	9,655,514	9,897,774	9,591,485	0	29,144,773	72.0%
Research	19,195,780	5,153,991	4,915,263	4,664,110	0	14,733,364	76.8%
Public Service	2,244,342	519,058	567,601	533,164	0	1,619,823	72.2%
Academic Support (Includes Library)	7,220,501	1,691,835	1,548,706	2,451,159	0	5,691,700	78.8%
<b>Academic Expenditures Subtotal</b>	<b>69,146,110</b>	<b>17,020,398</b>	<b>16,929,344</b>	<b>17,239,918</b>	<b>0</b>	<b>51,189,660</b>	<b>74.0%</b>
Student Services	1,110,508	306,293	262,242	260,894	0	829,429	74.7%
Institutional Support	22,111,167	2,467,732	6,153,551	9,789,055	0	18,410,338	83.3%
Scholarships/Fellowships	820,163	235,762	80,024	190,445	0	506,231	61.7%
Plant Operations/Maintenance	5,240,118	1,122,177	1,333,266	1,365,234	0	3,820,677	72.9%
Hospital	331,074,358	72,109,930	82,576,671	78,193,781	0	232,880,382	70.3%
Transfers out of agency	0	0	0	0	0	0	0.0%
Athletics	0	0	0	0	0	0	0.0%
Other	15,000	0	0	4,200	0	4,200	28.0%
<b>Non-Academic Expenditures Subtotal</b>	<b>360,371,314</b>	<b>76,241,894</b>	<b>90,405,754</b>	<b>89,803,609</b>	<b>0</b>	<b>256,451,257</b>	<b>71.2%</b>
<b>TOTAL</b>	<b>429,517,424</b>	<b>93,262,292</b>	<b>107,335,098</b>	<b>107,043,527</b>	<b>0</b>	<b>307,640,917</b>	<b>71.6%</b>



## Overview of Unrestricted Revenues and Expenditures

Campus: LSUHSC-Shreveport

### Discuss significant revenues collected and expenses incurred variances in relation to the budget.

Quarter 1: No report.

Quarter 2: According to BA-7 #2, the mid-year budget reduction in SGF Direct of \$2,047,275 is not reflected in the numbers above, and will be reported in Quarter 3. Revenue: The increase in revenue is due to receipt of the first UCC payment for \$72.5M, stimulus funds of \$6.6M, and reflection of Medicaid and federal funds revenue booked through October in the 2nd quarter. Expenditures by Category: Personal expenditures increased due to seven pay periods reflected in the 2nd quarter as opposed to six pay periods in the 1st quarter. The increase in Other Charges-IAT is due to the timing of payments. Expenditures by Function: The increase in Institutional Support is due to the timing of IAT payments. The increase in Hospital is due to seven pay periods and the timing of IAT payments.

Quarter 3: BA-7 #2 (approved 12/31/10) was recorded in the third quarter -- SGF (direct) had a mid-year budget cut of \$2,047,275. The mid year budget cut was applied to personnel services (\$186,424); related benefits (\$55,927); travel (\$300,879); and supplies (\$1,504,045). The mid year budget cut was applied to the medical school (\$543,230) and the hospital (\$1,504,045). (Original appropriated budget of \$431,564,699 reduced by the mid year cut of \$2,047,275 = revised budget of \$429,517,424). Expenditures by Category: Personal expenditures decreased due to six pay periods in the 3rd quarter as opposed to seven pay periods in the 2nd quarter. Operating Services increased due to payments for equipment maintenance (Johnson Controls), hospital IV pumps, library subscriptions, and laboratory services. Professional Services increased due to the transfer of expenditures associated with UHC from Operating Services. Other Charges-IAT increased due to the timing of ORM payments. Expenditures by Functions: The increase in Academic Support expenditures is due to payment for library subscriptions. Institutional Support increased due to the timing of ORM payments. Hospital expenditures decreased mainly due to personnel services and six pay periods in the 3rd quarter as opposed to seven pay periods in the 2nd quarter.

# Overview of Unrestricted Revenues and Expenditures

Campus: LSUHSC-Shreveport

# Overview of Restricted Funds

Campus: LSUHSC-Shreveport

Revenue	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter				Cumulative Revenues & Transfers	% Collected
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
		2010-11	2010-11	2010-11	2010-11		
State Appropriations	0	0	0	0	0	0.0%	
Restricted Fees	270,000	167,368	65,820	38,456	0	271,644	100.6%
Sales and Services of Educational Activities	80,500,000	1,460,319	20,059,333	31,010,974	0	52,530,626	65.3%
<b>Auxiliaries</b>							
Parking	640,000	176,274	150,932	202,282	0	529,488	82.7%
Bookstore	2,503,700	835,976	413,390	501,628	0	1,750,994	69.9%
General Service Store	4,925,000	1,348,775	1,186,367	1,096,298	0	3,631,440	73.7%
Linwood Apartments	0	967	885	194	0	2,046	0.0%
Printing Services	679,100	135,621	121,102	179,910	0	436,633	64.3%
Student Union	50,000	79,286	18,577	(277)	0	97,586	195.2%
Cafeterias	3,670,000	963,309	916,774	962,032	0	2,842,115	77.4%
Rental Properties	100,000	96,662	1,469	98	0	98,229	98.2%
Gift Shop	94,450	18,900	20,637	22,076	0	61,613	65.2%
Computer Networking	600,000	158,996	159,020	163,283	0	481,299	80.2%
Telecommunications	2,450,000	659,402	612,725	677,995	0	1,950,122	79.6%
Administrative Support	0	0	0	0	0	0	0.0%
Endowment Income	1,750,000	411,405	280,143	290,548	0	982,096	56.1%
<b>Grants and Contracts</b>							
Federal	15,000,000	2,419,720	3,372,432	3,276,948	0	9,069,100	60.5%
State and Local	18,600,000	1,986,395	6,034,814	6,902,462	0	14,923,671	80.2%
Private	21,675,000	3,063,400	4,561,387	4,349,860	0	11,974,647	55.2%
Indirect Cost Recovered	4,750,000	1,089,860	1,531,839	1,150,550	0	3,772,249	79.4%
Gifts	0	0	26,839	0	0	26,839	0.0%
Federal Funds	0	0	0	0	0	0	0.0%
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay	0	0	0	0	0	0	0.0%
Physician Practice Plans	0	0	0	0	0	0	0.0%
Medicare	0	0	0	0	0	0	0.0%
Medicaid	0	0	0	0	0	0	0.0%
Uncompensated Care Costs (UCC)	0	0	0	0	0	0	0.0%
Sponsored Grants & Contracts	3,950,000	582,024	1,104,063	846,514	0	2,532,601	64.1%
Sales and Services Physicians	0	0	0	0	0	0	0.0%
Sales and Services Pharmacy	0	0	0	0	0	0	0.0%
Sales and Services Other	350,000	(657,406)	144,733	352,531	0	(160,142)	-45.8%
All Other Sources	18,500	4,303	(37,675)	43,285	0	9,913	53.6%
<b>TOTAL</b>	<b>162,575,750</b>	<b>15,001,556</b>	<b>40,745,606</b>	<b>52,067,647</b>	<b>0</b>	<b>107,814,809</b>	<b>66.3%</b>

# Overview of Restricted Funds

Campus: LSUHSC-Shreveport

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## Report on Quarterly Activities

Quarter 1: No report.

Quarter 2: The 2nd quarter restricted revenues are up due to the timing of postings in sales & services and grants & contracts.

Quarter 3: The 3rd quarter restricted revenues are up due to the timing of postings in sales & services .

# Overview of Restricted Operations

Campus: LSUHSC-Shreveport

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
		Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance
<b>Revenues</b>													
Restricted State Appropriations	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fees	662,846	167,368	33,599	796,615	65,820	71,383	791,052	38,456	46,907	782,601	0	0	782,601
Sales & Svcs of Educ. Activ's	88,076,493	1,460,319	19,788,073	69,748,739	20,059,333	21,906,322	67,901,750	31,010,974	22,943,009	75,969,715	0	0	75,969,715
<b>Auxiliaries</b>													
Parking	549,262	176,274	125,680	599,856	150,932	152,771	598,017	202,282	125,508	674,791	0	0	674,791
Bookstore	1,992,284	835,976	564,891	2,263,369	413,390	428,552	2,248,207	501,628	520,172	2,229,663	0	0	2,229,663
General Service Store	487,223	1,348,775	1,245,408	590,590	1,186,367	1,121,854	655,103	1,096,298	1,183,926	567,475	0	0	567,475
Linwood Apartments	848,938	967	0	849,905	885	0	850,790	194	0	850,984	0	0	850,984
Printing Services	372,560	135,621	113,162	395,019	121,102	120,599	395,522	179,910	123,213	452,219	0	0	452,219
Student Union	312,204	79,286	2,472	389,018	18,577	2,772	404,823	(277)	6,849	397,697	0	0	397,697
Cafeterias	3,332,157	963,309	586,320	3,709,146	916,774	902,101	3,723,819	962,032	886,387	3,799,464	0	0	3,799,464
Rental Properties	428,298	96,662	2,197	522,763	1,469	11,212	513,020	98	9,481	503,637	0	0	503,637
Gift Shop	28,470	18,900	27,946	19,424	20,637	20,442	19,619	22,076	19,566	22,129	0	0	22,129
Computer Networking	135,085	158,996	88,860	205,221	159,020	7,559	356,682	163,283	136,073	383,892	0	0	383,892
Telecommunications	2,402,292	659,402	474,019	2,587,675	612,725	621,154	2,579,246	677,995	565,846	2,691,395	0	0	2,691,395
Administrative Support	0	0	45,717	(45,717)	0	(25,857)	(19,860)	0	(19,860)	0	0	0	0
Endowment Income	11,511,840	411,405	224,136	11,699,109	280,143	148,894	11,830,358	290,548	266,779	11,854,127	0	0	11,854,127
<b>Grants and Contracts</b>		0	0										
Federal	(258,231)	2,419,720	3,623,319	(1,461,830)	3,372,432	4,952,628	(3,042,026)	3,276,948	4,042,299	(3,807,377)	0	0	(3,807,377)
State and Local	110,835	1,986,395	5,184,511	(3,087,281)	6,034,814	5,833,935	(2,886,402)	6,902,462	6,400,892	(2,384,832)	0	0	(2,384,832)
Private	12,831,856	3,063,400	3,849,298	12,045,958	4,561,387	4,235,838	12,371,507	4,349,860	4,156,659	12,564,708	0	0	12,564,708
Indirect Cost Recovered	15,642,701	1,089,860	951,203	15,781,358	1,531,839	1,129,482	16,183,715	1,150,550	804,634	16,529,631	0	0	16,529,631
Gifts	0	0	0	0	26,839	2,468	24,371	0	682	23,689	0	0	23,689
Federal Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Hospitals</b>		0											
Hospital - Commercial/Self-Pay	0	0	0	0	0	0	0	0	0	0	0	0	0
Physician Practice Plans	0	0	0	0	0	0	0	0	0	0	0	0	0
Medicare	0	0	0	0	0	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0	0	0	0	0	0
Uncompensated Care Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsored Grants & Contracts	1,012,977	582,024	691,946	903,055	1,104,063	999,977	1,007,141	846,514	1,072,413	781,242	0	0	781,242
Sales and Services Physicians	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales and Services Pharmacy	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales and Services Other	61,408,456	(657,406)	354,053	60,396,997	144,733	172,229	60,369,501	352,531	240,944	60,481,088	0	0	60,481,088
All Other Sources	942,778	4,303	2,595	944,486	(37,675)	4,241	902,570	43,285	38,641	907,214	0	0	907,214
<b>TOTAL</b>	<b>202,831,324</b>	<b>15,001,556</b>	<b>37,979,405</b>	<b>179,853,475</b>	<b>40,745,606</b>	<b>42,820,556</b>	<b>177,778,525</b>	<b>52,067,647</b>	<b>43,571,020</b>	<b>186,275,152</b>	<b>0</b>	<b>0</b>	<b>186,275,152</b>

## Quarterly Revenues and Expenditures Executive Summary

Campus:

LSUHSC-EA Conway

### Unrestricted Operations

Actual Amount for each Quarter in 2010-11

	Adjusted Operating Budget	1st Quarter 2010-2011	2nd Quarter 2010-2011	3rd Quarter 2010-2011	4th Quarter 2010-2011	Cumulative Total
<b>Revenues</b>						
General Fund	9,386,129	2,705,864	2,705,863	2,705,864	0	8,117,591
Statutory Dedications	0	0	0	0	0	0
Interim Emergency Board	0	0	0	0	0	0
Interagency Transfers	59,656,994	0	34,871,037	18,833,612	0	53,704,649
Interagency Transfers - Federal Stimulus	0	0	0	0	0	0
Self Generated Revenues	2,799,145	14,200	1,460,601	765,620	0	2,240,421
Federal Funds	8,058,474	0	2,784,822	1,454,781	0	4,239,603
<b>Total Revenues</b>	<b>79,900,742</b>	<b>2,720,064</b>	<b>41,822,323</b>	<b>23,759,877</b>	<b>0</b>	<b>68,302,264</b>
<b>Expenditures by Object:</b>						
Personal Services	45,428,242	11,112,614	12,320,424	10,753,876	0	34,186,914
Operating Expenses	17,898,643	4,177,399	3,282,958	4,439,839	0	11,900,196
Other Charges	16,573,857	655,752	4,119,698	4,383,206	0	9,158,656
Acquisitions and Major Repairs	0	0	0	0	0	0
<b>Expenditures by Function:</b>						
Academic Expenditures	0	0	0	0	0	0
Non-Academic Expenditures	79,900,742	15,945,765	19,723,080	19,576,921	0	55,245,766
<b>Total Expenditures</b>	<b>79,900,742</b>	<b>15,945,765</b>	<b>19,723,080</b>	<b>19,576,921</b>	<b>0</b>	<b>55,245,766</b>

### Restricted Operations

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	0
Restricted Fees	0	0	0	0	0
Sales and Services of Educational Activities	0	0	0	0	0
Auxiliaries	0	0	0	0	0
Endowment Income	0	0	0	0	0
Grants and Contracts	0	0	0	0	0
Indirect Cost Recovered	0	0	0	0	0
Gifts	0	0	0	0	0
Federal Funds	0	0	0	0	0
Hospitals	17,396,297	17,142,757	16,838,131	17,869,778	0
All Other Sources	0	0	0	0	0
<b>TOTAL</b>	<b>17,396,297</b>	<b>17,142,757</b>	<b>16,838,131</b>	<b>17,869,778</b>	<b>0</b>

### Overview and Analysis of Campus Operations

See detailed spreadsheets

# Operating Budget Development

Campus: LSUHSC-EA Conway

		Budget Adjustments					
	Beginning Operating Budget	1st Quarter 2010-2011	2nd Quarter 2010-2011	3rd Quarter 2010-2011	4th Quarter 2010-2011	Adjusted Operating Budget	% change to Beg Op. Budget
<b>Revenues</b>							
General Fund	10,823,454	0	0	(1,437,325)	0	9,386,129	-13.3%
Statutory Dedications	0	0	0	0	0	0	0.0%
Interim Emergency Board	0	0	0	0	0	0	0.0%
Interagency Transfers	59,656,994	0	0	0	0	59,656,994	0.0%
Interagency Transfers - Federal Stimulus	0	0	0	0	0	0	0.0%
Self Generated Revenues	2,799,145	0	0	0	0	2,799,145	0.0%
Federal Funds	8,058,474	0	0	0	0	8,058,474	0.0%
<b>Total Revenues</b>	<b>81,338,067</b>	<b>0</b>	<b>0</b>	<b>(1,437,325)</b>	<b>0</b>	<b>79,900,742</b>	<b>-1.8%</b>
<b>Expenditures by Object:</b>							
Salaries	34,248,628	0	0	(1,105,635)	0	33,142,993	-3.2%
Other Compensation	1,287,350	0	0	0	0	1,287,350	0.0%
Related Benefits	11,029,589	0	0	(31,690)	0	10,997,899	-0.3%
<b>Total Personal Services</b>	<b>46,565,567</b>	<b>0</b>	<b>0</b>	<b>(1,137,325)</b>	<b>0</b>	<b>45,428,242</b>	<b>-2.4%</b>
Travel	20,000	0	0	0	0	20,000	0.0%
Operating Services	8,310,923	0	0	0	0	8,310,923	0.0%
Supplies	9,567,720	0	0	0	0	9,567,720	0.0%
<b>Total Operating Expenses</b>	<b>17,898,643</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,898,643</b>	<b>0.0%</b>
Professional Services	2,994,000	0	0	0	0	2,994,000	0.0%
Other Charges	0	0	0	0	0	0	0.0%
Debt Services	0	0	0	0	0	0	0.0%
Interagency Transfers	13,879,857	0	0	(300,000)	0	13,579,857	-2.2%
<b>Total Other Charges</b>	<b>16,873,857</b>	<b>0</b>	<b>0</b>	<b>(300,000)</b>	<b>0</b>	<b>16,573,857</b>	<b>-1.8%</b>
General Acquisitions	0	0	0	0	0	0	0.0%
Library Acquisitions	0	0	0	0	0	0	0.0%
Major Repairs	0	0	0	0	0	0	0.0%
<b>Total Acquisitions and Major Repairs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Total Expenditures</b>	<b>81,338,067</b>	<b>0</b>	<b>0</b>	<b>(1,437,325)</b>	<b>0</b>	<b>79,900,742</b>	<b>-1.8%</b>
<b>Expenditures by Function:</b>							
Instruction	0	0	0	0	0	0	0.0%
Research	0	0	0	0	0	0	0.0%
Public Service	0	0	0	0	0	0	0.0%
Academic Support (Includes Library)	0	0	0	0	0	0	0.0%
<b>Academic Expenditures Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Student Services	0	0	0	0	0	0	0.0%
Institutional Support	0	0	0	0	0	0	0.0%
Scholarships/Fellowships	0	0	0	0	0	0	0.0%
Plant Operations/Maintenance	0	0	0	0	0	0	0.0%
Hospital	81,338,067	0	0	(1,437,325)	0	79,900,742	-1.8%
Transfers out of agency	0	0	0	0	0	0	0.0%
Athletics	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Non-Academic Expenditures Subtotal</b>	<b>81,338,067</b>	<b>0</b>	<b>0</b>	<b>(1,437,325)</b>	<b>0</b>	<b>79,900,742</b>	
<b>Total Expenditures</b>	<b>81,338,067</b>	<b>0</b>	<b>0</b>	<b>(1,437,325)</b>	<b>0</b>	<b>79,900,742</b>	<b>-1.8%</b>

Use next page for Detailed Explanation

## Operating Budget Development

Campus: LSUHSC-EA Conway

### Budget Adjustments Narrative

**Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

Quarter 1: No variances or program adjustments at this time.  
Quarter 2: No variances or program adjustments at this time.  
Quarter 3: BA-7 #2 (approved 12/31/10) was recorded in the third quarter -see explanation below.

### Report on changes to Significant Funding Issues

Quarter 1: No variances or program adjustments at this time.  
Quarter 2: No variances or program adjustments at this time.  
Quarter 3: BA-7 #2 (approved 12/31/10) was recorded in the third quarter -- SGF (direct) had a mid-year budget cut of \$1,437,325. The mid year budget cut was applied to personnel services (\$1,105,635); related benefits (\$31,690); and IAT (\$300,000). (Original appropriated budget of \$81,338,067 reduced by the mid year cut of \$1,437,325 = revised budget of \$79,900,742).



# Overview of Unrestricted Revenues and Expenditures

Campus: LSUHSC-EA Conway

Actual Amount for each Quarter

	Operating Budget 2010-11	1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11	Cumulative Total 2010-11	% Actual to Budget 2010-11
<b>Revenues</b>							
General Fund	9,386,129	2,705,864	2,705,863	2,705,864	0	8,117,591	86.5%
Statutory Dedications	0	0	0	0	0	0	0.0%
Interim Emergency Board	0	0	0	0	0	0	0.0%
Interagency Transfers	59,656,994	0	34,871,037	18,833,612	0	53,704,649	90.0%
Interagency Transfers - Federal Stimulus	0	0	0	0	0	0	0.0%
Self Generated Revenues	2,799,145	14,200	1,460,601	765,620	0	2,240,421	80.0%
Federal Funds	8,058,474	0	2,784,822	1,454,781	0	4,239,603	52.6%
<b>TOTAL</b>	<b>79,900,742</b>	<b>2,720,064</b>	<b>41,822,323</b>	<b>23,759,877</b>	<b>0</b>	<b>68,302,264</b>	<b>85.5%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	33,142,993	8,153,329	8,929,627	7,679,674	0	24,762,630	74.7%
Other Compensation	1,287,350	388,283	460,142	400,107	0	1,248,532	97.0%
Related Benefits	10,997,899	2,571,002	2,930,655	2,674,095	0	8,175,752	74.3%
<b>Total Personal Services</b>	<b>45,428,242</b>	<b>11,112,614</b>	<b>12,320,424</b>	<b>10,753,876</b>	<b>0</b>	<b>34,186,914</b>	<b>75.3%</b>
Travel	20,000	1,945	1,880	5,176	0	9,001	45.0%
Operating Services	8,310,923	1,594,964	1,311,000	1,983,734	0	4,889,698	58.8%
Supplies	9,567,720	2,580,490	1,970,078	2,450,929	0	7,001,497	73.2%
<b>Total Operating Expenses</b>	<b>17,898,643</b>	<b>4,177,399</b>	<b>3,282,958</b>	<b>4,439,839</b>	<b>0</b>	<b>11,900,196</b>	<b>66.5%</b>
Professional Services	2,994,000	524,062	733,319	711,190	0	1,968,571	65.8%
Other Charges	0	0	0	0	0	0	0.0%
Debt Services	0	0	0	0	0	0	0.0%
Interagency Transfers	13,579,857	131,690	3,386,379	3,672,016	0	7,190,085	52.9%
<b>Total Other Charges</b>	<b>16,573,857</b>	<b>655,752</b>	<b>4,119,698</b>	<b>4,383,206</b>	<b>0</b>	<b>9,158,656</b>	<b>55.3%</b>
General Acquisitions	0	0	0	0	0	0	0.0%
Library Acquisitions	0	0	0	0	0	0	0.0%
Major Repairs	0	0	0	0	0	0	0.0%
<b>Total Acquisitions and Major Repairs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL</b>	<b>79,900,742</b>	<b>15,945,765</b>	<b>19,723,080</b>	<b>19,576,921</b>	<b>0</b>	<b>55,245,766</b>	<b>69.1%</b>
<b>by Function</b>							
Instruction	0	0	0	0	0	0	0.0%
Research	0	0	0	0	0	0	0.0%
Public Service	0	0	0	0	0	0	0.0%
Academic Support (Includes Library)	0	0	0	0	0	0	0.0%
<b>Academic Expenditures Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
Student Services	0	0	0	0	0	0	0.0%
Institutional Support	0	0	0	0	0	0	0.0%
Scholarships/Fellowships	0	0	0	0	0	0	0.0%
Plant Operations/Maintenance	0	0	0	0	0	0	0.0%
Hospital	79,900,742	15,945,765	19,723,080	19,576,921	0	55,245,766	69.1%
Transfers out of agency	0	0	0	0	0	0	0.0%
Athletics	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Non-Academic Expenditures Subtotal</b>	<b>79,900,742</b>	<b>15,945,765</b>	<b>19,723,080</b>	<b>19,576,921</b>	<b>0</b>	<b>55,245,766</b>	<b>69.1%</b>
<b>TOTAL</b>	<b>79,900,742</b>	<b>15,945,765</b>	<b>19,723,080</b>	<b>19,576,921</b>	<b>0</b>	<b>55,245,766</b>	<b>69.1%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: LSUHSC-EA Conway

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## Discuss significant revenues collected and expenses incurred variances in relation to the budget.

Quarter 1: Revenue: The only revenue recorded during the first quarter was State General Fund.

Expenses: Interagency Transfers- The majority of the invoices for IAT had not been received during the first quarter for payment.

Quarter 2: Revenue: The hospital received it's first UCC payment for approximately \$22 million and revenue was booked through November during the second quarter. Expenditures: Quarter 1 Expenditures by Function were adjusted by \$237 to match total by category. The second quarter had an extra pay period compared to the first and third quarter.

Quarter 3: BA-7 #2 (approved 12/30/10) was recorded in the third quarter -- SGF (direct) had a mid-year cut of \$1,437,325.

The mid year budget cut was applied to personnel services (\$1,105,635); related benefits (\$31,690); and IAT (\$300,000).

(Original appropriated budget of \$81,338,067 reduced by mid year cut of \$1,437,325 = revised budget of \$79,900,742).

# Overview of Restricted Funds

Campus: LSUHSC-EA Conway

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter				Cumulative Revenues & Transfers	% Collected
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
		2010-11	2010-11	2010-11	2010-11		
State Appropriations	0	0	0	0	0	0.0%	
Restricted Fees	0	0	0	0	0	0.0%	
Sales and Services of Educational Activities	0	0	0	0	0	0.0%	
Auxiliaries	0	0	0	0	0	0.0%	
Endowment Income	0	0	0	0	0	0.0%	
Grants and Contracts							
Federal	0	0	0	0	0	0.0%	
State and Local	0	0	0	0	0	0.0%	
Private	0	0	0	0	0	0.0%	
Indirect Cost Recovered	0	0	0	0	0	0.0%	
Gifts	0	0	0	0	0	0.0%	
Federal Funds	0	0	0	0	0	0.0%	
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay	0	0	0	0	0	0.0%	
Physician Practice Plans	0	0	0	0	0	0.0%	
Medicare	0	0	0	0	0	0.0%	
Medicaid	0	0	0	0	0	0.0%	
Uncompensated Care Costs (UCC)	0	0	0	0	0	0.0%	
Sponsored Grants & Contracts	1,441,019	71,212	328,924	363,354	0	763,490	53.0%
Sales and Services Physicians & CRNAs	917,090	512	484,052	993,598	0	1,478,162	161.2%
Sales and Services Pharmacy	0	0	0	0	0	0	0.0%
Sales and Services Other	892,250	125,445	195,447	338,904	0	659,796	73.9%
All Other Sources	0	0	0			0	0.0%
<b>TOTAL</b>	<b>3,250,359</b>	<b>197,169</b>	<b>1,008,423</b>	<b>1,695,856</b>	<b>0</b>	<b>2,901,448</b>	<b>89.3%</b>

# Overview of Restricted Funds

Campus: LSUHSC-EA Conway

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## Report on Quarterly Activities

Quarter 1: Sponsored Grants/Contracts- Some of the contracts were still in the process of completing during the first quarter. Physicians (Radiology) & CRNA- Revenue had not been booked in the first quarter.

Quarter 2: The hospital started receiving revenue from grants and contracts during the second quarter, and revenue through November for Physicians (Radiology) & CRNA was booked in the 2nd quarter.

Quarter 3: The third quarter restricted revenues are up due to the timing of postings in sales and services.

Overview of Restricted Operations

Campus: LSUHSC-EA Conway

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
		Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance
<b>Revenues</b>													
Restricted State Appropriations	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales & Svcs of Educ. Activ's	0	0	0	0	0	0	0	0	0	0	0	0	0
Auxiliaries	0	0	0	0	0	0	0	0	0	0	0	0	0
Endowment Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants and Contracts													
Federal	0	0	0	0	0	0	0	0	0	0	0	0	0
State and Local	0	0	0	0	0	0	0	0	0	0	0	0	0
Private	0	0	0	0	0	0	0	0	0	0	0	0	0
Indirect Cost Recovered	0	0	0	0	0	0	0	0	0	0	0	0	0
Gifts	0	0	0	0	0	0	0	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Hospitals</b>													
Hospital - Commercial/Self-Pay	0	0	0	0	0	0	0	0	0	0	0	0	0
Physician Practice Plans	0	0	0	0	0	0	0	0	0	0	0	0	0
Medicare	0	0	0	0	0	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0	0	0	0	0	0
Uncompensated Care Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsored Grants & Contracts	85,370	71,212	91,985	64,597	328,924	651,011	(257,490)	363,354	311,314	(205,450)	0	0	(205,450)
Sales and Services Physicians & CRNAs	1,461,826	512	7,493	1,454,845	484,052	5,788	1,933,109	993,598	5,095	2,921,612	0	0	2,921,612
Sales and Services Pharmacy	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales and Services Other	15,849,101	125,445	351,231	15,623,315	195,447	656,250	15,162,512	338,904	347,800	15,153,616	0	0	15,153,616
All Other Sources	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>17,396,297</b>	<b>197,169</b>	<b>450,709</b>	<b>17,142,757</b>	<b>1,008,423</b>	<b>1,313,049</b>	<b>16,838,131</b>	<b>1,695,856</b>	<b>664,209</b>	<b>17,869,778</b>	<b>0</b>	<b>0</b>	<b>17,869,778</b>

**Unrestricted Operations**

	Adjusted Operating Budget	Actual Amount for each Quarter in 2010-11				Cumulative Total
		1st Quarter 2010-2011	2nd Quarter 2010-2011	3rd Quarter 2010-2011	4th Quarter 2010-2011	
<b>Revenues</b>						
General Fund	10,170,298	3,909,236	2,931,927	2,931,925		9,773,088
Statutory Dedications	0	0	0	0		0
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	41,785,218	0	21,213,384	9,800,937		31,014,321
Interagency Transfers - Federal Stimulus	0	0	0	0		0
Self Generated Revenues	1,918,278	1,004	757,223	469,221		1,227,448
Federal Funds	3,782,232	(13,446)	1,260,159	818,824		2,065,537
<b>Total Revenues</b>	<b>57,656,026</b>	<b>3,896,794</b>	<b>26,162,693</b>	<b>14,020,907</b>		<b>44,080,394</b>
<b>Expenditures by Object:</b>						
Personal Services	31,344,154	6,570,784	7,865,543	6,747,712		21,184,039
Operating Expenses	13,693,717	3,203,101	2,926,877	3,671,071		9,801,049
Other Charges	12,165,384	937,824	3,285,309	2,562,504		6,785,637
Acquisitions and Major Repairs	452,771	15,679	3,764	100,263		119,706
<b>Expenditures by Function:</b>						
Academic Expenditures	0	0	0	0		0
Non-Academic Expenditures	57,656,026	10,727,388	14,081,493	13,081,550		37,890,431
<b>Total Expenditures</b>	<b>57,656,026</b>	<b>10,727,388</b>	<b>14,081,493</b>	<b>13,081,550</b>		<b>37,890,431</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	0	0	0	0	
Sales and Services of Educational Activities	0	0	0	0	
Auxiliaries	0	0	0	0	
Endowment Income	0	0	0	0	
Grants and Contracts	0	0	0	0	
Indirect Cost Recovered	0	0	0	0	
Gifts	0	0	0	0	
Federal Funds	0	0	0	0	
Hospitals	15,913,157	16,311,646	16,762,936	17,855,714	
All Other Sources	0	0	0	0	
<b>TOTAL</b>	<b>15,913,157</b>	<b>16,311,646</b>	<b>16,762,936</b>	<b>17,855,714</b>	

**Overview and Analysis of Campus Operations**

See detailed spreadsheets for other notes.

# Operating Budget Development

Campus: LSUHSC-Huey P Long

	Beginning Operating Budget	Budget Adjustments				Adjusted Operating Budget	% change to Beg Op. Budget
		1st Quarter 2011	2010- 2nd Quarter 2010-2011	3rd Quarter 2010-2011	4th Quarter 2011		
<b>Revenues</b>							
General Fund	11,727,705	0	0	(1,557,407)	0	10,170,298	-13.3%
Statutory Dedications	0	0	0	0	0	0	0.0%
Interim Emergency Board	0	0	0	0	0	0	0.0%
Interagency Transfers	41,785,218	0	0	0	0	41,785,218	0.0%
Interagency Transfers - Federal Stimulus	0	0	0	0	0	0	0.0%
Self Generated Revenues	1,918,278	0	0	0	0	1,918,278	0.0%
Federal Funds	3,782,232	0	0	0	0	3,782,232	0.0%
<b>Total Revenues</b>	<b>59,213,433</b>	<b>0</b>	<b>0</b>	<b>(1,557,407)</b>	<b>0</b>	<b>57,656,026</b>	<b>-2.6%</b>
<b>Expenditures by Object:</b>							
Salaries	23,744,934	0	0	(184,850)	0	23,560,084	-0.8%
Other Compensation	660,854	0	0	0	0	660,854	0.0%
Related Benefits	7,123,216	0	0	0	0	7,123,216	0.0%
<b>Total Personal Services</b>	<b>31,529,004</b>	<b>0</b>	<b>0</b>	<b>(184,850)</b>	<b>0</b>	<b>31,344,154</b>	<b>-0.6%</b>
Travel	9,940	0	0	0	0	9,940	0.0%
Operating Services	6,699,965	0	0	(39,740)	0	6,660,225	-0.6%
Supplies	7,699,911	0	0	(676,359)	0	7,023,552	-8.8%
<b>Total Operating Expenses</b>	<b>14,409,816</b>	<b>0</b>	<b>0</b>	<b>(716,099)</b>	<b>0</b>	<b>13,693,717</b>	<b>-5.0%</b>
Professional Services	10,575,055	0	0	0	0	10,575,055	0.0%
Other Charges	123,483	0	0	0	0	123,483	0.0%
Debt Services	0	0	0	0	0	0	0.0%
Interagency Transfers	2,123,304	0	0	(656,458)	0	1,466,846	-30.9%
<b>Total Other Charges</b>	<b>12,821,842</b>	<b>0</b>	<b>0</b>	<b>(656,458)</b>	<b>0</b>	<b>12,165,384</b>	<b>-5.1%</b>
General Acquisitions	452,771	0	0	0	0	452,771	0.0%
Library Acquisitions	0	0	0	0	0	0	0.0%
Major Repairs	0	0	0	0	0	0	0.0%
<b>Total Acquisitions and Major Repairs</b>	<b>452,771</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>452,771</b>	<b>0.0%</b>
<b>Total Expenditures</b>	<b>59,213,433</b>	<b>0</b>	<b>0</b>	<b>(1,557,407)</b>	<b>0</b>	<b>57,656,026</b>	<b>-2.6%</b>
<b>Expenditures by Function:</b>							
Instruction	0	0	0	0	0	0	0.0%
Research	0	0	0	0	0	0	0.0%
Public Service	0	0	0	0	0	0	0.0%
Academic Support (Includes Library)	0	0	0	0	0	0	0.0%
<b>Academic Expenditures Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Student Services	0	0	0	0	0	0	0.0%
Institutional Support	0	0	0	0	0	0	0.0%
Scholarships/Fellowships	0	0	0	0	0	0	0.0%
Plant Operations/Maintenance	0	0	0	0	0	0	0.0%
Hospital	59,213,433	0	0	(1,557,407)	0	57,656,026	-2.6%
Transfers out of agency	0	0	0	0	0	0	0.0%
Athletics	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Non-Academic Expenditures Subtotal</b>	<b>59,213,433</b>	<b>0</b>	<b>0</b>	<b>(1,557,407)</b>	<b>0</b>	<b>57,656,026</b>	
<b>Total Expenditures</b>	<b>59,213,433</b>	<b>0</b>	<b>0</b>	<b>(1,557,407)</b>	<b>0</b>	<b>57,656,026</b>	<b>-2.6%</b>

Use next page for Detailed Explanation

## Operating Budget Development

Campus: LSUHSC-Huey P Long

### Budget Adjustments Narrative

**Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

Quarter 1: No Report.

Quarter 2: No Report.

Quarter3: BA-7 #2 (approved 12/31/10) was recorded in the third quarter -see explanation below.

### Report on changes to Significant Funding Issues

Quarter 1: No Report.

Quarter 2: No Report. According to BA-7 #2, the mid-year budget reduction in SGF Direct in the amount of \$1,557,407 is not reflected in the numbers above, and will be reported in Quarter 3.

Quarter 3: BA-7 #2 (approved 12/31/10) was recorded in the third quarter -- SGF (direct) had a mid-year budget cut of \$1,557,407.

The mid year budget cut was applied to personnel services (\$184,850); operating services (\$39,740); supplies (\$676,359); and IAT (\$656.458). (Original appropriated budget of \$59,213,433 reduced by the mid year cut of \$1,557,407 = revised budget of \$57,656,026).



# Overview of Unrestricted Revenues and Expenditures

Campus: LSUHSC-Huey P Long

Actual Amount for each Quarter

	Operating Budget 2010-11	1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11	Cumulative Total 2010-11	% Actual to Budget 2010-11
<b>Revenues</b>							
General Fund	10,170,298	3,909,236	2,931,927	2,931,925	0	9,773,088	96.1%
Statutory Dedications	0	0	0	0	0	0	0.0%
Interim Emergency Board	0	0	0	0	0	0	0.0%
Interagency Transfers	41,785,218	0	21,213,384	9,800,937	0	31,014,321	74.2%
Interagency Transfers - Federal Stimulus	0	0	0	0	0	0	0.0%
Self Generated Revenues	1,918,278	1,004	757,223	469,221	0	1,227,448	64.0%
Federal Funds	3,782,232	(13,446)	1,260,159	818,824	0	2,065,537	54.6%
<b>TOTAL</b>	<b>57,656,026</b>	<b>3,896,794</b>	<b>26,162,693</b>	<b>14,020,907</b>	<b>0</b>	<b>44,080,394</b>	<b>76.5%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	23,560,084	4,869,998	5,796,116	4,885,229	0	15,551,343	66.0%
Other Compensation	660,854	130,125	154,811	130,358	0	415,294	62.8%
Related Benefits	7,123,216	1,570,661	1,914,616	1,732,125	0	5,217,402	73.2%
<b>Total Personal Services</b>	<b>31,344,154</b>	<b>6,570,784</b>	<b>7,865,543</b>	<b>6,747,712</b>	<b>0</b>	<b>21,184,039</b>	<b>67.6%</b>
Travel	9,940	1,924	490	1,421	0	3,835	38.6%
Operating Services	6,660,225	1,235,443	1,345,294	1,741,577	0	4,322,314	64.9%
Supplies	7,023,552	1,965,734	1,581,093	1,928,073	0	5,474,900	78.0%
<b>Total Operating Expenses</b>	<b>13,693,717</b>	<b>3,203,101</b>	<b>2,926,877</b>	<b>3,671,071</b>	<b>0</b>	<b>9,801,049</b>	<b>71.6%</b>
Professional Services	10,575,055	816,753	2,619,257	1,907,302	0	5,343,312	50.5%
Other Charges	123,483	62,052	24,341	30,425	0	116,818	94.6%
Debt Services	0	0	0	0	0	0	0.0%
Interagency Transfers	1,466,846	59,019	641,711	624,777	0	1,325,507	90.4%
<b>Total Other Charges</b>	<b>12,165,384</b>	<b>937,824</b>	<b>3,285,309</b>	<b>2,562,504</b>	<b>0</b>	<b>6,785,637</b>	<b>55.8%</b>
General Acquisitions	452,771	15,679	3,764	100,263	0	119,706	26.4%
Library Acquisitions	0	0	0	0	0	0	0.0%
Major Repairs	0	0	0	0	0	0	0.0%
<b>Total Acquisitions and Major Repairs</b>	<b>452,771</b>	<b>15,679</b>	<b>3,764</b>	<b>100,263</b>	<b>0</b>	<b>119,706</b>	<b>26.4%</b>
<b>TOTAL</b>	<b>57,656,026</b>	<b>10,727,388</b>	<b>14,081,493</b>	<b>13,081,550</b>	<b>0</b>	<b>37,890,431</b>	<b>65.7%</b>
<b>by Function</b>							
Instruction	0	0	0	0	0	0	0.0%
Research	0	0	0	0	0	0	0.0%
Public Service	0	0	0	0	0	0	0.0%
Academic Support (Includes Library)	0	0	0	0	0	0	0.0%
<b>Academic Expenditures Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
Student Services	0	0	0	0	0	0	0.0%
Institutional Support	0	0	0	0	0	0	0.0%
Scholarships/Fellowships	0	0	0	0	0	0	0.0%
Plant Operations/Maintenance	0	0	0	0	0	0	0.0%
Hospital	57,656,026	10,727,388	14,081,493	13,081,550	0	37,890,431	65.7%
Transfers out of agency	0	0	0	0	0	0	0.0%
Athletics	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Non-Academic Expenditures Subtotal</b>	<b>57,656,026</b>	<b>10,727,388</b>	<b>14,081,493</b>	<b>13,081,550</b>	<b>0</b>	<b>37,890,431</b>	<b>65.7%</b>
<b>TOTAL</b>	<b>57,656,026</b>	<b>10,727,388</b>	<b>14,081,493</b>	<b>13,081,550</b>	<b>0</b>	<b>37,890,431</b>	<b>65.7%</b>

# Overview of Unrestricted Revenues and Expenditures

Campus: LSUHSC-Huey P Long

## Discuss significant revenues collected and expenses incurred variances in relation to the budget.

Quarter 1: No Report.

Quarter 2: Expenses: Professional Services increased due to receipt of invoices. According to BA-7 #2, the mid-year budget reduction in SGF Direct in the amount of \$1,557,407 is not reflected in the numbers above, and will be reported in Quarter 3.

Quarter 3: BA-7 #2 (approved 12/31/10) was recorded in the third quarter -- SGF (direct) had a mid-year budget cut of \$1,557,407.

The mid year budget cut was applied to personnel services (\$184,850); operating services (\$39,740); supplies (\$676,359); and IAT (\$656,458).

(Original appropriated budget of \$59,213,433 reduced by the mid year cut of \$1,557,407 = revised budget of \$57,656,026).

# Overview of Restricted Funds

Campus: LSUHSC-Huey P Long

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11		
State Appropriations	0	0	0	0	0	0	0.0%
Restricted Fees	0	0	0	0	0	0	0.0%
Sales and Services of Educational Activities	0	0	0	0	0	0	0.0%
Auxiliaries	0	0	0	0	0	0	0.0%
Endowment Income	0	0	0	0	0	0	0.0%
Grants and Contracts							
Federal	0	0	0	0	0	0	0.0%
State and Local	0	0	0	0	0	0	0.0%
Private	0	0	0	0	0	0	0.0%
Indirect Cost Recovered	0	0	0	0	0	0	0.0%
Gifts	0	0	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0	0	0.0%
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay	0	0	0	0	0	0	0.0%
Physician Practice Plans	0	0	0	0	0	0	0.0%
Medicare	0	0	0	0	0	0	0.0%
Medicaid	0	0	0	0	0	0	0.0%
Uncompensated Care Costs (UCC)	0	0	0	0	0	0	0.0%
Sponsored Grants & Contracts	1,861,826	212,831	458,042	373,145	0	1,044,018	56.1%
Sales and Services Physicians & CRNAs	951,750	26,695	520,504	369,623	0	916,821	96.3%
Sales and Services Pharmacy	1,940,065	463,998	509,989	511,036	0	1,485,024	76.5%
Sales and Services Other	206,044	31,551	28,863	326,641	0	387,055	187.9%
All Other Sources	0	0	0	0	0	0	0.0%
<b>TOTAL</b>	<b>4,959,685</b>	<b>735,075</b>	<b>1,517,398</b>	<b>1,580,445</b>	<b>0</b>	<b>3,832,918</b>	<b>77.3%</b>

# Overview of Restricted Funds

Campus: LSUHSC-Huey P Long

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## Report on Quarterly Activities

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Quarter 1: No Report.

Quarter 2: No Report.

Quarter 3: No Report.

Overview of Restricted Operations

Campus: LSUHSC-Huey P Long

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
		Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales & Svcs of Educ. Activ's	0	0	0	0	0	0	0	0	0	0	0	0	0
Auxiliaries	0	0	0	0	0	0	0	0	0	0	0	0	0
Endowment Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants and Contracts													
Federal	0	0	0	0	0	0	0	0	0	0	0	0	0
State and Local	0	0	0	0	0	0	0	0	0	0	0	0	0
Private	0	0	0	0	0	0	0	0	0	0	0	0	0
Indirect Cost Recovered	0	0	0	0	0	0	0	0	0	0	0	0	0
Gifts	0	0	0	0	0	0	0	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Hospitals</b>													
Hospital - Commercial/Self-Pay	0	0	0	0	0	0	0	0	0	0	0	0	0
Physician Practice Plans	0	0	0	0	0	0	0	0	0	0	0	0	0
Medicare	0	0	0	0	0	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0	0	0	0	0	0
Uncompensated Care Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsored Grants & Contracts	1,990,107	212,831	330,885	1,872,053	458,042	605,993	1,724,102	373,145	431,535	1,665,712	0	0	1,665,712
Sales and Services Physicians & CRNAs	1,691,900	26,695	2,754	1,715,841	520,504	13,828	2,222,517	369,623	8,049	2,584,090	0	0	2,584,090
Sales and Services Pharmacy	1,810,900	463,998	671	2,274,227	509,989	442,374	2,341,842	511,036	1,318	2,851,561	0	0	2,851,561
Sales and Services Other	#####	31,551	2,276	10,449,525	28,863	3,913	10,474,475	326,641	46,765	10,754,351	0	0	10,754,351
All Other Sources	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>15,913,157</b>	<b>735,075</b>	<b>336,586</b>	<b>16,311,646</b>	<b>1,517,398</b>	<b>1,066,108</b>	<b>16,762,936</b>	<b>1,580,445</b>	<b>487,667</b>	<b>17,855,714</b>	<b>0</b>	<b>0</b>	<b>17,855,714</b>



Louisiana State University System

3810 West Lakeshore Drive  
Baton Rouge, Louisiana 70808

Chief Financial Officer

225 / 578-6935

225 / 578-5524 fax

TO: President John V. Lombardi  
FROM: Wendy C. Simoneaux *WCS*  
RE: LSU System 3rd Quarter Financial Report

The LSU Board of Supervisors approved the System Office's 2010-2011 operating budget on August 27, 2010. The LSU System's operating budget of the \$8,859,170 includes an Interagency Transfer budget authority of \$2,764,148, which is not operational revenue. Subsequently, the first mid-year budget reduction BA-7 has been approved which reduces the System's operating budget by \$809,402. In addition, the mid-year reduction reallocation BA-7 will be approved in the 4<sup>th</sup> quarter and will reduce the System's operating budget by an additional \$124,407.

It should be noted that the System Office's appropriation (after the first mid-year reduction) contains funds for activities and programs not part of our normal operations, such as the Truancy Assessment Program (\$1,709,983) and ACRES (\$633,484). These "pass-through" funds have been transferred out of our budget as the recipient campus or entity submits invoices for expenses incurred. This report reflects these transfers as expenditures to the LSU System Office's budget.

On the Overview of Restricted Funds form, the largest portion of revenues received in the third quarter is associated with premiums for the LSU Health Plan.

On the Overview of Restricted Operations form, the All Other Sources fund balance includes monies for (1) the System's Electronic Medical Record program including interest earned, (2) System Technology Transfer activity, (3) the operation of the System Human Resource Benefits Office, (4) royalty income from System mineral leases, and (5) the LSU System Health Plan.

Higher Education has received its third straight mid-year budget reduction with Executive Order BJ 2010-20. This first budget reduction BA-7 has been approved and the System has responded by reducing state funded operations as follows:

Personal Services	(\$163,920)
Travel	(\$25,878)
Operating Services	(\$143,788)
Supplies	(\$6,000)
Truancy Assessment	(\$312,466)
ACRES	(\$115,757)
Uncertain Enrollment	(\$37,593)
Other Charges	(\$4,000)

As noted above, the realignment BA-7 will be reflected in the 4<sup>th</sup> quarter and the System will eliminate the remaining funding for the uncertain enrollment pool at that time.

Louisiana State University & Agricultural and Mechanical College

LSU at Alexandria • LSU at Eunice • University of New Orleans • LSU in Shreveport • Hebert Law Center • LSU Agricultural Center

Pennington Biomedical Research Center • LSU Health Sciences Center - New Orleans • LSU Health Sciences Center - Shreveport • LSU Health Care Services Division

Unrestricted Operations	Adjusted Operating Budget	Actual Amount for each Quarter in 2010-11				
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	5,285,620	2,031,674	1,523,756	1,523,755		5,079,185
Statutory Dedications	0	0	0	0		0
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	2,764,148	0	0	0		0
Interagency Transfers - Federal Stimulus	0	0	0	0		0
Self Generated Revenues	0	0	0	0		0
Federal Funds	0	0	0	0		0
<b>Total Revenues</b>	<b>8,049,768</b>	<b>2,031,674</b>	<b>1,523,756</b>	<b>1,523,755</b>		<b>5,079,185</b>
<b>Expenditures by Object:</b>						
Personal Services	1,701,068	739,493	804,673	721,497		2,265,662
Operating Expenses	344,174	245,041	98,182	108,796		452,019
Other Charges	6,004,526	783,547	842,482	694,461		2,320,489
Acquisitions and Major Repairs	0	0	0	0		0
<b>Expenditures by Function:</b>						
Academic Expenditures	0	0	0	0		0
Transfers out of agency	2,764,148	0	0	0		0
Non-Academic Expenditures	8,049,768	1,768,080	1,745,336	1,524,754		5,038,170
<b>Total Expenditures</b>	<b>8,049,768</b>	<b>1,768,080</b>	<b>1,745,336</b>	<b>1,524,754</b>		<b>5,038,170</b>

**Restricted Operations**

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	0	0	0	0	
Sales and Services of Educational Activities	0	0	0	0	
Auxiliaries	0	0	0	0	
Endowment Income	0	0	0	0	
Grants and Contracts	0	3,321	(908)	68,148	
Indirect Cost Recovered	0	0	0	0	
Gifts	10,820	10,820	10,820	10,820	
Federal Funds	0	0	0	0	
Hospitals	0	0	0	0	
All Other Sources	75,609,388	91,303,242	82,260,527	80,597,043	
<b>TOTAL</b>	<b>75,620,208</b>	<b>91,317,384</b>	<b>82,270,439</b>	<b>80,676,011</b>	

**Overview and Analysis of Campus Operations**

The LSU Board of Supervisors and System Office did not have any budget adjustments during the first or second quarter. Expenses were normal during the first and second quarters. The large amount of other charges were due to mandates such as the Legislative Auditor and Civil Service Fees being paid. The large increase in Professional Services expenditures is from the LSU System Office Passthroughs (ACRES and Truancy) , but these are within their budgets. All other restricted operations are accounted for and the change to restricted operations is predominantly due to the LSU First health plan.

During the second quarter, the LSU System Office began preparations for the midyear budget cut. The LSU System midyear budget cuts were approved during the November Board of Supervisors meeting, but were not approved by OPB until the third quarter. These budget adjustments will be shown during the Third Quarter Financial Report.

The first of the mid-year reduction was approved in the 3rd quarter and is reflected as a reduction. The reallocation BA-7 was not approved until the 4th quarter and will be reflected then.

Operating Budget Development		Campus: LSU Board of Supervisors and System Office					
		Budget Adjustments					
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Adjusted Operating Budget	% change to Beg Budget
<b>Revenues</b>							
General Fund	6,095,022			(809,402)		5,285,620	-13.3%
Statutory Dedications						0	
Interim Emergency Board						0	
Interagency Transfers	2,764,148					2,764,148	0.0%
Interagency Transfers - Federal Stimulus						0	
Self Generated Revenues						0	
Federal Funds						0	
<b>Total Revenues</b>	<b>8,859,170</b>	<b>0</b>	<b>0</b>	<b>(809,402)</b>	<b>0</b>	<b>8,049,768</b>	<b>-9.1%</b>
<b>Expenditures by Object:</b>							
Salaries	\$1,391,852			(115,154)		1,276,698	-8.3%
Other Compensation	\$72,010			(11,415)		60,595	-15.9%
Related Benefits	\$401,126			(37,351)		363,775	-9.3%
<b>Total Personal Services</b>	<b>1,864,988</b>	<b>0</b>	<b>0</b>	<b>(163,920)</b>	<b>0</b>	<b>1,701,068</b>	<b>-8.8%</b>
Travel	66,500			(23,878)		42,622	-35.9%
Operating Services	422,140			(145,788)		276,352	-34.5%
Supplies	31,200			(6,000)		25,200	-19.2%
<b>Total Operating Expenses</b>	<b>519,840</b>	<b>0</b>	<b>0</b>	<b>(175,666)</b>	<b>0</b>	<b>344,174</b>	<b>-33.8%</b>
Professional Services	2,920,465			(432,223)		2,488,242	-14.8%
Other Charges	789,729			(37,593)		752,136	-4.8%
Debt Services	0					0	
Interagency Transfers	2,764,148					2,764,148	0.0%
<b>Total Other Charges</b>	<b>6,474,342</b>	<b>0</b>	<b>0</b>	<b>(469,816)</b>	<b>0</b>	<b>6,004,526</b>	<b>-7.3%</b>
General Acquisitions						0	
Library Acquisitions						0	
Major Repairs						0	
<b>Total Acquisitions and Major Repairs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Expenditures</b>	<b>8,859,170</b>	<b>0</b>	<b>0</b>	<b>(809,402)</b>	<b>0</b>	<b>8,049,768</b>	<b>-9.1%</b>
<b>Expenditures by Function:</b>							
Instruction						0	
Research						0	
Public Service						0	
Academic Support (Includes Library)						0	
<b>Academic Expenditures Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Student Services						0	
Institutional Support	6,011,075			(809,402)		5,201,673	-13.5%
Scholarships/Fellowships	0					0	
Plant Operations/Maintenance	83,947					83,947	0.0%
Hospital						0	
Transfers out of agency	2,764,148					2,764,148	0.0%
Athletics						0	
Other						0	
<b>Non-Academic Expenditures Subtotal</b>	<b>8,859,170</b>	<b>0</b>	<b>0</b>	<b>(809,402)</b>	<b>0</b>	<b>8,049,768</b>	
<b>Total Expenditures</b>	<b>8,859,170</b>	<b>0</b>	<b>0</b>	<b>(809,402)</b>	<b>0</b>	<b>8,049,768</b>	<b>-9.1%</b>

Use next page for Detailed Explanation



**Budget Adjustments Narrative**

**Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

No Budget adjustments during the first quarter.

The budget adjustment in the third quarter is due to the first mid-year reduction BA-7. The realignment BA-7 was not approved until the 4th quarter and will be reflected in that quarter.

**Report on changes to Significant Funding Issues**

# Overview of Unrestricted Revenues and Expenditures

Campus: LSU Board of Supervisors and System Office

	Actual Amount for each Quarter						% Actual to Budget
	Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total	
	2010-11	2010-11	2010-11	2010-11	2010-11	2010-11	
<b>Revenues</b>							
General Fund	5,285,620	2,031,674	1,523,756	1,523,755		5,079,185	96.1%
Statutory Dedications	0					0	
Interim Emergency Board	0					0	
Interagency Transfers	2,764,148					0	0.0%
Interagency Transfers - Federal Stimulus	0					0	
Self Generated Revenues	0					0	
Federal Funds	0					0	
<b>TOTAL</b>	<b>8,049,768</b>	<b>2,031,674</b>	<b>1,523,756</b>	<b>1,523,755</b>	<b>0</b>	<b>5,079,185</b>	<b>63.1%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	1,276,698	370,318	326,327	263,927		960,572	75.2%
Other Compensation	60,595	16,006	37,778	29,020		82,805	136.7%
Related Benefits	363,775	353,168	440,567	428,551		1,222,286	336.0%
<b>Total Personal Services</b>	<b>1,701,068</b>	<b>739,493</b>	<b>804,673</b>	<b>721,497</b>	<b>0</b>	<b>2,265,662</b>	<b>133.2%</b>
Travel	42,622	18,506	24,902	21,232		64,640	151.7%
Operating Services	276,352	219,497	66,332	81,003		366,832	132.7%
Supplies	25,200	7,037	6,948	6,561		20,547	81.5%
<b>Total Operating Expenses</b>	<b>344,174</b>	<b>245,041</b>	<b>98,182</b>	<b>108,796</b>	<b>0</b>	<b>452,019</b>	<b>131.3%</b>
Professional Services	2,488,242	43,260	841,420	691,626		1,576,306	63.4%
Other Charges	752,136	740,287	1,062	2,835		744,183	98.9%
Debt Services	0					0	
Interagency Transfers	2,764,148					0	0.0%
<b>Total Other Charges</b>	<b>6,004,526</b>	<b>783,547</b>	<b>842,482</b>	<b>694,461</b>	<b>0</b>	<b>2,320,489</b>	<b>38.6%</b>
General Acquisitions	0					0	
Library Acquisitions	0					0	
Major Repairs	0					0	
<b>Total Acquisitions and Major Repairs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL</b>	<b>8,049,768</b>	<b>1,768,080</b>	<b>1,745,336</b>	<b>1,524,754</b>	<b>0</b>	<b>5,038,170</b>	<b>62.6%</b>
<b>by Function</b>							
Instruction	0					0	
Research	0					0	
Public Service	0					0	
Academic Support (Includes Library)	0					0	
<b>Academic Expenditures Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Student Services	0					0	
Institutional Support	5,201,673	1,717,704	1,716,294	1,487,852		4,921,850	94.6%
Scholarships/Fellowships	0					0	
Plant Operations/Maintenance	83,947	50,376	29,042	36,902		116,321	138.6%
Hospital	0					0	
Transfers out of agency	2,764,148					0	0.0%
Athletics	0					0	
Other	0					0	
<b>Non-Academic Expenditures Subtotal</b>	<b>8,049,768</b>	<b>1,768,080</b>	<b>1,745,336</b>	<b>1,524,754</b>	<b>0</b>	<b>5,038,170</b>	<b>62.6%</b>
<b>TOTAL</b>	<b>8,049,768</b>	<b>1,768,080</b>	<b>1,745,336</b>	<b>1,524,754</b>	<b>0</b>	<b>5,038,170</b>	<b>62.6%</b>

## Overview of Unrestricted Revenues and Expenditures

Campus: LSU Board of Supervisors and System Office

**Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

Due to budget reductions, the system students as well as operating services expenditures will need to be moved to restricted funding sources for the 3rd and 4th quarters.

The related benefits expenditure object is greater than the anticipated budget due to all of System Office employees' related benefits being charged to the unrestricted related benefit account (whether or not the employee is paid from unrestricted or restricted funds). At year end, there will be a transfer to properly charge the appropriate accounts.

The large expenditure in travel is due to the medical services section and travel necessary for the operation and management of the interim public hospital and the new university medical center.

The large Professional Services expenditure is from the LSU System Office Passthroughs ACRES (\$162,027) and Truancy Services (\$678,261).

Other Charges include mandates (such as Legislative Auditor and Civil Service fees) that have been paid in the first quarter. All other expenses have been accounted for and are in line with their budget.

# Overview of Restricted Funds

Campus: LSU Board of Supervisors and System Office

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
State Appropriations						0	
Restricted Fees						0	
Sales and Services of Educational Activities						0	
Auxiliaries (List)							
1						0	
2						0	
3						0	
4						0	
5						0	
6						0	
7						0	
8						0	
9						0	
10						0	
11						0	
12						0	
13						0	
14						0	
15						0	
Endowment Income						0	
Grants and Contracts							
Federal						0	
State and Local		1,072	(1,072)	85,023		85,023	
Private		33,749	50,623	50,623		134,995	
Indirect Cost Recovered						0	
Gifts	10,820	25,771	25,050	25,000		75,821	700.8%
Federal Funds						0	
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay						0	
Physician Practice Plans						0	
Medicare						0	
Medicaid						0	
Uncompensated Care Costs (UCC)						0	
All Other Sources	75,609,388	30,726,125	20,552,431	30,500,212		81,778,768	108.2%
<b>TOTAL</b>	<b>75,620,208</b>	<b>30,786,717</b>	<b>20,627,033</b>	<b>30,660,858</b>	<b>0</b>	<b>82,074,607</b>	<b>108.5%</b>

## Overview of Restricted Funds

Campus: LSU Board of Supervisors and System Office

### Report on Restricted Budget

On the Overview of Restricted Funds form, third quarter revenue is as anticipated, with the largest portion of the revenues associated with premiums for the LSU Health Plan. The private grant is from the LSU System Research and Technology Foundation to reimburse System support to the foundation. Collections on this grant is falling behind expectations and staff is working to resolve.

#### Revenues during the first quarter:

Tech Transfer	\$576,651
Cigna	\$29,986,436
Mineral Revenues	\$5,924
Benefit Plan	\$157,114

#### Revenues during the second quarter:

Tech Transfer	\$9,809
Cigna	\$20,222,108
Mineral Revenues	\$6,371
Benefit Plan	\$314,143

#### Revenues during the third quarter:

Tech Transfer	\$47,060
Cigna	\$30,243,605
Mineral Revenues	\$5,013

**Overview of Restricted Operations**

Campus: **LSU Board of Supervisors and System Office**

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
		Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	Expenses, Transfers, & ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations		0		0	0		0		0		0		0
Restricted Fees		0		0	0		0		0		0		0
Sales & Svcs of Educ. Activ's		0		0	0		0		0		0		0
Auxiliaries (List)													
1		0		0	0		0		0		0		0
2		0		0	0		0		0		0		0
3		0		0	0		0		0		0		0
4		0		0	0		0		0		0		0
5		0		0	0		0		0		0		0
6		0		0	0		0		0		0		0
7		0		0	0		0		0		0		0
8		0		0	0		0		0		0		0
9		0		0	0		0		0		0		0
10		0		0	0		0		0		0		0
11		0		0	0		0		0		0		0
12		0		0	0		0		0		0		0
13		0		0	0		0		0		0		0
14		0		0	0		0		0		0		0
15		0		0	0		0		0		0		0
Endowment Income	0	0		0	0		0		0		0		0
Grants and Contracts	0	0		0	0		0		0		0		0
Federal	0	0		0	0		0		0		0		0
State and Local	0	1,072	(19,124)	20,196	(1,072)	3,157	15,967	85,023	15,967	85,023	0		85,023
Private	0	33,749	50,623	(16,874)	50,623	50,623	(16,875)	50,623	50,623	(16,875)	0		(16,875)
Indirect Cost Recovered	0	0		0	0		0		0		0		0
Gifts	10,820	25,771	25,771	10,820	25,050	25,050	10,820	25,000	25,000	10,820	0		10,820
Federal Funds	0	0		0	0		0		0		0		0
<b>Hospitals</b>	0	0		0	0		0		0		0		0
Hospital - Commercial/Self-Pay	0	0		0	0		0		0		0		0
Physician Practice Plans	0	0		0	0		0		0		0		0
Medicare	0	0		0	0		0		0		0		0
Medicaid	0	0		0	0		0		0		0		0
Uncompensated Care Costs	0	0		0	0		0		0		0		0
All Other Sources	75,609,388	30,726,125	15,032,271	91,303,242	20,552,431	29,595,146	82,260,527	30,500,212	32,163,696	80,597,043	0		80,597,043
<b>TOTAL</b>	<b>75,620,208</b>	<b>30,786,717</b>	<b>15,089,541</b>	<b>91,317,384</b>	<b>20,627,033</b>	<b>29,673,977</b>	<b>82,270,439</b>	<b>30,660,858</b>	<b>32,255,286</b>	<b>80,676,011</b>	<b>0</b>	<b>0</b>	<b>80,676,011</b>

**Report on Restricted Operations**

On the Overview of Restricted Operations form, the all other sources account/fund balance includes funds for (1) the appropriated Electronic Medical Record program including interest earned, (2) the System Technology Transfer activity, (3) associated with the operation of the System Human Resource Benefits Office, (4) royalty income from System mineral leases, (5) the LSU System Health Plan, and (6) other operational balances.



- BOGALUSA MEDICAL CENTER – INDEPENDENCE
- EARL K. LONG MEDICAL CENTER - BATON ROUGE
- ILLIIF KFMP REGIONAL MEDICAL CENTER - INDEPENDENCE
- LEONARD J. CHABERT MEDICAL CENTER - HOUMA
- MEDICAL CENTER OF LOUISIANA - NEW ORLEANS
- UNIVERSITY MEDICAL CENTER - LAFAYETTE
- W.O. MOSS REGIONAL MEDICAL CENTER - LAKE CHARLES

WWW.LSUHOSPITALS.ORG

TO: Dr. John V. Lombardi  
President  
LSU System

FROM: Tanesha Morgan  
Budget Director  
LSU Health Care Services Division

DATE: April 18, 2011

RE: Quarterly Budget Report  
For Quarter Ended March 31, 2011

We have compiled the Quarterly Budget Report for the Quarter Ended March 31, 2011, for the LSU Health Care Services Division.

Major developments during this quarter included:

Budget:

A midyear budget reduction BA-7 in the amount of \$5.3M was approved.

Actual:

Operating Budget – HCSD submitted a \$100M seed request to the Division of Administration. It was approved in the amount of \$50M. HCSD also received a UCC payment from DHH in the amount of \$47M.

Restricted Operations – HCSD collected \$7.5M in grants and sponsored projects revenue, the majority of which was ARRA funding.

cc: Dr. Fred Cerise  
Dr. Roxane Townsend  
Jaquetta B. Clemons, MBA, DrPH  
Jerry Bellocq

LSU Health Care Services Division

Quarterly Revenues and Expenditures Executive Summary

Unrestricted Operations		Actual Amount for each Quarter in 2010-11				
	Adjusted Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
<b>Revenues</b>						
General Fund	72,292,827	77,121,391	478,970	(5,307,534)		72,292,827
Statutory Dedications	300,000	0	300,000	0		300,000
Interim Emergency Board	0	0	0	0		0
Interagency Transfers	679,320,420	55,005,877	245,207,918	126,129,962		426,343,757
Interagency Transfers - Federal Stimulus	0	0	0	0		0
Self Generated Revenues	82,026,925	22,912,396	32,872,490	30,745,646		86,530,532
Federal Funds	79,393,302	19,400,085	18,434,082	20,893,319		58,727,486
<b>Total Revenues</b>	<b>913,333,474</b>	<b>174,439,749</b>	<b>297,293,460</b>	<b>172,461,393</b>		<b>644,194,602</b>
<b>Expenditures by Object:</b>						
Personal Services	452,682,442	102,297,483	121,582,996	106,459,175		330,339,654
Operating Expenses	230,159,962	53,159,672	53,991,273	56,133,685		163,284,629
Other Charges	227,854,323	25,906,868	53,779,848	57,807,351		137,494,067
Acquisitions and Major Repairs	2,636,747	130,422	255,299	337,238		722,959
<b>Expenditures by Function:</b>						
Academic Expenditures	0	0	0	0		0
Transfers out of agency	0	0	0	0		0
Non-Academic Expenditures	913,333,474	181,494,445	229,609,416	220,737,448		631,841,309
<b>Total Expenditures</b>	<b>913,333,474</b>	<b>181,494,445</b>	<b>229,609,416</b>	<b>220,737,448</b>		<b>631,841,309</b>

Restricted Operations

	Acct/Fund Balance	1st Quarter Fund Balance	2nd Quarter Fund Balance	3rd Quarter Fund Balance	4th Quarter Fund Balance
State Appropriations	0	0	0	0	
Restricted Fees	0	0	0	0	
Sales and Services of Educational Activities	0	0	0	0	
Auxiliaries	0	0	0	0	
Endowment Income	0	0	0	0	
Grants and Contracts	0	0	0	0	
Indirect Cost Recovered	0	0	0	0	
Gifts	0	0	0	0	
Federal Funds	0	0	0	0	
Hospitals	0	0	0	0	
All Other Sources	72,382,848	94,691,674	93,116,936	96,225,228	
<b>TOTAL</b>	<b>72,382,848</b>	<b>94,691,674</b>	<b>93,116,936</b>	<b>96,225,228</b>	



## Overview and Analysis of Campus Operations

1st Quarter - BUDGET ADJUSTMENTS - BA7#1 - \$478,970 – Carry forward of FY10 State General Fund the Telehealth project.

1st Quarter - UNRESTRICTED OPERATIONS - As approved by the Commissioner of the Division of Administration, HCSD drew its State General Fund dollars in the 1st Quarter for cash flow purposes until receipt of the first Uncompensated Care Cost payment. Expenses are less than budget for the first quarter of the fiscal year as the result of vendor payments being 30 days behind on a cash basis.

1st Quarter - RESTRICTED BUDGET - HCSD transferred \$24,424,577 Over Collections and Surplus from FY10 Operating Budget to FY2011 Restricted Funds. The FY10 cash surplus resulted from a combination of two factors. The first factor is due to more aggressive efforts to collect all available revenue. Additionally, HCSD received some one-time, unanticipated revenue, such as FEMA reimbursements for prior years' expenditures and Medicare cost reports. As a result, Means of Financing collections were higher than originally estimated by approximately 1.6% (\$14.5 million). This one time collection of revenue is not anticipated in FY11. Additionally, in light of current and future budget challenges, management implemented several cost savings and operating efficiency initiatives. The effect of these initiatives were partially realized in FY10 and will continue to be realized in FY11, thus allowing HCSD to better manage within the confines of budget reductions. As a result of these initiatives expenditures were lower than originally estimated by approximately 1.1% (\$9.9 million) less than budget. The \$9.9 million in realized savings combined with \$14.5 million from more aggressive revenue collections and unanticipated receipts resulted in a FY10 cash surplus. This surplus is being held in reserve in anticipation of a potential UCC payback once the FY10 cost reports are finalized.

1st Quarter - RESTRICTED OPERATIONS - EXPENSES: ILH -- \$1.1m Hurricane Katrina expenses for rent at temporary facilities and \$1.1m for equipment purchases.

2nd Quarter - BUDGET ADJUSTMENTS - There were no BA-7s approved in this quarter. However, at the end of the 2nd quarter, a midyear budget reduction BA-7 in the amount of \$5,307,534 was pending approval. This BA-7 was subsequently approved and will be reflected in the 3rd quarter report.

2nd Quarter - UNRESTRICTED OPERATIONS - HCSD submitted a \$100M seed request to the Division of Administration. Generally, LSU-HCSD receives two or three UCC payments from DHH during a fiscal year. In prior years, the first payment averaged about \$300M and provided sufficient cash to carry the agency until the second payment. In October, LSU-HCSD received its first UCC payment of \$198M, about \$100M less than average. Based on LSU-HCSD's current and projected cash receipts and current and projected cash expenditures for the remaining of the year, the agency expects to run out of cash by the end of February This request is pending approval.

2nd Quarter - RESTRICTED BUDGET - HCSD collected \$741K in FEMA reimbursements.

2nd Quarter - RESTRICTED OPERATIONS - EXPENSES: ILH -- \$517K in Hurricane Katrina expenses for rent at temporary facilities. HCSD expended \$987 for grants and sponsored projects.

3rd Quarter - BUDGET ADJUSTMENTS -A midyear budget reduction BA-7 in the amount of \$5,307,534 was approved.

3rd - UNRESTRICTED OPERATIONS - HCSD submitted a \$100M seed request to the Division of Administration. It was approved in the amount of \$50M. HCSD also received a UCC payment from DHH in the amount of \$47M.

3rd Quarter - RESTRICTED OPERATIONS - REVENUE: Collected \$7.5M grants and sponsored projects, primarily from ARRA funding.

Operating Budget Development		Campus: LSU Health Care Services Division					
		Budget Adjustments					
	Beginning Operating Budget	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Adjusted Operating Budget	% change to Beg Budget
<b>Revenues</b>							
General Fund	77,121,391	478,970		(5,307,534)		72,292,827	-6.3%
Statutory Dedications	300,000					300,000	0.0%
Interim Emergency Board						0	
Interagency Transfers	679,320,420					679,320,420	0.0%
Interagency Transfers - Federal Stimulus						0	
Self Generated Revenues	82,026,925					82,026,925	0.0%
Federal Funds	79,393,302					79,393,302	0.0%
<b>Total Revenues</b>	<b>918,162,038</b>	<b>478,970</b>	<b>0</b>	<b>(5,307,534)</b>	<b>0</b>	<b>913,333,474</b>	<b>-0.5%</b>
<b>Expenditures by Object:</b>							
Salaries	350,722,411		1,212,370	(4,524,658)		347,410,123	-0.9%
Other Compensation			0			0	
Related Benefits	103,508,781		(234,929)	1,998,467		105,272,319	1.7%
<b>Total Personal Services</b>	<b>454,231,192</b>	<b>0</b>	<b>977,441</b>	<b>(2,526,191)</b>	<b>0</b>	<b>452,682,442</b>	<b>-0.3%</b>
Travel	402,494		11,126	(23,513)		390,107	-3.1%
Operating Services	84,237,134	213,089	(1,260,485)	3,586,183		86,775,921	3.0%
Supplies	142,683,238		(254,895)	565,591		142,993,934	0.2%
<b>Total Operating Expenses</b>	<b>227,322,866</b>	<b>213,089</b>	<b>(1,504,254)</b>	<b>4,128,261</b>	<b>0</b>	<b>230,159,962</b>	<b>1.2%</b>
Professional Services	84,203,458		534,057	(1,706,632)		83,030,883	-1.4%
Other Charges	145,058,051	265,881	51,309	(551,801)		144,823,440	-0.2%
Debt Services	5,336,725		0	(5,336,725)		0	-100.0%
Interagency Transfers			0			0	
<b>Total Other Charges</b>	<b>234,598,234</b>	<b>265,881</b>	<b>585,366</b>	<b>(7,595,158)</b>	<b>0</b>	<b>227,854,323</b>	<b>-2.9%</b>
General Acquisitions	1,867,746		(58,553)	770,554		2,579,747	38.1%
Library Acquisitions			0			0	
Major Repairs	142,000			(85,000)		57,000	-59.9%
<b>Total Acquisitions and Major Repairs</b>	<b>2,009,746</b>	<b>0</b>	<b>(58,553)</b>	<b>685,554</b>	<b>0</b>	<b>2,636,747</b>	<b>31.2%</b>
<b>Total Expenditures</b>	<b>918,162,038</b>	<b>478,970</b>	<b>0</b>	<b>(5,307,534)</b>	<b>0</b>	<b>913,333,474</b>	<b>-0.5%</b>
<b>Expenditures by Function:</b>							
Instruction						0	
Research						0	
Public Service						0	
Academic Support (Includes Library)						0	
<b>Academic Expenditures Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Student Services						0	
Institutional Support						0	
Scholarships/Fellowships						0	
Plant Operations/Maintenance						0	
Hospital	918,162,038	478,970	0	(5,307,534)		913,333,474	-0.5%
Transfers out of agency						0	
Athletics						0	
Other						0	
<b>Non-Academic Expenditures Subtotal</b>	<b>918,162,038</b>	<b>478,970</b>	<b>0</b>	<b>(5,307,534)</b>	<b>0</b>	<b>913,333,474</b>	
<b>Total Expenditures</b>	<b>918,162,038</b>	<b>478,970</b>	<b>0</b>	<b>(5,307,534)</b>	<b>0</b>	<b>913,333,474</b>	<b>-0.5%</b>

Use next page for Detailed Explanation

**Budget Adjustments Narrative****Variance Analysis and Program Adjustments. Explain any funds moving from academic to non-academic.**

1st quarter:

BA7#1 - \$478,970 – Carry forward of FY10 State General Fund the Telehealth project.

2nd quarter:

There were no BA-7s approved in this quarter. However, at the end of the 2<sup>nd</sup> quarter, a midyear budget reduction BA-7 in the amount of \$5,307,534 was pending approval.

This BA-7 was subsequently approved and will be reflected in the 3rd quarter report.

3rd quarter:

A midyear budget reduction BA-7 in the amount of \$5,307,534 was approved.

**Report on changes to Significant Funding Issues**

Not applicable.

# Overview of Unrestricted Revenues and Expenditures

Campus: **LSU Health Care Services Division**

	Actual Amount for each Quarter						% Actual to Budget 2010-11
	Operating Budget 2010-11	1st Quarter 2010-11	2nd Quarter 2010-11	3rd Quarter 2010-11	4th Quarter 2010-11	Cumulative Total 2010-11	
<b>Revenues</b>							
General Fund	72,292,827	77,121,391	478,970	(5,307,534)		72,292,827	100.0%
Statutory Dedications	300,000		300,000	0		300,000	100.0%
Interim Emergency Board	0			0		0	
Interagency Transfers	679,320,420	55,005,877	245,207,918	126,129,962		426,343,757	62.8%
Interagency Transfers - Federal Stimulus	0			0		0	
Self Generated Revenues	82,026,925	22,912,396	32,872,490	30,745,646		86,530,532	105.5%
Federal Funds	79,393,302	19,400,085	18,434,082	20,893,319		58,727,486	74.0%
<b>TOTAL</b>	<b>913,333,474</b>	<b>174,439,749</b>	<b>297,293,460</b>	<b>172,461,393</b>	<b>0</b>	<b>644,194,602</b>	<b>70.5%</b>
<b>Expenditures</b>							
<b>by Category</b>							
Salaries	347,410,123	74,137,950	89,300,076	89,050,260		252,488,287	72.7%
Other Compensation	0	4,329,053	3,968,827	(8,297,880)		0	
Related Benefits	105,272,319	23,830,480	28,314,093	25,706,794		77,851,367	74.0%
<b>Total Personal Services</b>	<b>452,682,442</b>	<b>102,297,483</b>	<b>121,582,996</b>	<b>106,459,175</b>	<b>0</b>	<b>330,339,654</b>	<b>73.0%</b>
Travel	390,107	39,386	37,228	41,099		117,713	30.2%
Operating Services	86,775,921	18,513,760	17,151,306	19,977,719		55,642,785	64.1%
Supplies	142,993,934	34,606,525	36,802,739	36,114,867		107,524,131	75.2%
<b>Total Operating Expenses</b>	<b>230,159,962</b>	<b>53,159,672</b>	<b>53,991,273</b>	<b>56,133,685</b>	<b>0</b>	<b>163,284,629</b>	<b>70.9%</b>
Professional Services	83,030,883	11,727,934	19,126,815	19,994,897		50,849,646	61.2%
Other Charges	144,823,440	14,178,934	34,653,033	37,812,453		86,644,421	59.8%
Debt Services	0	0	0	0		0	
Interagency Transfers	0	0	0	0		0	
<b>Total Other Charges</b>	<b>227,854,323</b>	<b>25,906,868</b>	<b>53,779,848</b>	<b>57,807,351</b>	<b>0</b>	<b>137,494,067</b>	<b>60.3%</b>
General Acquisitions	2,579,747	130,422	255,299	337,238		722,959	28.0%
Library Acquisitions	0		0	0		0	
Major Repairs	57,000		0	0		0	0.0%
<b>Total Acquisitions and Major Repairs</b>	<b>2,636,747</b>	<b>130,422</b>	<b>255,299</b>	<b>337,238</b>	<b>0</b>	<b>722,959</b>	<b>27.4%</b>
<b>TOTAL</b>	<b>913,333,474</b>	<b>181,494,445</b>	<b>229,609,416</b>	<b>220,737,448</b>	<b>0</b>	<b>631,841,309</b>	<b>69.2%</b>
<b>by Function</b>							
Instruction	0					0	
Research	0					0	
Public Service	0					0	
Academic Support (Includes Library)	0					0	
<b>Academic Expenditures Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Student Services	0					0	
Institutional Support	0					0	
Scholarships/Fellowships	0					0	
Plant Operations/Maintenance	0					0	
Hospital	913,333,474	181,494,445	229,609,416	220,737,448		631,841,309	69.2%
Transfers out of agency	0					0	
Athletics	0					0	
Other	0					0	
<b>Non-Academic Expenditures Subtotal</b>	<b>913,333,474</b>	<b>181,494,445</b>	<b>229,609,416</b>	<b>220,737,448</b>	<b>0</b>	<b>631,841,309</b>	<b>69.2%</b>
<b>TOTAL</b>	<b>913,333,474</b>	<b>181,494,445</b>	<b>229,609,416</b>	<b>220,737,448</b>	<b>0</b>	<b>631,841,309</b>	<b>69.2%</b>

**Discuss significant revenues collected and expenses incurred variances in relation to the budget.**

1st quarter:

As approved by the Commissioner of the Division of Administration, HCSD drew its State General Fund dollars in the 1st Quarter for cash flow purposes until receipt of the first Uncompensated Care Cost payment.

2nd quarter: HCSD submitted a \$100M seed request to the Division of Administration. Generally, LSU-HCSD receives two or three UCC payments from DHH during a fiscal year. In prior years, the first payment averaged about \$300M and provided sufficient cash to carry the agency until the second payment. In October, LSU-HCSD received its first UCC payment of \$198M, about \$100M less than average. Based on LSU-HCSD's current and projected cash receipts and current and projected cash expenditures for the remaining of the year, the agency expects to run out of cash by the end of February. This request is pending approval.

3rd quarter: HCSD submitted a \$100M seed request to the Division of Administration. It was approved in the amount of \$50M. HCSD also received a UCC payment from DHH in the amount of \$47M.

# Overview of Restricted Funds

Campus: LSU Health Care Services Division

	Estimated Revenues & Transfers 2010-11	Actual Revenues/Transfers for each Quarter					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Revenues & Transfers	% Collected
		2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
State Appropriations						0	
Restricted Fees						0	
Sales and Services of Educational Activities						0	
Auxiliaries (List)							
1						0	
2						0	
3						0	
4						0	
5						0	
6						0	
7						0	
8						0	
9						0	
10						0	
11						0	
12						0	
13						0	
14						0	
15						0	
Endowment Income						0	
Grants and Contracts							
Federal						0	
State and Local						0	
Private						0	
Indirect Cost Recovered						0	
Gifts						0	
Federal Funds						0	
<b>Hospitals</b>							
Hospital - Commercial/Self-Pay						0	
Physician Practice Plans						0	
Medicare						0	
Medicaid						0	
Uncompensated Care Costs (UCC)						0	
All Other Sources	34,574,758	25,018,198	1,129,099	8,764,591		34,911,888	101.0%
<b>TOTAL</b>	<b>34,574,758</b>	<b>25,018,198</b>	<b>1,129,099</b>	<b>8,764,591</b>	<b>0</b>	<b>34,911,888</b>	<b>101.0%</b>

# Overview of Restricted Funds

## Report on Restricted Budget

Campus: LSU Health Care Services Division

### 1st quarter: REVENUES

HCSD transferred \$24,424,577 Over Collections and Surplus from FY10 Operating Budget to FY2011 Restricted Funds. The FY10 cash surplus resulted from a combination of two factors. The first factor is due to more aggressive efforts to collect all available revenue. Additionally, HCSD received some one-time, unanticipated revenue, such as FEMA reimbursements for prior years' expenditures and Medicare cost reports. As a result, Means of Financing collections were higher than originally estimated by approximately 1.6% (\$14.5 million). This one time collection of revenue is not anticipated in FY11. Additionally, in light of current and future budget challenges, management implemented several cost savings and operating efficiency initiatives. The effect of these initiatives were partially realized in FY10 and will continue to be realized in FY11, thus allowing HCSD to better manage within the confines of budget reductions. As a result of these initiatives expenditures were lower than originally estimated by approximately 1.1% (\$9.9 million) less than budget. The \$9.9 million in realized savings combined with \$14.5 million from more aggressive revenue collections and unanticipated receipts resulted in a FY10 cash surplus. This surplus is being held in reserve in anticipation of a potential UCC payback once the FY10 cost reports are finalized.

### 2nd quarter: REVENUES

HCSD collected \$741K in FEMA reimbursements.

### 3rd Quarter: REVENUES:

Collected \$7.5M grants and sponsored projects, primarily from ARRA funding.

# Overview of Restricted Operations

Campus: LSU Health Care Services Division

Show Expenditures As Positive	Acct/Fund Balance 2010-11	Actual Amount for each Quarter											
		1st Quarter Expenses, Transfers, &			2nd Quarter Expenses, Transfers, &			3rd Quarter Expenses, Transfers, &			4th Quarter Expenses, Transfers, &		
		Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11	Revenues 2010-11	ICR 2010-11	Fund Balance 2010-11
<b>Revenues</b>													
Restricted State Appropriations		0		0	0		0	0		0	0		0
Restricted Fees		0		0	0		0	0		0	0		0
Sales & Svcs of Educ. Activ's		0		0	0		0	0		0	0		0
Auxiliaries (List)													
1		0		0	0		0	0		0	0		0
2		0		0	0		0	0		0	0		0
3		0		0	0		0	0		0	0		0
4		0		0	0		0	0		0	0		0
5		0		0	0		0	0		0	0		0
6		0		0	0		0	0		0	0		0
7		0		0	0		0	0		0	0		0
8		0		0	0		0	0		0	0		0
9		0		0	0		0	0		0	0		0
10		0		0	0		0	0		0	0		0
11		0		0	0		0	0		0	0		0
12		0		0	0		0	0		0	0		0
13		0		0	0		0	0		0	0		0
14		0		0	0		0	0		0	0		0
15		0		0	0		0	0		0	0		0
Endowment Income		0		0	0		0	0		0	0		0
Grants and Contracts		0		0	0		0	0		0	0		0
Federal		0		0	0		0	0		0	0		0
State and Local		0		0	0		0	0		0	0		0
Private		0		0	0		0	0		0	0		0
Indirect Cost Recovered		0		0	0		0	0		0	0		0
Gifts		0		0	0		0	0		0	0		0
Federal Funds		0		0	0		0	0		0	0		0
<b>Hospitals</b>		0		0	0		0	0		0	0		0
Hospital - Commercial/Self-Pay		0		0	0		0	0		0	0		0
Physician Practice Plans		0		0	0		0	0		0	0		0
Medicare		0		0	0		0	0		0	0		0
Medicaid		0		0	0		0	0		0	0		0
Uncompensated Care Costs		0		0	0		0	0		0	0		0
All Other Sources	72,382,848	25,018,198	2,709,372	94,691,674	1,129,099	2,703,837	93,116,936	8,764,591	5,656,299	96,225,228	0		96,225,228
<b>TOTAL</b>	<b>72,382,848</b>	<b>25,018,198</b>	<b>2,709,372</b>	<b>94,691,674</b>	<b>1,129,099</b>	<b>2,703,837</b>	<b>93,116,936</b>	<b>8,764,591</b>	<b>5,656,299</b>	<b>96,225,228</b>	<b>0</b>	<b>0</b>	<b>96,225,228</b>



## Overview of Restricted Operations

Campus: LSU Health Care Services Division

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### Report on Restricted Operations

1st Quarter: REVENUE: HCSD transferred \$24,424,577 Over Collections and Surplus from FY10 Operating Budget to FY2011 Restricted Funds. The FY10 cash surplus resulted from a combination of two factors. The first factor is due to more aggressive efforts to collect all available revenue. Additionally, HCSD received some one-time, unanticipated revenue, such as FEMA reimbursements for prior years' expenditures and Medicare cost reports. As a result, Means of Financing collections were higher than originally estimated by approximately 1.6% (\$14.5 million). This one time collection of revenue is not anticipated in FY11. Additionally, in light of current and future budget challenges, management implemented several cost savings and operating efficiency initiatives. The effect of these initiatives were partially realized in FY10 and will continue to be realized in FY11, thus allowing HCSD to better manage within the confines of budget reductions. As a result of these initiatives expenditures were lower than originally estimated by approximately 1.1% (\$9.9 million) less than budget. The \$9.9 million in realized savings combined with \$14.5 million from more aggressive revenue collections and unanticipated receipts resulted in a FY10 cash surplus. This surplus is being held in reserve in anticipation of a potential UCC payback once the FY10 cost reports are finalized.

1st Quarter: EXPENSES: ILH -- \$1.1m Hurricane Katrina expenses for rent at temporary facilities and \$1.1m for equipment purchases.

2nd Quarter: REVENUE: HCSD collected \$741K in FEMA reimbursements.

2nd Quarter: EXPENSES: ILH -- \$517K in Hurricane Katrina expenses for rent at temporary facilities. HCSD expended \$987 for grants and sponsored projects.

3rd Quarter: REVENUE: Collected \$7.5M grants and sponsored projects, primarily from ARRA funding.

3rd Quarter: EXPENSES: \$1.3M in Hurricane Katrina expenses. HCSD also expended \$335 for grants and sponsored projects.

**Louisiana State University System**  
**FY 2010-2011 3<sup>rd</sup> Quarter Financial Report**  
**Summary of Variances**

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**Operating Budget Development:**

**LSU A&M** - The budget adjustment in the third quarter is due to the first mid-year reduction BA-7 and individual college and unit realignment of budgets are also included in the budget adjustments for this quarter. The realignment BA-7 was not approved until the 4<sup>th</sup> quarter and an additional reduction will be reflected in that quarter.

**LSU Ag Center** - The budget reduction represents the mid-year budget reduction net of \$3,007,261 although the reallocation adjustment had not been finalized in the 3<sup>rd</sup> quarter.

**Pennington** - The budget reduction represents the mid-year budget reduction net of \$526,125 although the reallocation adjustment had not been finalized in the 3<sup>rd</sup> quarter.

**LSU BOS** - The budget adjustment in the third quarter is due to the first mid-year reduction BA-7. The realignment BA-7 was not approved until the 4<sup>th</sup> quarter and an additional reduction will be reflected in that quarter.

**University of New Orleans** - The budget adjustment in the third quarter is due to the first mid-year reduction BA-7. The realignment BA-7 was not approved until the 4<sup>th</sup> quarter and an additional reduction will be reflected in that quarter. In addition, there were transfers between functions relating to the University's implementation of line-item budget control, including transfers from Salaries to Other compensation.

**LSU at Alexandria** - The budget adjustment in the third quarter is due to the first mid-year reduction BA-7. The realignment BA-7 was not approved until the 4<sup>th</sup> quarter and an additional reduction will be reflected in that quarter.

**LSU Shreveport** - The budget adjustment in the third quarter is due to the first mid-year reduction BA-7. The realignment BA-7 was not approved until the 4<sup>th</sup> quarter and an additional reduction will be reflected in that quarter.

**LSU Eunice** - The budget adjustment in the third quarter is due to the first mid-year reduction BA-7. The realignment BA-7 was not approved until the 4<sup>th</sup> quarter and an additional reduction will be reflected in that quarter.

**LSU HCSD** - The budget adjustment in the third quarter is due to the mid-year reduction BA-7. The realignment BA-7 was not applicable to the HCSD so there will not be another reduction reflected in the 4<sup>th</sup> quarter.

**Huey P. Long** - The budget adjustment in the third quarter is due to the first mid-year reduction BA-7. The realignment BA-7 was not approved until the 4<sup>th</sup> quarter and an additional reduction will be reflected in that quarter.

**LSU HSC NO** - Adjustments were made during the 3<sup>rd</sup> quarter as a result of the approval of the mid-year reduction BA-7 in relation to the reduction in state general funds mandated by Executive Order BJ 2010-20. In addition, other adjustments were made to more closely align budgets with actual expenditures.

**Overview of Unrestricted Revenues and Expenditures:**

**Although the BA-7 reflecting the mid-year budget reduction is included in this quarter, the realignment was not officially approved until May 2011 and as such the additional reductions will be reflected in 4<sup>th</sup> quarter report.**

**Revenues**

**LSU A&M** - The self-generated revenues for the first three quarters include tuition and fees collected for the summer, fall, and spring terms. The total self generated revenue collected exceeds the operating budget. In accordance with established policies and procedures, these revenues will be adjusted to be within the established operating budgets.

**Paul M. Hebert Law Center** - Revenues collected to date are generally in line with available budget. An internal BA-7 is being processed to borrow self generated authority from LSU Alexandria for the remainder of the fiscal year.

**University of New Orleans** – Although the collection of self generated revenues is at 93.5% of the projected collection, the university is projecting a shortfall in fee revenues for the rest of the fiscal year as a result of the decline in student enrollment in the Fall 2010 and Spring 2011.

**Huey P. Long** - DHH has announced that it would achieve part of its mid-year reduction by reducing \$20.7 million from the \$135 million in one-time State General Funds (Direct) that was appropriated by the Legislature to help offset revenue reductions in the LSU hospitals that resulted from the federal DSH Audit Rule. This will have an impact in funds that the hospital would be receiving and in essence would be an additional mid-year budget reduction.

**EA Conway** - DHH has announced that it would achieve part of its mid-year reduction by reducing \$20.7 million from the \$135 million in one-time State General Funds (Direct) that was appropriated by the Legislature to help offset revenue reductions in the LSU hospitals that resulted from the federal DSH Audit Rule. This will have an impact in funds that the hospital would be receiving and in essence would be an additional mid-year budget reduction.

**LSU HSC Shreveport** - DHH has announced that it would achieve part of its mid-year reduction by reducing \$20.7 million from the \$135 million in one-time State General Funds (Direct) that was appropriated by the Legislature to help offset revenue reductions in the LSU hospitals that resulted from the federal DSH Audit Rule. This will have an impact in funds that the hospital would be receiving and in essence would be an additional mid-year budget reduction.

**LSU HSC New Orleans** - State General Funds draw allowed at 10/12<sup>th</sup> of the total to date. Statutory Dedications Revenue is derived from tobacco taxes dedicated to the Louisiana Cancer Consortium for research and smoking cessation. To date, around 49% of the statutory dedications for these purposes have been collected. The Interagency Transfers means of financing reflects intra-agency agreements the campus has with the Health Care Services Division for medical direction and residency supervision at Earl K. Long Medical Center, University Medical Center and LSU Interim Hospital. Based on the timing of those agreements, there has been a lag between revenue and expenditures and budget authority. Most self generated revenues were front-loaded in the 1<sup>st</sup> quarter from tuition and fees collected for the late summer 2010 semester, fall 2010 semester and for M.D., D.D.S. and Master of Nursing-Nurse Anesthesia students who are assessed tuition and fees on an annual basis. In addition, as a result of the GRAD Act increase as well as increased enrollment, the health science center is requesting additional budget authority in the supplemental bill.

**LSU at Alexandria** –Approximately \$1.5 million in budgeted self generated revenues will not be realized in this fiscal year. \$825,000 of the authority will be moved from LSU A to LSU E and the Paul M. Hebert Law Center to deal with their authority shortages.

**LSU at Shreveport** – Enrollment is down a little at LSU S causing the self generated revenue to be less than originally anticipated. The lower tuition and new academic programs being offered at area community colleges are having impacts as well.

**LSU at Eunice** - Over 104.9% of the “Self-Generated” revenue projected for FY 2010-11 has already been realized at this point in the budget year. The largest share of this increase undoubtedly comes from both the 5% tuition increase generated by virtue of the enactment of the LA GRAD Act this past academic year; and, to a lesser degree, the enrollment increase for the fall 2010 and spring 2011 semesters.

**LSU HCSD** – HCSD submitted a \$100M seed request to the Division of Administration which was approved for \$50M. Generally, LSU-HCSD receives two or three UCC payments from DHH during a fiscal year. In prior years, the first payment averaged about \$300M and provided sufficient cash to carry the agency until the second payment. In October, LSU-HCSD received its first UCC payment of \$198M, about \$100M less than average. Based on LSU-HCSD’s current and projected cash receipts and current and projected cash expenditures for the remaining of the year, the agency expected to run out of cash by the end of February. The approval of the \$50M will be reflected in the 4<sup>th</sup> quarter. HCSD will likely be experiencing cash flow issues for the remainder of the fiscal year and will be monitoring this closely.

**There were no significant unrestricted revenue variances in the 3rd quarter for any of the other units in the LSU System.**

### **Expenditures**

**LSU A&M** - The large percentage for actual expenditures compared to the operating budget in the other charges expenditure category and the Scholarship/Fellowships function is attributable to the tuition and fee exemption expenditures for the summer, fall and spring terms. The exemption expenditures are projected to remain within the operating budgets established for these categories for this fiscal year. The large percentage for actual expenditures compared to the operating budget in the transfer function is attributable to clearing/holding accounts that will be processed by year end.

**Paul M. Hebert Law Center** - On the whole, a very conservative approach to spending is being taken given the mid-year budget cut and the possibility of future reductions to be imposed before fiscal year end. In keeping with this approach other compensation (student labor), supplies and professional services are being curtailed.

**Pennington** - Individual researchers are given internal budgetary discretion to utilize operating services funding for other necessary line item expenses so long as the total budget for the unit is not exceeded. In the first three fourths of this year a number of researchers chose to shift operating services funds to travel for educational purposes. Therefore travel expenses are well over budget while operating services expenditures remain significantly under budget keeping the total budget within defined limits.

**LSU BOS** - The related benefits expenditure object is greater than the anticipated budget due to all of System Office employees' related benefits being charged to the unrestricted related benefit account (whether or not the employee is paid from unrestricted or restricted funds). At year end, there will be a transfer to properly charge the appropriate accounts. Other Charges includes mandates (such as Legislative Auditor and Civil Service fees) that have been paid in the first quarter. In addition, due to the series of budget reductions at the System office over the years, it is becoming necessary to fund an increasing amount of the System operating expenses through non-appropriated revenues. Those adjustments will be made in the 4<sup>th</sup> quarter as well.

**University of New Orleans** – Increase in spending in the public service area was expected because of increased spending of unintended revenue by UNO Lakefront Arena. In addition, scholarship/Fellowship expenditures are low because of the decline in student enrollment.

**LSU at Alexandria** - Salaries budgeted include \$1.5 million in unallotted expenditures for unrealized increased enrollment. The budget for general acquisitions includes \$34,500 budgeted for Library Books. Operating services, professional services, and institutional support expenditures were limited due to notification of pending budget reductions. The other compensation category has increased significantly due to the campuses reliance on transient labor while vacancies remain unfilled and frozen.

**LSU at Shreveport** - The interagency transfer object includes mandates (such as Legislative Auditor and Civil Service fees) that have been paid at the beginning of the year.

**LSU at Eunice** – The increase in professional services is due to an increase in legal services and engineering contracts for maintenance projects.

**LSU HSC New Orleans** – Travel, operating expenses, professional services, and general acquisitions expenditures are lagging but will pick up as contracts are executed and invoices are received. Debt service is lagging behind the projections because only one half of risk management premiums have been paid to date and the remaining one half will be paid in the 4<sup>th</sup> quarter. Library acquisitions are high because a considerable portion of the library acquisition expenditures occur early in the fiscal year for the renewal of access to electronic databases and journal subscriptions.

**LSU HSC Shreveport** – Personal expenditures decreased due to six pay periods in the 3<sup>rd</sup> quarter as opposed to seven in the 2<sup>nd</sup> quarter. Operating services increased due to payments for equipment maintenance, hospital IV pumps, library subscriptions, and laboratory services.

**There were no significant unrestricted expenditure variances in the 3rd quarter for any of the other units in the LSU System.**

**Overview of Restricted Funds:**

**LSU A&M** - The figures included in the estimated column for non-auxiliary funds are based on the actual revenues collected from the previous fiscal year. Most of these funds are one-time or multiyear award funds that are not confined to fiscal year budgets. The private funds are in excess of the projected total revenues for the fiscal year due to private sponsors providing advance payments for projects such as \$5 million from BP Exploration & Production Inc. Each June, the portion of the revenue not used to complete the project (earned) during the fiscal year is deferred into the next fiscal year. The revenues for other sources appear to be out of line with the budget due to the interest earnings for Auxiliaries not being distributed until end of the fiscal year.

**Paul M. Hebert Law Center** - The restricted fees were associated with the collection of student tech and student bar association fees. Revenues from sales and services of educational activities were realized through the sale of books and materials. Private grant revenues increased because activities began under a second MacArthur grant. It is also envisioned that revenue will increase in future quarters from a grant for retro-commissioning of the Law School buildings, which will be funded with stimulus funds through the Department of Natural Resources.

**Pennington**– Restricted revenues are being collected below anticipated levels due to a tightening of funding federal awards from the National Institutes of Health (NIH). As a result federal grants and contracts are well below the budgeted levels.

**LSU BOS** - The largest portion of the revenues are associated with premiums for the LSU Health Plan. The private grant is from the LSU System Research and Technology Foundation to reimburse System support to the foundation. Collection on the foundation grant is falling behind expectations and staff is working to resolve these issues as timely as possible. Revenues during the third quarter included Tech Transfer \$47,060; Cigna premiums \$30,243,605; Mineral Revenues \$ 5,013; and the Benefit Plan \$204,534.

**University of New Orleans**- The loss of enrollment has a detrimental effect on several areas of the restricted operations. Housing revenues are down compared to the same period last year by \$243,002. Vending revenues are down by \$6,846 compared to the same period last year as well. The Cove, a student food service operation, was damaged during Hurricane Katrina and is not expected to reopen until fall 2011. Therefore, any revenues generated from this operation will be in the next fiscal year.

**LSU at Alexandria** - The bookstore revenue is collected from the bookstore vendor, Follette, on a monthly basis. The child care center receives parent paid tuition on a weekly basis. The campus housing account is primarily a pass-through account for rents collected for the bond payment. Campus card operation revenue, endowment income, and indirect costs recovered are not posted until the end of the year.

**LSU HCSD** – The Division spent \$1.3 million in Hurricane Katrina expenses.

**LSU HSC – Shreveport** - The increase in the 3rd quarter restricted revenues are up due to the timing of postings in sales & services and grants & contracts.

**There were no significant restricted funds variances in the 3rd quarter for any of the other units in the LSU System.**

#### **Overview of Restricted Operations:**

**LSU A&M** –As outlined in the FY 10-11 Auxiliary Report to the System Office, the campus has phased out the restricted auxiliary component of the LSU Press and transferred it to a restricted sales and services academic support unit as of July 1, 2010. Due to the current fiscal crisis at LSU, the Press' current negative fund balance will be eliminated over the next three fiscal years. The University must incur the expenses and seek reimbursement. Revenue is recognized after the expenses are incurred. Board of Regents grants provide a large part of the funding in advance, which provides positive cash flow for state projects. Private sponsors provide advance payments for projects. At fiscal year end, the portion of the revenue not used to complete the project (earned) during the year is deferred into the next fiscal year. The fund balance is comprised of funds that are earmarked to be used as start-up funds for new faculty members, matching funds for grants, high cost maintenance expenses for research equipment or lab renovations, and other unexpected costs. The start-up costs can range from \$100,000 for

a researcher in Arts and Sciences to \$500,000 for researchers in Engineering to amounts in excess of \$3M for an internationally renowned researcher in Basic Sciences.

**Paul M. Hebert Law Center** - The restricted fees were associated with the collection of student tech and student bar association fees. Expenditures were reduced by a net \$15,501 as student tech expenses were transferred to the unrestricted budget.

**LSU BOS** –The all other sources account/fund balance includes funds for (1) the appropriated Electronic Medical Record program including interest earned, (2) the System Technology Transfer activity, (3) associated with the operation of the System Human Resource Benefits Office, (4) royalty income from System mineral leases, (5) the LSU System Health Plan, and (6) other operational balances.

**University of New Orleans** - As a result of the University's decision to transfer from Division 1 Athletics, projected costs in 2010-2011 are significantly less (full-time personnel; general operating expenses; and scholarship costs) than the prior fiscal year. Athletics controlled spending in all three quarters due to the loss in revenue experienced from the decline in student enrollment.

Housing experienced a drop in the fall 2010 semester and spring 2011 revenues because of the decline in student enrollment. Current spending indicates that operating services have been cut to fund security costs. Spending is being closely monitored.

Compared to the first three quarters of last fiscal year, the Bookstore's sales of books, supplies, and special services are down by \$510,027.

**LSU at Shreveport** – The deficits in the food service is absorbed by the balance in the bookstore account. The deficits in the athletics fund, the endowments, and the federal grants are due to timing and should be eliminated by year end.

**LSU HSC New Orleans** - Current balances by source are adequate for cash flow and operations. Historically, there has been a significant lag between expenditures and revenues until the fourth quarter of the fiscal year. This is due to a number of factors which include revenues for contracts being recorded when billed rather than collected. Other revenues such as grants, restricted fees, sales and services, auxiliary enterprises, practice plan and other sources are generally reported on an actual basis. These impacts the column entitled “% Collected” as it measures in part revenues that are billed rather than collected. The quarterly report excludes projects maintained on behalf of the HCSD and FEMA/ORM related activity for project worksheets and contents replacement. For cost reimbursable grants and contracts, which are the majority of our sponsored project universe, there is a lag of one month between expenditures and revenues. For example, billing for grant and contract revenues in relation to March 2011 expenditures are not posted until April 2011. Catch up is not made until the final accounting period of June.



As was the case with unrestricted tuition and fees, restricted student fees are front-loaded. It comprises fees collected for the late summer 2010 semester, fall 2010 semester, and spring 2011 and for M.D., D.D.S. and Master of Nursing-Nurse Anesthesia students who are assessed tuition and fees on an annual basis. Some revenue sources are not posted until later in the fiscal year, including interest earnings.

Revenues from duplicating and printing are down considerably due to the loss of a forms management contract with the LSU Interim Hospital and less duplicating usage as a result of budget reductions on the campus. Bookstore sales of textbook, office supplies and microcomputers have and are facing increased competition from other sources. As a result, an expected bump in revenues for the Bookstore and Health Sciences Center Stores auxiliary operations from the purchase of equipment and supplies for the new Louisiana Cancer Research Center Building has not yet materialized. A plan to reduce costs and increase profitability in Auxiliary Enterprises is being put into place and is expected to have a measurable impact in FY 2011-2012.

**LSU HSC – Shreveport** - The increase in the 3rd quarter restricted revenues are up due to the timing of postings in sales & services and grants & contracts.

**There were no significant restricted fund operation variances in the 3rd quarter for any of the other units in the LSU System.**



## Report on Campus Bond Indebtedness

To: Members of the Board of Supervisors

Date: June 3, 2011

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

### 1. Summary of the Matter

At June 30, 2010, the System and those affiliated entities that are blended component units in the System's financial statements had \$467.1 million in bonds outstanding. In addition, those affiliated organizations that are considered as discretely presented component units in the System's financial statements had \$172.8 million in bonds outstanding. Bonds outstanding increased from June 30, 2009, primarily as a result of \$118 million of bonded debt issued by LSU in June 2010 for the purpose of providing fund to finance the costs of planning, acquiring, constructing, and equipping renovations and additions to the (a) Laville Honors College, (b) Phase II of the Residential College One, and (c) a new parking garage facility and to refund the board's Auxiliary Revenue Bonds, Series 2002.

According to Governmental Accounting Standards Board No. 39, *Determining Whether Certain Organizations Are Component Units*, certain organizations (e.g. foundations) warrant inclusion as part of the primary government's financial reporting entity because of the nature and significance of their relationship with the primary government (e.g. colleges and universities), including their ongoing financial support of the primary government or its other component units. For purposes of determining if a component unit is significant, the Office of Statewide Reporting and Accounting Policy has set a threshold that the component units should meet to be included in the primary government's financial statements; i.e. the assets of the component unit (e.g. foundation) must equal 3% or more of the assets of the university system. This determination was made using the university system's financial statements ending 6/30/09 or 12/31/08 if the component unit's fiscal year is based on the calendar year.

Bonds outstanding for the discretely presented component units decreased from June 30, 2009, primarily as a result of the exclusion of approximately \$20.4 million in bond debt not reported in the System's FY 2010 financial statements as the Pennington Medical Foundation and the Foundation for the LSU Health Sciences Center did not meet the requirements to be considered a component unit of the System.

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

The FY 2009-2010 financial statements of the LSU System has been audited by the Louisiana Legislative Auditors and a report has been issued and is available for viewing at

[http://app1.la.state.la.us/PublicReports.nsf/E18794CB6E58D6978625784F006FB352/\\$FILE/0001D4EB.pdf](http://app1.la.state.la.us/PublicReports.nsf/E18794CB6E58D6978625784F006FB352/$FILE/0001D4EB.pdf).

#### Attachments

- (1) FY 2009-2010 LSU System Statement of Net Assets (Statement A)
- (2) FY 2009-2010 LSU System Component Units Statement of Financial Position (Statement B)
- (3) FY 2009-2010 Profile of Bonds Issued by the LSU Campuses and its Component Units
- (4) FY 2009-2010 Summary of LSU System Bonded Indebtedness

#### Recommendation

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

**LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA**

**Statement of Net Assets, June 30, 2010**

**ASSETS**

Current Assets:

Cash and cash equivalents (note 2)	\$541,336,692
Investments (note 3)	240,133,146
Receivables, net (note 4)	333,084,765
Due from state treasury, net (note 15)	5,199,804
Due from federal government, net (note 4)	39,314,177
Inventories	38,006,365
Deferred charges and prepaid expenses	14,662,539
Notes receivable	3,714,034
Other current assets	1,572,283
Total current assets	<u>1,217,023,805</u>

Noncurrent Assets:

Restricted Assets:

Cash and cash equivalents (note 2)	111,549,319
Investments (note 3)	296,554,065
Notes receivable	27,120,542
Other restricted assets	29,436,483
Investments (note 3)	2,547,591
Other noncurrent assets	4,500,769
Capital assets, net (note 5)	1,741,665,684
Total noncurrent assets	<u>2,213,374,453</u>
<b>Total assets</b>	<u><b>3,430,398,258</b></u>

**LIABILITIES**

Current Liabilities:

Accounts payable and accrued liabilities (note 7)	181,475,455
Deferred revenues	78,662,803
Amounts held in custody for others	5,728,724
Compensated absences (note 11)	10,652,675
Capital lease obligations (note 14)	2,943,345
Notes payable (note 14)	800,107
Bonds payable (note 14)	16,235,417
Other current liabilities	2,877,283
Total current liabilities	<u>299,375,809</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Statement of Net Assets, June 30, 2010**

**LIABILITIES (CONT.)**

## Noncurrent Liabilities:

Compensated absences (note 11)	\$130,055,573
Capital lease obligations (note 14)	84,114,385
Notes payable (note 14)	2,044,635
Other postemployment benefits payable (note 9)	498,919,705
Bonds payable (note 14)	450,902,083
Other noncurrent liabilities	4,990,298
Total noncurrent liabilities	<u>1,171,026,679</u>
<b>Total liabilities</b>	<u><u>1,470,402,488</u></u>

**NET ASSETS**

Investment in capital assets, net of related debt	1,324,030,891
Restricted for:	
Nonexpendable (note 16)	192,483,212
Expendable (note 16)	322,208,493
Unrestricted	<u>121,273,174</u>
<b>Total net assets</b>	<u><u>\$1,959,995,770</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA**

**COMPONENT UNITS**

**Statement of Financial Position, June 30, 2010**

	LSU Foundation	Tiger Athletic Foundation*	University of New Orleans Research and Technology Foundation	Total Foundations
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents (note 2)	\$13,793,912	\$2,824,975	\$3,040,219	\$19,659,106
Restricted cash and cash equivalents (note 2)	4,691,858	41,828,783		46,520,641
Investments (note 3)	1,762,086		4,138,322	5,900,408
Accrued interest receivable	1,112,317			1,112,317
Accounts receivable, net	103,628	2,511,059	3,659,647	6,274,334
Unconditional promises to give, net (note 27)	5,884,019	5,602,633		11,486,652
Deferred charges and prepaid expenses	125,272	1,068,685		1,193,957
Other current assets		11,621,121	405,448	12,026,569
<b>Total current assets</b>	<b>27,473,092</b>	<b>65,457,256</b>	<b>11,243,636</b>	<b>104,173,984</b>
Noncurrent Assets:				
Restricted assets:				
Cash and cash equivalents (note 2)		141,101		141,101
Investments (note 3)	389,665,521	5,507,267	3,123,291	398,296,079
Other	543,054			543,054
Investments (note 3)	18,706,400			18,706,400
Unconditional promises to give, net (note 27)	21,352,126	10,321,950		31,674,076
Property and equipment, net (note 5)	16,623,462	138,301,457	107,290,145	262,215,064
Other noncurrent assets	818,049	41,832,057	1,182,420	43,832,526
<b>Total noncurrent assets</b>	<b>447,708,612</b>	<b>196,103,832</b>	<b>111,595,856</b>	<b>755,408,300</b>
<b>Total assets</b>	<b>\$475,181,704</b>	<b>\$261,561,088</b>	<b>\$122,839,492</b>	<b>\$859,582,284</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$2,621,286	\$489,322	\$2,939,637	\$6,050,245
Deferred revenues		20,459,005	413,114	20,872,119
Amounts held in custody for others (note 25)	9,577,946	6,567,649	54,527	16,200,122
Compensated absences payable (note 14)	258,624			258,624
Current portion of notes payable (note 14)	1,176,467		6,105,154	7,281,621
Current portion of bonds payable (note 14)	628,395	3,335,000	215,000	4,178,395
Other current liabilities	131,987	250	26,755	158,992
<b>Total current liabilities</b>	<b>14,394,705</b>	<b>30,851,226</b>	<b>9,754,187</b>	<b>55,000,118</b>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
COMPONENT UNITS  
Statement of Financial Position, June 30, 2010**

	LSU Foundation	Tiger Athletic Foundation*	University of New Orleans Research and Technology Foundation	Total Foundations
<b>LIABILITIES (CONT.)</b>				
Noncurrent Liabilities:				
Amounts held in custody for others (note 25)	\$81,537,882			\$81,537,882
Notes payable (note 14)	1,217,900		\$2,162,292	3,380,192
Bonds payable (note 14)	6,896,605	\$123,775,000	37,975,000	168,646,605
Other noncurrent liabilities	9,967,414	40,545,397	1,258,057	51,770,868
Total noncurrent liabilities	<u>99,619,801</u>	<u>164,320,397</u>	<u>41,395,349</u>	<u>305,335,547</u>
<b>Total liabilities</b>	<u>114,014,506</u>	<u>195,171,623</u>	<u>51,149,536</u>	<u>360,335,665</u>
<b>NET ASSETS</b>				
Unrestricted	30,146,448	39,880,543	71,689,956	141,716,947
Temporarily restricted (note 16)	138,160,731	19,781,975		157,942,706
Permanently restricted (note 16)	192,860,019	6,726,947		199,586,966
<b>Total net assets</b>	<u>361,167,198</u>	<u>66,389,465</u>	<u>71,689,956</u>	<u>499,246,619</u>
Total liabilities and net assets	<u>\$475,181,704</u>	<u>\$261,561,088</u>	<u>\$122,839,492</u>	<u>\$859,582,284</u>

\*As of December 31, 2009

(Concluded)

The accompanying notes are an integral part of this statement.

The following is a summary of future minimum installment payments, net of unamortized discount for the component units as of June 30, 2010:

Fiscal Year Ending June 30:	
2011	\$11,533,259
2012	590,548
2013	513,076
2014	1,728,549
2015	690,146
Total minimum installment payments	<u>15,055,578</u>
Less amount representing interest	<u>(4,393,765)</u>
Total	<u><u>\$10,661,813</u></u>

### **Line of Credit**

The LSU Foundation has an unsecured \$10,000,000 line of credit which accrues interest at a variable rate equal to the 30-day LIBOR rate plus 63 basis points (the interest rate was 0.98% at June 30, 2010). The unused portion of the line of credit totals \$32,586 at June 30, 2010. All unpaid principal and interest is due on July 31, 2011.

On June 25, 2008, the Tiger Athletic Foundation established a \$6,300,000 line of credit with Capital One for the purpose of financing the construction and equipment costs associated with the upgrades/replacements to the scoreboards for the LSU athletic facilities. The line of credit allows for draws over an 11-month period with interest payable monthly. Interest is based on the 30-day LIBOR plus 110 basis points. Upon expiration, the Tiger Athletic Foundation may convert this line of credit into a term loan of up to 65 months. Repayment will be made from the total revenues, receipts, rentals, premiums, proceeds, contributions, donations, profits and income received by the Foundation on a parri passu basis with the existing bond issues. As of December 31, 2009, there was no outstanding balance associated with this line of credit and the line of credit was cancelled at the Tiger Athletic Foundation's request.

Also on June 25, 2008, the Tiger Athletic Foundation established a \$2,500,000 line of credit with Capital One for the purpose of financing the construction of a vehicle parking lot adjoining the new Alex Box stadium. This line of credit allows for draws over an 11-month period with interest payable monthly and is convertible into a 72-month term loan. Interest is based on the 30-day LIBOR plus 110 basis points. The line of credit is secured by a pledge of all existing and future cash, current and future pledges and proceeds thereof in the Make Your Pitch Donation Fund. As of December 31, 2009, there was no outstanding balance associated with this line of credit and the line of credit was cancelled at the Tiger Athletic Foundation's request.

### **Bonds and Contracts Payable - System**

Detailed summaries, by issues, of all bond and reimbursement contract debt outstanding at June 30, 2010, including future interest payments of \$298,304,016 for LSU; \$11,219,186 for the LSU Health Sciences Center in New Orleans; \$13,750,375 for the Health Care Services



Division; \$11,405,286 for the University of New Orleans; \$3,191,776 for LSU at Alexandria; and \$8,290,980 for LSU at Eunice follow:

**Bonds Payable**

Issue	Date of Issue	Original Issue	Outstanding July 1, 2009	Issued	Redeemed	Outstanding June 30, 2010	Maturities	Interest Rates	Future Interest Payments June 30, 2010
<b>LSU</b>									
2002 Auxiliary Revenue Bonds	October 3, 2002	\$11,435,000	\$10,590,000		\$10,590,000		2011-2032	floating	
2004 Auxiliary Revenue Refunding Bonds	April 6, 2004	16,035,000	10,495,000		1,540,000	\$8,955,000	2011-2015	4% to 5.25%	\$1,444,328
2004 Auxiliary Revenue Bonds - Series B	October 26, 2004	51,885,000	49,060,000		1,195,000	47,865,000	2011-2030	2% to 5.25%	32,176,102
2005 Auxiliary Revenue Bonds - Series A	June 2, 2005	18,905,000	11,545,000		1,580,000	9,965,000	2011-2034	3% to 5%	1,574,876
2006 Auxiliary Revenue Bonds	August 9, 2006	97,095,000	95,760,000		1,045,000	94,715,000	2011-2036	4% to 5%	75,936,507
2007 Auxiliary Revenue Bonds	December 11, 2007	71,130,000	70,025,000		1,315,000	68,710,000	2011-2037	4% to 5%	55,083,535
2008 Auxiliary Revenue Bonds	June 27, 2008	52,815,000	48,285,000		3,850,000	44,435,000	2011-2034	2% to 5%	24,924,712
2010 Auxiliary Revenue Bonds - Series A and B	June 24, 2010	118,875,000		\$118,875,000	195,000	118,680,000	2011-2040	2% to 5%	107,163,956
<b>LSU Health Sciences Center</b>									
New Orleans - Building Revenue Bonds - Series 2000	January 1, 2000	15,910,000	13,720,000		315,000	13,405,000	2011-2031	5.50%	11,219,186
<b>LSU Health Sciences Center</b>									
Health Care Services Division - Revenue Bonds, Series 2002	December 1, 2002	36,600,000	10,200,000		4,990,000	5,210,000	2011	3.12%	117,225
Bogalusa Community Medical Center Project Series 2007 A & B	September 1, 2007	17,500,000	17,500,000			17,500,000	2015-2038	.2466% - 7.88%	13,627,665
Health Care Services Mid-City Clinic Project Series 2003B	October 1, 2003	2,500,000	1,625,000		240,000	1,385,000	2014	varies	5,485
<b>University of New Orleans</b>									
Revenue Bonds of 1998	August 15, 1998	15,915,000	13,685,000		360,000	13,325,000	2011-2031	3.9%-5%	8,160,600
Revenue Bonds of 2004 - Series A	June 17, 2004	9,440,000	5,105,000		945,000	4,160,000	2011-2014	3%-4.125%	427,050
Revenue Bonds of 2004 - Series B	October 19, 2004	8,480,000	7,380,000		315,000	7,065,000	2011-2026	3%-4.67%	2,817,636
<b>LSU at Alexandria</b>									
2008 Auxiliary Revenue Bonds	March 18, 2008	4,200,000	4,150,000		75,000	4,075,000	2011-2034	4.0% - 5.5%	3,191,776
<b>LSU at Eunice</b>									
1998 Auxiliary Revenue Bonds	June 1, 1998	1,650,000	937,917		85,417	852,500	2011-2018	5%	200,417
2002 Auxiliary Revenue Bonds	January 17, 2002	7,000,000	6,905,000		70,000	6,835,000	2011-2033	7.375%	8,090,563
<b>Total Bonds Payable</b>		<b>\$557,370,000</b>	<b>\$376,967,917</b>	<b>\$118,875,000</b>	<b>\$28,705,417</b>	<b>\$467,137,500</b>			<b>\$346,161,619</b>

LSU and A&M College issued \$118,875,000 of its 2010 Auxiliary Revenue Bonds (Series A&B) that were approved on March 18, 2010, for the purpose of providing funds to finance the costs of planning, acquiring, constructing, and equipping renovations and additions to the (a) Laville Honors College, (b) Phase II of the Residential College One, and (c) a new parking garage facility and to refund the board’s Auxiliary Revenue Bonds, Series 2002.

Of the \$87,625,000 issued in Series 2010A, \$11,010,000 was used to provide monies to refund the outstanding principal of the Series 2002 bonds. There was no defeasance involved, and no escrow account created pursuant to such. The refunded debt was all variable rate and the new bonds were issued at an average fixed coupon rate of 4.84%. The refunding was necessitated by the recent volatility in the variable rate market due to the downgrading of bond insurers as well as the limited availability and pricing of a suitable insurer.

The refunded debt had variable interest rates and the Series 2010A bonds were issued at fixed rates of 2% - 5% with an all inclusive fixed rate of 4.41%. The current refunding will reduce the university’s estimated total debt service payments over the next 22 years by \$460,827 and will result in an economic gain (difference between the present values of the old and new debt service payments) of \$277,037.

**Bonds Payable - Component Units**

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2009</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2010</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Future Interest Payments June 30, 2010</u>
<b>LSU Foundation</b> Pooled Loan Program Revenue Bonds, Series 2003A	April 1, 2003	\$12,725,000	\$8,155,000	\$630,000	\$7,525,000	2011-2022	Variable	\$826,947
<b>UNO Research and Technology Foundation</b> LPFA Revenue Bonds, Series 2006	August 8, 2006	38,500,000	38,365,000	175,000	38,190,000	2011-2037	3.75% - 5.25%	36,865,820
<b>Tiger Athletic Foundation*</b> Revenue Bonds, Series 1999	March 4, 1999	43,575,000	43,575,000		43,575,000	2010-2028	Variable	
Revenue Bonds, Series 2004	March 23, 2004	90,000,000	85,310,000	1,775,000	83,535,000	2010-2039	Variable	
Total Bonds Payable		<u>\$184,800,000</u>	<u>\$175,405,000</u>	<u>\$2,580,000</u>	<u>\$172,825,000</u>			<u>\$37,692,767</u>

\*As of December 31, 2009

In March 2004, the Tiger Athletic Foundation issued Revenue Bonds Series 2004 for a principal amount of \$90,000,000. The bonds are secured by the pledged revenues on a parity with the Series 1999 bonds. The proceeds of the loan are being used to finance or reimburse a portion of the costs of the acquisition and construction of certain improvements and renovations to Tiger Stadium and a football operations center at LSU, including funding the interest and costs associated with the project. On March 15, 2007, an amendment was made to the original loan agreement which waived the principal due on September 1, 2007, and extended the payment schedule an additional year, through 2034, with the intent that the 2007 principal payment will be paid on September 1, 2034. Effective November 2009, the bonds were reissued as a single fully registered bond without coupons and shall mature September 2039.

On May 1, 2003, the LSU Foundation participated in borrowing, along with several other organizations, the proceeds of revenue bonds totaling \$31,555,000 issued by the Louisiana Public Facilities Authority (LPFA). The Foundation's portion of the borrowing was \$12,725,000. The Foundation is scheduled to repay the funds borrowed in 2022. The borrowed proceeds from the issuance were used to help fund several construction projects including the Shaw Center for the Arts. Interest is currently being paid using a weekly rate as determined by the remarketing agent. The interest rate at June 30, 2010, is 1.13%. Total interest expense incurred on the bonds for the year ended June 30, 2010, was \$81,903. The bonds are collateralized by future revenues of the LSU Foundation.

On August 8, 2006, the LPFA issued \$38,500,000 of LPFA Revenue Bonds (Series 2006) to the UNO Research and Technology Foundation. The proceeds of the bonds are being used for the financing, planning, designing, constructing, furnishing and equipping resident facilities for use by UNO, including all equipment, furnishings, fixtures and facilities incidental or necessary in connection therewith. The proceeds were also used to pay the costs associated with the issuance of the bonds. The bond agreement provides for interest on the outstanding bonds at rates ranging from 3.75% to 5.25% per annum. Bond funds totaling \$3,123,291 have been deposited with the bond trustee at June 30, 2010. The bonds were issued at a premium, which totaled \$1,400,442 at the bond issuance date. The premium will be amortized over the life of the bonds. The total amount of the premium amortized during the year ended June 30, 2010, totaled \$47,462.

### Debt Service Requirements

The annual requirements to amortize all university bonds outstanding at June 30, 2010, are presented in the following schedule. The schedule uses rates as of June 30, 2010, for debt service requirements of the variable-rate bonds, assuming current interest rates remain the same for their term. As rates vary, variable-rate bond interest payments will vary.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$16,235,417	\$22,148,024	\$38,383,441
2012	12,270,417	21,481,226	33,751,643
2013	14,160,417	20,995,869	35,156,286
2014	14,725,417	20,411,209	35,136,626
2015	14,485,417	19,746,902	34,232,319
2016-2020	68,880,415	89,543,466	158,423,881
2021-2025	85,105,000	71,470,619	156,575,619
2026-2030	94,970,000	49,286,976	144,256,976
2031-2035	93,210,000	25,282,217	118,492,217
2036-2040	53,095,000	5,795,111	58,890,111
<b>Total</b>	<b><u>\$467,137,500</u></b>	<b><u>\$346,161,619</u></b>	<b><u>\$813,299,119</u></b>

The annual requirements to amortize all component unit bonds outstanding at June 30, 2010, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2011	\$4,178,395	\$2,078,311	\$6,256,706
2012	4,393,395	2,059,610	6,453,005
2013	4,628,395	2,037,972	6,666,367
2014	4,873,395	2,013,733	6,887,128
2015	5,133,395	1,982,844	7,116,239
2016-2020	29,886,975	9,387,874	39,274,849
2021-2025	35,541,050	8,055,664	43,596,714
2026-2030	38,740,000	6,149,452	44,889,452
2031-2035	34,670,000	3,468,201	38,138,201
2036-2040	10,780,000	459,106	11,239,106
<b>Total</b>	<b><u>\$172,825,000</u></b>	<b><u>\$37,692,767</u></b>	<b><u>\$210,517,767</u></b>

\*Excludes floating interest rate amounts for Tiger Athletic Foundation Revenue Bond Series 1999 and Series 2004

LSU System Bonded Indebtedness  
As of June 30, 2010

<u>Campuses</u>	Outstanding Bonded Indebtedness	Percent of Total
LSU A&M	393,325,000	84.2%
UNO	24,550,000	5.3%
LSU HSC New Orleans	13,405,000	2.9%
LSU Health Care Services Division	24,095,000	5.2%
LSU Alexandria	4,075,000	0.9%
LSU Eunice	7,687,500	1.6%
Total Campuses	467,137,500	100.0%

Bonded Indebtedness of Campus Affiliated Organizations  
As of June 30, 2010

<u>Component Units</u>	Outstanding Bonded Indebtedness	Percent of Total
Tiger Athletic Foundation	127,110,000	73.5%
UNO R & T Foundation	38,190,000	22.1%
LSU Foundation	7,525,000	4.4%
Total Component Units	172,825,000	100.0%
 <b>Total Financial Statement Bonds Payable</b>	 <b>639,962,500</b>	



## Request from LSU A&M for a restricted account for the operations of the Louisiana Library Network (LOUIS)

To: Members of the Board of Supervisors

Date: June 3, 2011

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

### 1. Significant Board Matter

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

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

### 2. Summary of the Matter

LSU A&M requests approval to establish a restricted account for the Louisiana Library Network (LOUIS) membership fees collected by the University from other participating Louisiana institutions of higher education and Louisiana entities on behalf of and for the continued operation of this program across the state.

LOUIS is a partnership with Academic Libraries, State and Private Libraries, Museums and Archives. The program is governed by the Louisiana Library Network Commission (LLNC) that sets strategy and its resources and operations are guided by the Louisiana Academic Library Information Network Consortium (LALINC). The LOUIS program provides library automation, electronic resource content and services to libraries statewide.

Historically, LOUIS has been funded primarily (70%) from state grant funds provided by the Board of Regents. In July 2010, due to budget reductions, the Board of Regents reduced its support to the program from \$2.7 million to \$500 thousand. Given the importance of LOUIS to the students, library patrons, and to the accreditation of the institutions themselves, the LOUIS member institutions voted to increase their fees to cover the cost of operations. The fees charged to each institution is based on the services that each institution elects to receive and are weighed based on the full time equivalent student enrollment at the institution. LSU A&M has historically acted as the administering campus for this program pursuant to a contract with the Board of Regents.

The fees collected during the fiscal year and any fees that are carried forward will be restricted exclusively for the operation of the LOUIS Program. The restricted account will allow the program to accumulate funds to support its financial viability beyond the current fiscal year.

### 3. Fiscal Impact

Approval of this request will allow LSU A&M to restrict the funds paid by it and other participating institutions for participation in the LOUIS program for the purpose of operating

and maintaining the state's library network (currently amounting to \$2,672,000 of these self-generated membership fees).

4. Review of Documents Related to Referenced Matter

The proposed request from the campus has been reviewed the system's chief financial officer and the system's office of general counsel.

Attachments

- (1) Letter from Mike Martin, Chancellor at LSU requesting approval to establish the restricted account
- (2) FY 2010-2011 LOUIS Member Institution Fees Collected

Recommendation

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


**“NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve establishing a restricted account for the Louisiana Library Network (LOUIS). The funds are to be used exclusively for the operation and acquisitions of the LOUIS program in accordance with the agreement or agreements entered into by the LOUIS participating institutions.



Office of the Chancellor

TO: John Lombardi  
LSU System President

Date: May 19, 2011

FROM: Michael Martin   
Chancellor

RE: Request for Restricted Account – Louisiana Library Network (LOUIS)

LSU requests approval to establish a restricted account for the Louisiana Library Network (LOUIS) membership fees collected by the University on behalf of and for the continued operation of this program across the state.

LOUIS is a partnership with Academic Libraries, State and Private Libraries, Museums and Archives. The program is governed by the Louisiana Library Network Commission (LLNC) that sets strategy and its resources and operations are guided by the Louisiana Academic Library Information Network Consortium (LALINC). The LOUIS program provides library automation, electronic resource content, and service to libraries statewide.

Historically, LOUIS has been funded primarily from state grant funds provided by the Board of Regents. In July 2010, the Board of Regents cut all but \$500,000 of its annual commitment to LOUIS. Given the importance of LOUIS to the students and library patrons in Louisiana, LOUIS member institutions voted to increase their fees to cover the cost of operations. The attached document lists the FY 2010-2011 fee charged to each member institution. These fees are based on the services that each institution elects to receive and are weighted based on the full time equivalent student enrollment at the institution. It is expected member fees will be the primary, if not sole, source of revenues for LOUIS.

The fees collected during the fiscal year and any fees that are carried forward will be restricted exclusively for the operation of the LOUIS program. The restricted account will allow the program to accumulate funds to support its financial viability beyond the current fiscal year.

Should you have any questions please contact me.

cc: Brian Voss, Vice Chancellor & CIO  
Eric Monday, Vice Chancellor, Finance and Administrative Services  
Donna Torres, Associate Vice Chancellor  
Robert Kuhn, Vice Provost & Associate Vice Chancellor

Attachment

**Louisiana State University**  
**LOUIS Member Institution Fees**  
**FY 10-11**

<b>Institution</b>	<b>FY 2010-2011 Fees</b>
Baton Rouge Community College	\$55,740
Bossier Parish Community College	\$38,945
Delgado Community College	\$120,558
Grambling State University	\$77,761
LE Fletcher Community College	\$12,198
Louisiana Delta Community College	\$11,689
Louisiana State University	\$457,139
Louisiana State University at Alexandria	\$28,302
Louisiana State University at Eunice	\$22,243
Louisiana State University Law Center	\$17,993
Louisiana State University in Shreveport	\$54,811
Louisiana Tech University	\$162,765
LUMCON	\$6,590
McNeese State University	\$133,442
Nicholls State University	\$109,857
Northwestern Louisiana University	\$126,891
Nunez Community College	\$10,863
River Parishes Community College	\$9,828
South Louisiana Community College	\$24,420
Southeastern Louisiana University	\$220,747
Southern University	\$122,381
Southern University Law Center	\$11,968
Southern University in New Orleans	\$42,600
Southern University in Shreveport/Bossier	\$22,676
Sowela Community College	\$17,570
University of Louisiana in Lafayette	\$250,015
University of Louisiana in Monroe	\$128,849
University of New Orleans	\$162,282
LSU Health Sciences Center - NO	\$29,747
LSU Health Sciences Center - Shrev	\$12,129
Pennington	\$5,143
Centenary College of Louisiana	\$5,116
Dillard University	\$5,441
Louisiana College	\$6,945
Loyola University New Orleans	\$28,024
Our Lady of Holy Cross College	\$4,751
Our Lady of the Lake College	\$13,299
Saint Joseph Seminary College	\$539
Tulane University	\$59,784
Xavier University	\$18,147
Tulane Law	\$514
State Library	\$4,166
State Museum	\$4,166
Historic NO Collection	\$4,166
New Orleans Baptist Theological Seminary	\$8,800
<b>TOTAL</b>	<b>\$2,672,000</b>





**Recommendation to enter into a Cooperative Endeavor Agreement between the LSU Board of Supervisors, acting for the University of New Orleans, and the National World War II Museum, Inc. for purposes of enhancing the educational and research programs of the National World War II Museum, Inc. and the Eisenhower Center for American Studies**

To: Members of the Board of Supervisors

Date: June 3, 2011

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

1. Significant Board Matter

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

D.2 (f) Cooperative endeavor agreements pursuant to Article VII, Section 14 of the Louisiana Constitution, joint ventures, partnerships, and similar agreements, and agreements directly relating thereto.

2. Summary of the Matter

Since January 2000, UNO has had a contractual relationship with the entity formerly known as the National D-Day Museum, now known as the National WW II Museum. In the 1980's late UNO professor of History Stephen Ambrose began work on a history of the June 6, 1944, invasion of Normandy, popularly known as D-Day. Dr. Ambrose was the founding Director of the Eisenhower Center for American Studies at UNO.

As Director of the Eisenhower Center, Dr. Ambrose began collecting oral histories of D-Day veterans, as well as related artifacts, documents and other materials. The oral histories formed the basis for the Eisenhower Center Oral History Collection which is now housed at the museum.

Dr. Ambrose further initiated plans and fund raising for a National D-Day Museum to be located in New Orleans. The project received support from UNO and local and national contributors, as well as funding from the local, state, and federal government. The National D-Day Museum Foundation was established in 1991 and the National D-Day Museum opened in New Orleans on June 6, 2000. Through the efforts of UNO and the Eisenhower Center, the U.S. Congress subsequently appropriated funds to support the Museum.

University support provided through this agreement has enhanced the complementary educational and research programs of the National World War II Museum, Inc. and the Eisenhower Center for American Studies, through cooperative activities and management of the Eisenhower Center Peter Kalikow World War II-era collection.

The current agreement expires on June 30, 2011. The proposed Cooperative Endeavor Agreement would cover the period of July 1, 2011 through June 30, 2012 unless extended or cancelled as provided for in the agreement.

3. Review of Fiscal Impact

Under this agreement, UNO provides funds to support the complementary educational and cultural missions of the Eisenhower Center and the WW II Museum. The terms of the cooperative endeavor have remained substantially the same over the years, although the

budget remains reduced in the current agreement to \$140,000 in response to recent reductions in state general funds appropriations to the University of New Orleans.

Pursuant to this agreement, representatives of the Museum and the Eisenhower Center collaborate in promoting conferences and other educational events. The agreement provides funds to support a liaison to the Eisenhower Center for the planning of these events, as well as promotional materials such as advertising copy and brochures. Funding is also provided to support staff and operating costs for maintenance of the Eisenhower Center Oral History Collection that is housed at the Museum.

UNO further provides partial salary to the Senior Military Advisor to the President of the Museum. Finally, the agreement provides funds for the Division of Business and Economic Research at UNO to conduct an annual market study for the Museum.

4. Review of Documents Related to Referenced Matter

The proposed Cooperative Endeavor Agreement has been reviewed by the Office of General Counsel.

5. Certification of campus (or equivalent) re. Art. VII, Section 8 E(9)

The certification has been provided.

Attachments

- (1) Proposed University of New Orleans Cooperative Endeavor with the National World War II Museum, Inc.

Recommendation

**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 Cooperative Endeavor Agreement acting for the University of New Orleans with the National World War II Museum, Inc. for a term not to exceed one year for the purpose of enhancing the educational and research programs of the National World War II Museum, Inc. and the Eisenhower Center for American Studies and to provide for the management of the Eisenhower Center Peter Kalikow World War II-era collection. The Cooperative Endeavor Agreement shall contain such terms and conditions in a form approved by the General Counsel and as the President deems to be in the best interests of the University.

**UNIVERSITY OF NEW ORLEANS  
COOPERATIVE ENDEAVOR AGREEMENT**

STATE OF LOUISIANA

PARISH OF ORLEANS

THIS AGREEMENT made and entered into at New Orleans, Louisiana this 2<sup>nd</sup> day of May, 2011, by and between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, acting for the University of New Orleans, hereinafter referred to as the "University" and The National World War II Museum, Inc., hereinafter referred to as the "Museum."

WITNESSETH:

WHEREAS, the University requires certain professional services to assist in accomplishing its instructional, research and/or public service missions, and

WHEREAS, the Museum is professionally qualified and willing to perform these services, and

WHEREAS, it is the express intent of the Louisiana Legislature (HB 1 in its 1999 session) to regard the Museum as the sole source provider,

NOW THEREFORE, for the consideration hereinafter named, the parties agree as follows:

1. The Museum will perform the professional services described in the attached scope of services dated July 1, 2011, and attached hereto and made a part of this Agreement as the General Museum Information form and Attachments A, B, C and D as applicable.
2. The Museum shall perform these services described on the General Museum Information form and Attachments A, B, and C, according to the schedule indicated therein or during the period July 1, 2011 and June 30, 2012. Should there be a conflict between the dates indicated on the General Museum Information form and the dates indicated in this paragraph, the dates in this paragraph will govern.
3. The price and consideration for this Agreement shall be One Hundred Forty Thousand dollars (\$140,000) per year, unless provided herein, which funds shall be paid to the Museum by the University in accordance with the schedule set forth in the General Museum Information form and Attachment C. Should the University's State appropriation be restored to levels existing prior to the fiscal year 2010 budget cuts, consideration for this Agreement shall be restored to Two Hundred Thousand dollars (\$200,000) per year upon approval of a written amendment executed and approved in accordance with law. However, the parties understand and agree that the amount due under this Agreement from the University to the Museum and the budgeted expenses incurred by the Museum in fulfillment of the Agreement may be reduced in proportion to any reduction in State appropriation that may occur during the period of this Agreement.

4. The University's representative for purposes of administration of this Agreement shall be Susan E. Krantz Ph.D., Dean of the College of Liberal Arts.
5. This Agreement is not intended to constitute, create, give effect, or otherwise recognize a joint venture, partnership, or formal business organization, or agency agreement of any kind, and the rights and obligations of the Parties shall be only those expressly set forth herein.
6. The Museum acknowledges and agrees that the responsibility for payment of taxes due on the funds received under this Agreement shall be said Museum's obligation and shall be paid under the following federal taxation identification number: 72-1200790.
7. The Museum shall not assign any interest in this Agreement and shall not transfer any interest by assignment or novation without the prior written consent of the University, provided, however, that claims for money due to the Museum from the University may be assigned to any financial institution without prior written consent and provided that notice of such assignment shall be furnished to the University.
8. The Museum agrees to make available upon request, during normal working hours at the Museum's place of business to University, Louisiana Legislative Auditors, and/or the Office of the Governor or Division of Administration auditors, records and documents relating to the conduct of this Agreement.
9. The Museum shall indemnify and hold harmless the University against any and all claims, demands, suits, and judgments of sums of money to any party for loss of life, injury, or damage to person or property resulting from, or by reason of, any negligent act or omission, operation or work of the Museum, its agents, servants, or employees while engaged upon or in connection with the services required or performed by the Museum hereunder.

To the extent allowed by law, the University shall indemnify and hold harmless the Museum against any and all claims, demands, suits, and judgments of sums of money to any party for loss of life, injury, or damage to person or property resulting from, or by reason of, any negligent act or omission, operation or work of the University, its agents, servants, or employees while engaged upon or in connection with the services required or performed by the University hereunder.

10. The Museum agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education amendments of 1972, the Age Act of 1975, and the Americans with Disabilities Act of 1990.
11. The Museum agrees not to discriminate in its employment practices, and will render services under this contract without regard to race, color, religion, sex, sexual orientation, national origin, veteran status, political affiliation, or disabilities.

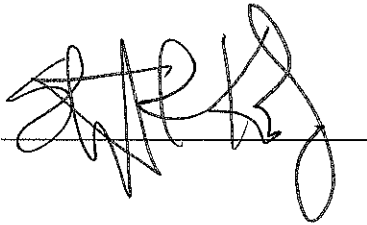
12. Travel expenses shall be reimbursed in accordance with Division of Administration Policy and Procedure Memorandum 49 and 13 (the State General Travel Regulations).
13. This Agreement may be amended or extended by mutual written consent of the parties and approved as required by law.
14. The University reserves the right to cancel this Agreement upon a thirty (30) day written notice should funds no longer be available due to budget reductions imposed by the State government. The State may terminate the Agreement at any time by giving thirty (30) days written notice to the Museum. The Museum shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily.
15. The following is applicable if the amount contracted for by this Agreement is in excess of \$20,000: This contract and subsequent amendments if any is not effective until approved by the Director of the Office of Contractual Review in accordance with La. R. S. 39:1502. It is the responsibility of the Museum to advise the University in advance if contract funds or contract terms may be insufficient to complete contract objectives.
16. The State may terminate this Agreement for cause based upon the failure of the Museum to comply with the terms and/or conditions of the Contract; provided that the State shall give the Museum written notice specifying the Museum's failure. If within thirty (30) days after receipt of such notice, the Museum shall not have either corrected such failure or, in the case which cannot be corrected in thirty (30) days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the State may, at its option, place the Museum in default and the Contract shall terminate on the date specified in such notice. The Museum may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the State to comply with the terms and conditions of this Contract; provided that the Museum shall give the State written notice specifying the State's failure and a reasonable opportunity for the State to cure the defect.
17. All records, reports, documents and other material delivered or transmitted to the Museum by the University shall remain the property of the University, and shall be returned by the Museum to the University, at the Museum's expense, at termination or expiration of this Contract. All records, reports, documents, or other material related to this Agreement and/or obtained or prepared by the Museum in connection with the performance of the services contracted for herein shall become the property of the University, and shall, upon request, be returned by the Museum to the University, at the Museum's expense, at termination or expiration of this contract. Museum agrees to retain all books, records, and other documents relevant to this contract and the funds expended hereunder for at least three years after final payment, or as required by applicable Federal law if Federal funds are used.
18. Any claim or controversy arising out of this contract shall be resolved by the provisions of LSA – R. S. 39:1524 – 1526.
19. This Agreement shall be effective on July 1, 2011, and shall expire on June 30, 2012, unless extended or canceled as provided herein.

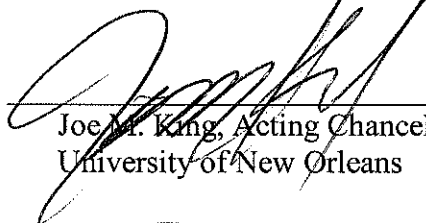
20. Fiscal Funding – The continuation of this Contract is contingent upon the appropriation of funds to fulfill the requirements of the Contract by the legislature. If the legislature fails to appropriate sufficient monies to provide for the continuation of the Contract or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding the revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the Contract, the Contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.
21. Museum Reporting Requirements – The Museum will provide written reports to the University every six months concerning the use of the funds and the specific goals and objectives for the use of the funds.

IN WITNESS WHEREOF, the parties have executed this act in the presence of the undersigned competent witnesses.

**WITNESSES:**

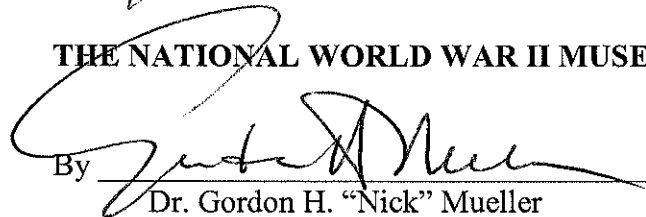
**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE ON BEHALF OF THE UNIVERSITY OF NEW ORLEANS**



By   
 Joe M. King, Acting Chancellor and Provost  
 University of New Orleans

**THE NATIONAL WORLD WAR II MUSEUM, INC.**



By   
 Dr. Gordon H. "Nick" Mueller  
 President and CEO

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

\_\_\_\_\_

By \_\_\_\_\_  
 John V. Lombardi  
 President  
 Louisiana State University System



## ATTACHMENT A SCOPE OF SERVICES

### 1. Statement of Work:

Goals and Objectives:

Goal: To enhance the educational and research programs of The National World War II Museum, Inc. and the Eisenhower Center for American Studies, University of New Orleans, through cooperative activities, and management of the Eisenhower Center Peter Kalikow World War II-era collection.

#### Objective 1

Provide liaison to the Eisenhower Center and services necessary for the marketing and promotion of speakers and educational events.

Task 1: All promotional materials, advertising copy, brochures, etc. in association with the various educational events and services; certification of personnel time and costs; attendance figures and evaluations of events when available.

#### Objective 2

Provide museum services necessary to host mutually identified conferences, speakers, and educational activities, and other events.

Task 2: Schedule of events for conferences, speakers, educational activities, etc. in association with activities and events; public relations plans; attendance figures for events.

#### Objective 3

Provide museum services necessary to manage the Eisenhower Center collection.

Task 3: Report on collections management and use of individual items; personnel time and services associated with collections management.

### 2. Key Personnel:

These goals and objectives will be accomplished through the careful supervision of the President and Chief Executive Officer of The National World War II Museum, Inc., Gordon H. Mueller, who will be responsible to coordinate the resources to reach the stated goals.



## **ATTACHMENT B MONITORING PLAN**

### **1. Delivery or Performance Schedule:**

Task 1, 2 and 3: July 1, 2011 – June 30, 2012

### **2. Plan for Performance Measurement:**

The Museum staff will provide the documentation to indicate completion of tasks as follows:

Task 1: All promotional materials, advertising copy, brochures, etc. in association with the various educational events and services; certification of personnel time and costs; attendance figures and evaluations of events when available.

Task 2: Schedule of events for conferences, speakers, educational activities, etc. in association with activities and events; public relations plans; attendance figures for events.

Task 3: Report on collections management and use of individual items; personnel time and services associated with collections management.

### **3. Museum Monitoring Plan:**

Museum staff will report every six months to the person responsible for monitoring the plan.

### **4. Personnel Responsible for Monitoring Plan:**

Susan E. Krantz Ph.D., Dean of the College of Liberal Arts

**ATTACHMENT C**  
**SCHEDULE FOR PAYMENT**

1st Payment – September 30th, each year – The payment will not exceed \$35,000 per quarter unless provided for in Section 3 of this Agreement, and will be adjusted for expenditures incurred directly by the University. The Museum will send the University an invoice for the balance (i.e., \$35,000 – University expenditures) to be disbursed after each quarter.

2nd Payment – December 30th, each year – The payment will not exceed \$35,000 per quarter unless provided for in Section 3 of this Agreement, and will be adjusted for expenditures incurred directly by the University. The Museum will send the University an invoice for the balance (i.e., \$35,000 – University expenditures) to be disbursed after each quarter.

3rd Payment – March 31st, each year – The payment will not exceed \$35,000 per quarter unless provided for in Section 3 of this Agreement, and will be adjusted for expenditures incurred directly by the University. The Museum will send the University an invoice for the balance (i.e., \$35,000 – University expenditures) to be disbursed after each quarter.

4th Payment – June 30th, each year – The payment will not exceed \$35,000 per quarter unless provided for in Section 3 of this Agreement, and will be adjusted for expenditures incurred directly by the University. The Museum will send the University an invoice for the balance (i.e., \$35,000 – University expenditures) to be disbursed after each quarter.

**ATTACHMENT D**  
**The National World War II Museum, Inc.**  
**Budget for UNO Cooperative Endeavor Agreement**

Objective 1

*Provide liaison to the Eisenhower Center and services necessary for the marketing and promotion of speakers and educational events.*

Objective 2

*Provide museum services necessary to host mutually identified conferences, speakers, educational activities, and other events.*

Objective 3

*Provide museum services necessary to manage the Eisenhower Center collection under terms of the cooperative endeavor agreement.*

**Annual Budgeted Expenditures**

Marketing study undertaken by UNO	\$ 11,500
Planning & Promotion of History Conference	\$ 14,000
Eisenhower Center Compensation	\$ 27,720
Research Department Staff Costs for Oral History Collection (Eisenhower Center)	\$ 60,000 *
Research Historian Asst. Research Historian Documentary Producer	
Research Department Operational Expenses for Oral History Collection (Eisenhower Center)	\$ 21,000
Travel & Training Printing & Postage Supplies & Eqpmt.	
Media marketing of speakers and Educational Events (5% of the Museum Marketing Budget)	\$ 24,000
Liaison activities of senior Museum management (5% of President & VP Operations)	<u>\$ 28,000</u> *
<b>Total Related Expenditures</b>	<b>\$ 186,220</b>
Less Unreimbursed portion	\$ 46,220
<b>Funds Required Under Cooperative Endeavor Agreement Per year</b>	<b>\$ 140,000</b>

\* Includes 26% employee benefits



## REPORT OF SYSTEM STAFF ON A SIGNIFICANT BOARD MATTER

### **UNO – Proposed Transfer to University of Louisiana System**

To: Members of the Board of Supervisors

Date: June 3, 2011

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

#### **1. Significant Board Matter**

This requires Board action pursuant to expected state law.

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

The attached Bill is presently being considered by the Louisiana Legislature. The attached Resolution delegates Board authority to the President to attempt to achieve a timely and orderly transfer of UNO to the University of Louisiana System: (1) before the actual transfer (the effective date of the Act), (2) upon receipt of re-accreditation to the University of Louisiana System from SACS (the effective date of the transfer), and (3) thereafter to fully implement the transfer.

#### **3. Review of Documents Related to Referenced Matter (N/A)**

The Resolution was prepared by System General Counsel.

#### **ATTACHMENTS:**

1. Proposed Resolution
2. SB 266, Legislative Bill to Transfer UNO to UL System (text as of June 1)  
--Parallel House Bill by Rep. Tucker has same provisions, but not yet amended

**Resolution of the Board of Supervisors of  
Louisiana State University and Agricultural and Mechanical College  
Regarding Transfer of the  
University of New Orleans to the University of Louisiana System**

**WHEREAS**, the Louisiana Legislature presently is considering a bill which will result in the transfer of the University of New Orleans from the Louisiana State University System to the University of Louisiana System, which bill is expected to become law prior to the next scheduled meeting of this Board; and

**WHEREAS**, to implement the expected transfer of the University of New Orleans and to comply with the duties imposed on this Board by the Constitution and laws of the State of Louisiana, timely actions must be taken on behalf of this Board and in cooperation with the Board of Supervisors of the University of Louisiana System to facilitate the transfer process:

**NOW, THEREFORE BE IT RESOLVED** by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College that it hereby authorizes its President, John V. Lombardi, upon the effective date of law authorizing the transfer of the University of New Orleans to the University of Louisiana System, to take any and all actions appropriate or required of this Board by the Constitution and laws to accomplish the transfer of the University of New Orleans, including, without limitation, transferring rights, obligations and functions related to the University of New Orleans, to the Board of Supervisors for the University of Louisiana System and executing appropriate documents, including those required to be by authentic act, to effect such actions; and, in connection therewith, to take all actions appropriate to assure that the transfer is accomplished in a prudent manner and without prejudice to the rights, obligations and functions of the LSU System and its component institutions, including the University of New Orleans, during the transition process;

**BE IT FURTHER RESOLVED** that the President is expressly authorized to take any such actions prior to the effective date of the transfer of the University of New Orleans to the University of Louisiana System, notwithstanding any prior actions of this Board or provisions of the *Bylaws* or *Regulations* which would otherwise require express Board authorization; and *provided further* that the President is expressly authorized, prior to the effective date of the transfer; and, pursuant to the law authorizing such transfer or the constitutional authority of this Board, to enter into agreements to transfer administrative and supervisory functions related to the University of New Orleans to the University of Louisiana System as long as he determines such agreements do not adversely affect the re-accreditation process for the University of New Orleans within the University of Louisiana System;

**BE IT FURTHER RESOLVED** that nothing in this delegation of authority to the President limits the continuing constitutional responsibility of this Board to supervise and manage the University of New Orleans prior to the effective date of the transfer; and further that the authority delegated herein shall survive the transfer to accomplish the purposes addressed herein; and

**BE IT FURTHER RESOLVED** that, notwithstanding the broad delegation of authority granted herein, the President is authorized and encouraged to submit any significant financial or long-term educational or policy issue that may arise as a result of the transfer to this Board for direction or approval.

Regular Session, 2011

SENATE BILL NO. 266 (Substitute of Senate Bill No. 183 by Senator Appel)

BY SENATORS APPEL AND MURRAY

POSTSECONDARY ED. Transfers the University of New Orleans to the University of Louisiana System. (gov sig)

AN ACT

To amend and reenact R.S. 17:3217, to enact R.S. 17:3230, and to repeal R.S. 17:3215(2), relative to postsecondary education; to provide for the transfer of the University of New Orleans to the University of Louisiana System; to provide relative to the transfer of the facilities, resources, funds, obligations, and functions of the institution and related foundations; to provide for the transition responsibilities of the impacted institution and management boards and the division of administration; to provide for cooperative agreements; to provide relative to accreditation issues; to provide relative to funding; to provide relative to employees; to provide for effectiveness; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 17:3217 is hereby amended and reenacted and R.S. 17:3230 is hereby enacted to read as follows:

§3217. University of Louisiana ~~system~~ **System**

The University of Louisiana ~~system~~ **System** is composed of the institutions under the supervision and management of the ~~Board of Trustees for State Colleges and Universities~~ **Board of Supervisors for the University of Louisiana System** as

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follows:

- (1) Grambling State University at Grambling.
- (2) Louisiana Tech University at Ruston.
- (3) McNeese State University at Lake Charles.
- (4) Nicholls State University at Thibodaux.
- ~~(5) Northeast Louisiana University of Louisiana at Monroe.~~
- ~~(6)(5) Northwestern State University of Louisiana at Natchitoches.~~
- ~~(7)(6) Southeastern Louisiana University at Hammond.~~
- ~~(8) University of Southwestern Louisiana at Lafayette.~~
- (7) The University of Louisiana at Lafayette.**
- (8) The University of Louisiana at Monroe.**
- (9) The University of New Orleans.**
- ~~(9)(10) Any other college, university, school, institution or program now or~~

hereafter under the supervision and management of the ~~Board of Trustees for State~~  
~~Colleges and Universities~~ **Board of Supervisors for the University of Louisiana**  
**System.**

\* \* \*

**§3230. The University of New Orleans; transfer to the University of Louisiana**  
**System**

**A. (1) Not later than August 1, 2011, the chancellor of the University of**  
**New Orleans shall submit a letter to the president of the Southern Association**  
**for Colleges and Schools, Commission on Colleges, stating his intent for a**  
**change in governance for the institution from the Board of Supervisors of**  
**Louisiana State University and Agricultural and Mechanical College to the**  
**Board of Supervisors of the University of Louisiana System.**

**(2) The chancellor, faculty, and administration of the University of New**  
**Orleans shall take every action necessary to efficiently and expeditiously comply**  
**with all established timelines, requirements, and procedures to ensure that the**  
**requested change of governance may be effected immediately upon receipt of**

1 commission approval.

2 B.(1) Pursuant to the authority granted to the legislature by Article  
3 VIII, Section 5(D)(3) of the Constitution of Louisiana to transfer an institution  
4 from one board to another by law enacted by two-thirds of the elected members  
5 of each house, the University of New Orleans, and the assets, funds, obligations,  
6 liabilities, programs, and functions related thereto, are hereby transferred to  
7 the University of Louisiana System, and shall be under the management and  
8 supervision of the Board of Supervisors for the University of Louisiana System.

9 (2) The provisions of this Subsection shall become effective immediately  
10 upon receipt of approval from the Southern Association for Colleges and  
11 Schools, Commission on Colleges, for the requested change in governance.

12 C. The Board of Supervisors for the University of Louisiana System  
13 shall develop policies and procedures to resolve issues related to the status and  
14 tenure of employees of the University of New Orleans which may arise from the  
15 transfer of the institution to the University of Louisiana System.

16 D. The Board of Supervisors of Louisiana State University and  
17 Agricultural and Mechanical College shall:

18 (1) Continue to exercise its authority to supervise and manage the  
19 University of New Orleans until such time as the Southern Association for  
20 Colleges and Schools, Commission on Colleges, grants approval for the  
21 requested change in governance and transfer of the University of New Orleans  
22 to the University of Louisiana System.

23 (2)(a) Work cooperatively and collaboratively with the Board of  
24 Supervisors of the University of Louisiana System to ensure that the requested  
25 transfer may be effected immediately upon receipt of commission approval for  
26 the change in governance.

27 (b) Prior to receipt of such approval, enter into agreements to transfer  
28 as many administrative and supervisory functions as possible with respect to the  
29 University of New Orleans to the University of Louisiana System, without



- 1 adversely impacting the accreditation status of the institution.
- 2 (3) Upon receipt of such approval, immediately transfer all assets, funds,  
3 facilities, property, obligations, liabilities, programs, and functions relative to  
4 the University of New Orleans to the University of Louisiana System.
- 5 E. The Board of Supervisors of Louisiana State University and  
6 Agricultural and Mechanical College shall not:
- 7 (1) Interfere with, or impede in any way, the processes to transfer the  
8 University of New Orleans to the University of Louisiana System.
- 9 (2) Sell, transfer, or otherwise remove any asset or thing of value,  
10 movable or immovable, tangible or intangible, attributable to or owned by the  
11 University of New Orleans, or owned, leased by, or operated by any foundation  
12 related to such institution on the effective date of this Section. In addition,  
13 access to any asset leased to any foundation related to the University of New  
14 Orleans shall not be restricted or denied.
- 15 (3) Incur, transfer or assign any debt or other responsibility or  
16 obligation to the University of New Orleans that is not properly attributable to  
17 the institution on the effective date of this Section.
- 18 (4)(a) Disproportionately reduce or reallocate the level of funding that  
19 would otherwise be allocated to the University of New Orleans pursuant to the  
20 postsecondary education funding formula.
- 21 (b) Until such time as the University of New Orleans is transferred to the  
22 University of Louisiana System, no budget reductions or changes in funding  
23 allocations shall be imposed upon the institution without prior review and  
24 approval from the Joint Legislative Committee on the Budget.
- 25 (5) Take any personnel action with regard to any instructional or  
26 administrative employee of the University of New Orleans without the prior  
27 approval of the Board of Regents.
- 28 F. The commissioner of administration shall ensure that sufficient funds  
29 and resources are available to fully effect the transfer of the University of New

1           **Orleans to the University of Louisiana System.**

2           Section 2. R.S. 17:3215(2) is hereby repealed.

3           Section 3. This Act shall become effective upon signature by the governor or, if not  
4 signed by the governor, upon expiration of the time for bills to become law without signature  
5 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
6 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
7 effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jeanne C. Johnston.

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## DIGEST

Appel (SB 266)

Proposed law provides for the transfer of the University of New Orleans from the Louisiana State University System to the University of Louisiana System as follows:

1. Requires the chancellor of UNO to submit a letter to the president of the Southern Association for Colleges and Schools, Commission on Colleges (SACS), not later than August 1, 2011, stating his intent for a change in governance from the Bd. of Supervisors for the LSU System to the Bd. of Supervisors of the UL System.
2. Requires the chancellor, faculty, and administration of UNO to take every action necessary to efficiently and expeditiously comply with all SACS timelines, requirements, and procedures to ensure that the requested change of governance may be effected immediately upon receipt of commission approval.
3. Transfers UNO to the UL System, pursuant to the authority granted to the legislature by the La. constitution to transfer an institution from one board to another by law enacted by two-thirds of the elected members of each house. Also transfers the assets, funds, obligations, liabilities, programs, and functions related to the institution. Provides that such transfer will become effective immediately upon receipt of SACS approval for the change in governance.
4. Requires the Bd. of Supervisors for the UL System to develop policies and procedures to resolve issues related to the status and tenure of UNO employees which may arise from the transfer.

Provides for that the LSU Bd. of Supervisors shall:

1. Continue to exercise its authority to supervise and manage UNO until such time as SACS grants approval for the requested change in governance and transfer of the institution to the UL System.
2. Work cooperatively and collaboratively with the UL System board to ensure that the transfer may be effected immediately upon receipt of SACS approval.
3. Enter into agreements to transfer as many UNO administrative and supervisory functions as possible to the UL System, prior to receipt of SACS approval, without adversely impacting the accreditation status of the institution.

4. Immediately transfer all assets, funds, facilities, property, obligations, liabilities, programs, and functions relative to UNO to the UL System, upon receipt of SACS approval for the transfer.

Provides that the LSU Bd. of Supervisors shall not:

1. Interfere with or impede in any way the processes to transfer UNO to the UL System.
2. Sell, transfer, or otherwise remove any asset or thing of value, movable or immovable, tangible or intangible, attributable to or owned by UNO, or owned, leased by, or operated by any foundation related to UNO on the effective date of proposed law. Further provides that access to any asset leased to any foundation related to UNO shall not be restricted or denied.
3. Incur, transfer or assign any debt or other responsibility or obligation to UNO that is not properly attributable to either institution on the effective date of proposed law.
4. Disproportionately reduce or reallocate the level of funding that would otherwise be allocated to UNO pursuant to the postsecondary education funding formula. Provides that until UNO is transferred to the UL System, no budget reductions or changes in funding allocations for the institution shall be imposed without prior review and approval from the Jt. Legislative Committee on the Budget.
5. Take any personnel action with regard to any instructional or administrative employee of UNO without the prior approval of the Board of Regents.

Proposed law requires the commissioner of administration to ensure that sufficient funds and resources are available to fully effect the transfer of UNO to the UL System.

Present law (R.S. 17:3215(2)) places the University of New Orleans in the Louisiana State University System.

Proposed law repeals this provision.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 17:3217; adds R.S. 17:3230; repeals R.S. 17:3215(2))

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SENATE FLOOR AMENDMENTS

Amendments proposed by Senator Appel to Engrossed Senate Bill No. 266 by Senator Appel

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1 AMENDMENT NO. 1

2 On page 5, line 1, after "**System.**" insert the following:

3 **"The commissioner of administration shall indemnify and hold harmless the**  
4 **transferee and transferor management boards for any liability and costs which**  
5 **may directly result from the mandated transfer."**

6 AMENDMENT NO. 2

7 On page 5, between lines 2 and 3 insert the following:

8 "Section 3. (A) This Act is not intended to nor shall it be construed to impair  
9 the contractual or other obligations of any agency, office, board, commission,  
10 department, or political subdivision, or of the state as a result of the transfers of  
11 obligations in accordance with this Act. Upon the effective date of the transfer of  
12 the University of New Orleans, all such obligations of the Board of Supervisors of  
13 Louisiana State University and Agricultural and Mechanical College related to the  
14 University of New Orleans shall be deemed to be obligations of the Board of  
15 Supervisors for the University of Louisiana System to the same extent as if originally  
16 incurred by it.

17 (B) All funds and revenues previously dedicated by authority of the  
18 constitution and laws of this state to the payment of any bonds related to the  
19 University of New Orleans shall continue to be collected and dedicated to such  
20 payments unless and until other provision is made for such payments in accordance  
21 with law. Upon the effective date of the transfer of the University of New Orleans,  
22 all acts relating to such bonds by the Board of Supervisors of Louisiana State  
23 University and Agricultural and Mechanical College shall be deemed to be the acts  
24 of the Board of Supervisors for the University of Louisiana System in the same  
25 manner and to the same extent as if originally so done.

26 (C) The provisions of this Section shall have the full force and effect of law."

27 AMENDMENT NO. 3

28 On page 5, at the beginning of line 3, change "Section 3." to "Section 4".

**Property & Facilities  
Regular Agenda  
June 3, 2011**

1. Recommendation to approve the Lease Agreement with Ricoh Americas Corporation for the operation of the LSU Student Union Copy and Mail Center.
2. Approval of schematic design for an educational facility at the Hilltop Arboretum.
3. Recommendation to approve a request for lease of property, Rosepine Research Station, Vernon Parish, Louisiana.

**Property & Facilities  
Consent Agenda  
June 3, 2011**

1. Recommendation to approve the Fifth Amendment to the Lease Agreement with Compass Group USA, Inc. at Louisiana State University.
2. Recommendation to name the LSU Career Center the "LSU Olinde Career Center".
3. Recommendation to name the LSU Career Center's Welcome and Information Center the "Mary Agnes Hardy delaHoussaye Belleau Welcome and Information Center".
4. Recommendation to name the LSU Career Center's Workforce Development Center the LSU Career Center "Chevron Workforce Development Center".
5. Assignments of Oil, Gas & Mineral Interests by Woodson Oil & Gas, L.P. to Azalea Properties, Ltd. and by Azalea Properties, Ltd. to RCWI, L.P. at the Central Research Station.
6. Recommendation to approve a lease for the housing of medical students and residents at the LSUHSC-S, E. A. Conway Medical Center, Monroe, Louisiana.
7. Recommendation to name the LSU Laboratory School Gymnasium and Multipurpose Facility the "Pennington McKernan Gymnasium and Multipurpose Facility".



**RECOMMENDATION TO APPROVE  
THE LEASE AGREEMENT WITH  
RICOH AMERICAS CORPORATION  
FOR OPERATION OF THE  
LSU STUDENT UNION COPY & MAIL CENTER**

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

Pursuant to Article VII, Section 8.D.2(a) of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter".

D.2(a) The assignment, lease, transfer, encumbrance or sale of land, mineral rights, rights of ways, servitudes, or other immovable property owned or controlled by LSU....

**1. Summary of Matter**

LSU, after having completed a competitive Request for Proposal (RFP) process, requests to enter into a lease agreement (Agreement) with Ricoh Americas Corporation (RAC) for the operation of the LSU Copy and Mail Center effective July 1, 2011, for a ten year term ending June 30, 2021.

Provisions of the Agreement require RAC to operate and manage a copy and mail center within the LSU Student Union to accommodate students living in residence halls and the campus community; to manage, sort, place, and forward U.S. Postal Service (USPS) and inter-campus mail to LSU faculty and staff; and to manage campus convenience copiers during the contract's term.

The Agreement comes at a critical time for LSU, as the USPS has slated the LSU University Station for closure. This impacts mail access to thousands of Post Office box holders, including campus residents, departments, and others who depend upon this location.

The Agreement will also result in a substantial reduction in operating costs previously incurred by LSU Mailing Services, as it will consolidate Mailing Services operation with the USPS operations.

Lastly, the Agreement will provide for an investment of \$350,328.00 by RAC in leasehold improvements, renovations, remodeling, and other essential construction costs and fees in the LSU Student Union and \$5,500.00 in the Printing Services warehouse building located at 3555 River Road.

RAC is a leading provider of advanced office technology and innovative document imaging products, services and software and is a valuable partner to LSU as the current contractor for Copier Management.

**2. Review of Business Plan**

The Agreement is a revenue-generating agreement. Revenues from this Agreement support the LSU Student Union and University Auxiliary Services, the LSU department charged with managing the Agreement. Revenues from RAC will exceed any costs to manage the Agreement. As provided in the Agreement, LSU will review RAC's annual budget for each year of operation of the LSU Copy and Mail Center. RAC agrees to pay to the University its annual base rent.

**3. Fiscal Impact**

Terms of the Agreement require RAC to expend \$350,328.00 during the term of the Agreement for leasehold improvements and other renovations, remodeling, and related movable equipment, trade fixtures and signage, and other essential construction costs and fees. In addition, RAC will provide annual rents of

\$133,065.00 to the LSU Student Union for approximately 5,900 sq. ft. of space and \$31,752.60 for use of approximately 5660 sq. ft. of space in the Printing Services warehouse.

#### **4. Description of Competitive Process**

As a result of the University's Efficiencies and Effectiveness Committee, which was formed to identify opportunities to streamline campus operations and programs, the committee recommended that the University consider the outsourcing of LSU's Copy and Mail Services.

On Dec. 17, 2010, the LSU Office of Purchasing announced a Request for Proposals for the LSU Copy and Mail Center, with a 21-day response period. The process included a mandatory pre-bid conference on January 5, 2011 and a response deadline of January 27, 2011. The University received qualified bids from RAC and UPS Stores. A committee comprised of LSU students and staff reviewed the proposals. After evaluating the responses in respect to established criteria, the committee recommended RAC as the successful proposer.

In addition to providing the services required in the original Request for Proposals, RAC will also offer technological enhancements such as e-mail notification for post office box mail receipt; remote wireless printing capabilities across campus; a copyright clearance process for course packet production; and stand-alone mail service kiosks that will offer greater efficiency to customers. As an industry leader, RAC will continue to bring the latest advancements in copy and mail services to the LSU community during the term of this contract.

#### **5. Review of Legal Documents**

Lease Agreement is in order.

#### **6. Parties of Interest**

The Agreement will be managed by University Auxiliary Services, a department administratively reporting to the Office of the Vice Chancellor for Finance and Administrative Services. Reporting line is Director of University Auxiliary Services to the Vice Chancellor for Finance and Administrative Services and CFO.

#### **7. Related Transactions**

N/A

#### **8. Conflicts of Interest**

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

#### **ATTACHMENTS:**

- Letter from Chancellor Martin
- Ricoh Americas Corporation Lease Agreement with Exhibits
- Copy and Mail Center and Public Use Convenience Copier Program Request for Proposal

## RECOMMENDATION

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

**"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 Louisiana State University System, or his designee, is authorized on behalf of and in the name of the Board of Supervisors to execute a Lease Agreement with Ricoh Americas Corporation for the operation of the LSU Student Union Copy and Mail Center.

**BE IT FURTHER RESOLVED** that John V. Lombardi, President of the LSU System, or his designee, is hereby authorized by and empowered for and on behalf of and in the name of the Board of Supervisors, in consultation with General Counsel, to include in the Lease Agreement any and all provisions and stipulations that he deems in the best interest of the Board of Supervisors."



*Ray Lammica*

OFFICE OF THE  
PRESIDENT

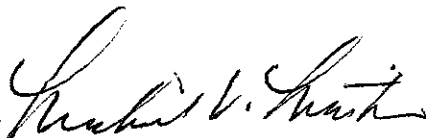
MAY 04 2011

**TO:** John V. Lombardi  
President  
LSU System

**DATE:** May 4, 2011

LSU SYSTEM

**FROM:** Michael Martin  
Chancellor



**RECEIVED**

MAY 04 2011

LSU SYSTEM  
ROOM 124

**RE: Lease Agreement with Ricoh Americas Corporation**

Attached for your review is a resolution requesting approval of a proposed lease agreement for Ricoh Americas Corporation. LSU, after having completed a competitive Request for Proposal process, requests to enter into a lease agreement with Ricoh Americas Corporation for the operation for the LSU Copy and Mail Center effective July 1, 2011, for a ten year term ending June 30, 2021.

It is requested that the resolution and the proposed lease agreement be forwarded to the Board of Supervisors for placement on the June 2011 meeting agenda.

Please let me know if you need additional information.

**RECEIVED**

MAY 09 2011

PROPERTY & FACILITIES

Final Draft

AGREEMENT OF LEASE BETWEEN  
BOARD OF SUPERVISORS OF  
LOUISIANA STATE UNIVERSITY AND  
AGRICULTURAL AND MECHANICAL COLLEGE  
AND  
RICOH AMERICAS CORPORATION

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EXHIBITS

- Exhibit A – Resolution of the LSU Board of Supervisors
- Exhibit B – Resolution of the Board of Directors of Ricoh Americas Corporation
- Exhibit C – Request for Proposal No. 9828
- Exhibit D – Floor Plan of Leased Premises
- Exhibit E – Plans and Specifications for Improvements
- Exhibit F – Ricoh’s Proposal
- Exhibit G – Memorandum of Lease
- Exhibit H – Financial Proposal for a Portion of Revenue

UNITED STATES OF AMERICA  
STATE OF LOUISIANA  
PARISH OF EAST BATON ROUGE

AGREEMENT OF LEASE BETWEEN  
BOARD OF SUPERVISORS OF  
LOUISIANA STATE UNIVERSITY AND  
AGRICULTURAL AND MECHANICAL  
COLLEGE AND RICOH AMERICAS  
CORPORATION

THIS AGREEMENT OF LEASE (the "Agreement") made and entered into effective as of the first day of July, 2011 ("Effective Date") by and between

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation organized and existing pursuant to the laws of the State of Louisiana, herein represented by Dr. John V. Lombardi, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors adopted August 17, 2007, a copy of which is attached hereto as Exhibit "A"; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848);

(hereinafter referred to as "LSU" or "University"); and

RICOH AMERICAS CORPORATION., a Delaware corporation organized and existing under the laws of the State of Delaware, authorized to do and doing business in the State of Louisiana, herein represented by, Eric C. Petertonjes Director – Real Estate, Ricoh Americas Corporation, duly authorized by virtue of a resolution of the Board of Directors of said corporation, a certified copy of which is attached hereto and made a part hereof as Exhibit "B", whose mailing address is (Federal I.D. No. 22-2783521);

(hereinafter referred to as Ricoh.);

provides as follows:

**WITNESSETH:**

WHEREAS, in response to a Request for Proposals for the Lease of Space for Operation of Copy & Mail Services Center & Public Use Convenience Copier Program, Request for Proposal No. 000009828, (herein after referred to as "RFP" and attached hereto as Exhibit "C"), for the campus of Louisiana State University and Agricultural and Mechanical College ("LSU" or "University"), Ricoh Americas Corporation ("Ricoh") has been selected to lease space from LSU;

WHEREAS, this Agreement furthers the educational and public service functions of University by providing needed services for students, faculty, staff and visitors; supporting academic pursuits of faculty and students; contributing to the educational, cultural and social environment of the University; supporting the recruitment, retention and overall satisfaction of the University's students; and providing a source of revenue for the University; and

WHEREAS, LSU enters into this Agreement in accordance with the authority set forth in Louisiana Revised Statutes 17:3361, *et seq.*, which requires, in particular, construction by Ricoh of improvements upon property owned by LSU.

NOW, THEREFORE, in consideration of (1) LSU's obligation to lease the Leased Premises to Ricoh; (2) Ricoh's obligation to construct improvements upon the Leased Premises; (3) the annual rent to be paid by Ricoh during the term of this Agreement; (4) Ricoh's obligation to operate an Copy & Mail Services Center & Public Use Convenience Copier Program in the Leased Premises in accordance with the RFP; (5) such other obligations as set forth herein; and (6) the mutual benefits accruing to the parties under this Agreement, the parties do enter into this Agreement on the following terms and conditions:

## ARTICLE I GENERAL OBLIGATIONS

**1.1 General Obligations.** LSU shall lease to Ricoh, and Ricoh shall lease from LSU approximately (5,914) square feet of retail and storage space within the LSU Union Building and an additional (5,660) square feet of warehouse space within the Printing Services Building located on the campus of University in Baton Rouge, Louisiana, specifically described and shown cross-hatched on the floor plans attached hereto as Exhibit "D" which shall be referred to herein as the "Leased Premises." Ricoh shall operate a Copy and Mail Services Center & Public Use Convenience Copier Program including but not limited to comprehensive copy and mail services center and to provide strategically placed convenience copiers on said Leased Premises in accordance with this Agreement. Ricoh, at its sole cost and expense, shall construct improvements to the Leased Premises as set forth herein and, at its sole cost and expense, shall maintain said improvements in accordance with the standards required by this Agreement. In accordance with the provisions of this Agreement, Ricoh, at its sole cost and expense, shall be obligated to furnish and install all Leasehold Improvements and Movable Equipment, Trade Fixtures, and Signage, all as defined herein, and all other improvements necessary to fulfill its obligations under this Agreement. Ricoh shall perform such other obligations as set forth herein.

**1.2 Transition Period and Interim Premises.** Both parties agree that the period of three (3) months from the Effective Date is a period of transition. Ricoh shall use all reasonable efforts to successfully provide for the uninterrupted continuation of copy and mail service center and public use convenience copier program and concurrently undertake a comprehensive program of construction and renovation within the Leased Premises. During

the transition period, LSU may provide temporary space to Ricoh in consideration of the annual rent of \$1,000.00 per month for the interim period during the transition period, and Ricoh agrees to pay for any temporary alterations, including but not limited to telecommunication and computer connections, necessary for the operation of its copy and mail services center and public use convenience copier program during the transition period.

## **ARTICLE II PREMISES**

**2.1 Leased Premises.** LSU hereby leases and delivers to Ricoh, and Ricoh hereby leases and accepts from LSU, in consideration of the annual rent hereinafter set forth and of the agreements, conditions, covenants and terms of this Agreement, the Leased Premises to be possessed exclusively by Ricoh during the term of this Agreement.

**2.2 Access to LSU Union Loading Dock.** In consideration for the annual rent set forth herein and during the term of this Agreement, Ricoh will have the non-exclusive and shared use of the LSU Union loading dock; however, the use of the loading dock by Ricoh shall not substantially impair its use by University or its designees.

## **ARTICLE III TERM**

**3.1 Term.** This Agreement is made for a term of ten (10) years, commencing on the July 1, 2011 (**Effective Date**) and ending at midnight on the final day of the ten (10) year period, subject to earlier termination in accordance with the provisions of this Agreement. This Agreement may be renewed for additional five (5) year term periods. All terms of this Agreement shall remain in full force and effect during any renewal term.

## **ARTICLE IV RENT, SALE OF INVENTORY AND EQUIPMENT REPLACEMENT**

**4.1 Annual Rent Obligation.** In addition to the other consideration set forth herein, Ricoh shall pay, in advance, to LSU an annual rent for each year, commencing at \$133,065.00 per year or \$22.50 per square foot for the LSU Union location and an additional \$31,752.60 per year or \$5.61 per square foot for the Printing Services location, while this Agreement is in effect, without any prior demand therefore and without any set offs or deductions whatsoever. Payments shall be paid monthly.

**4.2 Additional Rent.** As additional rent for the lease of the Leased Premises hereunder and the grant by LSU of the exclusive right to operate a copy and mail services center and public use convenience copier program on the LSU Campus, Ricoh agrees to pay, in monthly installments, 3% of the Adjusted Gross Sales (less applicable State and Local Sales



taxes) from mailbox rental, shipping, retail sales, and other revenue sources in accordance with Exhibit "H".

**4.3 Payment Terms.** In each year of this Agreement, annual rent shall be paid in monthly installments and is due in advance beginning on Date, and on the fifth day of each month thereafter, until all are paid. Additional rent shall be paid in monthly installments no later than thirty (30) days after the last day of each month. Ricoh may access a processing fee based on the schedule outlined in Section 1.35 Payment Terms of the RFP. Prior to October 1, 2011, rent for the transition period is owed as follows: \$1000.00 per month.

**4.4 Interest on Unpaid Amounts.** Should Ricoh fail to timely pay to LSU any sum due as annual rent or otherwise under this Agreement, such unpaid sum(s) shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

**4.5 Equipment and Fixtures.** Ricoh, at its sole cost and expense, shall acquire any and all fixtures and equipment necessary to fulfill its obligations pursuant to this Agreement and install or place same on or about the Leased Premises.

**4.6 Payment of Rental and Reimbursement.** Checks for annual rent and other payments hereunder shall be payable to Louisiana State University and are to be submitted timely to:

University Auxiliary Services  
Louisiana State University and Agricultural & Mechanical College  
240 Copy and Mail Center  
Baton Rouge, Louisiana 70803

## **ARTICLE V SECURITY**

**5.1 Security.** Prior to the Effective Date of this Agreement, Ricoh shall have provided to LSU a performance bond in an amount of \$50,000.00 or shall deposit with University the sum of \$50,000.00 by certified funds as security for the performance of its obligations hereunder. Any performance bond posted in satisfaction of this requirement shall be written by a Surety or insurance company licensed to do business in the State of Louisiana and currently on the U.S. Department of the Treasury Financial Management Service list of approved bonding companies which is published annually in the Federal Register, or by a Louisiana domiciled insurance company with at least an A- rating in the latest printing of the A.M. Best's Key Rating Guide to write individual bonds up to ten percent of policyholder's surplus as shown in the A.M. Best's Key Rating Guide or by an insurance company that is either domiciled in Louisiana or owned by Louisiana residents and is licensed to write surety bonds.

**ARTICLE VI**  
**CONSTRUCTION AND OWNERSHIP OF IMPROVEMENTS**

**6.1 Obligation to Construct.** Ricoh shall construct improvements to the Leased Premises to the mutual agreements of LSU and Ricoh at an estimated required investment of approximately (\$350,328.00) at the LSU Union Building location and an additional estimated required investment of (\$5,500.00) at the Printing Services Building location, which improvements shall include but are not limited to renovations, remodeling, leasehold improvements and related movable equipment, supplies, trade fixtures, signage, and essential construction costs and fees, in accordance with the plans and specifications approved by LSU and Ricoh. The term "Leasehold Improvements," as used in this Agreement shall refer to all improvements permanently affixed to the Leased Premises and made by Ricoh at any time during the term of this Agreement. All other improvements by Ricoh not permanently affixed to the Leased Premises but for the use or benefit of the Leased Premises and purchased either pursuant to this section 6.1 or purchased as Ricoh's personal property shall be referred to as "Movable Equipment, Trade Fixtures, and Signage." The Leasehold Improvements required hereby shall be made in accordance with Exhibit "E" hereof, unless otherwise agreed to in writing by Ricoh and appropriate University personnel in accordance with the provisions of this Agreement.

**6.2 Construction of Leased Premises.**

**6.2.1 Construction by Ricoh** At its sole cost and expense, Ricoh shall (1) construct the Leasehold Improvements and perform any other work on or about the Leased Premises in a good and workmanlike manner, in accordance with plans and specifications approved in writing by LSU prior to the commencement of the work; (2) procure all necessary permits and governmental approvals for the construction of Leasehold Improvements and installation or use of Movable Equipment, Trade Fixtures, and Signage; (3) provide for labor, services, materials and supplies used or furnished in construction of the Leasehold Improvements and installation or use of Movable Equipment, Trade Fixtures, and Signage and the construction and installation of utility services or other systems or facilities; (4) supervise and control all aspects of the construction, installation, furnishing and equipping of the Leasehold Improvements and the Movable Equipment, Trade Fixtures, and Signage; and (5) during construction comply with any and all provisions of this Agreement. All Leasehold Improvements must be agreed upon in writing by LSU prior to commencement of any work and must otherwise be made in accordance with this Agreement.

**6.2.2 Insurance and Indemnification During Construction.** Prior to commencing work, Ricoh shall obtain at its own cost and expense insurance that is required by LSU and shall indemnify LSU as outlined in Article XII hereof.

**6.2.3 Selection of General Contractor/Bonds/Builder's Risk.** Ricoh shall select and engage a general contractor or contractors duly licensed in Louisiana to perform any work

on or about the Leased Premises. Ricoh or its contractor(s) shall provide a performance and labor and materials payment bond with an acceptable corporate surety in the full amount contemplated as required pursuant to this Agreement. Ricoh or its contractor(s) shall carry all-risk builder's risk insurance which shall protect against any damage or loss during the construction up to the full replacement value of any work damaged or destroyed; however, Ricoh shall be responsible for the \$1,000 per occurrence deductible. In addition, Ricoh shall require its contractor(s) to provide worker's compensation insurance and comprehensive general liability and automobile liability insurance providing Ricoh and LSU coverage for all claims for personal injury or property damage arising out of any work on or about the Leased Premises. Evidence of the required bond and builder's risk insurance and liability insurance shall be delivered to LSU prior to the commencement of any work on or about the Leased Premises.

**6.2.4 Approval of Plans and Specifications.** Ricoh has secured LSU's approval of all plans and specifications for the construction of the improvements prior to the commencement of any work on or about the Leased Premises. Ricoh agrees to complete all improvements as shown on said plans and specifications, unless change orders are implemented in accordance with this Agreement.

**6.2.5 Change Orders and Modifications.** Ricoh shall secure prior written approval of the Vice President for Property, Facilities and Administration for the Louisiana State University System or his designee for all revisions to plans and specifications prior to any revisions or alterations to the improvements or the plans or specifications thereof, which approval shall not be unreasonably withheld.

**6.2.6 Right of Access.** At all times during this Agreement, including but not limited to construction, LSU shall have full access to the Leased Premises in order to inspect same and any work or operations on or about the Leased Premises. LSU shall not be obligated or expected to conduct any such inspection(s).

**6.2.7 Certificates; Bonds.** Ricoh shall provide to LSU, upon completion of construction, a clear lien certificate from the Clerk of Court for East Baton Rouge Parish. Ricoh shall bond out any liens filed against LSU or the Leased Premises resulting from any work on or about the Leased Premises within ten (10) days of the filing of said lien.

**6.2.8 Commencement and Completion Date of Construction.** Ricoh shall use all reasonable efforts to cause the construction, furnishing and equipping of the improvements to the Leased Premises to begin within five (5) days of the Effective Date and shall use all reasonable efforts to complete said construction within thirty (30) to forty-five (45) days of commencement of same.

**6.2.9 Utilities, Sewerage and Telephones.** During construction, LSU as Lessor shall provide access to public utilities, including electricity, water, sewerage and

telephone lines to the perimeter of the Leased Premises. All installation routes for utility, sewerage or telephone services must be approved by LSU prior to installation.

**6.2.10 Quality, Material and Workmanship.** All materials, equipment, trade fixtures and appliances furnished by Ricoh shall be new and of the best quality as measured by the highest standard of the trade, and any defects in any material or equipment that would cause rejection in terms of strictly first-class work will be a default under this Agreement. All materials, equipment, trade fixtures and appliances must be of at least equal quality to similar items found in any other retail university copy and mail services center and public use convenience copier program operated by Ricoh

**6.2.11 General Building Requirements.** The building exterior must conform with existing University buildings and building standards. Requirements are as provided by "Campus Design Guidelines of Louisiana State University, Baton Rouge Campus" as approved by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and current "Design Standards for Louisiana State University" issued by the Office of Facility Services. Exterior signage and lighting must be submitted to University for approval prior to installation.

**6.3 Ownership of Leasehold Improvements.** Leasehold Improvements made by Ricoh at any time are component parts of the Leased Premises. Upon final completion of construction of the improvements, issuance of the occupancy certificate and written acceptance by LSU, all Leasehold improvements shall be owned by LSU.

**6.4 Ownership of Movable Equipment, Trade Fixtures, and Signage.** All Movable Equipment, Trade Fixtures and Signage shall belong to Ricoh during the Term of the Agreement. Ricoh, at its sole cost and expense, shall remove any Movable Equipment, Trade Fixtures and Signage owned by it upon the termination of this Agreement and promptly shall repair any damage caused to the Leased Premises by such removal, ordinary wear and tear, condemnation or casualty, excepted.

**6.5 LSU Approval.** All work contemplated or required pursuant to this Agreement shall be performed at no cost to LSU and subject to the approval of the University's Department of Facility Services and any other approvals required hereby. LSU may, but is not obligated to, review the work and have a representative at the work site. All equipment installation and removal, and utility connections where required and/or alterations of the Leased Premises will be done to the approval of the University's Department of Facility Services, in addition to any other approval required by this Agreement. LSU shall have no responsibility or liability for the work performed pursuant to this Agreement. All modifications to the Leased Premises necessary to implement any work or operations contemplated or required by this Agreement will be the responsibility of and made at the sole cost and expense of Ricoh except for access to utilities as provided herein.

6.6 Records. Ricoh must keep and provide to LSU, upon request, complete and accurate records of all costs associated with fulfilling its construction obligations pursuant to this Agreement, with those costs associated with Leasehold Improvements separately identified and scheduled from those costs associated with Movable Equipment, Trade Fixtures and Signage. Ricoh will provide to the University a statement by a Certified Public Accountant of the construction costs it has expended no later than one hundred twenty (120) days after the acceptance of Leasehold Improvements by LSU.

6.7 Acceptance by LSU of Leasehold Improvements. Upon completion of construction in accordance with plans and specifications approved by LSU and in accordance with this Agreement, LSU shall give written acceptance to Ricoh of the Leasehold Improvements.

#### ARTICLE VII ACCESS, USE AND OPERATION OF PREMISES

7.1 Access by Ricoh to Premises. After the transition period, Ricoh will have the exclusive right to operate the Leased Premises in the LSU Union Building subject to such conditions established herein and subject to the terms and conditions and any limitations or exceptions set forth in this Agreement. Ricoh shall have access to the Leased Premises throughout the term of the Agreement ending upon expiration or termination of the Agreement. Such access, in the form of keys, will be obtained by Ricoh through the Department of Facility Services, at the sole cost and expense of Ricoh. Any access provided to Ricoh by LSU in the form of keys, electronic access cards, etc., will be the responsibility of Ricoh. Loss, damage or theft of such access materials shall be reported to University immediately. If any such loss, damage or theft in University's discretion requires replacement of access materials or related equipment such as locks, electronic card readers, etc., such shall be replaced by LSU at the sole expense of Ricoh, and the cost of such replacement shall constitute additional rent hereunder and shall be paid by Ricoh to LSU at the time of the next following monthly rent payment after Ricoh has received written notice of the amount due.

7.2 Access by LSU to Premises. LSU shall have the right, but not the obligation, to inspect the Leased Premises and the operations thereof by Ricoh with respect to the opening and closing hours, operations schedules; prices, safety, and the daily maintenance of said Premises. This authority would also pertain to any other reasonable regulations adopted by LSU or University pertaining to the Ricoh's operations.

7.3 Facilities Décor and Design. Ricoh shall provide a high quality copy and mail services center and public use convenience copier program with high quality customer service, in an attractive, modern, customer friendly physical environment at least to the degree that such is provided in any university copy and mail services center and public use convenience copier program operated by Ricoh. The physical design and décor of both the interior and exterior of the facilities operated on the Leased Premises by Ricoh shall compliment and

maintain the physical and visual integrity of the Union building as well as the entire University campus. Any and all designs and/or décor plans and alterations must be approved by University prior to implementation, which approval shall not be unreasonably withheld. Ricoh's operations on LSU's campus must not detract in any way from the University's integrity and mission and the appearance of University's campus and facilities.

**7.4 Condition of Leased Premises.** Ricoh acknowledges that the University has not and does not make any warranty as to the condition of the Leased Premises or as to the fitness or security of the Leased Premises for any specific use, and Ricoh accepts the Leased Premises in its current condition.

**7.5 Maintenance of Leased Premises by Ricoh** At its sole cost and expense, Ricoh shall keep the Leasehold Improvements in good condition during the term of this Agreement, ordinary wear and tear and condemnation or casualty excepted.

**7.6 Maintenance and Repairs of Leased Premises by LSU.** LSU shall be responsible for any damage to the Leased Premises covered by LSU's insurance and any necessary repairs to the roof, floor under structure, exterior structure, exterior walls and exterior glass and foundation of all buildings in which Leased Premises are located. Further, LSU, as lessor, shall be responsible for replacing any portion of the Leased Premises (e.g. roof, or air conditioning equipment) which is beyond repair or has exceeded its useful life.

**7.7 Copy & Mail Services Center & Public Use Convenience Copier Program Proposal.** Ricoh shall perform in accordance with and shall fulfill the obligations set forth in those parts of its proposal attached hereto and made a part hereof as Exhibit "F" hereto unless otherwise provided for in this Agreement or agreed upon in writing by Ricoh and appropriate University personnel.

**7.8 Hours of Operation.** Ricoh's hours of operation require the approval of University after written proposal by Ricoh, which approval shall not be unreasonably withheld. All proposed days and hours of operation for the fall, spring and summer semesters, as well as holidays and academic breaks, shall be submitted to University at least thirty (30) days before the commencement of each fall, spring or summer semester. After hours of operations and days of operation have been proposed by Ricoh and approved by University, any future changes to the schedule require the University's written consent.

**7.9 Parking.** All parking on campus by Ricoh's employees, invitees, contractors, subcontractors and vendors shall conform to LSU Parking and Traffic regulations. Ricoh's employees, other than University students, will be entitled to the same parking privileges at the same cost as University employees. Payment for parking may be by the individual employee or Ricoh. University cannot guarantee assignment of Ricoh's employees to gated protected parking lots but will work in good faith with Ricoh to provide parking arrangements to assist Ricoh's copy and mail services center and public use convenience copier program operations.

Information regarding the University's parking rules and regulations can be secured from the LSU Office of Parking, Traffic and Transportation, Public Safety Building, South Stadium Road, Baton Rouge, Louisiana 70803; Telephone 225-578-5000; Fax 225-578-3577.

**7.10 Utilities and Services.** LSU will provide, as included in the monthly rental, electricity, steam, water, sewer service, dumpster service for trash and garbage, general housekeeping and trash removal, and air conditioning, where applicable, to the site of the Leased Premises. The University will make reasonable efforts to provide continuous provision of utilities and to restore service following any interruption. However, the University will not be liable for any loss whatsoever which may occur as a result of the interruption or failure of any such utilities or services. In consideration for the monthly rent paid by Ricoh, LSU will furnish and maintain fire extinguisher equipment and supplies. Ricoh will notify University immediately after any fire extinguisher use or discharge. Ricoh will pay for any recharge after use.

**7.11 University Regulations.** Ricoh shall abide by all regulations of the University now in effect or adopted hereafter which in any way pertain to or implicate Ricoh's operations and activities in, on, or about the Leased Premises and on the University campus.

**7.12 Sales Notice of Leased Premises.** Ricoh shall not offer anything for sale on Lessor's campus or property outside of the Leased Premises without the prior written consent of University.

**7.13 Security.** Ricoh is responsible for and will exercise commercially reasonable control over all Leased Premises to prevent theft, vandalism, destruction or other damage to or removal by unauthorized persons of properties, facilities, equipment, supplies, inventory, files, records, receipts and/or cash, checks and other sales transactions. Ricoh will utilize the University's Police Department for incidents requiring law enforcement services. Ricoh shall be allowed to use the camera surveillance security system subject to mutually agreeable terms and reimbursement to LSU. Further, a uniformed LSU Police Officer is assigned to the LSU Union, and Ricoh may arrange with LSU for the use of these services subject to mutually agreeable terms and reimbursement to LSU. LSU and University will not be held responsible in any way for any such damages, loss or theft, unless caused by the negligent or willful acts of LSU, its officers, board members, employees or agents. Except for the forgoing, Ricoh is solely responsible for such damages, loss or theft, and will defend, indemnify, and hold LSU, University and its agents, officers, board members, and employees harmless from and against any and all claims, damages, losses and expenses including reasonable attorney's fees both at trial court and appellate levels to or for an attorney of LSU or University's choosing, for any claim for damages arising out of or related to Ricoh's obligations assumed pursuant to this section of this Agreement or related to Ricoh's obligations to provide security or related to Ricoh's obligations under this Agreement.

**7.14 Communications, Computers, and Technological Installations.** Ricoh shall be responsible for coordinating with the University's Office of Information Technology Services and Facility Services for installation, maintenance and expenses incurred for telephone service, computers, alarms, equipment, etc. on the Leased Premises. Ricoh shall reimburse University for costs, including but not limited to the labor of University's employees, incurred relative to the installation and maintenance of telephone services. Except for approved installations pursuant to the project plans, Ricoh shall make no installations or alterations of installations without the prior written consent of the University's Office Information Technology Services and Facility Services. Pay phones will not be permitted in any of Ricoh's operations on the University Campus.

**7.15 Campus Mail.** Campus mail is a service provided to the on campus departments for the intra-University of routine correspondence only.

## ARTICLE VIII MARKETING ACTIVITIES AND MARKETING ENVIRONMENT

**8.1 Marketing Activities.** Ricoh acknowledges that, in addition to its obligations to abide by other provisions contained herein, it shall not engage in marketing activities contrary to LSU's Collegiate Licensing Program activities. Further, Ricoh acknowledges its understanding and agreement that LSU itself conducts and may continue to conduct certain marketing activities including but not limited to those described in this section 8.1 which may or may not affect Ricoh's activities.

**8.1.1 Collegiate Licensing Program.** Ricoh acknowledges that LSU and University license the use of their names and other trademarks on products through an agency agreement with the Collegiate Licensing Company. LSU licenses on a non-exclusive basis a large variety of LSU emblematic merchandise which is sold from locations on University campus and locations off of the campus. All emblematic merchandise of LSU or University for sale to the public must be licensed and a royalty must be paid. Royalties are waived for such emblematic merchandise purchased for LSU or University through the LSU Office of Purchasing and for such emblematic merchandise custom printed for the members only of LSU or University employee and student organizations. Ricoh agrees that any use it makes of the name and other trademarks of LSU shall be only as licensed unless any licensing requirements are specifically waived in writing by the University.

**8.2 Advertising and Signage and LSU Trademarks.** All advertisements, regardless of media used, must be approved by prior written consent of University, which consent shall not be unreasonably withheld. Ricoh agrees it will not advertise or promote its relationship with University or utilize LSU's or University's name or logo or use of any identifying marks or property of LSU or University, nor make representation, either expressed or implied, as to LSU's or University's promotional endorsement of Ricoh unless it has received prior written consent from the University. Signage is not permitted on the exterior glass, windows or walls of the



Leased Premises without prior written consent of the University. Ricoh will maintain any approved advertising and signage materials in a state of good condition and repair at all times, ordinary wear and tear excepted. Ricoh shall abide by the provisions of PS 93 made a part of the RFP.

8.2.1 LSU does approve the use of the words "LSU Union" by Ricoh as part of its municipal address and location within the LSU Union.

8.3 No Authority to Obligate LSU or University. Ricoh has no authority to obligate University or LSU. Ricoh will contract in its own name for those goods, services and employment needed to accomplish its obligations under this Agreement. Ricoh shall not implicate LSU or University as being liable directly or by inference in or for any of its business transactions. It shall conduct its business in such a way as to indicate to all third parties that its operations are separate and distinct from those of LSU or University and that the University and/or LSU is not liable for its activities.

8.4 Patents and Copyrights. Ricoh shall pay all costs, fees and royalties arising from or associated with Ricoh's use of copyrights, trademarks, patented materials, equipment devices or processes used in the operation of, or incorporated in the provision or marketing of, Ricoh's goods and services on the Leased Premises. Ricoh shall defend, indemnify, and hold harmless LSU, University, its agents, officers, board members, employees, and anyone for whom University or LSU may be liable (collectively for purposes of this paragraph, "Indemnities") from and against any and all claims, damages, losses, and expenses, including reasonable attorney's fees at both trial and appellate levels to or for an attorney of LSU and/or University's choosing, for any claims for damages or injunctive relief arising out of or in any way relating to any allegations of antitrust violation, unfair trade practices, misappropriation of trade secrets or breach of confidentiality and/or copyright, patent, trademark, service mark and/or trade name infringement in whole or in part by Ricoh or by anyone for who Ricoh may be responsible, including but not limited to Ricoh's agents, attorneys, associates, affiliates, directors, officers, employees, sublicensees and/or assignees.

## ARTICLE IX PAYMENT

9.1 Customer Payment Plans. Ricoh agrees to accept customer payments in the forms of cash, debit cards, credit cards, checks, cashier's check, or money orders.

## ARTICLE X BUDGET, AUDITING AND ACCOUNTING

10.1 Auditing and Accounting. The University reserves the right to have its representative, including the State Legislature Auditor, audit Ricoh's books, records, and other

such financial documents or desired information pertaining to this Agreement or to its obligations hereunder.

**10.2 Books and Records.** Ricoh shall prepare and keep for a period of at least five (5) years following the end of each year of this Agreement, true and accurate books of accounts and records, conforming to generally sound and accepted accounting principles consistently applied.

#### ARTICLE XI CONTRACT TERMINATION AND DEFAULT

**11.1 Termination.** This Agreement shall terminate on the last day of the term unless earlier terminated as provided herein.

**11.2 Ricoh's Default.** Ricoh shall be in default of this Agreement if any of the following listed events occur and Ricoh fails to remedy same after having been given thirty (30) days prior written notice by LSU or University at the address herein designated:

- (a) If Ricoh fails to pay when due any annual rent, reimbursement, additional rent, invoice or other financial obligation owed to LSU or University pursuant to this Agreement or otherwise stipulated; provided, however, that upon the third such failure to pay, LSU or University may exercise any rights granted herein or otherwise without the necessity to give Ricoh any notice or opportunity to cure.
- (b) If Ricoh fails to provide security required or demanded by LSU or University pursuant to this Agreement.
- (c) If a voluntary petition in bankruptcy is filed by Ricoh or if any involuntary petition is filed to place Ricoh in bankruptcy and the matter is not dismissed within ninety (90) days of the filing.
- (d) If Ricoh fails to comply with any of the material terms and/or conditions contained herein or fails to satisfy any material obligation assumed herein.
- (e) If any part of the Leased Premises is abandoned or ceases to be actively occupied and used for retail business for a period in excess of fifteen (15) days.
- (f) If Ricoh, after commencement of construction, but prior to substantially completing construction of the improvements to the Leased Premises, abandons (with no intent to continue) construction on any part of the Leased Premises for a period of thirty (30) consecutive days.

If any event listed above occurs, in addition to any rights or remedies provided herein and in addition to any rights provided by law and in equity to a lessor of immovable property or otherwise available, LSU shall have the option to terminate this Agreement immediately and exercise any rights granted herein upon termination.

Ricoh hereby waives any and all notices of eviction. Failure to strictly and promptly enforce any of the terms, conditions, or obligations of this Agreement shall not operate as a waiver of any of LSU's or University's rights hereunder.

University, at any time and without notice, may, but shall not be obligated to, cure any default by Ricoh of any of Ricoh's obligations under this Agreement; and whenever University so elects, all costs and expenses incurred by University in curing any default, including, but not limited to, reasonable attorney's fees, together with interest on the amount of costs and expenses so incurred at the legal rate, shall be paid by Ricoh to University on demand, and shall be recoverable as additional rent.

**11.3 LSU Default.** If University or LSU shall refuse, fail or be unable to perform or observe any of the terms or conditions of this Agreement for any reason other than Excused Performance, defined herein below, Ricoh shall give the University a written notice of such breach or default. If, within thirty (30) days from receipt of such notice the breach or default has not been corrected or if the default is one that cannot be cured in thirty (30) days, LSU has not commenced steps to cure the default within thirty (30) days, Ricoh may at its election either terminate this Agreement effective thirty (30) days after the end of said thirty (30) day period or cure the default, and, to the extent allowed by law, all of Ricoh's reasonable and documented expenses in that regard at the option of LSU shall be paid by LSU on demand or offset against outstanding rent.

**11.4 Excused Performance.** In the event that the performance of any terms or provisions of this Agreement (other than the payment of money) shall be delayed or prevented because of compliance with any law, decree, or order of any governmental agency or authority, either local, state, or federal, or because of riots, war, public disturbances, unavailability of materials meeting the required standards, strikes, lockouts, differences with workmen, fires, floods, Acts of God, or any other reason whatsoever which is not within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence, said party is unable to prevent (the foregoing collectively referred to as "Excused Performance"), the party so interfered with may at its option suspend, without liability, the performance of the interfered with obligations (other than payment of money) during the period such interference continues, and extend any due date or deadline for performance by the period of such delay, but in no event shall such delay be extended beyond six (6) months.

**11.5 Removal of Personal Property and Fixtures.** Upon termination or expiration of this Agreement, Ricoh shall have the right, within forty-five (45) days after termination or expiration of the Agreement, to remove the Leased Premises all Movable Equipment, Trade

Fixtures and Signage owned by Ricoh. Except if a separate arrangement is consented to by the parties, all property that remains after the forty-five (45) day period shall, *ipso facto*, become the property of the University and may be disposed of by the University as the University sees fit without any payment to Ricoh or liability to account to Ricoh for the proceeds of any sale or other disposition thereof. At University's option, any such property remaining after said forty-five (45) days may be removed at Ricoh's expense, to be collected as additional rent hereunder.

**ARTICLE XII  
INSURANCE**

**12.1 Insurance Required During Lease Term.**

A. Without limiting any other obligations hereunder, the Lessee shall at all times during the Term of this Lease maintain or cause to be maintained the following insurance covering the Premises or activities at or on the Premises, the premiums for which coverage shall be paid by LSU as consideration for the use of the Premises during the Term, as extended, with insurance companies duly licensed to do business in the State of Louisiana and bearing a rating of A+:XV in the latest Best Casualty Insurance.

TYPE	AMOUNT
1) Property Insurance for loss or damage to the Premises by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge and other perils as included in "extended coverage" or "broad form" insurance.	100% repair or replacement (including cost of demolition and debris removal) cost of the Building, less a commercially reasonable deductible but without allowance for depreciation.
2) Commercial General Liability Insurance for the following where the exposure exists:  (a) premises-operations (b) broad form contractual liability (c) products/complete operations (d) use of contractors and subcontractors (e) personal injury (bodily injury and death) (f) broad form property damage (g) explosion, collapse and underground property damage (h) independent contractors (i) sprinkler leakage legal liability (j) water damage legal liability	Coverage in an amount not less than:  \$2,000,000.00 Per Occurrence; \$5,000,000.00 General Aggregate; and \$5,000,000.00 Products & Completed Operations Aggregate; less a commercially reasonable deductible. "Claims Made" form is not acceptable.

3) Business Automobile Liability Insurance for bodily injury and property damage, covering owned automobiles, hired automobiles, and non-owned automobiles;	Combine single limit of Two Million Dollars (\$2,000,000.00) per occurrence.
4) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$2,000,000.00 when work is to be over water and involves maritime exposure.
5) Business Interruption Insurance covering loss of rents by reason of total or partial suspension of, or interruption in, the operation of Facilities caused by the damage thereof.	12 months rental revenue
6) Flood insurance, if applicable	In amounts determined by the Foundation to be reasonable, but no more than the amount available under the National Flood insurance Program.
7) Boiler and Machinery Insurance for Loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Premises.	Not less than \$5,000,000.00 with deductible provisions not to exceed \$100,000.00 per accident.
8) Liquor liability, if applicable	\$1,000,000.00 per occurrence

B. Without limiting any other obligations hereunder, LSU shall at all times from the Effective Date hereof maintain or cause to be maintained at its expense the following insurance with insurance companies duly licensed to do business in the State of Louisiana and bearing a rate of not less than A+:VI in the latest Best Casualty Insurance Reports. Self insurance through ORM shall satisfy the requirement of this section.

TYPE	AMOUNT
1) Business Automobile Liability Insurance for bodily injury and property damage, covering owned automobiles, hired automobiles, and non-owned automobiles.	Combined single limit of One Million Dollars (\$1,000,000.00) per occurrence.

2) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$1,000,000.00 when work is to be over water and involves maritime exposures.
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Proposer shall include all subcontractors as insured under its policies or shall furnish separate certificates for each subcontractor at the limits stated herein.

**12.2 Deductibles and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by LSU. At the option of LSU, either (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to LSU, its board members, officers, officials, employees and volunteers; or (2) Ricoh shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

**12.3 Other Insurance Provisions.**

The policies shall contain, or be endorsed to contain, the following provisions:

- (a) LSU and University, their board members, officers, officials, employees and volunteers are to be covered as "additional insureds" with respect to liability arising out of any premises owned, occupied or used by Ricoh. The coverage shall contain no special limitations on the scope of protection afforded to the additional insured.
- (b) Ricoh's insurance coverage shall be primary insurance with respect to LSU and University, its board members, officers, officials; employees and volunteers. Any insurance or self-insurance maintained by LSU and University, their officers, officials, employees or volunteers shall be excess of Ricoh's insurance and shall not contribute with it.
- (c) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to LSU, University, its board members, officers, officials, employees or volunteers.
- (d) Coverage shall state that Ricoh's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (e) Neither LSU and University nor Ricoh shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible

property, or any resulting loss of income, or losses under workers' compensation laws and benefits, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees to the extent and only to the extent that such loss or damage is covered by insurance benefitting the party suffering such loss or damage.

- (f) Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given LSU and University.
- (g) The insurance companies issuing the policy or policies shall have no recourse against LSU and University for payment of any premiums or for assessments under any form of policy.
- (h) Any and all deductibles in the insurance policies shall be paid by Ricoh regardless of the nature of the claim.
- (i) All losses shall be made payable to and adjusted with LSU or the University.

**12.4 Acceptable Insurers.** Insurance is to be placed with insurers with an A. M. Best's Rating of no less than A+:XV. This requirement will be waived for workers' compensation coverage only for those contractors whose workers' compensation coverage is placed with companies who participate in the State of Louisiana Workers' Compensation Assigned Risk pool. If, at any time, any of the said policies shall be or become unsatisfactory to University, as to form or substance, or if any company issuing any such policy shall be or become unsatisfactory to University, Ricoh shall promptly obtain a new policy, submit the same to University for approval and submit a certificate thereof as herein above provided.

**12.5 Verification of Coverage.** Ricoh shall furnish University with certificates of insurance effecting coverage required under this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Certificates are to be received and approved by the University before the Agreement commences. LSU reserves the right to require complete, certified copies of all required policies at any time. Upon failure of Ricoh to furnish, deliver and maintain said insurance as above provided, this Agreement, at the election of LSU or University, may be forthwith declared suspended, discontinued, or terminated. Failure of Ricoh to take out and/or to maintain or the taking out and/or maintenance of any required insurance shall not relieve Ricoh from any liability under the Agreement, nor shall the insurance requirements be construed to conflict with the obligations of Ricoh concerning indemnification.

**12.6 Payment of Insurance Premium.** If any of the Property and Casualty insurance requirements are not complied with at their renewal dates, at the option of the University, the

University may pay the renewal premium and invoice Ricoh for the cost thereof, which shall be due and owing as additional rent within ten (10) days of receipt of invoice, with interest thereon at the rate of ten percent (10%) per annum from demand until paid.

### ARTICLE XIII DAMAGE

**13.1 Casualty Damage.** If any portion of the Leased Premises be damaged or destroyed by fire, windstorm, tornado, flood, vandalism or other casualty, Ricoh shall proceed with due diligence to repair such damage or destruction and restore the Leased Premises to their condition immediately prior to such fire, windstorm, tornado, flood, vandalism or casualty, using the proceeds from the insurance policies specified herein to apply toward the cost of such repair and restoration. During any period in which Ricoh is unable to occupy the Leased Premises on account of such damage, Annual Base Rent due under this Agreement for said period shall be abated in proportion to the diminished utility of the Leased Premises.

Alternatively, if as a result of such damage or destruction, part or all of the Leased Premises cannot be utilized for the purposes intended herein, University, at its sole option, may remove that area from the definition of Leased Premises and reduce annual rent proportionately to the diminished utility of the Leased Premises.

**13.2 Contamination and Pollution.** Upon commencement of this Agreement, Ricoh and their employees shall use their best efforts to keep the Leased Premises free from any and all contamination and pollution. Ricoh and their employees, contractors and agents shall conform to any and all federal, state or local laws or ordinances concerning the storage, handling, transportation, sale or distribution by Ricoh of all hazardous or nonhazardous or toxic substances.

University states that to the best of its knowledge there are no underground storage tanks, hazardous wastes or toxic contaminants, or other substances regulated by federal, state, or local laws or regulations, which are located on Leased Premises, except that it is acknowledged that non-friable asbestos may be present on the Leased Premises. To the extent that said asbestos is found on the Leased Premises, University believes that it is nonhazardous and requires no removal or remediation. University shall indemnify and hold Ricoh and its contractors, and their respective officers, directors, employees and representatives harmless, in the event that such asbestos is hazardous and required removal or remediation. Ricoh agrees that to the extent that the construction plans, and or building authorities permit it will not disturb or cause said asbestos to become friable by its activities on the Leased Premises unless University specifically and in writing authorizes such activity. Ricoh shall indemnify, defend, and hold University harmless and shall be responsible for all other remediation or damage, including but not limited to environmental damage, arising out of or caused by the negligence or fault of Ricoh in its use of or operations on the Leased Premises or the campus of University.



**ARTICLE XIV  
TAXES, LICENSES AND PERMITS**

**14.1 Taxes, Licenses and Permits.** Ricoh shall be responsible for the payment and remission of all taxes – federal, state and local – and all license fees, or any other tax applicable to its operation under this Agreement or payable as a result of funds received by Ricoh arising out of this Agreement and identified under Federal tax identification number. Ricoh will comply with all Federal, State and local laws pertaining to its business operations and conform with general University policies and practices. Ricoh agrees to comply with any and all lawful ordinances and regulations pertaining to the use of the Leased Premises and its operations on the campus of University. Ricoh shall obtain and maintain at its sole cost and expense all necessary licenses, permits, approvals which may be required by any municipal ordinances, federal and state laws and regulations, governmental authorities, or otherwise, and shall pay all fees in connection therewith, as well as any fees imposed by reason of inspection of the Leased Premises by any governmental authority, or equipment installed therein, and shall make available to University appropriate documents of such current licenses.

**ARTICLE XV  
CONDEMNATION/EXPROPRIATIONS**

**15.1 Condemnation/Expropriations.** Ricoh's investment shall be amortized over a period of ten (10) years calculated on a straight-line basis. If any portion of the Leased Premises is condemned or expropriated partially or totally, to the extent that it cannot be utilized for the purposes intended herein, University, at its sole option, may remove that area from the definition of Leased Premises and reduce annual rent proportionately to the diminished utility of the Leased Premises. Notwithstanding any of the foregoing, if such condemnation/expropriation results in the taking of all/substantially all Leased Premises, such that Ricoh cannot conduct business as anticipated under this Agreement, Ricoh shall have the right but not the obligation to terminate this Agreement upon thirty (30) days notice to the University. In such instance, LSU shall reimburse Ricoh for the unamortized portion of Ricoh's investment and Ricoh shall deliver title to the assets procured with the investment and deliver to LSU a bill of sale evidencing same. Notwithstanding the foregoing, LSU shall not reimburse Ricoh for the unamortized cost of signage, proprietary materials, moveable equipment and title to such items shall not transfer to LSU.

**ARTICLE XVI  
TRANSFER, ASSIGNMENT AND SUBLEASE**

**16.1 Transfer, Assignment and Sublease.** Ricoh without prior written consent of the University, which consent shall not be unreasonably withheld, shall not sublet any part of the Leased Premises or transfer or assign this Agreement, whether by change of ownership, merger, consolidation, liquidation, or otherwise. In the event that LSU agrees to an assignment or transfer, the assignee or transferee shall assume and be deemed to have assumed this Agreement and all of Ricoh's responsibilities and obligations hereunder and shall be liable for

the payment of all annual rent and for the due performance of all terms, conditions and agreements herein arising on and after the effective date of the transfer. Ricoh shall remain liable for any payments due or liabilities to LSU and/or University or to third parties arising prior to the effective date of the transfer.

**16.2 Subcontracting Services.** Ricoh shall not, without prior written consent of LSU and University, subcontract any or all of the responsibilities and obligations of Ricoh under this Agreement. University reserves the sole right to reject any and all subcontractors for any reason whatsoever.

#### ARTICLE XVII MORTGAGING OF LEASEHOLD ESTATE

**17.1 Mortgaging of Leasehold Estate.** Ricoh shall not mortgage or encumber its leasehold estate or any interest under this Agreement without the prior written consent of the University.

#### ARTICLE XVIII INDEMNITY

**18.1 Indemnity.** Upon completion of the construction of the Leasehold Improvements in accordance with this Agreement and the written acceptance of the Leasehold Improvements by LSU, Ricoh hereby covenants and agrees, at its sole costs and expense during the term of this Agreement, to indemnify, defend and hold harmless LSU and University and their Board members, officers, agents, and employees (herein collectively referred to as "Indemnities",) against and from any and all claims or demands by or on behalf of any person, firm, corporation or governmental authority, arising out of, attributable to or in connection with the use, occupation, possession, conduct or management of the Leased Premises or any work done in or about the same, or transactions of Ricoh pursuant to any rights granted to it pursuant this Agreement, including, but without limitation, any and all claims for injury or death to persons or damage to property, except those claims, demands and/or causes of action to the extent they arise out of the negligence of any Indemnities other than negligence by those employees of LSU supervised by Ricoh. Ricoh also, covenants and agrees, at its sole cost and expense, to hold harmless and defend any and all Indemnities from and against all judgments, costs, counsel fees, expenses and liabilities incurred in connection with any such claim and any action or proceeding brought thereon and in case any action is brought against LSU or the University or against any of their board members, officers, agents or employees, by reason of any such claim, Ricoh upon notice from LSU or the University will resist and defend such action or proceeding by qualified counsel of LSU or the University's choosing.

To the extent allowed by law, LSU agrees to indemnify and defend Ricoh from and against any physical damage to tangible property, bodily injury, sickness, death or other claims to the extent caused by the negligent acts, omissions or willful misconduct of LSU or University or

their agents or employees arising out of this Agreement; provided, however, that nothing contained herein shall require LSU to indemnify for acts or omissions arising out of the negligent acts, omissions, or willful misconduct of Ricoh, its agents, officers, or employees or University's employees when directed or supervised by Ricoh.

LSU and the University shall not be responsible or held liable for any injury or damage to persons or property resulting from the use, misuse, or failure of any equipment used by Ricoh or any of Ricoh's agents, servants, or employees, even if such equipment is owned by LSU or University or is furnished by LSU or University to Ricoh. The acceptance or use of any such equipment by Ricoh shall be construed to mean that Ricoh accepts full responsibility for, and agrees to indemnify and to defend LSU/University, their Board members, officers, agents or employees against any and all loss, liability, and claims for any injury or damage whatsoever resulting from the use, misuse, or failure of such equipment, whether such damage or injury is to an employee, agent, or servant or the property of Ricoh, or other contractors, LSU, the University, or other persons.

#### ARTICLE XIX INDEPENDENT CONTRACTOR STATUS

19.1 Independent Contractor Status. Ricoh acknowledges that under this Agreement it is an independent contractor and is not operating in any fashion as the agent of LSU or University.

#### ARTICLE XX WARRANTIES AND REPRESENTATIONS

20.1 Warranties and Representations.

20.1.1 Ricoh acknowledges that the University has not made and does not hereby make any warranties as to the condition of the Leased Premises or the building containing the Leased Premises or as to the fitness or security of the Leased Premises or the building containing the Leased Premises for any specific use by Ricoh.

20.1.2 By execution of this Agreement, Ricoh and LSU each represent to each other that they are entities validly existing, duly constituted and in good standing under the law of the jurisdiction in which they were formed and in which they presently conduct business; and that the person signing this Agreement on their behalf has due authorization to do so.

ARTICLE XXI  
NOTICES

**21.1 Notices.** Any notice required or permitted under this Agreement shall be deemed to be delivered as of the date delivered in person, when received by telecopy using the telecopy numbers shown herein, if any, or as of the fifth (5<sup>th</sup>) day following the date of the certified or registered mail receipt, when deposited in the United States mail, postage prepaid, return receipt requested, addressed to the parties show below, and refusal to accept delivery of said notice shall be deemed delivery of said notice.

TO THE UNIVERSITY:

Office of Purchasing  
Louisiana State University and Agricultural & Mechanical College  
213 Thomas Boyd Hall  
Baton Rouge, LA 70803-3001  
TELEPHONE: 225-578-2176  
FAX: 225-578-2292

With a copy to:

Vice Chancellor for Finance and Administrative Services & CFO  
Louisiana State University and Agricultural & Mechanical College  
330 Thomas Boyd Hall  
Baton Rouge, LA 70803  
TELEPHONE: 225-578-3386  
FAX: 225-578-5403

TO RICOH:

Ricoh Americas Corporation  
5055 South Sherwood Forest Blvd.  
Baton Rouge, LA 70816  
TELEPHONE: 225-292-3090  
FAX: 225-292-2094

Copy to: Ricoh Americas Corporation  
70 Valley Stream Parkway  
Malvern, PA. 19355

**ARTICLE XXII  
ATTORNEY'S FEES**

22.1 Attorney's Fees. To the extent allowed by law, either party who fails to comply with its obligations under this Agreement, after having been provided with notice of such noncompliance shall be bound to pay the reasonable attorney's fees of the other party in enforcing such other party's rights, which fees shall not exceed 10 percent (10%) of the amount involved.

**ARTICLE XXIII  
HOLDING OVER**

23.1 Holding Over. At the expiration or cancellation of the Agreement, should Ricoh hold over for any reason, it is hereby agreed that, in the absence of a written agreement to the contrary, such tenancy shall be from month to month only, and subject to all the other terms, conditions and obligations contained within this Agreement.

**ARTICLE XXIV  
AMENDMENTS**

24.1 Amendments. All amendments or modifications to this Agreement must be in writing and signed by an authorized representative of each party hereto.

**ARTICLE XXV  
MEMORANDUM OF LEASE**

25.1 Memorandum of Lease. The parties agree to enter into a Memorandum of Lease in the form attached hereto Exhibit "G" for recordation in the public records of East Baton Rouge Parish.

**ARTICLE XXVI  
ENTIRE AGREEMENT**

26.1 Entire Agreement, Applicable Law and Modifications. This Agreement including its exhibits, represents the entire understanding between the parties as of the Effective Date and no agreement or representation, verbal or otherwise, between LSU or University and Ricoh shall be binding on either party unless incorporated in this Agreement. This Agreement shall be construed in accordance with the laws of the State of Louisiana; shall inure to the benefit of and shall be binding upon each of the parties hereto, their respective heirs, executors, administrators, personal representatives, successors and assigns, and shall not be modified in

any manner except by an instrument in writing as provided in Article XXIV. In the event that this Agreement conflicts with any of the exhibits hereto, the Agreement shall control the exhibits. Furthermore, in the event that the Request for Proposal attached hereto as Exhibit "C" conflicts with the information in Ricoh's proposal attached hereto as Exhibit "F", the Request for Proposal shall control.

**ARTICLE XXVII  
SEVERABILITY OF PROVISIONS AND VENUE**

27.1 Severability of Provisions and Venue. To the extent that any provision hereof is inconsistent with or in violation of any applicable law, rule, or regulation, such provisions shall be deemed modified so as to comply with such applicable law, rule, or regulation, and shall not otherwise affect any other provision of this Agreement. The State of Louisiana shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding between the parties that may be brought or arise out of or in connection with or by reason of this Agreement.

**ARTICLE XXVIII  
OWNERSHIP OF RECORDS, REPORTS, DOCUMENTS**

28.1 Ownership of Records, Reports, Documents. All records, reports, documents and other material delivered or transmitted to Ricoh by LSU shall remain the property of LSU and shall be returned by Ricoh to LSU at Ricoh's expense at termination or expiration of this Agreement. All records, reports, documents or other material related to this Agreement and/or obtained or prepared by Ricoh in connection with the performance of the services contracted for herein shall become the property of LSU and shall upon request be returned by Ricoh to LSU at Ricoh's expense at termination or expiration of this Agreement. Ricoh may retain one copy for its records.

**ARTICLE XXIX  
DISCRIMINATION CLAUSE**

29.1 Discrimination Clause. Ricoh agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and Ricoh agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Ricoh agrees not to discriminate in its employment practices, and will render services under this Agreement without regard to race, color, religion, sex, national origin, veteran status, political affiliation or disabilities.

Any act of discrimination committed by Ricoh, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this Agreement.

**ARTICLE XXX  
USE OF UNIVERSITY OWNED EQUIPMENT**

**30.1 Use of University Owned Equipment.** Ricoh will be allowed the use of the existing University inventory copy/printing/mail related equipment and supplies in performance of the lease. Inventory will be taken prior to commencement of the lease term to establish equipment and supply items and levels. Said inventory will be conducted by the University and Ricoh's personnel in order to establish an agreed upon inventory. Equipment and/or supplies which Ricoh does not wish to utilize shall not be included in the inventory. Such inventory shall remain the University's property through the initial term of this lease and any subsequent lease term extensions. The inventory shall be repeated annually on an agreed upon date by the University and Ricoh. Also, at the conclusion of the initial lease or upon termination of the lease agreement, inventory of said equipment and supplies shall be conducted by University and Ricoh's personnel with Ricoh reimbursing the University for missing equipment, or equipment damaged by Ricoh, and/or supplies, normal wear and tear, condemnation or casualty excepted.

Ownership of existing equipment will be vested with the University. No University owned equipment will be removed from the premises for any purpose without prior written consent from the University.

Ricoh will provide, at its own expense, any and all necessary equipment not provided by the University. Ownership for such equipment shall be vested with Ricoh unless otherwise stated in writing.

Ricoh will provide the University with an annually updated inventory list of all equipment owned solely by Ricoh, located on the University's campus. All such Ricoh owned equipment shall be clearly labeled (including an identification number) in a manner which distinguishes such Ricoh owned equipment from University owned equipment.

The inventory list of the University owned equipment and supplies shall be binding upon the parties. Based thereon, Ricoh will maintain current records of equipment furnished for its use, indicating the addition, replacement and/or removal of University owned equipment in accordance with Louisiana Property Management Regulations. This shall include the completion of an Annual Property/Inventory report performed by personnel from the University and Ricoh.

All costs for repairs and maintenance of the University-owned equipment considered part of the inventory of supplies and equipment utilized by Ricoh shall be borne by Ricoh. Ricoh will provide preventive and on-site maintenance services as scheduled by Ricoh and agreed upon by the University. Any University owned equipment, utilized by Ricoh, which Ricoh deems no

longer useful will be removed from the inventory list charged to Ricoh and returned to the University.

Equipment must be clean, in good appearance, and in first-class working order at the time of installation. Equipment installation and removal where utility connections and/or alteration of University property is involved shall be by or under the direction of the LSU Student Union and the University's Department of Facility Services at the expense of Ricoh.

THUS DONE AND SIGNED by LSU in triplicate originals as of the \_\_\_\_\_ day of \_\_\_\_\_, 2011, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES as to LSU:

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

BY: \_\_\_\_\_  
John V. Lombardi, President  
Louisiana State University System

THUS DONE AND SIGNED by Ricoh in triplicate originals as of the \_\_\_\_\_ day of \_\_\_\_\_, 2011, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES as to Ricoh Americas Corporation:

Ricoh Americas Corporation

BY: \_\_\_\_\_  
Eric C. Petertonjes, Director-Real Estate  
Ricoh Americas Corporation

In accordance with the provisions of La. R.S. 39:13, I acknowledge a receipt of a copy of this Agreement for inventory purposes.

DIVISION OF ADMINISTRATION

BY: \_\_\_\_\_  
COMMISSIONER OF ADMINISTRATION



**EXHIBIT "A"**  
**Resolution of the Board of Supervisors of LSU**

**EXHIBIT "B"**  
**Resolution of the Board of Directors of Ricoh Americas Corporation**

**RICOH AMERICAS CORPORATION**

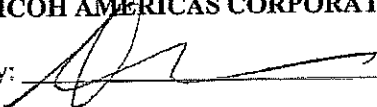
**CERTIFICATE OF AUTHORITY**

I, the undersigned, the Assistant Secretary of Ricoh Americas Corporation (the "Corporation"), a corporation organized under the laws of the State of Delaware, do hereby certify that:

1. Eric Peteronjes is the Director of Finance, Ricoh Real Estate, for the Corporation, and he is authorized, in the name of this Corporation, to execute and deliver the Real Estate Lease by and between Ricoh Americas Corporation and Louisiana State University; and
2. Any and all actions previously taken by Eric Peteronjes in connection with the Proposal are hereby authorized, approved, ratified, and confirmed; and
3. There is no provision in the Articles of Incorporation or By-laws of this Corporation limiting the foregoing authorization, and that same is in conformity with the provisions of such Articles of Incorporation and By-laws.

IN WITNESS WHEREOF, I have hereunto subscribed my name on April 21, 2011.

**RICOH AMERICAS CORPORATION**

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

Name: Allen A. Hans

Title: Assistant Secretary

<b>ADDENDUM No. 01</b>	<b>BID DUE DATE AND TIME</b>
BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL & MECHANICAL COLLEGE	<b>01/27/2011      02:00 PM      CT</b>

<b>SOLICITATION 000009828</b> VENDOR # VENDOR NAME AND ADDRESS <div style="border: 1px solid black; height: 80px; width: 100%;"></div>	RETURN ADDENDUM TO FAX # (225)578-2292 LSU LOUISIANA STATE UNIV. PURCHASING OFFICE 213 THOMAS BOYD HALL Baton Rouge LA 70803 BUYER James Frazier, CPPB BUYER PHONE (225)578-2176 ISSUE DATE 01/14/2011
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**TITLE: REISSUE-LEASE OF SPACE FOR OPERATION OF COPY & MAIL SERV CTR**

Notice is given to all parties that this Solicitation is amended by the University as stated herein. This Addendum is hereby made an official part of this Solicitation.

Please see the attached Vendor Questions and Responses.

This Addendum should be signed and returned with your bid or otherwise acknowledged therein. If you have already submitted your bid, and this Addendum creates a need to revise/clarify your original response in any way, you are required to submit such in writing. For revisions/clarifications to be considered, your addendum response must be submitted to and received by the issuing LSU Campus/Department at the "Return Bid To" address stated above no later than the specified bid due date/time and must be clearly marked with the solicitation number and the bid due date/time and returned via fax, courier service, hand delivery, or USPS mail. Bid revisions received after bid opening cannot be considered, whereupon the bidder must either honor or withdraw its original bid.

Bidder's Addendum Acknowledgement/Response:

As an authorized agent/signatory of the bidder, I/we acknowledge receipt of this Addendum, and  
 \_\_\_\_\_ submit no alterations/clarifications to our original bid.  
 \_\_\_\_\_ submit superseding revisions/clarifications to our original bid as written herein or attached hereto.

BIDDER (Name of Firm)	MAILING ADDRESS
AUTHORIZED SIGNATURE	CITY, STATE ZIP
PRINTED NAME	PHONE #
TITLE	FAX #
E-MAIL	FEDERAL TAX ID #

Addendum #1

LSU RFP#000009828-Re-issue-Lease of Space for Operation of Copy & Mail Services Center and Public Use Convenience Copier Program

Questions and Responses:

Question #1: Will the Ag Center and its affiliates be required to utilize the successful bidders services?

Response #1: No.

Question #2: Is the Athletic Department included in the requirement of all departments to utilize the successful bidders services?

Response #2: No.

Question #3: The amount of mailbox rent is stipulated at a maximum of \$70.00 for year 1, may this amount be negotiated upwards in subsequent years?

Response #3: Yes, please refer to section 2.1.

Question #4: Will the university agree to indemnify the successful bidder from violations of the universal mail statutes in the event services desired by the university cause such violation(s)?

Response #4: No.

Question #5: Will the house members fraternities and sororities be required to individually require mailboxes as your total on campus housing number suggest?

Response #5: No.

Question #6: Is Pennington and other possible outlying LSU associated institutions required to use the successful bidders services?

Response #6: No.

Question #7: Will LSU entertain a contract commitment of less than 10 years?

Response #7: No.

Question #8: Is the successful bidder required to sell postal services at US Postal Service postage rates? If not, is there or will there be a maximum profit margin allowed?

Response #8: Schedule of services and fees are to be submitted and approved by the University. Please refer to section 2.1.

Questions #9: Does automation presort mail have a deadline for arrival at the postal service? Is this to be guaranteed and must this be by the same contracted vendor and what is the penalty for non-delivery to the US Postal Service if there is a time requirement?

Response#9: Yes, the deadline is stipulated in Section 2.5 under Metering. As the contracted vendor, it is your responsibility to ensure that all deadlines are met. It is the expectation that the successful proposer will abide by all contract terms.

Question #10: If mail is not posted correctly (right price) nor delivered same day to the US Postal Service, what penalties are expected or will be imposed (if any) short of contract cancellation?

Response #10: It is the expectation that successful proposer will abide by all contract terms.

Question #11: Section 2.4 LSU Student Union Mail Center: Maintain mailboxes (the University will provide the mailboxes). Is LSU responsible for moving, installing, re-keying and re-numbering the mailboxes?

Response #11: Yes.

Question #12: Section 2.22.1 Financial: A. Lease: Proposal is to be based upon an annual minimum rent per square foot of \$15.00 per square foot guarantee, payment divided into twelve equal monthly payments. Will LSU forego lease payments until completion of the build out of copy/mail center?

Response #12: During the Transition Period, while the construction and renovation of the Copy and Mail Service Center is being completed, the successful proposer will have a reduced lease payment of \$1000.00 per month.

Question #13: Section 2.21 Location: Additional Space can be made available to proposer in addition to the aforementioned leased premises. How much additional space is going to be available and where is the additional space located?

Response #13: Up to 6000 square feet at various locations, including 3555 River Road.

Question #14: Section 3.1 Financial Proposal (60% of evaluation value) – 60 points: 1) Guaranteed Annual lease payment – 40 points. Will the additional space be included in the guaranteed annual lease payment?

Response#14: No.

Question #15: Can LSU provide an electronic copy of the RFP in word format?

Response #15: No.

Question #16: Section 1.35 Payment Terms:

Postage Surcharges & Chargeback

First Class Auto 3 Digit letter

First Class Presort Flat

\$0.0475 per piece

\$0.0665 per piece

It appears the surcharges have been cut in half from the original RFP for the above outlined fees. It will be very difficult for someone to provide the necessary steps (set up and process of data file through postal coding software and NCOA, ink cost, set up of material for inkjet, labor to print, separate into specific postal containers, submit to the USPS with supporting documentation for the lowest postage rate and wait for the post office to verify job) at this price because it is far below cost. Is the University willing to reconsider these surcharge cuts?

Response #16: Yes.

Question #17: Section 1.35 Payment Terms: Postage Surcharges & Chargeback: CASS certify, inkjet address, zip Letters, all quantities \$0.145 per piece, sorting and NCOA process Flats, all quantities \$0.0165 per piece. The inkjet fee of \$0.145 appears to be a mistake. Was this rate intended to be \$0.0145?

Response #17: Yes.

Question #18: Will LSU be able to provide a full function API for the One Card?

Response #18: Yes

Question #19: Will winning vendor be able to control/specify data ports for operation of the center?

Response #19: Yes.

Question #20: Exhibit L: Will LSU provide maintenance cost for the last two years for the items listed under Exhibit L?

Response #20: The available equipment for which maintenance agreements are maintained is as follows:

Description	Acq Date	Manufacturer/Model	Maint Cost
Nexpress	2003	Kodak 2100 Plus	\$2772.50 per month
Nexpress 2100 SE	2004	Kodak/2100SE	\$2772.50 per month
Nexpress Glossing station	2005	Kodak, serial #0059AG	\$110 per month
Digimaster Digital Production System	2005	Kodak E150	1 contract/1 Dollar Amt
Used Digimaster Printer	2005	Kodak 9150	for all 3 pieces
Used Digimaster Printer	2008	Kodak 9110	\$4447.65 per month
Mail Machine	2004	Pitney Bowes DM800 w/ scanner	\$1789 per year
Mail Machine	2004	Pitney Bowes DM800 w/ scanner	\$1789 per year
Mail Machine	2004	Pitney Bowes DM800 w/ scanner	\$1789 per year

30 lb scales	2004	Pitney Bowes MP30	\$170 per year
30 lb scales	2004	Pitney Bowes MP30	\$170 per year
30 lb scales	2004	Pitney Bowes MP30	\$170 per year
Mail accounting system	2004	Pitney Bowes Accutrac Z585	\$680 per year

Question #21: Since LSU is providing the mailboxes, would the winning vendor have the ability to refurbish or replace the mailbox doors to offer a more consistent image?

Response #21: Yes.

Question #22: Where specifically will the six parking spots be located in relation to the Union space?

Response #22: To be determined after the selection of successful proposer.

Question #23: Would it be possible to receive a list of contractors that have or are currently performing work in the Union? Our preference would be to use a contractor who is familiar with all LSU rules and regulations.

Response #23: K-W Construction, Inc, Jim Kelley at [jhk@k-wconst.com](mailto:jhk@k-wconst.com) or at 512-353-5900

Buquet & LeBlanc, Bill Firestreets at [billf@buquet-leblanc.com](mailto:billf@buquet-leblanc.com) or at 225-753-4150

Question #24: Section 1.35 Payment Terms: The successful proposer may assess a processing fee based on the schedule below. The total monthly amount is to be offset from the gross payments due to LSU and will not exceed the lease payment. Will LSU allow processing fee balances in excess of the monthly lease payment to be carried over to the following month? Will LSU at the end of each 12 month period pay the successful proposer for any processing fee balances that exceed the annual lease amount?

Response #24: LSU will allow processing fee balances in excess of the monthly lease payment to be carried over each month. If total processing fees exceed the lease payment at the end of each 12 month period, LSU will not be responsible for the excess fee.

Question #25: Can you please provide a copy of the sign in sheets from the pre-proposal conference.

Response: See attached sheets.



RE-ISSUE - LEASE OF SPACE FOR OPERATION OF COPY & MAIL SERVICES CENTER  
 AND PUBLIC USE CONVENIENCE COPIER PROGRAM  
 LSU Solicitation #000009828

10:00 AM, WEDNESDAY, JANUARY 5, 2011  
 Council Room (3<sup>rd</sup> floor) LSU Student Union

Sign-In Sheet

Name	Company	Address	Phone/Fax	Email
Nichele Devall	Xerox	5555 Hutton Ave #601 Baton Rouge, LA 70802	225-346-4723 225-925-5810	Nichele.R.Devall@XEROX.COM
Mike Duagward	Xerox	5555 Hutton Ave #601	225-603-2120 225-925-5810	Mike.Duagward@XEROX.COM
Jerry Duff	Xerox	1001 West Long South St Hawthorn Tr 77022	713-888-6188	Jerry.duff@xerox.com
Rebecca Washburn	FedEx Office	191 W. State St BR, LA 70802	225-344-7296 / 733	Rebecca.washburn@fedex.com
Michael Melheimer	FedEx Office	9945 Alpine Hwy Baton Rouge 70816	225-902-2163	Michael.Melheimer@fedex.com
Eddie Borin	The UPS Store	44004 Airbase Middle CA Hwy Lafayette, LA 70508	337-988-1201 337-988-2822	Eddie.Borin@theupsstore.com
Dawdley	The UPS Store	6000 Cornerstone Dr W Kenner, LA 70121	858-455-8553 858-430-5414	dawdley@ups.com
Tommy PHIFEL	RICOH	5005 SHREVEPORT FOREST Baton Rouge	770-621-1399 <del>601-538-2284</del>	Tommy.PHIFEL@RICOH-USA.COM

RE-ISSUE - LEASE OF SPACE FOR OPERATON OF COPY & MAIL SERVICES CENTER  
 AND PUBLIC USE CONVENIENCE COPIER PROGRAM

LSU Solicitation #000009828

10:00 AM, WEDNESDAY, JANUARY 5, 2011  
 Council Room (3<sup>rd</sup> floor) LSU Student Union

Sign-In Sheet

Name	Company	Address	Phone/Fax	Email
Tavor Dislander	The UPS Store	4526 Blackstone Blvd Baton Rouge 70810	cell 917-698-0531 fax 935-266-3774	stuart3367@theupsstore.com
Mary Seibing	LSU	104 CMC	8-0613	MSIBING@LSU.EDU
Kenneth D. Clark	Negot of Amiron Wm	3347 Ploggo Towne Dr.	225 292-3112	PROSTRAMIC@XNET
John Bergman	LSU	238 CMC	578-1050	jhall@eps@lsu.edu
JAMES FARREN	LSU PUBLISHING	505 Woodward Forest 213 Thomas Boyd Hall Baton Rouge, LA 70803	504 756-2024 225-578-2285 F 225-578-2292 F	JBFRANZ@LSU.EDU
HEATH PRICE	FAS	230 Thomas Boyd	225-578-3386	hprice@lsu.edu

RE-ISSUE - LEASE OF SPACE FOR OPERATION OF COPY & MAIL SERVICES CENTER  
 AND PUBLIC USE CONVENIENCE COPIER PROGRAM  
 LSU Solicitation #000009828

10:00 AM, WEDNESDAY, JANUARY 5, 2011  
 Council Room (3<sup>rd</sup> floor) LSU Student Union

Sign-In Sheet

Name	Company	Address	Phone/Fax	Email
Jeff Piva	Ricks		713-446-1115	Jeffrey.Piva@Ricks.com
Stacey Arceneaux	Ricks	5055 S. Sherwood Forest Blvd. Baton Rouge, LA 70816	225-337-0994	Stacey.Arceneaux@Ricks.com
Merrise Porter	Ricks		504 578-7959	Merrise.Porter@Ricks.com
Sharla Myers	LSU - PAS		528 8673	Sharla@lsu.edu



Advocate

Request for Proposal # 000009828

Louisiana State University and Agricultural and Mechanical College has prepared a request for proposal for Re-issue - Lease of Space for Operation of Copy & Mail Services Center and Public Use Convenience Copier Program.

Copies of the Request for Proposals may be obtained through the LaPAC website, <http://wwwprd.doa.louisiana.gov/osp/lapac/pubmain.asp> , by searching for Solicitation #50001-9828.

NOTE: A Mandatory Pre-Bid Conference will be held at 10:00 AM, on Wednesday, January 5, 2011 in the Council Room (3<sup>rd</sup> Floor) located in the LSU Student Union.

Request for Proposal package may also be obtained by contacting:

Louisiana State University and A&M College  
Office of Purchasing  
213 Thomas Boyd Hall  
Baton Rouge, Louisiana 70803-3001  
Attn: James P. Frazier, CPPB  
Telephone: 225-578-2176

University will send documents first class at its expense, but other methods will be at requestor's expense.

Proposal due date is: 2:00 PM, C.S.T., January 27, 2011, at Room 213, Thomas Boyd Hall.

This announcement does not commit Louisiana State University and Agricultural & Mechanical College to award a contract or to pay any cost incurred in the preparation of proposals. Louisiana State University and Agricultural & Mechanical College reserves the right to accept or reject, in whole or in part, all proposals submitted and/or to cancel this announcement.

To appear on: December 17, 2010

**REQUEST FOR PROPOSAL**  
**FOR**  
**REISSUE-LEASE OF SPACE FOR**  
**OPERATION OF**  
**COPY & MAIL SERVICES CENTER**  
**&**  
**PUBLIC USE CONVENIENCE COPIER PROGRAM**

**ISSUING AGENCY:**  
**LOUISIANA STATE UNIVERSITY**  
**OFFICE OF PURCHASING**  
**213 THOMAS BOYD HALL**  
**BATON ROUGE, LA 70803**

**RFP COORDINATOR:**  
**JAMES FRAZIER, CPPB**  
**ASSOCIATE DIRECTOR**  
**PHONE: (225) 578-2285**  
**FAX: (225) 578-2292**

**RFP#000009828**

**PROPOSAL DEADLINE:**

**January 27, 2011 @ 2:00PM CST**

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- APPENDIX A – Policy Statements (PS-31, PS-84, PS-91, PS-93, PS-101)
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## EXHIBITS

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# REQUEST FOR PROPOSAL

## PART I. ADMINISTRATIVE AND GENERAL INFORMATION

### 1.1 Background

Louisiana State University and Agricultural and Mechanical College, herein referred to as the "University" or "LSU" is the state's comprehensive research university. The University is classified by the Carnegie Foundation as a Research University I – one of only 59 public and 29 private universities in the nation. University's instructional programs include 200 undergraduate and graduate/professional degrees.

As the premier university of the state, the mission of the University is the generation, preservation, dissemination, and application of knowledge and cultivation of the arts for the benefit of the people of the state, the nation, and the global community.

The University offers challenging undergraduate, graduate, and professional education programs for outstanding students from Louisiana, the nation, and other countries. Its nationally and internationally recognized efforts in a broad range of research fields create new knowledge and promote economic development. The University's libraries and museums preserve the rich cultural heritage of the state, and scholars and artists at the University contribute to the literature, history, science, technology, and arts of our culturally diverse community.

The student body consists of over 28,000 students. Although the average age of undergraduates is 22, many older students also pursue degrees at the University. The University is located on more than 2,000 acres in the southern part of Baton Rouge, Louisiana. The campus is bordered on the west by the Mississippi River. The University's more than 250 principal buildings are grouped on a 650-acre plateau that constitutes the main part of the campus.

#### University Demographics

Total Campus Population: The University has a total campus population of the following:

Undergraduate	23,400
Graduate & Professional	4,794
Faculty	1,290
Staff	3,837
Residence Hall Students	4,669
Graduate/Family Housing	747

#### 1.1.1 Purpose

The purpose is to provide a comprehensive copy and mail services center located in the LSU Student Union, as well as to provide strategically placed convenience copiers servicing our students and visitors, at no cost to the University. The center should operate in a professional manner, providing the highest caliber of service to the University community. The copy services will be only available to students and the public as a retail operation. The mail services center will provide a retail experience to students and the public. The mail service is for metering, receipt and

distribution of mail for campus departments. The convenience copier program will provide multi functional devices to be placed in various locations across campus ensuring that our students and visitors have effortless access to wireless printing and copying.

### 1.1.2 Goals and Objectives

The goal of this solicitation is to enter into one agreement for lease of space under La. R.S. 17:3361(A), to a qualified Proposer(s) for the operation of a Copy and Mail Services Center (hereafter referred to as the "Center") located on the LSU campus. The objective is to provide services at no additional cost to the University.

\*\* - R.S. 17:3361(A) requires that the lessee provide funding for and construction within the premises and facilities of the University leased to the lessee.

### 1.2 Definitions

A. Shall or Must or Will – The term "shall" or "must" or "will" denotes mandatory requirements.

B. May – The term "may" denotes an advisory or permissible action.

C. Should – The term "should" denotes desirable.

D. Contractor/Vendor – Any person having a contract with a governmental body.

E. University or LSU – Louisiana State University and A & M College.

F. Discussions – For the purposes of this RFP presentation, a formal, structured means of conducting written or oral communications/presentations with responsible Proposers who submit proposals in response to this RFP.

### 1.3 Schedule of Events

<u>Date</u>	<u>Time (CST)</u>
1. RFP mailed to prospective proposers	December 17, 2010
2. Mandatory Pre-Proposal Conference	January 5, 2011 at 10:00AM CST
3. Deadline to receive written inquiries	January 11, 2011 at 4:30PM CST
4. Deadline to answer written inquiries	January 14, 2011
5. Final 3-day Inquiry Period	
6. Proposal Opening Date	January 27, 2011 at 2:00PM CST
7. Notice of Intent to Award to be mailed	To be scheduled
8. Contract Initiation	To be scheduled

**NOTE: The University reserves the right to deviate from these dates when in the best interest of the University.**

#### **1.4 Proposal Submittal**

All proposals shall be received by the Office of Purchasing **no later than the date and time shown in the Schedule of Events.**

**Important - - Clearly mark outside of envelope, box or package with the following information and format:**

- X Proposal Name: Re-Issue Lease of Space for Copy and Mail Services Center & Public Use Convenience Copier Program
- X Proposal Number: 000009828
- X Proposal Opening Date: January 27, 2011 at 2:00PM CST

**Proposers are hereby advised that the U. S. Postal Service does not make deliveries to our physical location.**

Proposals may be delivered by hand or courier service to our physical location at:

Louisiana State University and A&M College  
Office of Purchasing  
213 Thomas Boyd Hall  
Baton Rouge, LA 70803-3001

Proposer is solely responsible for ensuring that its courier service provider makes inside deliveries to our physical location. The Office of Purchasing is not responsible for any delays caused by the proposer's chosen means of proposal delivery.

Proposer is solely responsible for the timely delivery of its proposal. Failure to meet the proposal opening date and time shall result in rejection of the proposal.

**PROPOSALS SHALL BE OPENED PUBLICLY AND ONLY PROPOSERS SUBMITTING PROPOSALS SHALL BE IDENTIFIED ALOUD. PRICES SHALL NOT BE READ.**

#### **1.5 Proposal Response Format**

Proposals submitted for consideration should follow the format and order of presentation described below:

A. Cover Letter: Containing summary of Proposer's ability to perform the services described in the RFP and confirms that Proposer is willing to perform those services and enter into a contract with the University. By signing the letter and/or the proposal, the proposer certifies that they have the legal authority to bind their company. The person signing the proposal must be:

1. A current corporate officer, partnership member, or other individual specifically authorized to submit a proposal as reflected in the appropriate records on file with the Louisiana Secretary of State; or

2. An individual authorized to bind the company as reflected by a corporate resolution, certificate or affidavit; or
3. Other documents indicating authority which are acceptable to the University.

Proposers should exhibit their understanding and approach to the project and address how each element will be accomplished.

The cover letter is to also:

- Identify the submitting Proposer;
- Identify the name, title, address, telephone number, fax number and email address of each person authorized by the Proposer to contractually obligate the Proposer;
- Identify the name, title, address, telephone number, fax number and email address of the contact person for technical and contractual clarifications throughout the evaluation period.

B. Table of Contents: Organized in the order cited in the format contained herein.

C. Proposal Elements as contained in Section 2.22.

D. Innovative Concepts: Present innovative concepts, if any, not discussed above for consideration.

E. Project Schedule: Detailed schedule of implementation plan. This schedule is to include implementation actions, timelines, responsible parties, etc.

#### **1.5.1 Number of Response Copies**

Each Proposer shall submit one (1) signed original response and five (5) additional copies of the proposal with one (1) electronic copy in .pdf format are also desired.

#### **1.5.2 Legibility/Clarity**

Response to the requirements of this RFP in the formats requested is desirable with all questions answered in as much detail as practicable. The Proposer's response should demonstrate an understanding of the requirements. Proposals prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP is also desired. Each Proposer is solely responsible for the accuracy and completeness of its proposal.

*Interpreting of the wording of this document shall be the responsibility of the University's Purchasing Office, and that interpretation will be final. The University is not responsible for errors or misinterpretation made by the Proposer in responding to this document.*

## **1.6 Confidentiality**

Only information which is in the nature of legitimate trade secrets or non-published financial data may be deemed proprietary or confidential. Any material within a proposal identified as such must be clearly marked in the proposal and will be handled in accordance with the Louisiana Public Records Act, R.S. 44:1-41 and applicable rules and regulations. Any proposal marked as confidential or proprietary in its entirety may be rejected without further consideration or recourse.

However, the University reserves the right to make any proposal, including proprietary information contained therein, available to Purchasing personnel, requesting Request for Proposal Department Staff, or other agencies or organizations for the sole purpose of assisting the University in its evaluation of the proposal. The University shall require said individuals to protect the confidentiality of any specifically identified proprietary information or privileged business information obtained as a result of their participation in these evaluations.

## **1.7 Proposal Clarifications Prior to Submittal**

### **1.7.1 Mandatory Pre-Proposal Conference**

A Mandatory Pre-Proposal Conference will be held at 10:00AM on Wednesday, January 5, 2011 in the Council room (3<sup>rd</sup> Floor) located in the LSU Student Union. Prospective proposers must participate in the conference to obtain clarification of the requirements of the RFP and to receive answers to relevant questions. Any company intending to submit a proposal shall have at least one duly authorized representative attend the Pre-proposal Conference.

Although impromptu questions will be permitted and spontaneous answers will be provided during the conference, the only official answer or position of the University will be stated in writing in response to written questions.

### **1.7.2 Inquiry Periods**

An initial inquiry period is hereby firmly set for all interested proposers to perform a detailed review of the proposal documents and to submit any written questions relative thereto. Without exception, all questions MUST be in writing and received by the close of business on the Inquiry Deadline date set forth in the Schedule of Events (Section 1.3). Initial inquiries shall not be entertained thereafter.

The University shall not and cannot permit an open-ended inquiry period, as this creates an unwarranted delay in the procurement cycle and operations of our customers. The University reasonably expects and requires responsible and interested proposers to conduct their in-depth proposal review and submit inquiries in a timely manner.

Further, we realize that additional questions or requests for clarification may generate from University's addendum responses to the inquiries received during the initial inquiry period. Therefore, a final 3-day inquiry period shall be granted. Questions relative to the addendum shall be submitted by the close of business three working days from the date the addendum is faxed/emailed. If necessary, another addendum will be issued to address the final questions received. Thereafter, all proposal documents, including but not limited to the specifications, terms, conditions, plans, etc., will stand as written and/or amended by any addendum issued as a result of the final inquiry period.

No negotiations, decisions, or actions shall be executed by any Proposer as a result of any oral discussions with any University employee or University consultant. The University shall only consider written and timely communications from proposers.

Inquiries shall be submitted in writing by an authorized representative of the proposer, clearly cross-referenced to the relevant solicitation section. Only those inquiries received by the established deadline shall be considered by the University. Answers to questions that change or substantially clarify the solicitations shall be issued by addendum and provided to all prospective proposers.

Inquiries concerning this solicitation may be delivered by mail, express courier, e-mail, hand, or fax to:

Louisiana State University and A&M College  
Attention: James Frazier  
Office of Purchasing  
213 Thomas Boyd Hall  
Baton Rouge, LA 70803-3001  
E-Mail: jfrazi2@lsu.edu  
Phone: (225) 578-2285 / Fax: (225) 578-2292

### **1.8 Errors and Omissions in Proposal**

The University will not be liable for any error in the proposal. Proposer will not be allowed to alter proposal documents after the deadline for proposal submission, except under the following condition: The University reserves the right to make corrections or clarifications due to patent errors identified in proposals by the University or the Proposer. The University, at its option, has the right to require clarification or additional information from the Proposer.

### **1.9 Proposal Guarantee**

Each proposal shall be accompanied by a proposal guarantee in the form of a bid bond, or a certified or cashier's check, bank check or money order made payable to the Louisiana State University Agricultural and Mechanical College, or an irrevocable letter of credit from a Federal or State licensed bank in the amount of one thousand (\$1,000.00) dollars. Bonds shall be written by a surety or insurance company currently on the US Department of the Treasury Financial Management Service list of approved bonding companies which is published annually in the Federal Register, or by a Louisiana domiciled insurance company with at least an A- rating in the latest printing of the AM Best's Key Rating Guide to write individual bonds up to ten percent of the policy holder's surplus as shown in the AM Best's Key Rating Guide. Proposers are hereby notified that Personal Checks, Company Checks, or similar, are not acceptable as proposal guarantee. Proposal guarantees shall be subject to forfeiture for failure on the part of the selected proposer to execute a contract within twenty-one ( 21 ) days after such contract is submitted to proposer in conformance with the terms, conditions, and specifications of this solicitation. Proposal guarantees shall be returned upon the award of a contract or upon rejection of all proposals.

### **1.10 Performance Bond**

The successful proposer shall be required to provide a performance (surety) bond in the amount of Fifty Thousand dollars (\$ 50,000.00 ) to insure the successful performance under the terms and conditions of the contract negotiated between the successful proposer and the University. The performance bond shall be subject to forfeiture for failure on the part of the successful proposer to perform its obligations under the contract. Any surety bond(s) shall be written by a Surety or insurance company licensed to do business in the State of Louisiana and currently on the US Department of the Treasury Financial Management Service list of approved bonding companies which is published annually in the Federal Register, or by a Louisiana domiciled insurance company with at least an A- rating in the latest printing of the AM Best's Key Rating Guide to write individual bonds up to ten percent of the policyholder's surplus as shown in the AM Best's Key Rating Guide or by an insurance company that is either domiciled in Louisiana or owned by Louisiana residents and is licensed to write surety bonds.

### **1.11 Changes, Addenda, Withdrawals**

The University reserves the right to change the calendar of events or issue Addenda to the RFP at any time. The University also reserves the right to cancel or reissue the RFP.

If the proposer needs to submit changes or addenda, such shall be submitted in writing, signed by an authorized representative of the proposer, cross-referenced clearly to the relevant proposal section, in a sealed envelope, prior to the proposal opening. Such shall meet all requirements for the proposal.

### **1.12 Withdrawal of Proposal**

A proposer may withdraw a proposal that has been submitted at any time up to the proposal closing date and time. To accomplish this, a written request signed by the authorized representative of the proposer must be submitted to the RFP Coordinator.

### **1.13 Material in the RFP**

Proposals shall be based only on the material contained in this RFP. The RFP includes official responses to questions, addenda, and other material, which may be provided by the University pursuant to the RFP.

### **1.14 Waiver of Administrative Informalities**

The University reserves the right, at its sole discretion, to waive administrative informalities contained in any proposal.

### **1.15 Proposal Rejection**

Issuance of this RFP in no way constitutes a commitment by the University to award a contract. The University reserves the right to accept or reject any or all proposals submitted or cancel this RFP if it is in the best interest of the University to do so.



## **1.16 Ownership of Proposal**

All materials (proposal content only) submitted in response to this request become the property of the University. Selection or rejection of a response does not affect this right. All proposals submitted will be retained by the University and not returned to proposers. Any copyrighted materials in the response are not transferred to the University.

## **1.17 Cost of Preparation**

The University is not liable for any costs incurred by prospective Proposers or Contractors prior to issuance of or entering into a Contract. Costs associated with developing the proposal, preparing for oral presentations, and any other expenses incurred by the Proposer in responding to the RFP are entirely the responsibility of the Proposer, and shall not be reimbursed in any manner by the University.

## **1.18 Non-negotiable Contract Terms**

Non-negotiable contract terms include but are not limited to taxes, assignment of contract, audit of records, and ADA compliance, record retention, content of contract/order of precedence, contract changes, governing law, claims, or controversies.

## **1.19 Taxes**

Any taxes, other than state and local sales and use taxes shall be assumed to be included within the Proposer's cost.

## **1.20 Proposal Validity**

All proposals shall be considered valid for acceptance until such time an award is made, unless the Proposer provides for a different time period within its proposal response. However, the University reserves the right to reject a proposal if the Proposer's response is unacceptable and the Proposer is unwilling to extend the validity of its proposal.

## **1.21 Prime Contractor Responsibilities**

The selected Proposer shall be required to assume responsibility for all items and services offered in his proposal whether or not he produces or provides them. The University shall consider the selected Proposer to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the contract.

## **1.22 Use of Subcontractors**

Each Contractor shall serve as the single prime contractor for all work performed pursuant to its contract. That prime contractor shall be responsible for all deliverables referenced in this RFP. This general requirement notwithstanding, Proposers may enter into subcontractor arrangements. Proposers may submit a proposal in response to this RFP, which identifies subcontract(s) with others, provided that the prime contractor acknowledges total responsibility for the entire contract.

If it becomes necessary for the prime contractor to use subcontractors, the University urges the prime contractor to use Louisiana vendors, including small and emerging businesses, if practical. In all events, any subcontractor used by the prime should be identified to the University Contract Manager.

Information required of the prime contractor under the terms of the RFP, is also required for each subcontractor and the subcontractors must agree to be bound by the terms of the contract.

### **1.23 Written or Oral Discussions/Presentations**

Written or oral discussions may be conducted with Proposers who submit proposals determined to be reasonably susceptible of being selected for award. The University reserves the right to enter into an Agreement without further discussion of the proposal submitted based on the initial offers received.

Any commitments or representations made during these discussions, if conducted, may become formally recorded in the final contract.

Written or oral discussions/presentations for clarification may be conducted to enhance the University's understanding of any or all of the proposals submitted. Neither negotiations nor changes to vendor proposals will be allowed during these discussions. Proposals may be accepted without such discussions.

### **1.24 Acceptance of Proposal Content**

The mandatory RFP requirements shall become contractual obligations if a contract ensues. Failure of the successful Proposers to accept these obligations shall result in the rejection of the proposal.

### **1.25 Cancellation of RFP or Rejection of Proposals**

Issuance of this RFP in no way constitutes a commitment by the University to award a contract. The University reserves the right to accept or reject any or all proposals submitted or to cancel this RFP if it is in the best interest of the University to do so.

### **1.26 Evaluation and Selection**

All responses received as a result of this RFP are subject to evaluation by the University Evaluation Committee for the purpose of selecting the Proposer with whom the University shall contract with.

To evaluate all proposals, a committee whose members have expertise in various areas has been selected. This committee will determine which proposals are reasonably susceptible of being selected for award. If required, written or oral discussions may be conducted with any or all of the Proposers to make this determination.

Written recommendation for award shall be made to the Office of Purchasing for the Proposer whose proposal, conforming to the RFP, will be the most advantageous to the University, price and other factors considered.

The committee may reject any or all proposals if none are considered in the best interest of the University.

#### **1.27 Contract Negotiations**

If for any reason the Proposer whose proposal is most responsive to the University's needs, price and other evaluation factors set forth in the RFP considered, does not agree to execute the standard lease agreement (sample attached), that proposal shall be rejected and the University may negotiate with the next most responsive Proposer. Negotiation may include revision of non-mandatory terms, conditions, and requirements. Negotiation shall not allow price alterations. Office of Purchasing must approve the final lease agreement form and issue a letter of award, if applicable to complete the process.

#### **1.28 Contract Award and Execution**

The University reserves the right to enter into an Agreement without further discussion of the proposal submitted based on the initial offers received.

The RFP, and any addendums, the proposal of the selected proposer will become part of any contract initiated by the University.

In no event is a proposer to submit its own standard contract terms and conditions as a response to this RFP. The proposer needs to address the specific language in the standard lease agreement (sample attached) and submit with their proposal with any exceptions or exact contract deviations that their company wishes to negotiate. The terms for both of these documents may be negotiated as part of the negotiation process with the exception of contract provisions that are non-negotiable.

If the contract negotiation period exceeds 30 days or if the selected Proposer fails to sign the contract within **twenty-one calendar** days of delivery of it, the University may elect to cancel the award and award the contract to the next-highest-ranked Proposer.

Award shall be made to the Proposer whose proposal, conforming to the RFP, will be the most advantageous to the University with the highest points, as outlined in Part III.

The University intends to award to a single Proposer.

#### **1.29 Notice of Intent to Award**

Upon review and approval of the evaluation committee's recommendation for award, the Office of Purchasing will issue a Notice of Intent to Award letter to the apparent successful Proposer. A contract shall be completed and signed by all parties concerned on or before the date indicated in the Schedule of Events. If this date is not met, through no fault of the University, the University may elect to cancel the Notice of Intent to Award letter and make the award to the next most advantageous Proposer.

The Office of Purchasing will also notify all unsuccessful Proposers as to the outcome of the evaluation process. The evaluation factors, points, evaluation committee member names, and the

completed evaluation summary and recommendation report will be made available to all interested parties after the Intent to Award letter has been issued.

### **1.30 Debriefings**

Debriefings may be scheduled by the participating Proposers after the Intent to Award letter has been issued by scheduling an appointment with the Office of Purchasing. Contact may be made by phone at (225) 578-2285 or E-mail to [jfrazi2@lsu.edu](mailto:jfrazi2@lsu.edu)

### **1.31 Insurance Requirements**

Successful proposer shall furnish the University with certificates of insurance affecting coverage(s) required by the RFP (see Appendix "C"). The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be received and approved by the University before work commences. The University reserves the right to require complete certified copies of all required policies, at any time.

### **1.32 Subcontractor Insurance**

The Contractor shall include all subcontractors as insureds under its policies or shall insure that all subcontractors satisfy the same insurance requirements stated herein for the contractor.

### **1.33 Indemnification and the Limitation of Liability**

Neither party shall be liable for any delay or failure in performance beyond its control resulting from acts of God or force majeure. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under this Agreement.

Contractor shall be fully liable for the actions of its agents, employees, partners or subcontractors and shall fully indemnify and hold harmless the University from suits, actions, damages and costs of every name and description relating to personal injury and damage to real or personal tangible property caused by Contractor, its agents, employees, partners or subcontractors in the performance of this contract, without limitation; provided, however, that the Contractor shall not indemnify for that portion of any claim, loss or damage arising hereunder due to the negligent act or failure to act of the University.

Contractor will indemnify, defend and hold the University harmless, **without limitation**, from and against any and all damages, expenses (including reasonable attorneys' fees), claims judgments, liabilities and costs which may be finally assessed against the University in any action for infringement of a United States Letter Patent with respect to the Products, Materials, or Services furnished, or of any copyright, trademark, trade secret or intellectual property right, provided that the University shall give the Contractor: (i) prompt written notice of any action, claim or threat of infringement suit, or other suit, (ii) the opportunity to take over, settle or defend such action, claim or suit at Contractor's sole expense, and (iii) assistance in the defense of any such action at the expense of Contractor. Where a dispute or claim arises relative to a real or anticipated infringement, the University may require Contractor, at its sole expense, to submit such information and documentation, including formal patent attorney opinions, as the State and University shall require.

The University may, in addition to other remedies available to them at law or equity and upon notice to the Contractor may proceed against the Performance and Payment bond, if any, as may be necessary to satisfy any claim for damages, penalties, costs and the like asserted by or against them.

**1.34 Private Express Statutes**

A critical factor and inducement for the University's decision to outsource the mail services is the receipt of revenue that results from the lease of space to a contractor to provide mail services within the confines of the LSU A&M main campus which would not be over or across a USPS "post route" and therefore, would not violate the USPS laws and regulations. Any activity and/or other conduct from the successful proposer that triggers or otherwise causes payments and revenue to have violated the USPS laws is inconsistent with the purpose of the resulting Contract. In the event the University or Board or Contractor incurs penalties with respect to the mail service to the campus, the Contractor must agree to work with the University in good faith to promptly restructure the Contract as necessary to avoid such penalties, to the extent such restructuring is legally permissible and not unreasonably burdensome upon the Contractor or University and preserves the economic benefit contemplated hereunder.

**1.35 Payment Terms**

Payments for each month must be remitted to the University on or prior to the first of that month. Checks payable to Louisiana State University Agricultural and Mechanical College.

Annual lease payments shall be paid in twelve equal monthly installments and due beginning on the effective date and on the first day of each month thereafter in the amount of one-twelfth (1/12) of the annual lease payment of that year. Payments for gross sales shall be paid by contractor no later than thirty (30) days after the last day of each month.

The successful proposer may assess a processing fee based on the schedule below. The total monthly amount is to be offset from the gross payments due LSU and will not exceed the lease amount.

Postage Surcharges & Chargeback

- During the first 12 months of the contract term, the selected proposer will be allowed to continue assessing the following surcharges and/or prices to LSU departments.

<b>Category</b>	<b>Surcharge</b>
<b>Metered</b>	
Package Services Parcel Post	\$0.01 per piece
Package services BPM Flat	\$0.01 per piece
Priority Single Piece	\$0.01 per piece
Priority Single Piece Retail	\$0.01 per piece
First Class Single Piece Ltr/Card	\$0.01 per piece
Express Mail	\$0.01 per piece
Express Mail Retail	\$0.01 per piece
Express Mail	\$0.01 per piece
Media Mail Single Piece	\$0.01 per piece

Package Services Library Single Piece	\$0.01 per piece
International Express	\$0.01 per piece
Priority Mail International	\$0.01 per piece
International Express Flat Rate Envelope	\$0.01 per piece
Mbag Surface Air Lift International	\$0.01 per piece
Small Packages International	\$0.01 per piece
International Surface Air Lift	\$0.01 per piece
Mail Bag International	\$0.01 per piece
First Class International Letter	\$0.01 per piece
International Priority Flat Rate Box	\$0.01 per piece
First Class Auto 3 Digit Flat	\$0.01 per piece
Package Services Library Discount Parcel	\$0.01 per piece
Parcel Select	\$0.01 per piece
Package Services BPM Parcel	\$0.01 per piece
First Class Single Piece Flat	\$0.01 per piece
First Class Single Piece Parcel	\$0.01 per piece
First Class Auto 5 Digit Letter	\$0.01 per piece
International Priority Flat Rate Env	\$0.01 per piece
First Class Letter Single Piece Nonmachine	\$0.01 per piece
First Class International Cards	\$0.01 per piece
International Priority Large Flat Rate Box	\$0.01 per piece
First Class Mail International Package	\$0.01 per piece
First Class Mail International Flat	\$0.01 per piece
Priority Single Piece CBP	\$0.01 per piece
Priority Large Flat Rate Box Retail	\$0.01 per piece
Priority Large Flat Rate Box APO/FPO	\$0.01 per piece
Priority Small Flat Rate Box Retail	\$0.01 per piece
International Priority Small Flat Rate Box	\$0.01 per piece
Express Mail CBP	\$0.01 per piece
Express Mail Commercial Plus	\$0.01 per piece
Priority Single Piece Commercial Plus	\$0.01 per piece
Priority Flat Rate Envelope CBP	\$0.01 per piece
Priority Flat Rate Box CBP	\$0.01 per piece
Priority Small Flat Rate Box CBP	\$0.01 per piece
Priority Large Flat Rate Box CBP	\$0.01 per piece
Priority Large Flat Rate Box CBP APO/FPO CBP	\$0.01 per piece
Express Flat Rate Envelope CBP	\$0.01 per piece
International Express Mail Commercial	\$0.01 per piece
International Priority Flat Rate Env Comm	\$0.01 per piece
International Priority Small Flat Rate Box	\$0.01 per piece
International Priority Flat Rate Box Comm	\$0.01 per piece
International Priority Large Flat Rate Box	\$0.01 per piece
ALL OTHER CLASSES	\$0.01 per piece
Key In Postage Mode	\$0.01 per piece
<b>Business Reply</b>	
Qualified Business Reply Mail	\$0.01 per piece
BRM Regular High Volume Flat	\$0.01 per piece
BRM Regular Basic Flat	\$0.01 per piece
BRM Regular Basic Letter	\$0.01 per piece

BRM Regular High Volume Letter	\$0.01 per piece
<b>Presort</b>	
First Class Auto 3 Digit letter	\$0.0475 per piece
First Class Presort Flat	\$0.0665 per piece

**Bulk Mail**

<b>Process</b>	<b>Allowable charge to LSU Departments</b>
Coordinating & Processing Files	\$25 per job
CASS certify, inkjet address, zip sorting and NCOA process	Letters, all quantities \$0.145 per piece Flats, all quantities \$0.0165 per piece
NCOA processing	\$25 per job
Tabbing	1 tab \$0.007 per piece 2 tabs \$0.0135 per piece
Inserting 1 to 4 pieces	\$0.0225 per piece
Offline folding (inline is part of inserting charge)	\$0.0075 per piece
Rush charge	\$0.05 per piece
Sealing	\$0.05 per piece
Hand work	\$35 per hour
Manual zip code sort	\$0.036 per piece

*After the initial 12 month period, pricing and/or surcharge changes must be mutually agreed through an amendment to the contract*

**1.36 Termination**

**1.36.1 Termination of this Agreement for Cause**

The University may terminate this contract for cause based upon the failure of the contractor to comply with the terms and/or conditions of the Agreement, or failure to fulfill its performance obligations pursuant to this Agreement, provided that the University shall give the Contractor written notice specifying the Contractor's failure. If within fifteen (15) days after receipt of such notice, the Contractor shall not have corrected such failure or, in the case of failure which cannot be corrected in fifteen (15) days, begun in good faith to correct such failure and thereafter proceeded diligently to complete such correction, then the University may, at its option, place the Contractor in default and the Agreement shall terminate on the date specified in such notice.

The Contractor may exercise any rights available to it under Louisiana Law to terminate for cause upon the failure of the University to comply with the terms and conditions of this contract; provided

that the contractor shall give the University written notice specifying the University's failure and a reasonable opportunity for the University to cure the defect.

#### **1.36.2 Termination of this Agreement for Convenience**

The University may terminate this Agreement at any time by giving one hundred eighty (180) days written notice to the Contractor of such termination or negotiating with the Contractor an effective date.

#### **1.37 Assignment**

Assignment of contract, or any payment under the contract, requires the advanced written approval of the University.

#### **1.38 No Guarantee of Quantities – Not Required for this RFP**

#### **1.39 Audit of Records**

The State legislative auditor, federal auditors and internal auditors of Louisiana State University, or others so designated by the University, shall have the option to audit all accounts directly pertaining to the resulting contract for a period of five (5) years after project acceptance or as required by applicable State and Federal law. Records shall be made available during normal working hours for this purpose. G.A.S.B accounting standards will be used in any audit that is performed.

#### **1.40 Civil Rights Compliance**

The Contractor agrees to abide by the requirements of the following as applicable: Title VI and Title VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and the Americans with Disabilities Act of 1990. Contractor agrees not to discriminate in its employment practices, and will render services under this Agreement and any contract entered into as a result of this Agreement, without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities. Any act of discrimination committed by Contractor, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this Agreement and any contract entered into as a result of this agreement.

#### **1.41 Record Retention**

The Contractor shall maintain all records in relation to this contract for a period of at least five (5) years beginning on the effective date of the lease.

#### **1.42 Record Ownership**

All records, reports, documents, or other material related to any contract resulting from this RFP and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of the University, and shall, upon request, be



returned by Contractor to University, at Contractor's expense, at termination or expiration of this contract.

#### **1.43 Content of Contract/Order of Precedence**

In the event of an inconsistency between the contract, the RFP and/or the Contractor's Proposal, the inconsistency shall be resolved by giving precedence first to the final contract, then to the RFP and subsequent addenda (if any) and finally, the Contractor's Proposal.

#### **1.44 Contract Changes**

No additional changes, enhancements, or modifications to any contract resulting from this RFP shall be made without the prior approval of the Office of Finance and Administrative Services or its designee.

Changes to the contract include any change in: compensation; beginning/ending date of the contract; scope of work; and/or Contractor change through the Assignment of Contract process. Any such changes, once approved, will result in the issuance of an amendment of the contract.

#### **1.45 Replacement of Personnel**

The University intends to include in any contract resulting from this RFP the following condition:

All personnel shall conduct themselves in a professional manner that will not be offensive to University students, employees, and visitors. University will have the right to request replacement or removal of any personnel for conduct which is determined not to be in the best interest of the University.

#### **1.46 Governing Law**

LA R.S. 9:2778 - <http://www.legis.state.la.us/lss/lss.asp?doc=107202>

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Louisiana, University regulations and policies; standard terms and conditions; special terms and conditions; and specifications listed in this RFP.

#### **1.47 Claims or Controversies**

Venue of any action brought with regard to this Agreement shall be in the Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana.

## **PART II SCOPE OF SERVICES**

### **2.1 Lease**

The successful Proposer will have the exclusive right to lease, as an independent operation, the leased facilities in the designated area of the LSU Student Union building. The successful Proposer will have use of the LSU Student Union loading dock for deliveries and other needs.

The University shall have the right to inspect said facility and the operations thereof by the successful Proposer with respect to the opening and closing hours, operations schedules, safety, and the daily maintenance of said premises. The authority to inspect and ensure compliance would also pertain to any other reasonable regulations adopted by the University pertaining to the successful Proposer's operations.

The monthly lease will include general housekeeping and trash removal in the public use areas of the leased space. This includes, but it is not limited to emptying and replacing garbage liners, sweeping, mopping and stripping, sealing, and waxing of floors as need to keep a neat and attractive appearance.

The proposed days and hours of service for the Fall, Spring, and Summer semesters must be reviewed and approved by the University.

The selected proposer must have reasonable fees and cost for services provided under this agreement. These fees are to be included in the Section D of 2.22.2 of the Technical Proposal when responding to this solicitation. The successful Proposer will be able to lease mailboxes at no more than \$70 per year during the first year of the contract.

Price increase requests must be made by the successful Proposer, to the Office of University Auxiliary Services, by an agreed upon date of each year for the following University Fiscal Year during each year of the agreement. Requests for price adjustments will be evaluated by the University on the basis of thoroughly documented need provided by Proposer.

### **2.2 Facilities**

Proposers will include in their proposal a capital investment plan for renovations, improvements, and/or interior construction of the Center located in the LSU Student Union. All modifications necessary to implement the Proposer's proposed plan will be the responsibility of the Proposer. Facilities improvements include, but are not limited to, the following: renovations; remodeling; and related equipment, supplies, furnishings, and signage. All proposed facility improvement capital investments must be agreed upon in writing by the successful Proposer and appropriate University personnel. All improvements made by the successful Proposer through these investments will become part of the facility and will become part of the structure, and therefore ownership will transfer to the University upon completion of construction. The successful Proposer must provide complete and accurate records of all costs associated with construction or renovation projects on the University's campus to the University within thirty (30) calendar days of completion of the improvements.

The investment shall be amortized over a period of ten (10) years calculated on a straight-line basis. Proposer shall hold title to modifications funded by the investment. If, prior to the

completion of the amortization period the LSU terminates the lease for convenience, LSU shall reimburse Proposer for the unamortized portion of its investment and Proposer shall transfer title to the assets procured with the investment and deliver to LSU a bill of sale evidencing same. Notwithstanding the foregoing, LSU shall not reimburse Proposer for the unamortized cost of signage, proprietary materials, moveable equipment and such items shall not transfer title to LSU.

Included: Sheet rock walls, sprinklers, temporary suspended fluorescent lighting strips, fire alarm devices and up to 6,600 mailboxes (sizes are being provided). The University will work with successful proposer to determine appropriate layout of the space. (EXHIBIT B):

NOT included: Ceilings, ductwork for HVAC (extensions off of main duct lines), permanent lighting fixtures, telecommunications and data lines within the space. Also, any changes to existing sprinkler lines and wiring of permanent light fixtures.

### **2.3 Property Conditions**

Condition of Premises: The Proposer understands that the University has not and does not make any warranty as to the condition of the current or any proposed future agency site or as to the fitness or security of the premises for any specific use and successful Proposer accepts the leased premises in its current condition.

Additions, Alterations, Improvements, and/or Construction: All intended facility additions, alterations, improvements, and/or Construction will be made as a mutually agreed by the successful Proposer and the University. All plans and specifications for additions, alterations, and improvements must be approved by the University prior to installation of any work, and all such work will be performed to the approval of the University's Department of Facility Development; with the University assuming these Facility Development supervisory costs. Construction is to be by written contract and bond in compliance.

Communications, Computers, Etc. Installation: The successful Proposer shall be responsible for coordinating with the University's Information Technology Services, and Facility Services if needed, for installation, maintenance, and expenses incurred for telephone service, computers, alarms, equipment, etc. on the premises.

Utilities and Equipment Installation/Removal: Equipment installation and removal, where utility connections are required and/or alterations in University property will be done to the approval of the University's Department of Facility Services; with the University assuming these Facility Services supervisory costs.

Utilities Expense: The University will be responsible for providing access to electricity and air conditioning, where applicable, for the agency operation. The cost of electricity, heating and air conditioning is considered to be included in the lease payment by the Proposer.

The University will make reasonable efforts to provide continuous provision of utilities. The University will also make reasonable efforts to restore service following an interruption. However, the University will not be liable for any product or revenue loss which may result from the interruption or failure of any such utility services.

Ownership of Improvements: Ownership of any additions, alterations, improvements, and/or construction on the University's campus, funded either partially or by the successful Proposer, shall be the property of the University. In the event that the successful Proposer, with University approval, constructs any freestanding building on University property, ownership of such building shall remain the successful Proposer's during the lease term, subject to the provision that if the lease expires at the end of the term without earlier termination or if the University terminates the lease for cause, ownership of any such additions, alterations, improvements, and/or construction will transfer to the University upon termination of the lease.

Center Management: The Center provides needed services for students, faculty, and staff, provides revenue for the University and Vendor, contributes to the social environment of the University, and plays a role in the overall satisfaction of the University's students. It is very important that the Center's Management have the training, experience, and ability to ensure a level of quality acceptable to the University.

Employees: The successful Proposer shall do the following:

- i. Limit non-promotional special privileges relating to purchase or receipt of services to Proposer's employees only.
- ii. Give priority to Louisiana State University students, whenever possible, when employing part-time staff. Student employees shall be paid at a rate not less than the Federal Wage Requirement.
- iii. Interview, utilize and give preference to existing LSU hourly and salary employees, both classified and professional, for positions.
- iv. Be solely responsible for employee compensation, including all applicable taxes.
- v. Conduct business in a careful and prudent manner and not permit the use of LSU Student Union Facilities based at its disposal for purposes other than as agreed.
- vi. All employees shall wear identification tags provided by the proposer. The I.D. tag must be visible and affixed to the collar or pocket of the shirt or coat and prominently displayed.
- vii. Uniform shirts with company's logo shall be provided by the proposer and shall be worn at all times. Shirts shall remain tucked into trousers at all times. Shirts shall have a button front. Shirt buttons farther than three inches from the collar shall be buttoned. Long or short sleeve are authorized. Long sleeve shirts must be buttoned front. No tee-shirts (solid or with slogan, advertising, etc.) tank tops, midriiffs, or sleeveless shirts are allowed. Pants, trousers, or jeans shall be appropriate length.
- viii. The University reserves the right to request immediate removal of any personnel for conduct which determined not in the best interest of the University.
- ix. The University will have final approval over employees who will be assigned to manage different areas.
- x. Conduct criminal background check on all employees assigned to work on LSU campus:
  1. Background check must meet the standard requirements for all public employees in the State of Louisiana which include Criminal and Sex Offender History Check along with Social Security Verification.
  2. Annual notarized affidavit from Proposer that all employees have passed the required background check will be provided to the University.

## **2.4 LSU Student Union Mail Center**

Currently, LSU provides on-campus housing for approximately 4,600 students in its residence halls on campus. It is expected that this number will grow to 5,300 within the next two to five years.

LSU desires a contractor to operate and manage a mail center within the LSU Student Union that will accommodate the students living in residence halls and a percentage of the public. LSU students living in traditional residential housing will be required to maintain a campus mailbox. The successful proposer is required to maintain mailboxes for these students. LSU will also make available to the successful proposer up to an additional 2,000 mailboxes as needed to provide mail service to the remainder of the campus community. The selected proposer shall manage and operate the campus mail service center in a professional manner, providing the highest caliber of mail service to the University community. (EXHIBITS A & B)

Services to be provided should include, at a minimum, the following:

- Maintain mailboxes (the University will provide the mailboxes) (Exhibit M)
- The selected proposer will be responsible for sorting, placing and forwarding mail.
  - Mail forwarding-academic year or for 90 days after customer leaves LSU due to graduation, not continuing or moving off campus
  - Customers are to have the option to rent a box for the summer
- Hours of Operation:
  - Minimum Hours of Operation: Successful proposer will fully operate the Center during all of the following times at a minimum:
    - Store hours of operation: Monday – Friday, 8:00 a.m. - 5:00 p.m.; Saturday, 9:00 am – 12:00 pm
    - Phone support hours: Monday – Friday, 8:00 a.m. - 5:00 p.m.; Saturday, 9:00 am – 12:00 pm
    - Email support hours: Monday – Friday, 8:00 a.m. - 5:00 p.m.; Saturday, 9:00 am – 12:00 pm
    - Hours may be adjusted during break periods and summer academic terms with prior written approval from University. Please see [www.lsu.edu/registrar](http://www.lsu.edu/registrar) for the Academic Calendar. Please see [www.lsu.edu/union](http://www.lsu.edu/union) for Student Union hours.
    - Proposer should include plans to accommodate any anticipated high volume days (e.g. before and after the beginning of semesters).
- The selected proposer agrees to have mail posted by 3:00 pm every day.
- The selected proposer will be responsible for parcel handling, receiving, storage and distribution.
- The following services are to be provided:
  - Mail box services
  - Mailing supplies
  - Metered mail and stamps
  - Money transfer
  - Notary
  - Packaging services and packing supplies
  - Parcel shipping and receiving
  - Receiving

- Any other services the Service Provider believes will add value to the services provided to LSU. However, due to existing contracts that the university has with other suppliers, **the Center cannot sell** greeting cards or LSU merchandise, office supplies other than supplies incidental to mail activity, text books, magazines and other class related supplies or food and beverage items.
- The selected proposer shall provide specific management staff to be assigned to the contract and work directly with University Auxiliary Services (UAS). The management staff will routinely review and inspect operation; personally fill staff vacancies if necessary; consult with the University on current and future service program; and act with full authority on the contractor's behalf in any and all matters pertaining to the specification of the agreement.
- The University will be responsible for collecting contractual mailbox rental fees from students living in residential housing. Uncollected debts will not diminish payments owed to the successful Proposer by the University for mailboxes rented. The successful Proposer will cooperate with the University to assure collection of fees by placing a hold on boxes for which the debt has not been paid. The University will be responsible for providing the successful Proposer with timely and accurate information about such matters.

At the beginning of each academic term, the University will provide the successful Proposer a master list of all persons authorized to have a mailbox. Student purchases of a mailbox will be monitored by the University Accounting System.

The University will remit to the Lessee the total amount of the mailbox purchases. Complete reconciliation of sales and commission withheld will be provided by the University with each remittance.

- The successful Proposer will be required to lease the small mailboxes at no more than \$70 per year during the first year of the contract.
- All other transactions related to the sale of mailbox rentals or other services will be between the selected proposer and the customer.
- The selected proposer should provide patrons the ability to pay for purchases with the LSU Tiger Card which serves as the identification card. Reference the Tiger Card site for more information: [www.tigercard.lsu.edu](http://www.tigercard.lsu.edu)
- The selected proposer will be responsible for telephone service, data lines, etc., and may elect to contract for these services directly or with the LSU ITS department.
- The selected proposer will have the ability to send information to students offering shipping service during certain times of the year at a special discount (during orientation, move-in, move-out, etc.) through LSU marketing publications done throughout the year.

## Bulk Mail

- Ability to process **Bulk Mail** according to USPS rules and regulations including IMB (Intelligent Mail Barcode) when implemented by the USPS.
- Bulk mail processing services to include:
  - Mailing lists:
    - (a) Ability to accept University provided mailing lists, ensuring reasonable and prudent protection against the loss of data.
    - (b) Sorting by varying criteria (region, name, demographic, etc.)
    - (c) Perform data standardization
    - (d) Update list against National Change of Address database
    - (e) Delivery Sequence File preparation
    - (f) Locatable Address Conversion System updates
    - (g) Provide processed mailing list back to originating client
    - (h) Image address onto printed materials/envelopes in OCR readable font
    - (i) Ability to purchase mailing lists on behalf of University (For example, LSU may request to purchase a mailing list for zip code 70806, which has 4,000 names. The University would then request to mail these out in batches of 500 every Tuesday for 8 weeks.)
    - (j) Provide any additional details regarding procedures for client submission of mailing lists, including method of notification to client regarding list irregularities or other problems that could delay execution of a mailing.
  - Upcoming Mailing: Proposer to describe the process for providing advanced notice of upcoming mailing and details on how incoming cartons or skids must be labeled or coded (e.g. item code or quantity).
  - Spoilage, Counts, and Shrinkage: Proposer to provide definitions and percentages for what it considers to be normal spoilage of material that occurs naturally during processing. Additionally, describe the method of performing test counts, spot checks and weight counts.
  - Order Processing and Delivery to USPS Schedules: Proposal to include processing schedules based upon the quantity of mailing. Proposal must detail:
    - a) Length of time to process a work request
    - b) How rush requests will be handled
    - c) Demonstrate ability and specify length of time needed to deliver publications to the post office
    - d) Describe method of verifying that mail has gone out from post office on requested in-market date
    - e) Describe proposer's ability to work during University recognized holidays to ensure timely distribution of key publications.

## 733 Permit

- LSU to maintain a \$40,000 imprest fund for the 733 permit with the USPS, including all related fees.
- Weekly, proposer to submit copies of postage statements and a report indicating the LSU departmental budget code, postage amount, job #, job description, and piece count such that customers can be billed and the imprest fund replenished. LSU UAS will be responsible for ensuring that replenishment funds are deposited in LSU's 733 permit account held with the USPS bulk mail unit.
- Weekly, proposer to separately submit either a csv file or a report that includes all bulk mail processing charges for the week including a description of the mailing, proposers job #,

customer name, piece count, LSU departmental budget code, services, and associated charge. If a csv file is submitted it is to be formatted as required by the LSU billing program. The allowable charges will be paid to proposer via EFT.

### Business Reply Mail

- Ability to process **Business Reply Mail**.
- Business Reply
  - LSU will provide a \$1,500 postage imprest fund to be deposited with the USPS business reply unit.
  - Proposer is responsible for receiving business reply letters and delivering to applicable department/sender. Proposer is to track postage by LSU departmental budget code. Weekly, the proposer is to submit business reply mail charges by departmental budget code. LSU UAS is to receive a csv/txt formatted file as well as a hardcopy report of the weekly charges. The file should include all transactions for the week and include the LSU departmental budget code, piece count, postage amount, surcharge and total charge. The report should replicate the information in the file.
  - LSU UAS will be responsible for ensuring that replenishment funds are deposited in LSU's business reply account held with the USPS business reply unit. The allowable surcharges will be paid to proposer via EFT.

\*LSU's Personal Incoming Mail Policy (PS-101) prohibits the use of University services to receive personal mail. (Appendix A)

Historical information from LSU Mailing Services on incoming and outgoing volumes, as well as postage by class is available in Exhibits E and F

## 2.6 Copy Center

The selected proposer shall be the exclusive provider of copy center services on campus during the term of the contract. (EXHIBITS C)

Services to be provided should include, at a minimum, the following:

- B&W copies (letter, legal & ledger) and transparencies
- Full-color copies (letter, legal & ledger) and transparencies
- Binding (gbc, coil, and tape)
- 3-hole punch
- Folding
- Cutting
- Padding
- Drilling
- Laminating (up to 2 ft wide, no maximum length)
- Faxing (local, long distance, international, and receiving)
- Oversized, B&W copying (up to 3 ft wide)
- Oversized, full color printing from disc (up to 3 ft wide)
- Shrink wrapping
- Paper stock: white 20# copy paper, white 24# laser paper, white 80# future laser dull cover 96 bright, gold 20#



- NCR card stock (variety of colors)
- Tab printing and insertion
- Vinyl covers
- Saddle stapling
- Hand stapling
- Hand collating
- Digital picture print capabilities
- Incidental items such as hand stapler, paper cutter and 3-hole punch must be available for use at no cost to the customer.
- Thesis processing: hard binding, gold and silver stamping, blue and black covers (on campus capabilities not required but must be able to source the service)
- In addition, the successful proposer is encouraged to place a convenience copy machine at the location.

While the above list details the minimum requirements, the proposer may have additional services that are a standard part of their operation that will add extra value to the Center. This is not limited to equipment and services alone, but may include the sale of related products and opportunities for the University population to acquire additional value add services. The Proposer may list any additional services and customer pricing they are willing to provide in addition to the minimum services in Section D of 2.22.2 of the Technical Proposal. The Proposer must specify whether any of these additional services will be produced off campus. The Proposer is cautioned to include these items as part of the existing response or to submit them as an alternative proposal. The value that the inclusion of additional services brings to the Center will be considered as part of the program evaluation process. As a point of reference, LSU's current fee schedule is as follows:

<b>Copy Center Current Pricing</b>			
Size	Paper	Pricing	
		Single Sided	Double Sided
<b>B&amp;W Prints &amp; Copies</b>			
Ltr/Lgl	Plain White	0.05	0.10
Ltr/Lgl	Color 20#	0.06	0.11
Ltr/Lgl	100% Cotton	0.09	-
Ltr/Lgl	Coverstock	0.10	0.15
Tabloid	Plain White	0.10	0.20
Labels	Labels	0.20	-
<b>Color Prints &amp; Copies</b>			
Ltr/Lgl	Laser White	0.35	0.70
Ltr/Lgl	Coverstock	0.40	0.75
Tabloid	Laser White	0.70	1.40
Tabloid	Coverstock	0.80	1.50
Labels	Labels	0.50	-
<b>Binding - All sizes, front &amp; back covers included</b>		Coil & Comb	2.50
<b>Transparencies</b>			
	B&W	0.50	
	Color	0.80	
<b>Fax</b>			
	Local	.75/pg	
	Long Distance	1.75/pg	

	Receiving	.75/pg	
<b>Scan to Email</b>			
	B&W	0.10	
	Color	0.20	
<b>Supplies</b>			
	Blue Books	0.30	
	Scantron Small	0.20	
	Scantron Large	0.20	

- Proposers will be allowed to produce departmental print jobs less than \$5,000. EXHIBITS G, H, I, & J provide historical information on LSU Printing Services offset and digital job types and revenues during FY 10, an overview of the types of associated binding and LSU Printing Services current digital printing pricing model.

## 2.7 Public Use Convenience Copiers

Upon expiration of the University's current contract for convenience copiers in August 2012, it is anticipated that the successful proposer shall become the exclusive provider of Public Use Convenience Copiers throughout the campus (printing in departmental specific labs will continue to be managed by each department.) This is to be a fully turn-key operation whereby the successful proposer shall provide: digital multi function devices; debit card reader certified by Blackboard ® to work with the Tiger Card system; all supplies (**including 20 lb, white paper with a minimum recycled content of 30%**); labor to perform all key-operator activities, i.e. loading paper, clearing misfeeds, cleaning, delivery of paper stock; and all on-site repairs and maintenance.

As this service is for students, staff, and visitors, Proposer must be capable of providing a method by which the campus debit account, the Tiger Card Account, which resides on the University ID card, can be used as payment.

The successful proposer shall offer the following services: (EXHIBIT K)

Color and/or B&W digital multi-functional device capable of

- Copy
  - Wireless printing
  - Up to 11x17
  - Bypass tray
  - Duplex
  - Reduction/Enlarge
  - Auto Rotate
  - Auto Tray Selection, switching
  - Minimum speed of 25ppm B&W and Color
  - Auto document feeder
  - Staple finishing
  - 1 to1, 1 to 2, 2 to2, 2 to 1 copying
- While not dictating where equipment must be placed, it will be requested that proposer ensure adequate equipment placement in the following student gathering locations: Middleton Library and Patrick Taylor Hall
  - Desirable to have other locations on campus, see EXHIBIT K for a map of current locations and volumes

- Proposer would be required to include an equipment placement methodology to be approved by LSU
- Must be capable of accepting TigerCASH for copy and prints
- Required network connections, currently priced at \$18.00 per port per month, must be coordinated through LSU ITS
- Assistance to service equipment must be available according to a LSU approved hours of operation schedule
- The click charge rate **must** be inclusive of paper. It is expected that the proposer have reasonable click charge rates which are to be approved by the University. As a point of reference, LSU's current rate schedule is as follows:

Convenience machines	B&W	Color.
	\$0.07 per click	\$0.20 per click

## 2.8 Equipment

The successful Proposer will provide, at its own expense, any and all necessary equipment. Ownership for such equipment shall be vested with the successful Proposer unless otherwise stated in writing.

### Use of Existing Equipment

i. The successful Proposer will be allowed the use of the existing University inventory copy/printing/mail related equipment and supplies in performance of the lease (see Exhibit L. Inventory will be taken prior to commencement of the lease term to establish equipment and supply items and levels. Said inventory will be conducted by the University and successful Proposer's personnel in order to establish an agreed upon inventory. Equipment and/or supplies which the successful Proposer does not wish to utilize shall not be included in the inventory. Such inventory shall remain the University's property through the initial term of this lease and any subsequent lease term extensions. The inventory shall be repeated annually on an agreed upon date by the University and successful Proposer. Also, at the conclusion of the initial lease or upon termination of the lease agreement, inventory of said equipment and supplies shall be conducted by University and successful Proposer's personnel with the successful Proposer reimbursing the University for missing or damaged equipment and/or supplies, normal wear and tear expected.

ii. Ownership of existing equipment will be vested with the University. No University owned equipment will be removed from the premises for any purpose without prior written consent from the University.

iii. The successful Proposer will provide, at its own expense, any and all necessary equipment not provided by the University. Ownership for such equipment shall be vested with the successful Proposer unless otherwise stated in writing.

The successful Proposer will provide the University with an annually updated inventory list of all equipment owned solely by the Proposer, located on the University's campus. All such Proposer owned equipment shall be clearly labeled (including an identification number) in a manner which distinguishes such Proposer owned equipment from University owned equipment.

iv. The inventory list of the University owned equipment and supplies shall be binding upon the parties. Based thereon, the successful Proposer will maintain current records of equipment furnished for its use, indicating the addition, replacement and/or removal of University owned equipment in accordance with Louisiana Property Management Regulations. This shall include the completion of an Annual Property/Inventory report performed by personnel from the University and the successful Proposer.

v. All costs for repairs and maintenance of the University-owned equipment considered part of the inventory of supplies and equipment utilized by the successful Proposer shall be borne by the successful Proposer. The successful Proposer will provide preventive and on-site maintenance services as scheduled by the successful Proposer and agreed upon by the University. Any University owned equipment, utilized by the successful Proposer, which the successful Proposer deems no longer useful will be removed from the inventory list charged to the successful Proposer and returned to the University.

Equipment must be clean, in good appearance, and in first-class working order at the time of installation. Equipment installation and removal where utility connections and/or alteration of University property is involved shall be by or under the direction of the LSU Student Union and the University's Department of Facility Services at the expense of the Proposer.

## **2.9 Operations Expense**

The successful Proposer will contract goods, services, and employment needed to accomplish the conditions of this agreement, in addition to that currently provided by the University, in its own name and not implicate the University as being liable, either directly or by inference in any transactions. The successful Proposer will comply with Federal, State, and Local laws appertaining to business conducted in accordance with this agreement and will conform to the University's business policies and practices.

## **2.10 Access to Premises**

The successful Proposer shall have access to the premises assigned or scheduled at reasonable times, as determined and coordinated by the University, throughout the term of the lease agreement ending upon expiration or termination. Such access, in the form of keys, will be obtained by the successful Proposer through the Department of Facility Services, at the expense of the successful Proposer. Refer to PS-84 (Custody of Facilities and Premises) in Appendix A.

Any access provided to the successful Proposer by the University in the form of keys, electric access cards, etc., will be the responsibility of the successful Proposer. Loss, damage, or theft of such access materials, charged to the successful Proposer, requiring replacement of access materials or related equipment, such as locks, electronic card readers, etc., shall be placed by the University at the sole expense of the successful Proposer.

## **2.11 Government & University Regulations**

Licenses & Permits: It shall be the responsibility of the successful Proposer to obtain, maintain and comply with all laws, licenses, permits and regulations required by Federal, State, and Local governments and to make available to the University personnel appropriate documentation of such current licenses or permits.

## **2.12 Security**

The successful Proposer is responsible for, and will exercise maximum security control over, all leased facilities to prevent theft, vandalism, destruction, or other damage to or removal by unauthorized persons of properties, facilities, equipment, supplies, inventory, files, records, receipts, and/or cash, check, and other sales transactions.

The University will not be held responsible in any way for any such damages, loss, or theft. The successful Proposer is solely responsible for such damages, loss or theft.

The successful Proposer will utilize the University's Police Department for incidents requiring law enforcement services.

## **2.13 Parking**

Parking on campus by the successful Proposer's employees, subcontractors, and vendors will conform to the regulations of the University's Office of Parking, Traffic, and Transportation. University will provide up to 6 dedicated parking spaces for use by customers of proposer. All employee parking expenses will be borne by the successful proposer. There is currently an annual charge for parking and no guarantee is made as to the availability of space in the gated parking lots on campus. Information regarding the University's parking rules and regulations can be secured from the LSU Office of Parking, Traffic, and Transportation; Public Safety Building; South Stadium Road; Baton Rouge, Louisiana 70803; telephone: (225) 578-3577; or at website location (<http://appl003.lsu.edu/pubsafety/lsparking.nsf/index>).

## **2.14 Customer Payment Methods**

The successful proposer will be required to accept customer payments in the forms of cash, credit cards (MasterCard, Visa, Discover, etc.), cashier's check, and money orders and TigerCASH.

TigerCASH is the University's debit card account which is currently administered through the LSU Tiger Card Office. The current system utilizes the Blackboard Transaction System – Unix Version. The University will act as the agent for the Licensee and will remit monthly to the Licensee the total amount of debit card (TigerCASH) sales, less a three percent (3%) discount rate payable on said Gross Sales due to University for University's work in administering the TigerCASH accounts. Complete reconciliation of sales and discount shall be provided by the University with each remittance.

## **2.15 Facilities Décor and Design**

The University desires a Copy and Mail Services Center capable of providing high quality customer service in an attractive, modern, customer-friendly physical environment. Any and all designs and/or décor plans or alterations must be approved by the University prior to implementation.

## **2.16 Signage**

The successful Proposer will not place - or cause to be placed- or maintain on or about the premises of the Agency, including the glass or window or any door, any sign and/or advertising

matter, decoration, lettering, or other thing of any kind without first obtaining the University's written approval. The successful Proposer will maintain any of the above approval materials in good condition and repair at all times.

### **2.17 University Name and Logo**

The successful Proposer agrees that it will not advertise nor promote any connection with the University, its Board of Supervisors, or any identifying marks or property nor make representation, either expressed or implied, as to the University's promotion or endorsement of the successful Proposer's Company unless it has received prior written consent from the University. Refer to PS-93 (Use of University Indicia) in Appendix A.

### **2.18 Auditing and Accounting**

The successful Proposer will establish adequate internal controls and determine at such frequent intervals as may be necessary, that the controls are being maintained. The successful Proposer will provide to the University, annual financial statements audited by a Certified Public Accountant. The University reserves the right to have its representative, including the State Legislature Auditor, audit the successful Proposer's books, records, and other such financial documents or desired information pertaining to the successful Proposer's contract(s) with the University. If it is determined through an audit that money is owed to the University by the successful Proposer, the successful Proposer will pay all money owed to the University, plus ten (10) percent interest on said paid money and also pay for the cost of the audit within thirty (30) days of demand.

### **2.19 Period of Agreement**

The initial term of the Lease Agreement will be ten (10) years. Additional extension periods, not to exceed five (5) additional years, may be proposed.

### **2.20 Deliverables**

The deliverables listed in this section are the minimum desired from the successful proposer. Every proposer should describe what deliverables will be provided per their proposal, and how the proposed deliverables will be provided.

### **2.21 Location**

**Store Location and Facilities:** The Store will be centrally located on the University's campus in the LSU Student Union (see [http://unionweb.lsu.edu/media/renovations/first\\_floor.pdf](http://unionweb.lsu.edu/media/renovations/first_floor.pdf))

It is in a high traffic area and is clearly visible to passers-by. Leased Premises is defined as the Retail Space available is +/- 5,914 sq. ft.; of which +/- 4,612 is designated for the Student Union Post Office and +/- 1,302 is designated for the Student Copy Center (EXHIBITS A & B) or other space on the LSU Campus as mutual agreed upon by both parties.

Upon mutual agreement, this Lease may be amended to add to the leased space or to delete certain parts of the leased space from the Lease. In the event that the parties agree to amend the definition of leased space to add or delete areas from the leased space, any contract adjustments necessary to accommodate such addition or deletion of any part of leased space shall be

evaluated and agreed upon by the Lessee and the University. All additions and deletions to the leased space shall be effected by addendum to this Lease and may be approved on behalf of the University by the President or his designee.

Additional space can be made available to proposer in addition to the aforementioned leased premises. The University will provide utilities, dumpster service for trash and garbage, air conditioning, certain telecommunication services, certain security services, and such other services as may be mutually agreed where applicable, to the additional space, and the successful proposer shall pay University, as "Additional Rent" due under this Lease, all costs of operation and maintenance attributable to the additional space in order to fairly and accurately cover the costs of operation and maintenance thereof. No later than February 1 during each year of this Lease, University shall meet with Lessee, review cost of Lessor Services and provide Lessee with the amount of Additional Rent for Lessor Services applicable to the next 12-month accounting year of Lessee. Additional Rent for such Lessor Services provided by University hereunder shall be invoiced by University to Lessee on the basis of One-Twelfth (1/12) of the annual amount and paid by Lessee within thirty (30) days of invoicing by University thereof. Lessee will not be charged for Lessor Services at a rate greater than that charged to University auxiliaries. The University will make reasonable effort to provide continuous provision of Lessor Services and to restore Services following any interruption. However, the University will not be liable for any product or revenue loss which may occur as a result of the interruption or failure of any such Service. University will furnish and maintain fire extinguisher equipment and supplies as Lessor Services. However, Lessee will notify University immediately after any fire extinguisher use or discharge, and Lessee will pay for any recharge after use.

## **2.22 Proposal Elements**

### **2.22.1 Financial**

- A. Lease: Proposal is to be based upon an annual minimum rent per square foot of \$15.00 per square foot guarantee, payment divided into twelve equal monthly payments.
- B. Construction of Facility Improvements/Construction: Proposer shall provide a Capital Outlay plan which defines the amount of funding for renovations, expansion, alterations, equipment, etc. the successful Proposer will invest.
- C. In addition to the minimum lease, the selected proposers must propose to the University a percentage of its adjusted gross sales (less applicable State and local sales tax) from mailbox rental, shipping, retail sales, and other revenue sources.

### **2.22.2 Technical**

Each proposer must provide current, accurate, complete information about all of the following in support of its Proposal (please coordinate numbers with responses):

- A. Business Information:
  - 1. Name, address, telephone number, and title of the person(s) whom the University can contact about the Proposal;
  - 2. Corporate filings, DBA name, registration and tax identification number;
  - 3. Name(s) of owner(s) or partners or directors, as applicable;

4. Names, titles, and resumes of proposer officials who will serve as primary proposer contacts;
5. Length of time and years during which the proposer has provided the Services contemplated by this RFP;
6. List of three (3) references, preferably local and colleges/universities, for whom the proposer currently successfully provides similar Services;
7. Insurance carrier(s), types, and amounts of coverage currently maintained by the proposer, and claims/loss reports for the three (3) proceeding calendar/fiscal years (2007, 2008, 2009 projected).

**B. Staffing Structure:**

Proposer should provide the proposed staffing structure, including the number of full-time, part-time and managerial staff and the kind of experience required for each position. Include proposed staff resumes, if possible. An established, diverse staff with low turnover indicates employee satisfaction and is a means of measuring quality. Indicate if University students will be given employment opportunities, and, if so, in what approximate number.

**C. Company Financial Information:**

Provide a copy of your two most recent, audited, financial statements

**D. Products and Services:**

Provide a list and description of the products and/or services you propose to offer. The University desires a variety of quality offerings.

**E. Marketing:**

Include a complete description of the promotional marketing activities that the proposer will conduct. This may include media packages, coupons, premiums, and other forms of advertising that demonstrate effective strategies for market penetration on the campus and to commuting students.

The proposer agrees that it will not advertise nor promote any connection with the University, the University Board of Supervisors or use any identifying marks or property nor make presentation, whether expressed or implied, as to the University's promotion or endorsement of the proposer unless it has received prior written consent from the University.

**F. Layout and Design of the Store:**

Provide general facility layout and design plans for the store. The selected proposer will provide store construction, equipment, and signage in compliance with LSU requirements and approvals. Any build out of space must comply with all codes and with University design guidelines, to include the Americans with Disabilities Act. Reference the attached floor plans in the appendix.

**G. Miscellaneous:**

Include a written program of intention, outlining how the above specifications will be fulfilled, any plan for investment in facilities as well as any other information that may be helpful in determining the scope of the proposal.

**H. Reports and Management:**

1. Define the reports available to LSU on a weekly, monthly and annual basis.
2. Describe how breaks; lunch, sick leave and vacation time will be handled.



3. Provide (1) copy of appropriate operations manuals and describe employee performance standards.
4. LSU will expect to conduct monthly assessment meetings between their liaison and vendor's liaison.
5. Provide pertinent information related to on-site management and supervision of personnel and equipment.
6. Describe methods, procedures, and processes to ensure quality control.

### **PART III EVALUATION**

#### **3.1 Financial Proposal (60% of evaluation value) - 60 points**

The following financial criteria will be evaluated:

- 1) Guaranteed Annual lease payment - 40 points
- 2) Construction of Facility Improvements - 5 points
- 3) In addition to the annual lease payment guarantee, the proposers must recommend to the University a percentage of its adjusted gross sales (less applicable State and local sales tax) from mailbox rental, shipping, retail sales, and other revenue sources.- 15 points

The criteria for the Guaranteed Annual lease payment and the Construction of Facility Improvements cost will be used in the Financial Evaluation to calculate the points awarded for the Guaranteed Annual lease payments.

A proposer's base score will be based on the amount of the Guaranteed Annual lease payment computed as follows:

$$BCS = (PC/HPC \times 40)$$

Where: BCS=Computed cost score (points) for proposer being evaluated  
HPC=Highest proposed guaranteed annual lease payment of all proposers  
PC=Guaranteed annual lease payment of proposer being evaluated

A proposer's base score will be based on the amount of the Construction of Facility Improvements amount computed as follows:

$$BCS = (PC/HPC \times 5)$$

Where: BCS=Computed cost score (points) for proposer being evaluated  
HPC=Highest proposed Construction of Facility Improvements amount of all proposers  
PC= Construction of Facility Improvements amount of proposer being evaluated

The information provided in response to this section will be used in the Financial Evaluation to calculate the highest evaluated lease payment. NO other fees will be allowed as part of the

Financial Proposal. If the vendor requires a management fee, it must be included in the calculation of #1, 2, or 3 above.

### **3.2 Technical Proposal (40% of evaluation value)-40 points**

The following criteria are of importance and relevance to the evaluation of this RFP. Such factors, listed in order of importance, may include but are not limited to:

- Company Credentials and Qualifications including management experience and stability.
- References of success with contact information.
- Implementation plans and scope of services to be provided including layout and design of the center addressing initial, interim and after-construction improvements.
- Detailed plan for the successful transition of operations
- Plan for orientation and marketing to students, operating hours, etc.
- Information demonstrating the Proposer's financial stability.
- Management reporting capabilities
- Adequacy of processes and procedures to ensure a quality operation.

# Appendix A



recommended by the University Facilities Planning Committee and approved by the Chancellor. In discharging the responsibilities, the following apply:

1. University employees, except those employed by the Office of Facility Services, are prohibited from any activity which results in any physical modification of University facilities and premises.
2. All requests for physical modification of University facilities and premises are to be routed through, reviewed and processed by the Office of Facility Services which shall provide for review and action by the University Facilities Planning Committee as appropriate.
3. The Office of Facility Services establishes and maintains standards of design, construction, modification and renovation for University facilities and premises in conjunction with other departments as appropriate.
4. Planning, standards, and requirements definition and operation of computer network wiring/media, telecommunication wiring/media and associated equipment are the responsibility of Office of Computing Services. Installation, construction, and engineering/architectural work as necessary will be undertaken by the Office of Facility Services. Interlab cabling involving no penetrations, ceiling removals, wall attachments, etc., will be permitted subject to Facility Services review.
5. All facility documents and records are to be stored and maintained by the Office of Facility Services.
6. The Office of Facility Services is the chief contact and coordination office for all facility matters involving the LSU System, other LSU campuses, and local, state and federal agencies.
7. The administrator of the Office of Facility Services serves as the Chief Facility Officer of the University.
8. Questions as to the applicability of this policy to any particular facility or premise matter should be referred to the Office of Facility Services.
9. Facility Services will maintain/update planning and maintenance priority/cost list consistent with SACS requirements.



# Policies and Procedures

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Document Number: PS-91  
Title/Topic: Campus Mail  
Effective Date: 03/03/94  
Revision Number: PS0091.R00  
Category: Policy Statement

## CAMPUS MAIL

### PURPOSE

To establish the policy of Louisiana State University and Agricultural and Mechanical College on the permitted use of Campus Mail.

### DEFINITIONS

**LSU Department.** Any administrative unit of the University established by or under the authority of its Board of Supervisors.

**Recognized employee and student organizations.** Organizations to which official University recognition has been granted by the Chancellor or the Dean of Students respectively.

**Affiliated Organizations.** Examples include the LSU Foundation, the LSU Alumni Association, Tiger Athletic Foundation and such others as have been designated as defined by the Regulations of the LSU Board of Supervisors.

**University Sponsored Programs.** Programs which occupy office or other space on the campus or make other use of University facilities and premises under a written agreement with the University.

**Intra-Campus Mailing.** The routine exchange of correspondence among those individuals and agencies authorized to use Campus Mail.

**Mass Mailing.** Use of Campus Mail for large scale distribution of printed communications to individuals located within University facilities and premises.

### POLICY

Campus Mail has been established as a department of LSU for the following purposes:

- (1) Collect and distribute official LSU intra-campus mail from department to department.
- (2) Sort and distribute to University addressees external mail received from the U. S. Postal Service.
- (3) Collect, apply postage and forward LSU departmental mail with external addresses to the U. S. Postal Service.

Use of Campus Mail for intra-campus mailings is provided specifically for official correspondence of University administrative units and is afforded as a convenience to various groups located on the campus including recognized employee and student organizations in accordance with the purposes for which these organizations have been established, the Faculty Senate, the Staff Senate, the Student Government Association, the Campus Federal Credit Union, by affiliated organizations and University sponsored programs. Use of Campus Mail for intra-campus distribution of commercial solicitations is specifically prohibited.

Use of Campus Mail for Mass Mailings to employees is restricted to printed materials mailed from University Departments, the Faculty Senate and the Staff Senate for the accomplishment of their missions.

Except as provided for herein, Campus Mail may not be otherwise used for intra-campus mailings or mass mailings. Non-University mail with postage affixed will be processed through to the U. S. Mail Service if deposited in Campus Mail. Mail received by Campus Mail from the U. S. Postal Service will be delivered to campus addresses designated without reference to its source or purpose.

Ineligible mail deposited with Campus Mail will be returned to the sender if known or disposed of otherwise, if the sender is unknown.

Questions regarding eligibility to use Campus Mail should be directed to the Office of the Vice Chancellor for Business Affairs.



# Policies and Procedures

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Document Number: PS-93  
Title/Topic: Use of University Name and Indicia  
Effective Date: 08/28/95  
Revision Number: PS0093.R01  
Category: Policy Statement

## USE OF UNIVERSITY NAME AND INDICIA

### PURPOSE

To state the policy of Louisiana State University and Agricultural and Mechanical College regarding the use of its name, registered marks, logos, other indicia, and the names of its employees.

### DEFINITIONS

**Name.** Louisiana State University and Agricultural and Mechanical College, LSU.

**Registered Mark.** Words and images representing the University which have been registered with the federal Office of Patents and Trademarks and/or the Louisiana Secretary of State.

**Logos.** Officially adopted words, images or combinations of words and images representing the University.

**Indicia.** Various words, images, colors and combinations of words, images and colors that have come to be associated with the University in the minds of the public which may or may not have been made a registered mark but in which the University has a proprietary interest through prior use or identification. As used herein, the term "indicia" encompasses name, registered marks, logos, and other indicia.

### GENERAL STATEMENT OF POLICY

The Board of Supervisors of Louisiana State University is the owner of all rights, titles and interests in and to certain designations comprising designs, trade names, trademarks and service marks including, without limitation, the names "Louisiana State University," "LSU Tigers," the abbreviation "LSU," logotypes and seals incorporating one or more of the foregoing names and/or abbreviations, and certain logographics and/or symbols which have come to be associated with Louisiana State University.



In consideration of the valuable property rights inherent in the LSU name and indicia which are inseparable from the good name and reputation of LSU both domestically and internationally, this policy is established to govern the use of the LSU name and indicia.

### **University Publications**

Use of LSU indicia for letterhead or any other publications by the University shall be in accordance with PS-10, entitled "Internal and External Communications," and the "Louisiana State University Logo Guidelines," issued by the Office of Public Relations.

Questions regarding the use of the LSU indicia in official University publications should be directed to the Office of Public Relations.

### **Collegiate Licensing Program**

Use of LSU indicia on or in connection with items offered for sale, in association with the name, logo or other indicia of any non-LSU entity or otherwise for commercial purposes shall be subject to a licensing agreement between the external entity and LSU executed through the Office of the Vice-Chancellor for Business Affairs and Comptroller which may require the payment of a royalty. Licensable use includes products offered for sale as merchandise, offered promotionally as merchandise, represented in association with any non-LSU entity or otherwise in any printed, electronic or other medium.

Licensed items purchased for use by LSU departments are subject to a licensing agreement which does not require the payment of a royalty; however, such items offered for sale by LSU departments do require the payment of a royalty.

Student organizations recognized as such by the Dean of Students purchasing licensable items for sale only to members for their use are not required to pay a royalty fee but such items must be purchased from licensed vendors. A royalty fee must be paid on licensed items sold by student organizations as a fund-raising project.

Questions regarding any use of LSU indicia as described above should be directed to the Office of the Vice-Chancellor for Business Affairs.

### **Office of Technology Transfer**

Agreements by which LSU technology is licensed require that the licensee may make no use whatsoever of LSU's name, or of the name of any LSU employee (including without limitation the name of any named inventor of any Licensed Patent or Licensed Know How), in any news releases, advertisements, promotional materials, or otherwise, without the prior written consent of LSU for each such use as follows.

Approval may be granted for the use of LSU's name by the licensee if such use meets the following conditions:

APPENDIX A-3 (PS-93)

1. Use is in a general context.
2. No direct or implied endorsement by LSU is created.
3. No apparent liability is created for LSU.
4. No conflict of interest or ethical issues appear present.
5. Perceived use has a positive or neutral impact on LSU's image.

Proposals for the use of LSU's name meeting the above criteria may be approved by the Director of the Office of Technology Transfer.

Proposals not meeting the above criteria or which are not modified by the licensee to meet the above criteria will be referred to the Vice-Chancellor for Research and Economic Development and University legal counsel if necessary for a decision.

If the use of an LSU employee's name is proposed by a sponsor, both the approval of LSU and a written release from the employee is required.

Questions regarding the use of LSU's name or the name of an LSU employee through technology licensing agreements should be directed to the Office of Technology Transfer.

#### **Sponsored Research**

A sponsor may not use the name of the University, nor of any LSU employee, in any publication, advertising, or news release without prior written approval of LSU; however, a sponsor may use research data and findings supplied by LSU for internal use and for appropriate submissions to governmental authorities without any prior written consent by LSU.

Questions should be directed to the Office of the Vice-Chancellor for Research and Economic Development.

#### **Consulting by Employees**

An LSU employee engaged in consulting or other outside employment may not use the name of LSU or his/her University affiliation, title, or address officially or in any other way in support of any position he/she may take. Biographical data, including a statement of employment by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, may be included as introductory material to any written reports, or orally in the case of expert witness statements, but may not be incorporated into the body of any written report submitted by the consultant.

Questions should be directed to the Office of the Vice-Chancellor for Research and Economic Development.

**Use by Associated Organizations**

Authority to use the LSU indicia for purposes of organizational identity for entities associated with the University is granted by LSU in accordance with policies and guidelines established for each type of organization as follows:

**Student Organizations:** Under policies and procedures of the Committee on Student Organizations which reports to the Chancellor through the Vice-Chancellor for Student Services.

**Faculty Organizations:** As approved by the Chancellor upon the recommendation of the Vice-Chancellor for Academic Affairs and Provost.

**Staff Organizations:** As approved by the Chancellor upon the recommendation of the Vice-Chancellor for Business Affairs and Comptroller.

**Affiliated Organizations (including the LSU Foundation, alumni and athletic organizations):** As provided in the Bylaws and Regulations of the LSU Board of Supervisors, Chapter VIII, Section 8-1. Specific procedures are as follows:

Alumni Groups	LSU Alumni Association through Academic Affairs (when academic constituencies are involved)
Athletic Groups	Tiger Athletic Foundation
Academic fund-raising groups--development councils, friends groups, foundations	Development Office of LSU Foundation through Academic Affairs

The granting of authority for the use of LSU indicia to identify associated organizations carries with it no authority for the use of LSU indicia for commercial exploitation or other revenue producing activities involving the use of the indicia.

**Solicitation of Gifts**

Authority to use the LSU indicia for purposes of soliciting contributions is governed by Chapter VI, Section 6-1, of the Bylaws and Regulations of the LSU Board of Supervisors and administered by the Chancellor. Standing authority for fund-raising may be incorporated in the initial approval of an organization's use of the LSU indicia. Approval in writing is required in advance of any new fund-raising activity by a group not previously authorized to raise funds in the name of LSU.

APPENDIX A-3 (PS-93)



## PURPOSE

To state the policy of the University governing the appropriate use by employees of equipment, materials, services and other property of the University.

## STATEMENT OF POLICY

University equipment, materials, services and property are provided to employees for the accomplishment of their work as LSU employees and not for personal use.

In addition to provisions of the Louisiana Revised Statutes, this policy has been given emphasis in the Regulations of the LSU Board of Supervisors as follows:

"Section 5-8. Custody and Control of University System Property. No one shall use for his or her own benefit or for any other personal purposes any University System property of whatever description; and no one shall be permitted to remove from the buildings or grounds any property belonging to the University System, unless approved by the President or appropriate official designated by the President."

"Section 5-9. Use of University System Vehicles. All transportation equipment of the University System shall be used only on official business and shall be operated only by employees of the University System and others authorized by the President."

Violation of this policy constitutes misuse of University equipment, materials, services and other property and may result in University disciplinary action and/or criminal charges.

Misuse of University materials, services and other property may represent a minor or major violation of this policy depending upon the circumstances of a particular occurrence. For example, misuse may be only a single, isolated occurrence or it may represent a pattern of such activity. Misuse may also constitute a violation of one or more provisions of the criminal law.

Consistent with its commitment to provide for fair and consistent treatment in all matters involving employee discipline, the University reserves the right to investigate misuse of University materials, services and other property through its Internal Auditor, the LSU Police Department, both of these agencies, or by other administrative processes.

Employees charged with misuse of University equipment, materials, services and other property and subject to University disciplinary processes shall be

afforded such rights and protections as provided by law and University policy.

Employees criminally charged in connection with the misuse of University materials, services and other property shall be subject to such disposition of the matter as is made by the Office of the District Attorney and/or the judicial system.

The University reserves the right to both take disciplinary action against an employee and to refer the employee for prosecution under the criminal law.

Examples which are deemed to constitute misuse of University equipment, materials, services and other property include but are not limited to the following:

1. Personal use or possession of tools, equipment, supplies.
2. Use of University vehicles for a personal purpose.
3. Falsification or other misuse of University documents such as time sheets, payroll vouchers, annual and sick leave reporting and other official University documents.
4. Personal use of telephone and telefax services resulting in toll charges to the University. Telephone calls or telefaxes of a personal nature may not be charged to your LSU charge code other than in emergencies or in rare instances when the LSU charge code is inadvertently used when returning a call. Should such a personal call be made, prompt reimbursement to LSU must be made.
5. Use of postal and shipping services for personal purposes.
6. Personal use of duplication and related services and supplies.

## Appendix B

AGREEMENT OF LEASE BETWEEN  
BOARD OF SUPERVISORS OF  
LOUISIANA STATE UNIVERSITY AND  
AGRICULTURAL AND MECHANICAL COLLEGE  
AND  
(vendor)



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EXHIBITS

- Exhibit A – Resolution of the Board of Supervisors
- Exhibit B – Resolution of the Board of Directors of (vendor)
- Exhibit C – Request for Proposal No. Exhibit D – Floor Plan of Leased Premises
- Exhibit E – Plans and Specifications for Improvements
- Exhibit F – Vendor’s Proposal
- Exhibit G – Memorandum of Lease
- Exhibit H – Financial Proposal for a Portion of Revenue

UNITED STATES OF AMERICA  
STATE OF LOUISIANA  
PARISH OF EAST BATON ROUGE

AGREEMENT OF LEASE BETWEEN  
BOARD OF SUPERVISORS OF  
LOUISIANA STATE UNIVERSITY AND  
AGRICULTURAL AND MECHANICAL  
COLLEGE AND (Vendor)

THIS AGREEMENT OF LEASE (the "Agreement") made and entered into effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2010 ("Effective Date") by and between

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation organized and existing pursuant to the laws of the State of Louisiana, herein represented by Dr. John V. Lombardi, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors adopted August 17, 2007, a copy of which is attached hereto as Exhibit "A"; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848);

(hereinafter referred to as "LSU" or the "Board"); and

(Vendor), a Delaware corporation organized and existing under the laws of the State of , authorized to do and doing business in the State of Louisiana, herein represented by , its Chief Executive Officer, duly authorized by virtue of a resolution of the Board of Directors of said corporation, a certified copy of which is attached hereto and made a part hereof as Exhibit "B", whose mailing address is (Federal I.D. No.);

(hereinafter referred to as Vendor.);

provides as follows:

**WITNESSETH:**

**WHEREAS**, in response to a Request for Proposals for the Lease of Space for Operation of Copy & Mail Services Center & Public Use Convenience Copier Program, Request for Proposal No. 00000, (herein after referred to as "RFP" and attached hereto as Exhibit "C"), for the campus of Louisiana State University and Agricultural and Mechanical College ("LSU and A & M" or "University"), Vendor has been selected to lease space from LSU;

**WHEREAS**, this Agreement furthers the educational and public service functions of University by providing needed services for students, faculty, staff and visitors; supporting academic pursuits of faculty and students; contributing to the educational, cultural and social environment of the University; supporting the recruitment, retention and overall satisfaction of the University's students; and providing a source of revenue for the University; and

**WHEREAS**, LSU enters into this Agreement in accordance with the authority set forth in Louisiana Revised Statutes 17:3361, *et seq.*, which requires, in particular, construction by Vendor of improvements upon property owned by LSU.

**NOW, THEREFORE**, in consideration of (1) LSU's obligation to lease the Leased Premises to Vendor; (2) Vendor's obligation to construct improvements upon the Leased Premises; (3) the annual rent to be paid by Vendor during the term of this Agreement; (4) Vendor's obligation to operate an optical store in the Leased Premises in accordance with the RFP; (5) such other obligations as set forth herein; and (6) the mutual benefits accruing to the parties under this Agreement, the parties do enter into this Agreement on the following terms and conditions:

#### **ARTICLE I GENERAL OBLIGATIONS**

**1.1 General Obligations.** LSU shall lease to Vendor, and Vendor shall lease from LSU approximately () square feet of retail and storage space within the LSU Union Building located on the campus of University in Baton Rouge, Louisiana, specifically described and shown cross-hatched on the floor plan attached hereto as Exhibit "D" which shall be referred to herein as the "Leased Premises." Vendor shall operate a Copy and Mail Services Center & Public Use Convenience Copier Program including but not limited to comprehensive copy and mail services center and to provide strategically placed convenience copiers on said Leased Premises in accordance with this Agreement. Vendor, at its sole cost and expense, shall construct improvements to the Leased Premises as set forth herein and, at its sole cost and expense, shall maintain said improvements in accordance with the standards required by this Agreement. In accordance with the provisions of this Agreement, Vendor, at its sole cost and expense, shall be obligated to furnish and install all Leasehold Improvements and Movable Equipment, Trade Fixtures, and Signage, all as defined herein, and all other improvements necessary to fulfill its obligations under this Agreement. Vendor shall perform such other obligations as set forth herein.

**1.2 Transition Period and Interim Premises.** Both parties agree that the period of thirty (30) to forty-five (45) days from the Effective Date is a period of transition. Vendor shall use all reasonable efforts to successfully provide for the uninterrupted continuation of optical store and concurrently undertake a comprehensive program of construction and renovation within the Leased Premises. During the transition period, LSU may provide temporary space to Vendor in consideration of the annual rent of \$ per month for the interim period during the transition period, and Vendor agrees to pay for any temporary alterations, including but not

limited to telecommunication and computer connections, necessary for the operation of its optical store during the transition period.

## ARTICLE II PREMISES

**2.1 Leased Premises.** LSU hereby leases and delivers to Vendor, and Vendor hereby leases and accepts from LSU, in consideration of the annual rent hereinafter set forth and of the agreements, conditions, covenants and terms of this Agreement, the Leased Premises to be possessed exclusively by Vendor during the term of this Agreement.

**2.2 Access to LSU Union Loading Dock.** In consideration for the annual rent set forth herein and during the term of this Agreement, Vendor will have the non-exclusive and shared use of the LSU Union loading dock; however, the use of the loading dock by Vendor shall not substantially impair its use by University or its designees.

## ARTICLE III TERM

**3.1 Term.** This Agreement is made for a term of ten (10) years, commencing on the Effective Date and ending at midnight on the final day of the ten (10) year period, subject to earlier termination in accordance with the provisions of this Agreement. This Agreement may be renewed for additional five (5) year term periods. All terms of this Agreement shall remain in full force and effect during any renewal term.

## ARTICLE IV RENT, SALE OF INVENTORY AND EQUIPMENT REPLACEMENT

**4.1 Annual Rent Obligation.** In addition to the other consideration set forth herein, Vendor shall pay, in advance, to LSU an annual rent for each year, commencing at \$ per year or \$ per square foot per month, while this Agreement is in effect, without any prior demand therefore and without any set offs or deductions whatsoever. Payments shall be paid monthly.

**4.2 Payment Terms.** In each year of this Agreement, rent shall be paid in monthly installments and is due in advance beginning on Date, and on the first day of each month thereafter, until all are paid. Prior to Date, rent for the transition period is owed as follows: \$ per month.

**4.3 Interest on Unpaid Amounts.** Should Vendor fail to timely pay to LSU any sum due as annual rent or otherwise under this Agreement, such unpaid sum(s) shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

**4.4 Additional Rent.** As additional rent for the lease of the Leased Premises hereunder and the grant by LSU of the exclusive right to operate a copy and mail services

center and public use convenience copier center on the LSU Campus, Vendor agrees to pay a portion of store revenue after recouping their capital outlay in accordance with Exhibit "H".

**4.5 Equipment and Fixtures.** Vendor, at its sole cost and expense, shall acquire any and all fixtures and equipment necessary to fulfill its obligations pursuant to this Agreement and install or place same on or about the Leased Premises.

**4.6 Payment of Rental and Reimbursement.** Checks for annual rent and other payments hereunder shall be payable to Louisiana State University and are to be submitted timely to:

Louisiana State University Union Business Office  
Louisiana State University and Agricultural & Mechanical College  
P.O. Box 25123  
Baton Rouge, Louisiana 70894-5123

or by hand delivery to:

Room 310, LSU Union  
Attention: **Business Manager**

#### ARTICLE V SECURITY

**5.1 Security.** Prior to the Effective Date of this Agreement, Vendor shall have provided to LSU a performance bond in an amount of \$50,000.00 or shall deposit with University the sum of \$50,000.00 by certified funds as security for the performance of its obligations hereunder. Any performance bond posted in satisfaction of this requirement shall be written by a Surety or insurance company licensed to do business in the State of Louisiana and currently on the U.S. Department of the Treasury Financial Management Service list of approved bonding companies which is published annually in the Federal Register, or by a Louisiana domiciled insurance company with at least an A- rating in the latest printing of the A.M. Best's Key Rating Guide to write individual bonds up to ten percent of policyholder's surplus as shown in the A.M. Best's Key Rating Guide or by an insurance company that is either domiciled in Louisiana or owned by Louisiana residents and is licensed to write surety bonds.

#### ARTICLE VI CONSTRUCTION AND OWNERSHIP OF IMPROVEMENTS

**6.1 Obligation to Construct.** shall construct improvements to the Leased Premises to the mutual agreements of LSU and Vendor at an estimated required investment of approximately Dollars (\$), which improvements shall include but are not limited to renovations, remodeling, leasehold improvements and related movable equipment, supplies, trade fixtures,

signage, and essential construction costs and fees, in accordance with the plans and specifications approved by LSU and Vendor. The term "Leasehold Improvements," as used in this Agreement shall refer to all improvements permanently affixed to the Leased Premises and made by Vendor at any time during the term of this Agreement. All other improvements by Vendor not permanently affixed to the Leased Premises but for the use or benefit of the Leased Premises and purchased either pursuant to this section 6.1 or purchased as Vendor's personal property shall be referred to as "Movable Equipment, Trade Fixtures, and Signage." The Leasehold Improvements required hereby shall be made in accordance with Exhibit "E" hereof, unless otherwise agreed to in writing by Vendor and appropriate University personnel in accordance with the provisions of this Agreement.

## **6.2 Construction of Leased Premises.**

**6.2.1 Construction by Vendor.** At its sole cost and expense, Vendor shall (1) construct the Leasehold Improvements and perform any other work on or about the Leased Premises in a good and workmanlike manner, in accordance with plans and specifications approved in writing by LSU prior to the commencement of the work; (2) procure all necessary permits and governmental approvals for the construction of Leasehold Improvements and installation or use of Movable Equipment, Trade Fixtures, and Signage; (3) provide for labor, services, materials and supplies used or furnished in construction of the Leasehold Improvements and installation or use of Movable Equipment, Trade Fixtures, and Signage and the construction and installation of utility services or other systems or facilities; (4) supervise and control all aspects of the construction, installation, furnishing and equipping of the Leasehold Improvements and the Movable Equipment, Trade Fixtures, and Signage; and (5) during construction comply with any and all provisions of this Agreement. All Leasehold Improvements must be agreed upon in writing by LSU prior to commencement of any work and must otherwise be made in accordance with this Agreement.

**6.2.2 Insurance and Indemnification During Construction.** Prior to commencing work, Vendor shall obtain at its own cost and expense insurance that is required by LSU and shall indemnify LSU as outlined in Article XII hereof.

**6.2.3 Selection of General Contractor/Bonds/Builder's Risk.** Vendor shall select and engage a general contractor or contractors duly licensed in Louisiana to perform any work on or about the Leased Premises. Vendor or its contractor(s) shall provide a performance and labor and materials payment bond with an acceptable corporate surety in the full amount contemplated as required pursuant to this Agreement. Vendor or its contractor(s) shall carry all-risk builder's risk insurance which shall protect against any damage or loss during the construction up to the full replacement value of any work damaged or destroyed; however, Vendor shall be responsible for the \$1,000 per occurrence deductible. In addition, Vendor shall require its contractor(s) to provide worker's compensation insurance and comprehensive general liability and automobile liability insurance providing Vendor and LSU coverage for all claims for personal injury or property damage arising out of any work on or about the Leased Premises. Evidence of the required bond and builder's risk insurance and liability insurance



shall be delivered to LSU prior to the commencement of any work on or about the Leased Premises.

**6.2.4 Approval of Plans and Specifications.** Vendor has secured LSU's approval of all plans and specifications for the construction of the improvements prior to the commencement of any work on or about the Leased Premises. Vendor agrees to complete all improvements as shown on said plans and specifications, unless change orders are implemented in accordance with this Agreement.

**6.2.5 Change Orders and Modifications.** Vendor shall secure prior written approval of the Vice President for Property, Facilities and Administration for the Louisiana State University System or his designee for all revisions to plans and specifications prior to any revisions or alterations to the improvements or the plans or specifications thereof, which approval shall not be unreasonably withheld.

**6.2.6 Right of Access.** At all times during this Agreement, including but not limited to construction, LSU shall have full access to the Leased Premises in order to inspect same and any work or operations on or about the Leased Premises. LSU shall not be obligated or expected to conduct any such inspection(s).

**6.2.7 Certificates; Bonds.** Vendor shall provide to LSU, upon completion of construction, a clear lien certificate from the Clerk of Court for East Baton Rouge Parish. Vendor shall bond out any liens filed against LSU or the Leased Premises resulting from any work on or about the Leased Premises within ten (10) days of the filing of said lien.

**6.2.8 Commencement and Completion Date of Construction.** Vendor shall use all reasonable efforts to cause the construction, furnishing and equipping of the improvements to the Leased Premises to begin within five (5) days of the Effective Date and shall use all reasonable efforts to complete said construction within thirty (30) to forty-five (45) days of commencement of same.

**6.2.9 Utilities, Sewerage and Telephones.** During construction, LSU as Lessor shall provide access to public utilities, including electricity, water, sewerage and telephone lines to the perimeter of the Leased Premises. All installation routes for utility, sewerage or telephone services must be approved by LSU prior to installation.

**6.2.10 Quality, Material and Workmanship.** All materials, equipment, trade fixtures and appliances furnished by Vendor shall be new and of the best quality as measured by the highest standard of the trade, and any defects in any material or equipment that would cause rejection in terms of strictly first-class work will be a default under this Agreement. All materials, equipment, trade fixtures and appliances must be of at least equal quality to similar items found in any other retail university optical store operated by Vendor

**6.2.11 General Building Requirements.** The building exterior must conform with existing University buildings and building standards. Requirements are as provided by "Campus Design Guidelines of Louisiana State University, Baton Rouge Campus" as approved by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and current "Design Standards for Louisiana State University" issued by the Office of Facility Services. Exterior signage and lighting must be submitted to University for approval prior to installation.

**6.3 Ownership of Leasehold Improvements.** Leasehold Improvements made by Vendor at any time are component parts of the Leased Premises. Upon final completion of construction of the improvements, issuance of the occupancy certificate and written acceptance by LSU, all Leasehold Improvements shall be owned by LSU.

**6.4 Ownership of Movable Equipment, Trade Fixtures, and Signage.** All Movable Equipment, Trade Fixtures and Signage shall belong to Vendor during the Term of the Agreement. Vendor, at its sole cost and expense, shall remove any Movable Equipment, Trade Fixtures and Signage owned by it upon the termination of this Agreement and promptly shall repair any damage caused to the Leased Premises by such removal.

**6.5 LSU Approval.** All work contemplated or required pursuant to this Agreement shall be performed at no cost to LSU and subject to the approval of the University's Department of Facility Services and any other approvals required hereby. LSU may, but is not obligated to, review the work and have a representative at the work site. All equipment installation and removal, and utility connections where required and/or alterations of the Leased Premises will be done to the approval of the University's Department of Facility Services, in addition to any other approval required by this Agreement. LSU shall have no responsibility or liability for the work performed pursuant to this Agreement. All modifications to the Leased Premises necessary to implement any work or operations contemplated or required by this Agreement will be the responsibility of and made at the sole cost and expense of Vendor except for access to utilities as provided herein.

**6.6 Records.** Vendor must keep and provide to LSU, upon request, complete and accurate records of all costs associated with fulfilling its construction obligations pursuant to this Agreement, with those costs associated with Leasehold Improvements separately identified and scheduled from those costs associated with Movable Equipment, Trade Fixtures and Signage. Vendor will provide to the University a statement by a Certified Public Accountant of the construction costs it has expended no later than one hundred twenty (120) days after the acceptance of Leasehold Improvements by LSU.

**6.7 Acceptance by LSU of Leasehold Improvements.** Upon completion of construction in accordance with plans and specifications approved by LSU and in accordance with this Agreement, LSU shall give written acceptance to Vendor of the Leasehold Improvements:

**ARTICLE VII**  
**ACCESS, USE AND OPERATION OF PREMISES**

**7.1 Access by Vendor to Premises.** After the transition period, Vendor will have the exclusive right to operate the Leased Premises in the LSU Union Building subject to such conditions established herein and subject to the terms and conditions and any limitations or exceptions set forth in this Agreement. Vendor shall have access to the Leased Premises throughout the term of the Agreement ending upon expiration or termination of the Agreement. Such access, in the form of keys, will be obtained by Vendor through the Department of Facility Services, at the sole cost and expense of Vendor. Any access provided to Vendor by LSU in the form of keys, electronic access cards, etc., will be the responsibility of Vendor. Loss, damage or theft of such access materials shall be reported to University immediately. If any such loss, damage or theft in University's discretion requires replacement of access materials or related equipment such as locks, electronic card readers, etc., such shall be replaced by LSU at the sole expense of Vendor, and the cost of such replacement shall constitute additional rent hereunder and shall be paid by Vendor to LSU at the time of the next following monthly rent payment.

**7.2 Access by LSU to Premises.** LSU shall have the right, but not the obligation, to inspect the Leased Premises and the operations thereof by Vendor with respect to the opening and closing hours, operations schedules, prices, safety, and the daily maintenance of said Premises. This authority would also pertain to any other reasonable regulations adopted by LSU or University pertaining to the Vendor operations.

**7.3 Facilities Décor and Design.** Vendor shall provide a high quality optical store with high quality customer service, in an attractive, modern, customer friendly physical environment at least to the degree that such is provided in any university optical store operated by Vendor. The physical design and décor of both the interior and exterior of the optical store facilities operated on the Leased Premises by Vendor shall compliment and maintain the physical and visual integrity of the Union building as well as the entire University campus. Any and all designs and/or décor plans and alterations must be approved by University prior to implementation. Vendor's operations on LSU's campus must not detract in any way from the University's integrity and mission and the appearance of University's campus and facilities.

**7.4 Condition of Leased Premises.** Vendor acknowledges that the University has not and does not make any warranty as to the condition of the Leased Premises or as to the fitness or security of the Leased Premises for any specific use, and Vendor accepts the Leased Premises in its current condition.

**7.5 Maintenance of Leased Premises by Vendor** At its sole cost and expense, Vendor shall keep the Leasehold Improvements in good condition during the term of this Agreement.

**7.6 Maintenance and Repairs of Leased Premises by LSU.** LSU shall be responsible for any damage to the Leased Premises covered by LSU's insurance and any necessary repairs to the roof, floor under structure, exterior structure, exterior walls and exterior glass and foundation of all buildings in which Leased Premises are located. Further, LSU, as lessor, shall be responsible for replacing any portion of the Leased Premises (e.g. roof, or air conditioning equipment) which is beyond repair or has exceeded its useful life.

**7.7 Copy & Mail Services Center & Public Use Convenience Copier Program Proposal.** Vendor shall perform in accordance with and shall fulfill the obligations set forth in those parts of its proposal attached hereto and made a part hereof as Exhibit "F" hereto unless otherwise provided for in this Agreement or agreed upon in writing by Vendor and appropriate University personnel.

**7.8 Hours of Operation.** Vendor's hours of operation require the approval of University after written proposal by Vendor. All proposed days and hours of operation for the fall, spring and summer semesters, as well as holidays and academic breaks, shall be submitted to University at least thirty (30) days before the commencement of each fall, spring or summer semester. After hours and days of operation have been proposed by Vendor and approved by University, changes require the University's consent.

**7.9 Parking.** All parking on campus by Vendor's employees, invitees, contractors, subcontractors and vendors shall conform to LSU Parking and Traffic regulations. Vendor's employees, other than University students, will be entitled to the same parking privileges at the same cost as University employees. Payment for parking may be by the individual employee or Vendor. University cannot guarantee assignment of Vendor's employees to gated protected parking lots but will work in good faith with Vendor to provide parking arrangements to assist Vendor's optical store operations. Information regarding the University's parking rules and regulations can be secured from the LSU Office of Parking, Traffic and Transportation, Public Safety Building, South Stadium Road, Baton Rouge, Louisiana 70803; Telephone 225-578-5000; Fax 225-578-3577.

**7.10 Utilities and Services.** LSU will provide, as included in the monthly rental, electricity, steam, water, sewer service, dumpster service for trash and garbage, general housekeeping and trash removal, and air conditioning, where applicable, to the site of the Leased Premises. The University will make reasonable efforts to provide continuous provision of utilities and to restore service following any interruption. However, the University will not be liable for any loss whatsoever which may occur as a result of the interruption or failure of any such utilities or services. In consideration for the monthly rent paid by Vendor, LSU will furnish and maintain fire extinguisher equipment and supplies. Vendor will notify University immediately after any fire extinguisher use or discharge. Vendor will pay for any recharge after use.

**7.11 University Regulations.** Vendor shall abide by all regulations of the University now in effect or adopted hereafter which in any way pertain to or implicate Vendor's operations and activities in, on, or about the Leased Premises and on the University campus.

**7.12 Sales Notice of Leased Premises.** Vendor shall not offer anything for sale on Lessor's campus or property outside of the Leased Premises without the prior written consent of University.

**7.13 Security.** Vendor is responsible for and will exercise maximum security control over all Leased Premises to prevent theft, vandalism, destruction or other damage to or removal by unauthorized persons of properties, facilities, equipment, supplies, inventory, files, records, receipts and/or cash, checks and other sales transactions. Vendor will utilize the University's Police Department for incidents requiring law enforcement services. Vendor shall be allowed to use the camera surveillance security system subject to mutually agreeable terms and reimbursement to LSU. Further, a uniformed LSU Police Officer is assigned to the LSU Union, and Vendor may arrange with LSU for the use of these services subject to mutually agreeable terms and reimbursement to LSU. LSU and University will not be held responsible in any way for any such damages, loss or theft. Vendor is solely responsible for such damages, loss or theft, and will defend, indemnify, and hold LSU, University and its agents, officers, board members, and employees harmless from and against any and all claims, damages, losses and expenses including reasonable attorney's fees both at trial court and appellate levels to or for an attorney of LSU or University's choosing, for any claim for damages arising out of or related to Vendor's obligations assumed pursuant to this section of this Agreement or related to Vendor's obligations to provide security or related to Vendor's obligations under this Agreement.

**7.14 Communications, Computers, and Technological Installations.** Vendor shall be responsible for coordinating with the University's Office of Information Technology Services and Facility Services for installation, maintenance and expenses incurred for telephone service, computers, alarms, equipment, etc. on the Leased Premises. Vendor shall reimburse University for costs, including but not limited to the labor of University's employees, incurred relative to the installation and maintenance of telephone services. Vendor shall make no installations or alterations of installations without the prior written consent of the Office Information Technology Services and Facility Services. Pay phones will not be permitted in any of Vendor's operations on the University Campus.

**7.15 Campus Mail.** Campus mail is a service provided to the on campus departments for the intra-University of routine correspondence only. Campus mail can provide, for a fee, mass mailing for advertising, marketing or other promotional type purposes on the campus. Contact should be made to Paul Ramirez (225-578-2922).

**ARTICLE VIII**  
**MARKETING ACTIVITIES AND MARKETING ENVIRONMENT**

**8.1 Marketing Activities.** Vendor acknowledges that, in addition to its obligations to abide by other provisions contained herein, it shall not engage in marketing activities contrary to LSU's Collegiate Licensing Program activities. Further, Vendor acknowledges its understanding and agreement that LSU itself conducts and may continue to conduct certain marketing activities including but not limited to those described in this section 8.1 which may or may not affect Vendor's activities.

**8.1.1 Collegiate Licensing Program.** Vendor acknowledges that LSU and University license the use of their names and other trademarks on products through an agency agreement with the Collegiate Licensing Company. LSU licenses on a non-exclusive basis a large variety of LSU emblematic merchandise which is sold from locations on University campus and locations off of the campus. All emblematic merchandise of LSU or University for sale to the public must be licensed and a royalty must be paid. Royalties are waived for such emblematic merchandise purchased for LSU or University through the LSU Office of Purchasing and for such emblematic merchandise custom printed for the members only of LSU or University employee and student organizations. Vendor agrees that any use it makes of the name and other trademarks of LSU shall be only as licensed unless any licensing requirements are specifically waived in writing by the University.

**8.2 Advertising and Signage and LSU Trademarks.** All advertisements, regardless of media used, must be approved by prior written consent of University. Vendor agrees it will not advertise or promote its relationship with University or utilize LSU's or University's name or logo or use of any identifying marks or property of LSU or University, nor make representation, either expressed or implied, as to LSU's or University's promotional endorsement of Vendor unless it has received prior written consent from the University. Signage is not permitted on the exterior glass, windows or walls of the Leased Premises without prior written consent of the University. Vendor will maintain any approved advertising and signage materials in a state of good condition and repair at all times. Vendor shall abide by the provisions of PS 93 made a part of the RFP.

**8.2.1** LSU does approve the use of the words "LSU Union" by Vendor as part of its municipal address and location within the LSU Union.

**8.3 No Authority to Obligate LSU or University.** Vendor has no authority to obligate University or LSU. Vendor will contract in its own name for those goods, services, and employment needed to accomplish its obligations under this Agreement. Vendor shall not implicate LSU or University as being liable directly or by inference in or for any of its business transactions. It shall conduct its business in such a way as to indicate to all third parties that its operations are separate and distinct from those of LSU or University and that the University and/or LSU is not liable for its activities.

8.4 **Patents and Copyrights.** Vendor shall pay all costs, fees and royalties arising from or associated with Vendor's use of copyrights, trademarks, patented materials, equipment devices or processes used in the operation of, or incorporated in the provision or marketing of, Vendor's goods and services on the Leased Premises. Vendor shall defend, indemnify, and hold harmless LSU, University, its agents, officers, board members, employees, and anyone for whom University or LSU may be liable (collectively for purposes of this paragraph, "Indemnities") from and against any and all claims, damages, losses, and expenses, including reasonable attorney's fees at both trial and appellate levels to or for an attorney of LSU and/or University's choosing, for any claims for damages or injunctive relief arising out of or in any way relating to any allegations of antitrust violation, unfair trade practices, misappropriation of trade secrets or breach of confidentiality and/or copyright, patent, trademark, service mark and/or trade name infringement in whole or in part by Vendor or by anyone for who Vendor may be responsible, including but not limited to Vendor's agents, attorneys, associates, affiliates, directors, officers, employees, sublicensees and/or assignees.

#### ARTICLE IX PAYMENT

9.1 **Customer Payment Plans.** Vendor agrees to accept customer payments in the forms of cash, debit cards, credit cards, checks, cashier's check, or money orders.

#### ARTICLE X BUDGET, AUDITING AND ACCOUNTING

10.1 **Auditing and Accounting.** The University reserves the right to have its representative, including the State Legislature Auditor, audit Vendor's books, records, and other such financial documents or desired information pertaining to this Agreement or to its obligations hereunder.

10.2 **Books and Records.** Vendor shall prepare and keep for a period of at least five (5) years following the end of each year of this Agreement, true and accurate books of accounts and records, conforming to generally sound and accepted accounting principles consistently applied.

#### ARTICLE XI CONTRACT TERMINATION AND DEFAULT

11.1 **Termination.** This Agreement shall terminate on the last day of the term unless earlier terminated as provided herein.

11.2 **Vendor Default.** Vendor shall be in default of this Agreement if any of the following listed events occur and Vendor fails to remedy same after having been given thirty (30) days prior written notice by LSU or University at the address herein designated:

- (a) If Vendor fails to pay when due any annual rent, reimbursement, additional rent, invoice or other financial obligation owed to LSU or University pursuant to this Agreement or otherwise stipulated; provided, however, that upon the third such failure to pay, LSU or University may exercise any rights granted herein or otherwise without the necessity to give Vendor any notice or opportunity to cure.
- (b) If Vendor fails to provide security required or demanded by LSU or University pursuant to this Agreement.
- (c) If a voluntary petition in bankruptcy is filed by Vendor or if any involuntary petition is filed to place Vendor in bankruptcy and the matter is not dismissed within ninety (90) days of the filing.
- (d) If Vendor fails to comply with any of the material terms and/or conditions contained herein or fails to satisfy any material obligation assumed herein.
- (e) If any part of the Leased Premises is abandoned or ceases to be actively occupied and used for retail business for a period in excess of fifteen (15) days.
- (f) If Vendor, after commencement of construction, but prior to substantially completing construction of the improvements to the Leased Premises, abandons (with no intent to continue) construction on any part of the Leased Premises for a period of thirty (30) consecutive days.

If any event listed above occurs, in addition to any rights or remedies provided herein and in addition to any rights provided by law and in equity to a lessor of immovable property or otherwise available, LSU shall have the option to terminate this Agreement immediately and exercise any rights granted herein upon termination.

Vendor hereby waives any and all notice(s) of eviction. Failure to strictly and promptly enforce any of the terms, conditions, or obligations of this Agreement shall not operate as a waiver of any of LSU's or University's rights hereunder.

University, at any time and without notice, may, but shall not be obligated to, cure any default by Vendor of any of Vendor's obligations under this Agreement; and whenever University so elects, all costs and expenses incurred by University in curing any default, including, but not limited to, reasonable attorney's fees, together with interest on the amount of costs and expenses so incurred at the legal rate, shall be paid by Vendor to University on demand, and shall be recoverable as additional rent.



**11.3 LSU Default.** If University or LSU shall refuse, fail or be unable to perform or observe any of the terms or conditions of this Agreement for any reason other than Excused Performance, defined herein below, Vendor shall give the University a written notice of such breach or default. If, within thirty (30) days from receipt of such notice the breach or default has not been corrected or if the default is one that cannot be cured in thirty (30) days, LSU has not commenced steps to cure the default within thirty (30) days, Vendor may at its election either terminate this Agreement effective thirty (30) days after the end of said thirty (30) day period or cure the default, and, to the extent allowed by law, all of Vendor's reasonable and documented expenses in that regard at the option of LSU shall be paid by LSU on demand or offset against outstanding rent.

**11.4 Excused Performance.** In the event that the performance of any terms or provisions of this Agreement (other than the payment of money) shall be delayed or prevented because of compliance with any law, decree, or order of any governmental agency or authority, either local, state, or federal, or because of riots, war, public disturbances, unavailability of materials meeting the required standards, strikes, lockouts, differences with workmen, fires, floods, Acts of God, or any other reason whatsoever which is not within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence, said party is unable to prevent (the foregoing collectively referred to as "Excused Performance"), the party so interfered with may at its option suspend, without liability, the performance of the interfered with obligations (other than payment of money) during the period such interference continues, and extend any due date or deadline for performance by the period of such delay, but in no event shall such delay be extended beyond six (6) months.

**11.5 Removal of Personal Property and Fixtures.** Upon termination or expiration of this Agreement, Vendor shall have the right, within forty-five (45) days after termination or expiration of the Agreement, to remove the Leased Premises all Movable Equipment, Trade Fixtures and Signage owned by Vendor. All property that remains after the forty-five (45) day period shall, *ipso facto*, become the property of the University and may be disposed of by the University as the University sees fit without any payment to Vendor or liability to account to Vendor for the proceeds of any sale or other disposition thereof. At University's option, any such property remaining after said forty-five (45) days may be removed at Vendor's expense, to be collected as additional rent hereunder.

## **ARTICLE XII INSURANCE**

### **12.1 Insurance Required During Lease Term.**

A. Without limiting any other obligations hereunder, the Lessee shall at all times during the Term of this Lease maintain or cause to be maintained the following insurance covering the Premises or activities at or on the Premises, the premiums for which coverage shall be paid by LSU as consideration for the use of the Premises during the Term, as extended, with insurance companies duly licensed to do business in the State of Louisiana and bearing a rating of A+:XV in the latest Best Casualty Insurance.

TYPE	AMOUNT
1) Property Insurance for loss or damage to the Premises by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge and other perils as included in "extended coverage" or "broad form" insurance.	100% repair or replacement (including cost of demolition and debris removal) cost of the Building, less a commercially reasonable deductible but without allowance for depreciation.
2) Commercial General Liability Insurance for the following where the exposure exists:  (a) premises-operations (b) broad form contractual liability (c) products/complete operations (d) use of contractors and subcontractors (e) personal injury (bodily injury and death) (f) broad form property damage (g) explosion, collapse and underground property damage (h) independent contractors (i) sprinkler leakage legal liability (j) water damage legal liability	Coverage in an amount not less than.  \$2,000,000.00 Per Occurrence; \$5,000,000.00 General Aggregate; and \$5,000,000.00 Products & Completed Operations Aggregate; less a commercially reasonable deductible. "Claims Made" form is not acceptable.
3) Business Automobile Liability Insurance for bodily injury and property damage, covering owned automobiles, hired automobiles, and non-owned automobiles;	Combine single limit of Two Million Dollars (\$2,000,000.00) per occurrence.
4) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$2,000,000.00 when work is to be over water and involves maritime exposure.
5) Business Interruption Insurance covering loss of rents by reason of total or partial suspension of, or interruption in, the operation of Facilities caused by the damage thereof.	12 months rental revenue
6) Flood insurance, if applicable	In amounts determined by the Foundation to be reasonable, but no more than the amount available

	under the National Flood insurance Program.
7) Boiler and Machinery Insurance for Loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Premises.	Not less than \$5,000,000.00 with deductible provisions not to exceed \$100,000.00 per accident.
8) Liquor liability, if applicable	\$1,000,000.00 per occurrence

B. Without limiting any other obligations hereunder, LSU shall at all times from the Effective Date hereof maintain or cause to be maintained at its expense the following insurance with insurance companies duly licensed to do business in the State of Louisiana and bearing a rate of not less than A+VI in the latest Best Casualty Insurance Reports. Self insurance through ORM shall satisfy the requirement of this section.

TYPE	AMOUNT
1) Business Automobile Liability Insurance for bodily injury and property damage, covering owned automobiles, hired automobiles, and non-owned automobiles.	Combined single limit of One Million Dollars (\$1,000,000.00) per occurrence.
2) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$1,000,000.00 when work is to be over water and involves maritime exposures.

Proposer shall include all subcontractors as insured under its policies or shall furnish separate certificates for each subcontractor at the limits stated herein.

**12.2 Deductibles and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by LSU. At the option of LSU, either (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to LSU, its board members, officers, officials, employees and volunteers; or (2) Vendor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

**12.3 Other Insurance Provisions.**

The policies shall contain, or be endorsed to contain, the following provisions:

- (a) LSU and University, their board members, officers, officials, employees and volunteers are to be covered as "additional insureds" with respect to liability

arising out of any premises owned, occupied or used by Vendor. The coverage shall contain no special limitations on the scope of protection afforded to the additional insured.

- (b) Vendor's insurance coverage shall be primary insurance with respect to LSU and University, its board members, officers, officials, employees and volunteers. Any insurance or self-insurance maintained by LSU and University, their officers, officials, employees or volunteers shall be excess of Vendor's insurance and shall not contribute with it.
- (c) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to LSU, University, its board members, officers, officials, employees or volunteers.
- (d) Coverage shall state that Vendor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (e) Neither LSU and University nor Vendor shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, or any resulting loss of income, or losses under workers' compensation laws and benefits, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees to the extent and only to the extent that such loss or damage is covered by insurance benefitting the party suffering such loss or damage.
- (f) Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given LSU and University.
- (g) The insurance companies issuing the policy or policies shall have no recourse against LSU and University for payment of any premiums or for assessments under any form of policy.
- (h) Any and all deductibles in the insurance policies shall be paid by Vendor regardless of the nature of the claim.
- (i) All losses shall be made payable to and adjusted with LSU or the University.

**12.4 Acceptable Insurers.** Insurance is to be placed with insurers with an A. M. Best's rating of no less than A+:XV. This requirement will be waived for workers' compensation coverage only for those contractors whose workers' compensation coverage is placed with

companies who participate in the State of Louisiana Workers' Compensation Assigned Risk pool. If, at any time, any of the said policies shall be or become unsatisfactory to University, as to form or substance, or if any company issuing any such policy shall be or become unsatisfactory to University, Vendor shall promptly obtain a new policy, submit the same to University for approval and submit a certificate thereof as herein above provided.

**12.5 Verification of Coverage.** Vendor shall furnish University with certificates of insurance effecting coverage required under this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Certificates are to be received and approved by the University before the Agreement commences. LSU reserves the right to require complete, certified copies of all required policies at any time. Upon failure of Vendor to furnish, deliver and maintain said insurance as above provided, this Agreement, at the election of LSU or University, may be forthwith declared suspended, discontinued, or terminated. Failure of Vendor to take out and/or to maintain or the taking out and/or maintenance of any required insurance shall not relieve Vendor from any liability under the Agreement, nor shall the insurance requirements be construed to conflict with the obligations of Vendor concerning indemnification.

**12.6 Payment of Insurance Premium.** If any of the Property and Casualty insurance requirements are not complied with at their renewal dates, at the option of the University, the University may pay the renewal premium and invoice Vendor for the cost thereof, which shall be due and owing as additional rent within ten (10) days of receipt of invoice, with interest thereon at the rate of ten percent (10%) per annum from demand until paid.

### ARTICLE XIII DAMAGE

**13.1 Casualty Damage.** If any portion of the Leased Premises be damaged or destroyed by fire, windstorm, tornado, flood, vandalism or other casualty, Vendor shall proceed with due diligence to repair such damage or destruction and restore the Leased Premises to their condition immediately prior to such fire, windstorm, tornado, flood, vandalism or casualty, using the proceeds from the insurance policies specified herein to apply toward the cost of such repair and restoration. During any period in which Vendor is unable to occupy the Leased Premises on account of such damage, Annual Base Rent due under this Agreement for said period shall be abated in proportion to the diminished utility of the Leased Premises.

Alternatively, if as a result of such damage or destruction, part or all of the Leased Premises cannot be utilized for the purposes intended herein, University, at its sole option, may remove that area from the definition of Leased Premises and reduce annual rent proportionately to the diminished utility of the Leased Premises.

**13.2 Contamination and Pollution.** Upon commencement of this Agreement, Vendor and their employees shall use their best efforts to keep the Leased Premises free from any and all contamination and pollution. Vendor and their employees, contractors and agents shall

conform to any and all federal, state or local laws or ordinances concerning the storage, handling, transportation, sale or distribution by Vendor of all hazardous or nonhazardous or toxic substances.

University states that to the best of its knowledge there are no underground storage tanks, hazardous wastes or toxic contaminants, or other substances regulated by federal, state, or local laws or regulations, which are located on Leased Premises, except that it is acknowledged that non-friable asbestos may be present on the Leased Premises. To the extent that said asbestos is found on the Leased Premises, University believes that it is nonhazardous and requires no removal or remediation. Vendor agrees that it will not disturb or cause said asbestos to become friable by its activities on the Leased Premises unless University specifically and in writing authorizes such activity. Vendor shall indemnify, defend, and hold University harmless and shall be responsible for all other remediation or damage, including but not limited to environmental damage, arising out of or caused by the negligence or fault of Vendor in its use of or operations on the Leased Premises or the campus of University.

#### **ARTICLE XIV TAXES, LICENSES AND PERMITS**

**14.1 Taxes, Licenses and Permits.** Vendor shall be responsible for the payment and remission of all taxes – federal, state and local – and all license fees, or any other tax applicable to its operation under this Agreement or payable as a result of funds received by Vendor arising out of this Agreement and identified under Federal tax identification number. Vendor will comply with all Federal, State and local laws pertaining to its business operations and conform with general University policies and practices. Vendor agrees to comply with any and all lawful ordinances and regulations pertaining to the use of the Leased Premises and its operations on the campus of University. Vendor shall obtain and maintain at its sole cost and expense all necessary licenses, permits, approvals which may be required by any municipal ordinances, federal and state laws and regulations, governmental authorities, or otherwise, and shall pay all fees in connection therewith, as well as any fees imposed by reason of inspection of the Leased Premises by any governmental authority, or equipment installed therein, and shall make available to University appropriate documents of such current licenses.

#### **ARTICLE XV CONDEMNATION/EXPROPRIATIONS**

**15.1 Condemnation/Expropriations.** If any portion of the Leased Premises is condemned or expropriated partially or totally, to the extent that it cannot be utilized for the purposes intended herein, University, at its sole option, may remove that area from the definition of Leased Premises and reduce annual rent proportionately to the diminished utility of the Leased Premises.

**ARTICLE XVI  
TRANSFER, ASSIGNMENT AND SUBLEASE**

**16.1 Transfer, Assignment and Sublease.** Vendor shall not, without prior written consent of the University, sublet any part of the Leased Premises or transfer or assign this Agreement, whether by change of ownership, merger, consolidation, liquidation, or otherwise. In the event that LSU agrees to an assignment or transfer, the assignee or transferee shall assume and be deemed to have assumed this Agreement and all of Vendor's responsibilities and obligations hereunder and shall be liable for the payment of all annual rent and for the due performance of all terms, conditions and agreements herein arising on and after the effective date of the transfer. Vendor shall remain liable for any payments due or liabilities to LSU and/or University or to third parties arising prior to the effective date of the transfer.

**16.2 Subcontracting Services.** Vendor shall not, without prior written consent of LSU and University, subcontract any or all of the responsibilities and obligations of Vendor under this Agreement. University reserves the sole right to reject any and all subcontractors for any reason whatsoever.

**ARTICLE XVII  
MORTGAGING OF LEASEHOLD ESTATE**

**17.1 Mortgaging of Leasehold Estate.** Vendor shall not mortgage or encumber its leasehold estate or any interest under this Agreement without the prior written consent of the University.

**ARTICLE XVIII  
INDEMNITY**

**18.1 Indemnity.** Upon completion of the construction of the Leasehold Improvements in accordance with this Agreement and the written acceptance of the Leasehold Improvements by LSU, Vendor hereby covenants and agrees, at its sole costs and expense during the term of this Agreement, to indemnify, defend and hold harmless LSU and University and their Board members, officers, agents, and employees (herein collectively referred to as "Indemnities",) against and from any and all claims or demands by or on behalf of any person, firm, corporation or governmental authority, arising out of, attributable to or in connection with the use, occupation, possession, conduct or management of the Leased Premises or any work done in or about the same, or transactions of Vendor pursuant to any rights granted to it pursuant this Agreement, including, but without limitation, any and all claims for injury or death to persons or damage to property, except those claims, demands and/or causes of action to the extent they arise out of the negligence of any Indemnities other than negligence by those employees of LSU supervised by Vendor. Vendor also covenants and agrees, at its sole cost and expense, to hold harmless and defend any and all Indemnities from and against all judgments,

costs, counsel fees, expenses and liabilities incurred in connection with any such claim and any action or proceeding brought thereon and in case any action is brought against LSU or the University or against any of their board members, officers, agents or employees, by reason of any such claim, Vendor upon notice from LSU or the University will resist and defend such action or proceeding by qualified counsel of LSU or the University's choosing.

To the extent allowed by law, LSU agrees to indemnify and defend Vendor from and against any physical damage to tangible property, bodily injury, sickness, death or other claims to the extent caused by the negligent acts, omissions or willful misconduct of LSU or University or their agents or employees arising out of this Agreement; provided, however, that nothing contained herein shall require LSU to indemnify for acts or omissions arising out of the negligent acts, omissions, or willful misconduct of Vendor, its agents, officers, or employees or University's employees when directed or supervised by Vendor

LSU and the University shall not be responsible or held liable for any injury or damage to persons or property resulting from the use, misuse, or failure of any equipment used by Vendor or any of Vendor's agents, servants, or employees, even if such equipment is owned by LSU or University or is furnished by LSU or University to Vendor. The acceptance or use of any such equipment by Vendor shall be construed to mean that Vendor accepts full responsibility for, and agrees to indemnify and to defend LSU/University, their Board members, officers, agents or employees against any and all loss, liability, and claims for any injury or damage whatsoever resulting from the use, misuse, or failure of such equipment, whether such damage or injury is to an employee, agent, or servant or the property of Vendor, or other contractors, LSU, the University, or other persons.

#### **ARTICLE XIX INDEPENDENT CONTRACTOR STATUS**

**19.1 Independent Contractor Status.** Vendor acknowledges that under this Agreement it is an independent contractor and is not operating in any fashion as the agent of LSU or University.

#### **-ARTICLE XX WARRANTIES AND REPRESENTATIONS**

**20.1 Warranties and Representations.**

**20.1.1** Vendor acknowledges that the University has not made and does not hereby make any warranties as to the condition of the Leased Premises or the building containing the Leased Premises or as to the fitness or security of the Leased Premises or the building containing the Leased Premises for any specific use by Vendor



20.1.2 By execution of this Agreement, Vendor and LSU each represent to each other that they are entities validly existing, duly constituted and in good standing under the law of the jurisdiction in which they were formed and in which they presently conduct business; and that the person signing this Agreement on their behalf has due authorization to do so.

**ARTICLE XXI  
NOTICES**

21.1 Notices. Any notice required or permitted under this Agreement shall be deemed to be delivered as of the date delivered in person, when received by telecopy using the telecopy numbers shown herein, if any, or as of the fifth (5<sup>th</sup>) day following the date of the certified or registered mail receipt, when deposited in the United States mail, postage prepaid, return receipt requested, addressed to the parties show below, and refusal to accept delivery of said notice shall be deemed delivery of said notice.

**TO THE UNIVERSITY:**

Office of Purchasing  
Louisiana State University and Agricultural & Mechanical College  
213 Thomas Boyd Hall  
Baton Rouge, LA 70803-3001  
TELEPHONE: 225-578-2176  
FAX: 225-578-2292

**With a copy to:**

Vice Chancellor for Finance and Administrative Services & Comptroller  
Louisiana State University and Agricultural & Mechanical College  
330 Thomas Boyd Hall  
Baton Rouge, LA 70803  
TELEPHONE: 225-578-3386  
FAX: 225-578-5403

**TO Vendor:**

**ARTICLE XXII  
ATTORNEY'S FEES**

**22.1 Attorney's Fees.** To the extent allowed by law, either party who fails to comply with its obligations under this Agreement shall be bound to pay the reasonable attorney's fees of the other party in enforcing such other party's rights, which fees shall not exceed 10 percent (10%) of the amount involved.

**ARTICLE XXIII  
HOLDING OVER**

**23.1 Holding Over.** At the expiration or cancellation of the Agreement, should Vendor hold over for any reason, it is hereby agreed that, in the absence of a written agreement to the contrary, such tenancy shall be from month to month only, and subject to all the other terms, conditions and obligations contained within this Agreement.

**ARTICLE XXIV  
AMENDMENTS**

**24.1 Amendments.** All amendments or modifications to this Agreement must be in writing and signed by an authorized representative of each party hereto.

**ARTICLE XXV  
MEMORANDUM OF LEASE**

**25.1 Memorandum of Lease.** The parties agree to enter into a Memorandum of Lease in the form attached hereto Exhibit "G" for recordation in the public records of East Baton Rouge Parish.

**ARTICLE XXVI  
ENTIRE AGREEMENT**

**26.1 Entire Agreement, Applicable Law and Modifications.** This Agreement including its exhibits, represents the entire understanding between the parties as of the Effective Date and no agreement or representation, verbal or otherwise, between LSU or University and Vendor shall be binding on either party unless incorporated in this Agreement. This Agreement shall be construed in accordance with the laws of the State of Louisiana; shall inure to the benefit of and shall be binding upon each of the parties hereto, their respective heirs, executors, administrators, personal representatives, successors and assigns, and shall not be modified in any manner except by an instrument in writing as provided in Article XXIV. In the event that this Agreement conflicts with any of the exhibits hereto, the Agreement shall control the exhibits. Furthermore, in the event that the Request for Proposal attached hereto as

Exhibit "C" conflicts with the information in Vendor's proposal attached hereto as Exhibit "F", the Request for Proposal shall control.

**ARTICLE XXVII  
SEVERABILITY OF PROVISIONS AND VENUE**

**27.1 Severability of Provisions and Venue.** To the extent that any provision hereof is inconsistent with or in violation of any applicable law, rule, or regulation, such provisions shall be deemed modified so as to comply with such applicable law, rule, or regulation, and shall not otherwise affect any other provision of this Agreement. The State of Louisiana shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding between the parties that may be brought or arise out of or in connection with or by reason of this Agreement.

**ARTICLE XXVIII  
OWNERSHIP OF RECORDS, REPORTS, DOCUMENTS**

**28.1 Ownership of Records, Reports, Documents.** All records, reports, documents and other material delivered or transmitted to Vendor by LSU shall remain the property of LSU and shall be returned by Vendor to LSU at Vendor's expense at termination or expiration of this Agreement. All records, reports, documents or other material related to this Agreement and/or obtained or prepared by Vendor in connection with the performance of the services contracted for herein shall become the property of LSU and shall upon request be returned by Vendor to LSU at Vendor's expense at termination or expiration of this Agreement.

**ARTICLE XXIX  
DISCRIMINATION CLAUSE**

**29.1 Discrimination Clause.** Vendor agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and Vendor agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Vendor agrees not to discriminate in its employment practices, and will render services under this Agreement without regard to race, color, religion, sex, national origin, veteran status, political affiliation or disabilities.

Any act of discrimination committed by Vendor, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this Agreement.

THUS DONE AND SIGNED by LSU in triplicate originals as of the \_\_\_\_\_ day of \_\_\_\_\_, 2010, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES as to LSU:

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

\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_  
John V. Lombardi, President  
Louisiana State University System

THUS DONE AND SIGNED by Vendor in triplicate originals as of the \_\_\_\_\_ day of \_\_\_\_\_, 2010, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES as to Vendor: Vendor

\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_

In accordance with the provisions of La. R.S. 39:13, I acknowledge a receipt of a copy of this Agreement for inventory purposes.

**DIVISION OF ADMINISTRATION**

BY: \_\_\_\_\_  
**COMMISSIONER OF ADMINISTRATION**

**EXHIBIT "A"**  
**Resolution of the Board of Supervisors of LSU**

**EXHIBIT "B"**  
**Resolution of the Board of Directors of Vendor**

**EXHIBIT "C"**  
**Request for Proposal No. 000009255**

LSU'S ACKNOWLEDGEMENT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the aforesaid parish and state, personally appeared **John V. Lombardi**, who being by me first duly sworn, did depose and say that he is the President of Louisiana State University System, and that, in said capacity and on behalf of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and by authority of said Board, he signed and executed the above instrument as the free and voluntary act of said Board for the uses, purposes and consideration therein expressed.

\_\_\_\_\_  
John V. Lombardi

SWORN TO AND SUBSCRIBED before me in \_\_\_\_\_ on this  
\_\_\_\_\_ day of \_\_\_\_\_ 2010.

\_\_\_\_\_  
Notary Public



VENDORS' ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_

PARISH/COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the aforesaid parish/county and state, personally appeared who being by me first duly sworn, did depose and say that he is the Chief Executive Officer of Vendor and by authority of its Board of Directors, he signed and executed the above instrument as the free and voluntary act of said corporation, for the uses, purposes and consideration therein expressed.

\_\_\_\_\_

SWORN TO AND SUBSCRIBED before me in \_\_\_\_\_, on this  
\_\_\_\_\_ day of \_\_\_\_\_ 2010.

\_\_\_\_\_

Notary Public

**EXHIBIT "G"**  
**Memorandum of Lease**

**STATE OF LOUISIANA**  
**PARISH OF EAST BATON ROUGE**

**MEMORANDUM OF LEASE**

This Agreement made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_  
by and between

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional corporation organized and existing pursuant to the laws of the State of Louisiana herein represented by Dr. John V. Lombardi, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors adopted August 17, 2007, copies of which are attached hereto as Exhibit "A"; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848);

(hereinafter referred to as "LSU" or the "Board"); and

**Vendor**, a Delaware corporation organized and existing under the laws of the State of Louisiana, authorized to do and doing business in the State of Louisiana, herein represented by, its Chief Executive Officer, duly authorized by virtue of a resolution of the Board of Directors of said corporation, a certified copy of which is attached hereto and made a part hereof as Exhibit "B," whose mailing address is Vendor, (Federal I.D. No.);

(hereinafter referred to as "Vendor");

WITNESSETH

That, for the rents and upon the terms, covenants and provisions set forth in that certain lease of even date herewith ("Lease") between Lessor and Lessee, Lessor has demised, leased and let, and does hereby demise, lease and let unto Lessee:

square feet of retail and storage space in the building known as the LSU Union located on Raphael Semmes Drive, Louisiana State University, Baton Rouge, Louisiana, together with all common areas on, within and about said LSU Union and egress to and egress from said premises through, over and across all common areas within the LSU Union.

Said lease is made for the rentals and upon each and all of the terms, covenants and provisions thereof, all of which are by this reference incorporated herein and made a part hereof, the same as though fully set forth herein.

This lease is for a term of five (5) years, with a commencement date of 2010.

IN WITNESS WHEREOF, Lessor and Lessee have signed and sealed this Memorandum of Lease in duplicate original as of the day, month, and year first above written.

WITNESSES AS TO LSU:

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

\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_  
John V. Lombardi, President  
Louisiana State University System

WITNESSES AS TO Vendor

VENDOR

\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_

## Appendix C

## INSURANCE REQUIREMENTS

### Insurance Required During Lease Term.

A. Without limiting any other obligations hereunder, the Proposer shall at all times during the Term of this Lease maintain or cause to be maintained the following insurance covering the Premises or activities at or on the Premises, the premiums for which coverage shall be paid by Proposer as consideration for the use of the Premises during the Term, as extended, with insurance companies duly licensed to do business in the State of Louisiana and bearing a rating of A+:XV in the latest Best Casualty Insurance.

TYPE	AMOUNT
1) Property Insurance for loss or damage to the Premises by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge and other perils as included in "extended coverage" or "broad form" insurance.	100% repair or replacement (including cost of demolition and debris removal) cost of the Building, less a commercially reasonable deductible but without allowance for depreciation.
2) Commercial General Liability Insurance for the following where the exposure exists:  (a) premises-operations (b) broad form contractual liability (c) products/complete operations (d) use of contractors and subcontractors (e) personal injury (bodily injury and death)  (f) broad form property damage (g) explosion, collapse and underground property damage (h) independent contractors (i) sprinkler leakage legal liability (j) water damage legal liability	Coverage in an amount not less than:  \$2,000,000.00 Per Occurrence;  \$5,000,000.00 General Aggregate; and  \$5,000,000.00 Products & Completed Operations Aggregate; less a commercially reasonable deductible. "Claims Made" form is not acceptable.
3) Business Automobile Liability Insurance for bodily injury and property damage, covering owned automobiles, hired automobiles, and non-owned automobiles;	Combine single limit of Two Million Dollars (\$2,000,000.00) per occurrence.

4) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$2,000,000.00 when work is to be over water and involves maritime exposure.
5) Business Interruption Insurance covering loss of rents by reason of total or partial suspension of, or interruption in, the operation of Facilities caused by the damage thereof.	12 months rental revenue
6) Flood insurance, if applicable	In amounts determined by the Foundation to be reasonable, but no more than the amount available under the National Flood insurance Program.
7) Boiler and Machinery Insurance for Loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Premises.	Not less than \$5,000,000.00 with deductible provisions not to exceed \$100,000.00 per accident.
8) Liquor liability, if applicable	\$1,000,000.00 per occurrence

B. Without limiting any other obligations hereunder, LSU shall at all times from the Effective Date hereof maintain or cause to be maintained at its expense the following insurance with insurance companies duly licensed to do business in the State of Louisiana and bearing a rate of not less than A+VI in the latest Best Casualty Insurance Reports. Self insurance through ORM shall satisfy the requirement of this section.

TYPE	AMOUNT
1) Business Automobile Liability Insurance for bodily injury and property damage,	Combined single limit of One Million

covering owned automobiles, hired automobiles, and non-owned automobiles.	Dollars (\$1,000,000.00) per occurrence.
2) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$1,000,000.00 when work is to be over water and involves maritime exposures.

Proposer shall include all subcontractors as insured under its policies or shall furnish separate certificates for each subcontractor at the limits stated herein.

## Appendix D



# Proposal Form

RFP No.000009828

**Proposal Security:** Attached is a proposal security, drawn in favor of Louisiana State University and A&M College (in the form of a certified check, cashier's check, bank check, money order, or proposal bond) in the sum of \$1,000.00.

Having carefully examined the information, specifications, terms and conditions, etc..., contained in or attached to Request for Proposal entitled "Reissue-Lease of Space for Operation of Copy & Mail Services Center & Public Use Convenience Copier Program " and having inspected the University site, the undersigned offers the attached proposal for the University's consideration.

**Price Schedule:** Prices proposed by the proposer is to be submitted below in the following format. Prices submitted shall be firm for the term of the contract.

\$ \_\_\_\_\_ Guaranteed Annual Lease Payment.

\$ \_\_\_\_\_ Amount to be Spent on Construction of Facility Improvements

\_\_\_\_\_ % percent of Adjusted Gross Sales (less applicable State and Local Sales taxes).

Proposal submitted on behalf of:

\_\_\_\_\_  
Firm

\_\_\_\_\_  
Address

\_\_\_\_\_  
City,

\_\_\_\_\_  
State,

\_\_\_\_\_  
Zip

Proposal submitted by:

\_\_\_\_\_  
Name (Signature)

\_\_\_\_\_  
Name (Type or Print)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

\_\_\_\_\_  
FAX No.

\_\_\_\_\_  
Email address

**Note:** The person signing this Request for Proposal and the Proposal shall provide, attached to the Proposal, legal evidence of his/her authority to sign for the firm or corporation.



## 2.5 Campus Mail

The selected proposer shall be the sole provider of campus mail services for departments during the term of the contract. Up to 200 of the mailboxes provided by the University shall be designated for departmental use at zero cost.

Services to be provided should include, at a minimum, the following:

### Sorting/delivery/pickup

- 1-daily sorting of all USPS and interoffice incoming mail including business parcels to departmental boxes to be located at the LSU Student Union. (EXHIBITS A, B & C)
- 1-daily delivery to not more than 25 locations across campus, to be reviewed annually (EXHIBIT D)
- Proposer is to pickup outgoing USPS and interoffice mail from departments receiving the 1-daily delivery; all other departments will be required to bring outgoing mail to proposer's location in the LSU Student Union.
- Interoffice mail is to be redistributed by next business day.
- Delivery assistance may be periodically required for those departments not on the 1-daily delivery schedule. Delivery assistance is to be provided at zero cost and shall not be unreasonably burdensome on proposer.

### Metering

- Outgoing USPS mail is to be metered and delivered to USPS by 3:00pm same business day. This includes all outgoing official University mail including international.
- May be capable of sorting outgoing mail to qualify for presort rate.
- Metered Postage
  - LSU will provide a \$35,000 postage imprest fund to only be used in postage meters for LSU related mail. Average weekly postage is \$13,000, however, there are weeks where it has been as high as \$25,000.
  - Weekly, the proposer is to submit metered postage charges by departmental budget code. LSU UAS is to receive a csv/txt formatted file as well as a hardcopy report of the weekly charges. The file should include all transactions for the week and include the date posted, mail classes, piece counts, LSU departmental budget code, postage amount, surcharge and total charge, formatted as required by the LSU billing program. The report should replicate the information for the file. It is expected that the proposer have a management system that allows the metered transactions to be compiled as specified into a csv file and ensures that the totals reconcile to the meters.
  - LSU UAS will be responsible for ensuring that replenishment funds are available for deposit to the proposer's meters. The allowable surcharges will be paid to the vendor via EFT.

### Equipment/Vehicles

- All delivery devices and vehicles to be provided by proposer including necessary annual parking fees which are coordinated through LSU Office of Parking, Traffic and Transportation.

## Bulk Mail

- Ability to process **Bulk Mail** according to USPS rules and regulations including IMB (Intelligent Mail Barcode) when implemented by the USPS.
- Bulk mail processing services to include:
  - Mailing lists:
    - (a) Ability to accept University provided mailing lists, ensuring reasonable and prudent protection against the loss of data.
    - (b) Sorting by varying criteria (region, name, demographic, etc.)
    - (c) Perform data standardization
    - (d) Update list against National Change of Address database
    - (e) Delivery Sequence File preparation
    - (f) Locatable Address Conversion System updates
    - (g) Provide processed mailing list back to originating client
    - (h) Image address onto printed materials/envelopes in OCR readable font
    - (i) Ability to purchase mailing lists on behalf of University (For example, LSU may request to purchase a mailing list for zip code 70806, which has 4,000 names. The University would then request to mail these out in batches of 500 every Tuesday for 8 weeks.)
    - (j) Provide any additional details regarding procedures for client submission of mailing lists, including method of notification to client regarding list irregularities or other problems that could delay execution of a mailing.
  - Upcoming Mailing: Proposer to describe the process for providing advanced notice of upcoming mailing and details on how incoming cartons or skids must be labeled or coded (e.g. item code or quantity).
  - Spoilage, Counts, and Shrinkage: Proposer to provide definitions and percentages for what it considers to be normal spoilage of material that occurs naturally during processing. Additionally, describe the method of performing test counts, spot checks and weight counts.
  - Order Processing and Delivery to USPS Schedules: Proposal to include processing schedules based upon the quantity of mailing. Proposal must detail:
    - a) Length of time to process a work request
    - b) How rush requests will be handled
    - c) Demonstrate ability and specify length of time needed to deliver publications to the post office
    - d) Describe method of verifying that mail has gone out from post office on requested in-market date
    - e) Describe proposer's ability to work during University recognized holidays to ensure timely distribution of key publications.

## 733 Permit

- LSU to maintain a \$40,000 imprest fund for the 733 permit with the USPS, including all related fees.
- Weekly, proposer to submit copies of postage statements and a report indicating the LSU departmental budget code, postage amount, job #, job description, and piece count such that customers can be billed and the imprest fund replenished. LSU UAS will be responsible for ensuring that replenishment funds are deposited in LSU's 733 permit account held with the USPS bulk mail unit.
- Weekly, proposer to separately submit either a csv file or a report that includes all bulk mail processing charges for the week including a description of the mailing, proposers job #,

customer name, piece count, LSU departmental budget code, services, and associated charge. If a csv file is submitted it is to be formatted as required by the LSU billing program. The allowable charges will be paid to proposer via EFT.

### Business Reply Mail

- Ability to process **Business Reply Mail**.
- Business Reply
  - LSU will provide a \$1,500 postage imprest fund to be deposited with the USPS business reply unit.
  - Proposer is responsible for receiving business reply letters and delivering to applicable department/sender. Proposer is to track postage by LSU departmental budget code. Weekly, the proposer is to submit business reply mail charges by departmental budget code. LSU UAS is to receive a csv/txt formatted file as well as a hardcopy report of the weekly charges. The file should include all transactions for the week and include the LSU departmental budget code, piece count, postage amount, surcharge and total charge. The report should replicate the information in the file.
  - LSU UAS will be responsible for ensuring that replenishment funds are deposited in LSU's business reply account held with the USPS business reply unit. The allowable surcharges will be paid to proposer via EFT.

\*LSU's Personal Incoming Mail Policy (PS-101) prohibits the use of University services to receive personal mail. (Appendix A)

Historical information from LSU Mailing Services on incoming and outgoing volumes, as well as postage by class is available in Exhibits E and F

## 2.6 Copy Center

The selected proposer shall be the exclusive provider of copy center services on campus during the term of the contract. (EXHIBITS C)

Services to be provided should include, at a minimum, the following:

- B&W copies (letter, legal & ledger) and transparencies
- Full-color copies (letter, legal & ledger) and transparencies
- Binding (gbc, coil, and tape)
- 3-hole punch
- Folding
- Cutting
- Padding
- Drilling
- Laminating (up to 2 ft wide, no maximum length)
- Faxing (local, long distance, international, and receiving)
- Oversized, B&W copying (up to 3 ft wide)
- Oversized, full color printing from disc (up to 3 ft wide)
- Shrink wrapping
- Paper stock: white 20# copy paper, white 24# laser paper, white 80# future laser dyll cover 96 bright, gold 20#

- NCR card stock (variety of colors)
- Tab printing and insertion
- Vinyl covers
- Saddle stapling
- Hand stapling
- Hand collating
- Digital picture print capabilities
- Incidental items such as hand stapler, paper cutter and 3-hole punch must be available for use at no cost to the customer.
- Thesis processing: hard binding, gold and silver stamping, blue and black covers (on campus capabilities not required but must be able to source the service)
- In addition, the successful proposer is encouraged to place a convenience copy machine at the location.

While the above list details the minimum requirements, the proposer may have additional services that are a standard part of their operation that will add extra value to the Center. This is not limited to equipment and services alone, but may include the sale of related products and opportunities for the University population to acquire additional value add services. The Proposer may list any additional services and customer pricing they are willing to provide in addition to the minimum services in Section D of 2.22.2 of the Technical Proposal. The Proposer must specify whether any of these additional services will be produced off campus. The Proposer is cautioned to include these items as part of the existing response or to submit them as an alternative proposal. The value that the inclusion of additional services brings to the Center will be considered as part of the program evaluation process. As a point of reference, LSU's current fee schedule is as follows:

<b>Copy Center Current Pricing</b>			
Size	Paper	Pricing	
		Single Sided	Double Sided
<b>B&amp;W Prints &amp; Copies</b>			
Ltr/Lgl	Plain White	0.05	0.10
Ltr/Lgl	Color 20#	0.06	0.11
Ltr/Lgl	100% Cotton	0.09	-
Ltr/Lgl	Coverstock	0.10	0.15
Tabloid	Plain White	0.10	0.20
Labels	Labels	0.20	-
<b>Color Prints &amp; Copies</b>			
Ltr/Lgl	Laser White	0.35	0.70
Ltr/Lgl	Coverstock	0.40	0.75
Tabloid	Laser White	0.70	1.40
Tabloid	Coverstock	0.80	1.50
Labels	Labels	0.50	-
<b>Binding - All sizes, front &amp; back covers included</b>		Coil & Comb	2.50
<b>Transparencies</b>			
	B&W	0.50	
	Color	0.80	
<b>Fax</b>			
	Local	.75/pg	
	Long Distance	1.75/pg	

	Receiving	.75/pg	
<b>Scan to Email</b>			
	B&W	0.10	
	Color	0.20	
<b>Supplies</b>			
	Blue Books	0.30	
	Scantron Small	0.20	
	Scantron Large	0.20	

- Proposers will be allowed to produce departmental print jobs less than \$5,000. EXHIBITS G, H, I, & J provide historical information on LSU Printing Services offset and digital job types and revenues during FY 10, an overview of the types of associated binding and LSU Printing Services current digital printing pricing model.

## 2.7 Public Use Convenience Copiers

Upon expiration of the University's current contract for convenience copiers in August 2012, it is anticipated that the successful proposer shall become the exclusive provider of Public Use Convenience Copiers throughout the campus (printing in departmental specific labs will continue to be managed by each department.) This is to be a fully turn-key operation whereby the successful proposer shall provide: digital multi function devices; debit card reader certified by Blackboard ® to work with the Tiger Card system; all supplies (**including 20 lb, white paper with a minimum recycled content of 30%**); labor to perform all key-operator activities, i.e. loading paper, clearing misfeeds, cleaning, delivery of paper stock; and all on-site repairs and maintenance.

As this service is for students, staff, and visitors, Proposer must be capable of providing a method by which the campus debit account, the Tiger Card Account, which resides on the University ID card, can be used as payment.

The successful proposer shall offer the following services: (EXHIBIT K)

Color and/or B&W digital multi-functional device capable of

- Copy
  - Wireless printing
  - Up to 11x17
  - Bypass tray
  - Duplex
  - Reduction/Enlarge
  - Auto Rotate
  - Auto Tray Selection, switching
  - Minimum speed of 25ppm B&W and Color
  - Auto document feeder
  - Staple finishing
  - 1 to1, 1 to 2, 2 to2, 2 to 1 copying
- While not dictating where equipment must be placed, it will be requested that proposer ensure adequate equipment placement in the following student gathering locations: Middleton Library and Patrick Taylor Hall
  - Desirable to have other locations on campus, see EXHIBIT K for a map of current locations and volumes

- Proposer would be required to include an equipment placement methodology to be approved by LSU
- Must be capable of accepting TigerCASH for copy and prints
- Required network connections, currently priced at \$18.00 per port per month, must be coordinated through LSU ITS
- Assistance to service equipment must be available according to a LSU approved hours of operation schedule
- The click charge rate **must** be inclusive of paper. It is expected that the proposer have reasonable click charge rates which are to be approved by the University. As a point of reference, LSU's current rate schedule is as follows:

Convenience machines	B&W	Color.
	\$0.07 per click	\$0.20 per click

## 2.8 Equipment

The successful Proposer will provide, at its own expense, any and all necessary equipment. Ownership for such equipment shall be vested with the successful Proposer unless otherwise stated in writing.

### Use of Existing Equipment

i. The successful Proposer will be allowed the use of the existing University inventory copy/printing/mail related equipment and supplies in performance of the lease (see Exhibit L. Inventory will be taken prior to commencement of the lease term to establish equipment and supply items and levels. Said inventory will be conducted by the University and successful Proposer's personnel in order to establish an agreed upon inventory. Equipment and/or supplies which the successful Proposer does not wish to utilize shall not be included in the inventory. Such inventory shall remain the University's property through the initial term of this lease and any subsequent lease term extensions. The inventory shall be repeated annually on an agreed upon date by the University and successful Proposer. Also, at the conclusion of the initial lease or upon termination of the lease agreement, inventory of said equipment and supplies shall be conducted by University and successful Proposer's personnel with the successful Proposer reimbursing the University for missing or damaged equipment and/or supplies, normal wear and tear expected.

ii. Ownership of existing equipment will be vested with the University. No University owned equipment will be removed from the premises for any purpose without prior written consent from the University.

iii. The successful Proposer will provide, at its own expense, any and all necessary equipment not provided by the University. Ownership for such equipment shall be vested with the successful Proposer unless otherwise stated in writing.

The successful Proposer will provide the University with an annually updated inventory list of all equipment owned solely by the Proposer, located on the University's campus. All such Proposer owned equipment shall be clearly labeled (including an identification number) in a manner which distinguishes such Proposer owned equipment from University owned equipment.



iv. The inventory list of the University owned equipment and supplies shall be binding upon the parties. Based thereon, the successful Proposer will maintain current records of equipment furnished for its use, indicating the addition, replacement and/or removal of University owned equipment in accordance with Louisiana Property Management Regulations. This shall include the completion of an Annual Property/Inventory report performed by personnel from the University and the successful Proposer.

v. All costs for repairs and maintenance of the University-owned equipment considered part of the inventory of supplies and equipment utilized by the successful Proposer shall be borne by the successful Proposer. The successful Proposer will provide preventive and on-site maintenance services as scheduled by the successful Proposer and agreed upon by the University. Any University owned equipment, utilized by the successful Proposer, which the successful Proposer deems no longer useful will be removed from the inventory list charged to the successful Proposer and returned to the University.

Equipment must be clean, in good appearance, and in first-class working order at the time of installation. Equipment installation and removal where utility connections and/or alteration of University property is involved shall be by or under the direction of the LSU Student Union and the University's Department of Facility Services at the expense of the Proposer.

## **2.9 Operations Expense**

The successful Proposer will contract goods, services, and employment needed to accomplish the conditions of this agreement, in addition to that currently provided by the University, in its own name and not implicate the University as being liable, either directly or by inference in any transactions. The successful Proposer will comply with Federal, State, and Local laws appertaining to business conducted in accordance with this agreement and will conform to the University's business policies and practices.

## **2.10 Access to Premises**

The successful Proposer shall have access to the premises assigned or scheduled at reasonable times, as determined and coordinated by the University, throughout the term of the lease agreement ending upon expiration or termination. Such access, in the form of keys, will be obtained by the successful Proposer through the Department of Facility Services, at the expense of the successful Proposer. Refer to PS-84 (Custody of Facilities and Premises) in Appendix A.

Any access provided to the successful Proposer by the University in the form of keys, electric access cards, etc., will be the responsibility of the successful Proposer. Loss, damage, or theft of such access materials, charged to the successful Proposer, requiring replacement of access materials or related equipment, such as locks, electronic card readers, etc., shall be placed by the University at the sole expense of the successful Proposer.

## **2.11 Government & University Regulations**

Licenses & Permits: It shall be the responsibility of the successful Proposer to obtain, maintain and comply with all laws, licenses, permits and regulations required by Federal, State, and Local governments and to make available to the University personnel appropriate documentation of such current licenses or permits.

## **2.12 Security**

The successful Proposer is responsible for, and will exercise maximum security control over, all leased facilities to prevent theft, vandalism, destruction, or other damage to or removal by unauthorized persons of properties, facilities, equipment, supplies, inventory, files, records, receipts, and/or cash, check, and other sales transactions.

The University will not be held responsible in any way for any such damages, loss, or theft. The successful Proposer is solely responsible for such damages, loss or theft.

The successful Proposer will utilize the University's Police Department for incidents requiring law enforcement services.

## **2.13 Parking**

Parking on campus by the successful Proposer's employees, subcontractors, and vendors will conform to the regulations of the University's Office of Parking, Traffic, and Transportation. University will provide up to 6 dedicated parking spaces for use by customers of proposer. All employee parking expenses will be borne by the successful proposer. There is currently an annual charge for parking and no guarantee is made as to the availability of space in the gated parking lots on campus. Information regarding the University's parking rules and regulations can be secured from the LSU Office of Parking, Traffic, and Transportation; Public Safety Building; South Stadium Road; Baton Rouge, Louisiana 70803; telephone: (225) 578-3577; or at website location (<http://appl003.lsu.edu/pubsafety/lsparking.nsf/index>).

## **2.14 Customer Payment Methods**

The successful proposer will be required to accept customer payments in the forms of cash, credit cards (MasterCard, Visa, Discover, etc.), cashier's check, and money orders and TigerCASH.

TigerCASH is the University's debit card account which is currently administered through the LSU Tiger Card Office. The current system utilizes the Blackboard Transaction System – Unix Version. The University will act as the agent for the Licensee and will remit monthly to the Licensee the total amount of debit card (TigerCASH) sales, less a three percent (3%) discount rate payable on said Gross Sales due to University for University's work in administering the TigerCASH accounts. Complete reconciliation of sales and discount shall be provided by the University with each remittance.

## **2.15 Facilities Décor and Design**

The University desires a Copy and Mail Services Center capable of providing high quality customer service in an attractive, modern, customer-friendly physical environment. Any and all designs and/or décor plans or alterations must be approved by the University prior to implementation.

## **2.16 Signage**

The successful Proposer will not place - or cause to be placed- or maintain on or about the premises of the Agency, including the glass or window or any door, any sign and/or advertising

matter, decoration, lettering, or other thing of any kind without first obtaining the University's written approval. The successful Proposer will maintain any of the above approval materials in good condition and repair at all times.

## **2.17 University Name and Logo**

The successful Proposer agrees that it will not advertise nor promote any connection with the University, its Board of Supervisors, or any identifying marks or property nor make representation, either expressed or implied, as to the University's promotion or endorsement of the successful Proposer's Company unless it has received prior written consent from the University. Refer to PS-93 (Use of University Indicia) in Appendix A.

## **2.18 Auditing and Accounting**

The successful Proposer will establish adequate internal controls and determine at such frequent intervals as may be necessary, that the controls are being maintained. The successful Proposer will provide to the University, annual financial statements audited by a Certified Public Accountant. The University reserves the right to have its representative, including the State Legislature Auditor, audit the successful Proposer's books, records, and other such financial documents or desired information pertaining to the successful Proposer's contract(s) with the University. If it is determined through an audit that money is owed to the University by the successful Proposer, the successful Proposer will pay all money owed to the University, plus ten (10) percent interest on said paid money and also pay for the cost of the audit within thirty (30) days of demand.

## **2.19 Period of Agreement**

The initial term of the Lease Agreement will be ten (10) years. Additional extension periods, not to exceed five (5) additional years, may be proposed.

## **2.20 Deliverables**

The deliverables listed in this section are the minimum desired from the successful proposer. Every proposer should describe what deliverables will be provided per their proposal, and how the proposed deliverables will be provided.

## **2.21 Location**

**Store Location and Facilities:** The Store will be centrally located on the University's campus in the LSU Student Union (see [http://unionweb.lsu.edu/media/renovations/first\\_floor.pdf](http://unionweb.lsu.edu/media/renovations/first_floor.pdf))

It is in a high traffic area and is clearly visible to passers-by. Leased Premises is defined as the Retail Space available is +/- 5,914 sq. ft.; of which +/- 4,612 is designated for the Student Union Post Office and +/- 1,302 is designated for the Student Copy Center (EXHIBITS A & B) or other space on the LSU Campus as mutual agreed upon by both parties.

Upon mutual agreement, this Lease may be amended to add to the leased space or to delete certain parts of the leased space from the Lease. In the event that the parties agree to amend the definition of leased space to add or delete areas from the leased space, any contract adjustments necessary to accommodate such addition or deletion of any part of leased space shall be

evaluated and agreed upon by the Lessee and the University. All additions and deletions to the leased space shall be effected by addendum to this Lease and may be approved on behalf of the University by the President or his designee.

Additional space can be made available to proposer in addition to the aforementioned leased premises. The University will provide utilities, dumpster service for trash and garbage, air conditioning, certain telecommunication services, certain security services, and such other services as may be mutually agreed where applicable, to the additional space, and the successful proposer shall pay University, as "Additional Rent" due under this Lease, all costs of operation and maintenance attributable to the additional space in order to fairly and accurately cover the costs of operation and maintenance thereof. No later than February 1 during each year of this Lease, University shall meet with Lessee, review cost of Lessor Services and provide Lessee with the amount of Additional Rent for Lessor Services applicable to the next 12-month accounting year of Lessee. Additional Rent for such Lessor Services provided by University hereunder shall be invoiced by University to Lessee on the basis of One-Twelfth (1/12) of the annual amount and paid by Lessee within thirty (30) days of invoicing by University thereof. Lessee will not be charged for Lessor Services at a rate greater than that charged to University auxiliaries. The University will make reasonable effort to provide continuous provision of Lessor Services and to restore Services following any interruption. However, the University will not be liable for any product or revenue loss which may occur as a result of the interruption or failure of any such Service. University will furnish and maintain fire extinguisher equipment and supplies as Lessor Services. However, Lessee will notify University immediately after any fire extinguisher use or discharge, and Lessee will pay for any recharge after use.

## **2.22 Proposal Elements**

### **2.22.1 Financial**

- A. Lease: Proposal is to be based upon an annual minimum rent per square foot of \$15.00 per square foot guarantee, payment divided into twelve equal monthly payments.
- B. Construction of Facility Improvements/Construction: Proposer shall provide a Capital Outlay plan which defines the amount of funding for renovations, expansion, alterations, equipment, etc. the successful Proposer will invest.
- C. In addition to the minimum lease, the selected proposers must propose to the University a percentage of its adjusted gross sales (less applicable State and local sales tax) from mailbox rental, shipping, retail sales, and other revenue sources.

### **2.22.2 Technical**

Each proposer must provide current, accurate, complete information about all of the following in support of its Proposal (please coordinate numbers with responses):

#### **A. Business Information:**

1. Name, address, telephone number, and title of the person(s) whom the University can contact about the Proposal;
2. Corporate filings, DBA name, registration and tax identification number;
3. Name(s) of owner(s) or partners or directors, as applicable;

4. Names, titles, and resumes of proposer officials who will serve as primary proposer contacts;
5. Length of time and years during which the proposer has provided the Services contemplated by this RFP;
6. List of three (3) references, preferably local and colleges/universities, for whom the proposer currently successfully provides similar Services;
7. Insurance carrier(s), types, and amounts of coverage currently maintained by the proposer, and claims/loss reports for the three (3) proceeding calendar/fiscal years (2007, 2008, 2009 projected).

**B. Staffing Structure:**

Proposer should provide the proposed staffing structure, including the number of full-time, part-time and managerial staff and the kind of experience required for each position. Include proposed staff resumes, if possible. An established, diverse staff with low turnover indicates employee satisfaction and is a means of measuring quality. Indicate if University students will be given employment opportunities, and, if so, in what approximate number.

**C. Company Financial Information:**

Provide a copy of your two most recent, audited, financial statements

**D. Products and Services:**

Provide a list and description of the products and/or services you propose to offer. The University desires a variety of quality offerings.

**E. Marketing:**

Include a complete description of the promotional marketing activities that the proposer will conduct. This may include media packages, coupons, premiums, and other forms of advertising that demonstrate effective strategies for market penetration on the campus and to commuting students.

The proposer agrees that it will not advertise nor promote any connection with the University, the University Board of Supervisors or use any identifying marks or property nor make presentation, whether expressed or implied, as to the University's promotion or endorsement of the proposer unless it has received prior written consent from the University.

**F. Layout and Design of the Store:**

Provide general facility layout and design plans for the store. The selected proposer will provide store construction, equipment, and signage in compliance with LSU requirements and approvals. Any build out of space must comply with all codes and with University design guidelines, to include the Americans with Disabilities Act. Reference the attached floor plans in the appendix.

**G. Miscellaneous:**

Include a written program of intention, outlining how the above specifications will be fulfilled, any plan for investment in facilities as well as any other information that may be helpful in determining the scope of the proposal.

**H. Reports and Management:**

1. Define the reports available to LSU on a weekly, monthly and annual basis.
2. Describe how breaks; lunch, sick leave and vacation time will be handled.

3. Provide (1) copy of appropriate operations manuals and describe employee performance standards.
4. LSU will expect to conduct monthly assessment meetings between their liaison and vendor's liaison.
5. Provide pertinent information related to on-site management and supervision of personnel and equipment.
6. Describe methods, procedures, and processes to ensure quality control.

### **PART III EVALUATION**

#### **3.1 Financial Proposal (60% of evaluation value) - 60 points**

The following financial criteria will be evaluated:

- 1) Guaranteed Annual lease payment - 40 points
- 2) Construction of Facility Improvements - 5 points
- 3) In addition to the annual lease payment guarantee, the proposers must recommend to the University a percentage of its adjusted gross sales (less applicable State and local sales tax) from mailbox rental, shipping, retail sales, and other revenue sources.- 15 points

The criteria for the Guaranteed Annual lease payment and the Construction of Facility Improvements cost will be used in the Financial Evaluation to calculate the points awarded for the Guaranteed Annual lease payments.

A proposer's base score will be based on the amount of the Guaranteed Annual lease payment computed as follows:

$$BCS = (PC/HPC \times 40)$$

Where: BCS=Computed cost score (points) for proposer being evaluated  
HPC=Highest proposed guaranteed annual lease payment of all proposers  
PC=Guaranteed annual lease payment of proposer being evaluated

A proposer's base score will be based on the amount of the Construction of Facility Improvements amount computed as follows:

$$BCS = (PC/HPC \times 5)$$

Where: BCS=Computed cost score (points) for proposer being evaluated  
HPC=Highest proposed Construction of Facility Improvements amount of all proposers  
PC= Construction of Facility Improvements amount of proposer being evaluated

The information provided in response to this section will be used in the Financial Evaluation to calculate the highest evaluated lease payment. NO other fees will be allowed as part of the

Financial Proposal. If the vendor requires a management fee, it must be included in the calculation of #1, 2, or 3 above.

### **3.2 Technical Proposal (40% of evaluation value)-40 points**

The following criteria are of importance and relevance to the evaluation of this RFP. Such factors, listed in order of importance, may include but are not limited to:

- Company Credentials and Qualifications including management experience and stability.
- References of success with contact information.
- Implementation plans and scope of services to be provided including layout and design of the center addressing initial, interim and after-construction improvements.
- Detailed plan for the successful transition of operations
- Plan for orientation and marketing to students, operating hours, etc.
- Information demonstrating the Proposer's financial stability.
- Management reporting capabilities
- Adequacy of processes and procedures to ensure a quality operation.

## Appendix A





recommended by the University Facilities Planning Committee and approved by the Chancellor. In discharging the responsibilities, the following apply:

1. University employees, except those employed by the Office of Facility Services, are prohibited from any activity which results in any physical modification of University facilities and premises.
2. All requests for physical modification of University facilities and premises are to be routed through, reviewed and processed by the Office of Facility Services which shall provide for review and action by the University Facilities Planning Committee as appropriate.
3. The Office of Facility Services establishes and maintains standards of design, construction, modification and renovation for University facilities and premises in conjunction with other departments as appropriate.
4. Planning, standards, and requirements definition and operation of computer network wiring/media, telecommunication wiring/media and associated equipment are the responsibility of Office of Computing Services. Installation, construction, and engineering/architectural work as necessary will be undertaken by the Office of Facility Services. Interlab cabling involving no penetrations, ceiling removals, wall attachments, etc., will be permitted subject to Facility Services review.
5. All facility documents and records are to be stored and maintained by the Office of Facility Services.
6. The Office of Facility Services is the chief contact and coordination office for all facility matters involving the LSU System, other LSU campuses, and local, state and federal agencies.
7. The administrator of the Office of Facility Services serves as the Chief Facility Officer of the University.
8. Questions as to the applicability of this policy to any particular facility or premise matter should be referred to the Office of Facility Services.
9. Facility Services will maintain/update planning and maintenance priority/cost list consistent with SACS requirements.



# Policies and Procedures

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Document Number: PS-91  
Title/Topic: Campus Mail  
Effective Date: 03/03/94  
Revision Number: PS0091.R00  
Category: Policy Statement

## CAMPUS MAIL

### PURPOSE

To establish the policy of Louisiana State University and Agricultural and Mechanical College on the permitted use of Campus Mail.

### DEFINITIONS

**LSU Department.** Any administrative unit of the University established by or under the authority of its Board of Supervisors.

**Recognized employee and student organizations.** Organizations to which official University recognition has been granted by the Chancellor or the Dean of Students respectively.

**Affiliated Organizations.** Examples include the LSU Foundation, the LSU Alumni Association, Tiger Athletic Foundation and such others as have been designated as defined by the Regulations of the LSU Board of Supervisors.

**University Sponsored Programs.** Programs which occupy office or other space on the campus or make other use of University facilities and premises under a written agreement with the University.

**Intra-Campus Mailing.** The routine exchange of correspondence among those individuals and agencies authorized to use Campus Mail.

**Mass Mailing.** Use of Campus Mail for large scale distribution of printed communications to individuals located within University facilities and premises.

### POLICY

Campus Mail has been established as a department of LSU for the following purposes:

- (1) Collect and distribute official LSU intra-campus mail from department to department.
- (2) Sort and distribute to University addressees external mail received from the U. S. Postal Service.
- (3) Collect, apply postage and forward LSU departmental mail with external addresses to the U. S. Postal Service.

Use of Campus Mail for intra-campus mailings is provided specifically for official correspondence of University administrative units and is afforded as a convenience to various groups located on the campus including recognized employee and student organizations in accordance with the purposes for which these organizations have been established, the Faculty Senate, the Staff Senate, the Student Government Association, the Campus Federal Credit Union, by affiliated organizations and University sponsored programs. Use of Campus Mail for intra-campus distribution of commercial solicitations is specifically prohibited.

Use of Campus Mail for Mass Mailings to employees is restricted to printed materials mailed from University Departments, the Faculty Senate and the Staff Senate for the accomplishment of their missions.

Except as provided for herein, Campus Mail may not be otherwise used for intra-campus mailings or mass mailings. Non-University mail with postage affixed will be processed through to the U. S. Mail Service if deposited in Campus Mail. Mail received by Campus Mail from the U. S. Postal Service will be delivered to campus addresses designated without reference to its source or purpose.

Ineligible mail deposited with Campus Mail will be returned to the sender if known or disposed of otherwise, if the sender is unknown.

Questions regarding eligibility to use Campus Mail should be directed to the Office of the Vice Chancellor for Business Affairs.



# Policies and Procedures

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Document Number: PS-93  
Title/Topic: Use of University Name and Indicia  
Effective Date: 08/28/95  
Revision Number: PS0093.R01  
Category: Policy Statement

## USE OF UNIVERSITY NAME AND INDICIA

### PURPOSE

To state the policy of Louisiana State University and Agricultural and Mechanical College regarding the use of its name, registered marks, logos, other indicia, and the names of its employees.

### DEFINITIONS

**Name.** Louisiana State University and Agricultural and Mechanical College, LSU.

**Registered Mark.** Words and images representing the University which have been registered with the federal Office of Patents and Trademarks and/or the Louisiana Secretary of State.

**Logos.** Officially adopted words, images or combinations of words and images representing the University.

**Indicia.** Various words, images, colors and combinations of words, images and colors that have come to be associated with the University in the minds of the public which may or may not have been made a registered mark but in which the University has a proprietary interest through prior use or identification. As used herein, the term "indicia" encompasses name, registered marks, logos, and other indicia.

### GENERAL STATEMENT OF POLICY

The Board of Supervisors of Louisiana State University is the owner of all rights, titles and interests in and to certain designations comprising designs, trade names, trademarks and service marks including, without limitation, the names "Louisiana State University," "LSU Tigers," the abbreviation "LSU," logotypes and seals incorporating one or more of the foregoing names and/or abbreviations, and certain logographics and/or symbols which have come to be associated with Louisiana State University.

APPENDIX A-3 (PS-93)

In consideration of the valuable property rights inherent in the LSU name and indicia which are inseparable from the good name and reputation of LSU both domestically and internationally, this policy is established to govern the use of the LSU name and indicia.

### **University Publications**

Use of LSU indicia for letterhead or any other publications by the University shall be in accordance with PS-10, entitled "Internal and External Communications," and the "Louisiana State University Logo Guidelines," issued by the Office of Public Relations.

Questions regarding the use of the LSU indicia in official University publications should be directed to the Office of Public Relations.

### **Collegiate Licensing Program**

Use of LSU indicia on or in connection with items offered for sale, in association with the name, logo or other indicia of any non-LSU entity or otherwise for commercial purposes shall be subject to a licensing agreement between the external entity and LSU executed through the Office of the Vice-Chancellor for Business Affairs and Comptroller which may require the payment of a royalty. Licensable use includes products offered for sale as merchandise, offered promotionally as merchandise, represented in association with any non-LSU entity or otherwise in any printed, electronic or other medium.

Licensed items purchased for use by LSU departments are subject to a licensing agreement which does not require the payment of a royalty; however, such items offered for sale by LSU departments do require the payment of a royalty.

Student organizations recognized as such by the Dean of Students purchasing licensable items for sale only to members for their use are not required to pay a royalty fee but such items must be purchased from licensed vendors. A royalty fee must be paid on licensed items sold by student organizations as a fund-raising project.

Questions regarding any use of LSU indicia as described above should be directed to the Office of the Vice-Chancellor for Business Affairs.

### **Office of Technology Transfer**

Agreements by which LSU technology is licensed require that the licensee may make no use whatsoever of LSU's name, or of the name of any LSU employee (including without limitation the name of any named inventor of any Licensed Patent or Licensed Know How), in any news releases, advertisements, promotional materials, or otherwise, without the prior written consent of LSU for each such use as follows.

Approval may be granted for the use of LSU's name by the licensee if such use meets the following conditions:

APPENDIX A-3 (PS-93)

1. Use is in a general context.
2. No direct or implied endorsement by LSU is created.
3. No apparent liability is created for LSU.
4. No conflict of interest or ethical issues appear present.
5. Perceived use has a positive or neutral impact on LSU's image.

Proposals for the use of LSU's name meeting the above criteria may be approved by the Director of the Office of Technology Transfer.

Proposals not meeting the above criteria or which are not modified by the licensee to meet the above criteria will be referred to the Vice-Chancellor for Research and Economic Development and University legal counsel if necessary for a decision.

If the use of an LSU employee's name is proposed by a sponsor, both the approval of LSU and a written release from the employee is required.

Questions regarding the use of LSU's name or the name of an LSU employee through technology licensing agreements should be directed to the Office of Technology Transfer.

#### **Sponsored Research**

A sponsor may not use the name of the University, nor of any LSU employee, in any publication, advertising, or news release without prior written approval of LSU; however, a sponsor may use research data and findings supplied by LSU for internal use and for appropriate submissions to governmental authorities without any prior written consent by LSU.

Questions should be directed to the Office of the Vice-Chancellor for Research and Economic Development.

#### **Consulting by Employees**

An LSU employee engaged in consulting or other outside employment may not use the name of LSU or his/her University affiliation, title, or address officially or in any other way in support of any position he/she may take. Biographical data, including a statement of employment by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, may be included as introductory material to any written reports, or orally in the case of expert witness statements, but may not be incorporated into the body of any written report submitted by the consultant.

Questions should be directed to the Office of the Vice-Chancellor for Research and Economic Development.

**Use by Associated Organizations**

Authority to use the LSU indicia for purposes of organizational identity for entities associated with the University is granted by LSU in accordance with policies and guidelines established for each type of organization as follows:

**Student Organizations:** Under policies and procedures of the Committee on Student Organizations which reports to the Chancellor through the Vice-Chancellor for Student Services.

**Faculty Organizations:** As approved by the Chancellor upon the recommendation of the Vice-Chancellor for Academic Affairs and Provost.

**Staff Organizations:** As approved by the Chancellor upon the recommendation of the Vice-Chancellor for Business Affairs and Comptroller.

**Affiliated Organizations (including the LSU Foundation, alumni and athletic organizations):** As provided in the Bylaws and Regulations of the LSU Board of Supervisors, Chapter VIII, Section 8-1. Specific procedures are as follows:

Alumni Groups	LSU Alumni Association through Academic Affairs (when academic constituencies are involved)
Athletic Groups	Tiger Athletic Foundation
Academic fund-raising groups--development councils, friends groups, foundations	Development Office of LSU Foundation through Academic Affairs

The granting of authority for the use of LSU indicia to identify associated organizations carries with it no authority for the use of LSU indicia for commercial exploitation or other revenue producing activities involving the use of the indicia.

**Solicitation of Gifts**

Authority to use the LSU indicia for purposes of soliciting contributions is governed by Chapter VI, Section 6-1, of the Bylaws and Regulations of the LSU Board of Supervisors and administered by the Chancellor. Standing authority for fund-raising may be incorporated in the initial approval of an organization's use of the LSU indicia. Approval in writing is required in advance of any new fund-raising activity by a group not previously authorized to raise funds in the name of LSU.



APPENDIX A-3 (PS-93)



## PURPOSE

To state the policy of the University governing the appropriate use by employees of equipment, materials, services and other property of the University.

## STATEMENT OF POLICY

University equipment, materials, services and property are provided to employees for the accomplishment of their work as LSU employees and not for personal use.

In addition to provisions of the Louisiana Revised Statutes, this policy has been given emphasis in the Regulations of the LSU Board of Supervisors as follows:

"Section 5-8. Custody and Control of University System Property. No one shall use for his or her own benefit or for any other personal purposes any University System property of whatever description; and no one shall be permitted to remove from the buildings or grounds any property belonging to the University System, unless approved by the President or appropriate official designated by the President."

"Section 5-9. Use of University System Vehicles. All transportation equipment of the University System shall be used only on official business and shall be operated only by employees of the University System and others authorized by the President."

Violation of this policy constitutes misuse of University equipment, materials, services and other property and may result in University disciplinary action and/or criminal charges.

Misuse of University materials, services and other property may represent a minor or major violation of this policy depending upon the circumstances of a particular occurrence. For example, misuse may be only a single, isolated occurrence or it may represent a pattern of such activity. Misuse may also constitute a violation of one or more provisions of the criminal law.

Consistent with its commitment to provide for fair and consistent treatment in all matters involving employee discipline, the University reserves the right to investigate misuse of University materials, services and other property through its Internal Auditor, the LSU Police Department, both of these agencies, or by other administrative processes.

Employees charged with misuse of University equipment, materials, services and other property and subject to University disciplinary processes shall be

afforded such rights and protections as provided by law and University policy.

Employees criminally charged in connection with the misuse of University materials, services and other property shall be subject to such disposition of the matter as is made by the Office of the District Attorney and/or the judicial system.

The University reserves the right to both take disciplinary action against an employee and to refer the employee for prosecution under the criminal law.

Examples which are deemed to constitute misuse of University equipment, materials, services and other property include but are not limited to the following:

1. Personal use or possession of tools, equipment, supplies.
2. Use of University vehicles for a personal purpose.
3. Falsification or other misuse of University documents such as time sheets, payroll vouchers, annual and sick leave reporting and other official University documents.
4. Personal use of telephone and telefax services resulting in toll charges to the University. Telephone calls or telefaxes of a personal nature may not be charged to your LSU charge code other than in emergencies or in rare instances when the LSU charge code is inadvertently used when returning a call. Should such a personal call be made, prompt reimbursement to LSU must be made.
5. Use of postal and shipping services for personal purposes.
6. Personal use of duplication and related services and supplies.

## Appendix B

AGREEMENT OF LEASE BETWEEN  
BOARD OF SUPERVISORS OF  
LOUISIANA STATE UNIVERSITY AND  
AGRICULTURAL AND MECHANICAL COLLEGE  
AND  
(vendor)

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EXHIBITS

- Exhibit A – Resolution of the Board of Supervisors
- Exhibit B – Resolution of the Board of Directors of (vendor)
- Exhibit C – Request for Proposal No. Exhibit D – Floor Plan of Leased Premises
- Exhibit E – Plans and Specifications for Improvements
- Exhibit F – Vendor’s Proposal
- Exhibit G – Memorandum of Lease
- Exhibit H – Financial Proposal for a Portion of Revenue



UNITED STATES OF AMERICA  
STATE OF LOUISIANA  
PARISH OF EAST BATON ROUGE

AGREEMENT OF LEASE BETWEEN  
BOARD OF SUPERVISORS OF  
LOUISIANA STATE UNIVERSITY AND  
AGRICULTURAL AND MECHANICAL  
COLLEGE AND (Vendor)

THIS AGREEMENT OF LEASE (the "Agreement") made and entered into effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2010 ("Effective Date") by and between

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation organized and existing pursuant to the laws of the State of Louisiana, herein represented by Dr. John V. Lombardi, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors adopted August 17, 2007, a copy of which is attached hereto as Exhibit "A"; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848);

(hereinafter referred to as "LSU" or the "Board"); and

(Vendor), a Delaware corporation organized and existing under the laws of the State of , authorized to do and doing business in the State of Louisiana, herein represented by , its Chief Executive Officer, duly authorized by virtue of a resolution of the Board of Directors of said corporation, a certified copy of which is attached hereto and made a part hereof as Exhibit "B", whose mailing address is (Federal I.D. No.);

(hereinafter referred to as Vendor.);

provides as follows:

**WITNESSETH:**

**WHEREAS**, in response to a Request for Proposals for the Lease of Space for Operation of Copy & Mail Services Center & Public Use Convenience Copier Program, Request for Proposal No. 00000, (herein after referred to as "RFP" and attached hereto as Exhibit "C"), for the campus of Louisiana State University and Agricultural and Mechanical College ("LSU and A & M" or "University"), Vendor has been selected to lease space from LSU;

**WHEREAS**, this Agreement furthers the educational and public service functions of University by providing needed services for students, faculty, staff and visitors; supporting academic pursuits of faculty and students; contributing to the educational, cultural and social environment of the University; supporting the recruitment, retention and overall satisfaction of the University's students; and providing a source of revenue for the University; and

**WHEREAS**, LSU enters into this Agreement in accordance with the authority set forth in Louisiana Revised Statutes 17:3361, *et seq.*, which requires, in particular, construction by Vendor of improvements upon property owned by LSU.

**NOW, THEREFORE**, in consideration of (1) LSU's obligation to lease the Leased Premises to Vendor; (2) Vendor's obligation to construct improvements upon the Leased Premises; (3) the annual rent to be paid by Vendor during the term of this Agreement; (4) Vendor's obligation to operate an optical store in the Leased Premises in accordance with the RFP; (5) such other obligations as set forth herein; and (6) the mutual benefits accruing to the parties under this Agreement, the parties do enter into this Agreement on the following terms and conditions:

#### **ARTICLE I GENERAL OBLIGATIONS**

**1.1 General Obligations.** LSU shall lease to Vendor, and Vendor shall lease from LSU approximately () square feet of retail and storage space within the LSU Union Building located on the campus of University in Baton Rouge, Louisiana, specifically described and shown cross-hatched on the floor plan attached hereto as Exhibit "D" which shall be referred to herein as the "Leased Premises." Vendor shall operate a Copy and Mail Services Center & Public Use Convenience Copier Program including but not limited to comprehensive copy and mail services center and to provide strategically placed convenience copiers on said Leased Premises in accordance with this Agreement. Vendor, at its sole cost and expense, shall construct improvements to the Leased Premises as set forth herein and, at its sole cost and expense, shall maintain said improvements in accordance with the standards required by this Agreement. In accordance with the provisions of this Agreement, Vendor, at its sole cost and expense, shall be obligated to furnish and install all Leasehold Improvements and Movable Equipment, Trade Fixtures, and Signage, all as defined herein, and all other improvements necessary to fulfill its obligations under this Agreement. Vendor shall perform such other obligations as set forth herein.

**1.2 Transition Period and Interim Premises.** Both parties agree that the period of thirty (30) to forty-five (45) days from the Effective Date is a period of transition. Vendor shall use all reasonable efforts to successfully provide for the uninterrupted continuation of optical store and concurrently undertake a comprehensive program of construction and renovation within the Leased Premises. During the transition period, LSU may provide temporary space to Vendor in consideration of the annual rent of \$ per month for the interim period during the transition period, and Vendor agrees to pay for any temporary alterations, including but not

limited to telecommunication and computer connections, necessary for the operation of its optical store during the transition period.

## ARTICLE II PREMISES

**2.1 Leased Premises.** LSU hereby leases and delivers to Vendor, and Vendor hereby leases and accepts from LSU, in consideration of the annual rent hereinafter set forth and of the agreements, conditions, covenants and terms of this Agreement, the Leased Premises to be possessed exclusively by Vendor during the term of this Agreement.

**2.2 Access to LSU Union Loading Dock.** In consideration for the annual rent set forth herein and during the term of this Agreement, Vendor will have the non-exclusive and shared use of the LSU Union loading dock; however, the use of the loading dock by Vendor shall not substantially impair its use by University or its designees.

## ARTICLE III TERM

**3.1 Term.** This Agreement is made for a term of ten (10) years, commencing on the Effective Date and ending at midnight on the final day of the ten (10) year period, subject to earlier termination in accordance with the provisions of this Agreement. This Agreement may be renewed for additional five (5) year term periods. All terms of this Agreement shall remain in full force and effect during any renewal term.

## ARTICLE IV RENT, SALE OF INVENTORY AND EQUIPMENT REPLACEMENT

**4.1 Annual Rent Obligation.** In addition to the other consideration set forth herein, Vendor shall pay, in advance, to LSU an annual rent for each year, commencing at \$ per year or \$ per square foot per month, while this Agreement is in effect, without any prior demand therefore and without any set offs or deductions whatsoever. Payments shall be paid monthly.

**4.2 Payment Terms.** In each year of this Agreement, rent shall be paid in monthly installments and is due in advance beginning on Date, and on the first day of each month thereafter, until all are paid. Prior to Date, rent for the transition period is owed as follows: \$ per month.

**4.3 Interest on Unpaid Amounts.** Should Vendor fail to timely pay to LSU any sum due as annual rent or otherwise under this Agreement, such unpaid sum(s) shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

**4.4 Additional Rent.** As additional rent for the lease of the Leased Premises hereunder and the grant by LSU of the exclusive right to operate a copy and mail services

center and public use convenience copier center on the LSU Campus, Vendor agrees to pay a portion of store revenue after recouping their capital outlay in accordance with Exhibit "H".

**4.5 Equipment and Fixtures.** Vendor, at its sole cost and expense, shall acquire any and all fixtures and equipment necessary to fulfill its obligations pursuant to this Agreement and install or place same on or about the Leased Premises.

**4.6 Payment of Rental and Reimbursement.** Checks for annual rent and other payments hereunder shall be payable to Louisiana State University and are to be submitted timely to:

Louisiana State University Union Business Office  
Louisiana State University and Agricultural & Mechanical College  
P.O. Box 25123  
Baton Rouge, Louisiana 70894-5123

or by hand delivery to:

Room 310, LSU Union  
Attention: **Business Manager**

#### ARTICLE V SECURITY

**5.1 Security.** Prior to the Effective Date of this Agreement, Vendor shall have provided to LSU a performance bond in an amount of \$50,000.00 or shall deposit with University the sum of \$50,000.00 by certified funds as security for the performance of its obligations hereunder. Any performance bond posted in satisfaction of this requirement shall be written by a Surety or insurance company licensed to do business in the State of Louisiana and currently on the U.S. Department of the Treasury Financial Management Service list of approved bonding companies which is published annually in the Federal Register, or by a Louisiana domiciled insurance company with at least an A- rating in the latest printing of the A.M. Best's Key Rating Guide to write individual bonds up to ten percent of policyholder's surplus as shown in the A.M. Best's Key Rating Guide or by an insurance company that is either domiciled in Louisiana or owned by Louisiana residents and is licensed to write surety bonds.

#### ARTICLE VI CONSTRUCTION AND OWNERSHIP OF IMPROVEMENTS

**6.1 Obligation to Construct.** shall construct improvements to the Leased Premises to the mutual agreements of LSU and Vendor at an estimated required investment of approximately Dollars (\$), which improvements shall include but are not limited to renovations, remodeling, leasehold improvements and related movable equipment, supplies, trade fixtures,

signage, and essential construction costs and fees, in accordance with the plans and specifications approved by LSU and Vendor. The term "Leasehold Improvements," as used in this Agreement shall refer to all improvements permanently affixed to the Leased Premises and made by Vendor at any time during the term of this Agreement. All other improvements by Vendor not permanently affixed to the Leased Premises but for the use or benefit of the Leased Premises and purchased either pursuant to this section 6.1 or purchased as Vendor's personal property shall be referred to as "Movable Equipment, Trade Fixtures, and Signage." The Leasehold Improvements required hereby shall be made in accordance with Exhibit "E" hereof, unless otherwise agreed to in writing by Vendor and appropriate University personnel in accordance with the provisions of this Agreement.

## **6.2 Construction of Leased Premises.**

**6.2.1 Construction by Vendor.** At its sole cost and expense, Vendor shall (1) construct the Leasehold Improvements and perform any other work on or about the Leased Premises in a good and workmanlike manner, in accordance with plans and specifications approved in writing by LSU prior to the commencement of the work; (2) procure all necessary permits and governmental approvals for the construction of Leasehold Improvements and installation or use of Movable Equipment, Trade Fixtures, and Signage; (3) provide for labor, services, materials and supplies used or furnished in construction of the Leasehold Improvements and installation or use of Movable Equipment, Trade Fixtures, and Signage and the construction and installation of utility services or other systems or facilities; (4) supervise and control all aspects of the construction, installation, furnishing and equipping of the Leasehold Improvements and the Movable Equipment, Trade Fixtures, and Signage; and (5) during construction comply with any and all provisions of this Agreement. All Leasehold Improvements must be agreed upon in writing by LSU prior to commencement of any work and must otherwise be made in accordance with this Agreement.

**6.2.2 Insurance and Indemnification During Construction.** Prior to commencing work, Vendor shall obtain at its own cost and expense insurance that is required by LSU and shall indemnify LSU as outlined in Article XII hereof.

**6.2.3 Selection of General Contractor/Bonds/Builder's Risk.** Vendor shall select and engage a general contractor or contractors duly licensed in Louisiana to perform any work on or about the Leased Premises. Vendor or its contractor(s) shall provide a performance and labor and materials payment bond with an acceptable corporate surety in the full amount contemplated as required pursuant to this Agreement. Vendor or its contractor(s) shall carry all-risk builder's risk insurance which shall protect against any damage or loss during the construction up to the full replacement value of any work damaged or destroyed; however, Vendor shall be responsible for the \$1,000 per occurrence deductible. In addition, Vendor shall require its contractor(s) to provide worker's compensation insurance and comprehensive general liability and automobile liability insurance providing Vendor and LSU coverage for all claims for personal injury or property damage arising out of any work on or about the Leased Premises. Evidence of the required bond and builder's risk insurance and liability insurance

shall be delivered to LSU prior to the commencement of any work on or about the Leased Premises.

**6.2.4 Approval of Plans and Specifications.** Vendor has secured LSU's approval of all plans and specifications for the construction of the improvements prior to the commencement of any work on or about the Leased Premises. Vendor agrees to complete all improvements as shown on said plans and specifications, unless change orders are implemented in accordance with this Agreement.

**6.2.5 Change Orders and Modifications.** Vendor shall secure prior written approval of the Vice President for Property, Facilities and Administration for the Louisiana State University System or his designee for all revisions to plans and specifications prior to any revisions or alterations to the improvements or the plans or specifications thereof, which approval shall not be unreasonably withheld.

**6.2.6 Right of Access.** At all times during this Agreement, including but not limited to construction, LSU shall have full access to the Leased Premises in order to inspect same and any work or operations on or about the Leased Premises. LSU shall not be obligated or expected to conduct any such inspection(s).

**6.2.7 Certificates; Bonds.** Vendor shall provide to LSU, upon completion of construction, a clear lien certificate from the Clerk of Court for East Baton Rouge Parish. Vendor shall bond out any liens filed against LSU or the Leased Premises resulting from any work on or about the Leased Premises within ten (10) days of the filing of said lien.

**6.2.8 Commencement and Completion Date of Construction.** Vendor shall use all reasonable efforts to cause the construction, furnishing and equipping of the improvements to the Leased Premises to begin within five (5) days of the Effective Date and shall use all reasonable efforts to complete said construction within thirty (30) to forty-five (45) days of commencement of same.

**6.2.9 Utilities, Sewerage and Telephones.** During construction, LSU as Lessor shall provide access to public utilities, including electricity, water, sewerage and telephone lines to the perimeter of the Leased Premises. All installation routes for utility, sewerage or telephone services must be approved by LSU prior to installation.

**6.2.10 Quality, Material and Workmanship.** All materials, equipment, trade fixtures and appliances furnished by Vendor shall be new and of the best quality as measured by the highest standard of the trade, and any defects in any material or equipment that would cause rejection in terms of strictly first-class work will be a default under this Agreement. All materials, equipment, trade fixtures and appliances must be of at least equal quality to similar items found in any other retail university optical store operated by Vendor

**6.2.11 General Building Requirements.** The building exterior must conform with existing University buildings and building standards. Requirements are as provided by "Campus Design Guidelines of Louisiana State University, Baton Rouge Campus" as approved by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and current "Design Standards for Louisiana State University" issued by the Office of Facility Services. Exterior signage and lighting must be submitted to University for approval prior to installation.

**6.3 Ownership of Leasehold Improvements.** Leasehold Improvements made by Vendor at any time are component parts of the Leased Premises. Upon final completion of construction of the improvements, issuance of the occupancy certificate and written acceptance by LSU, all Leasehold Improvements shall be owned by LSU.

**6.4 Ownership of Movable Equipment, Trade Fixtures, and Signage.** All Movable Equipment, Trade Fixtures and Signage shall belong to Vendor during the Term of the Agreement. Vendor, at its sole cost and expense, shall remove any Movable Equipment, Trade Fixtures and Signage owned by it upon the termination of this Agreement and promptly shall repair any damage caused to the Leased Premises by such removal.

**6.5 LSU Approval.** All work contemplated or required pursuant to this Agreement shall be performed at no cost to LSU and subject to the approval of the University's Department of Facility Services and any other approvals required hereby. LSU may, but is not obligated to, review the work and have a representative at the work site. All equipment installation and removal, and utility connections where required and/or alterations of the Leased Premises will be done to the approval of the University's Department of Facility Services, in addition to any other approval required by this Agreement. LSU shall have no responsibility or liability for the work performed pursuant to this Agreement. All modifications to the Leased Premises necessary to implement any work or operations contemplated or required by this Agreement will be the responsibility of and made at the sole cost and expense of Vendor except for access to utilities as provided herein.

**6.6 Records.** Vendor must keep and provide to LSU, upon request, complete and accurate records of all costs associated with fulfilling its construction obligations pursuant to this Agreement, with those costs associated with Leasehold Improvements separately identified and scheduled from those costs associated with Movable Equipment, Trade Fixtures and Signage. Vendor will provide to the University a statement by a Certified Public Accountant of the construction costs it has expended no later than one hundred twenty (120) days after the acceptance of Leasehold Improvements by LSU.

**6.7 Acceptance by LSU of Leasehold Improvements.** Upon completion of construction in accordance with plans and specifications approved by LSU and in accordance with this Agreement, LSU shall give written acceptance to Vendor of the Leasehold Improvements:

**ARTICLE VII**  
**ACCESS, USE AND OPERATION OF PREMISES**

**7.1 Access by Vendor to Premises.** After the transition period, Vendor will have the exclusive right to operate the Leased Premises in the LSU Union Building subject to such conditions established herein and subject to the terms and conditions and any limitations or exceptions set forth in this Agreement. Vendor shall have access to the Leased Premises throughout the term of the Agreement ending upon expiration or termination of the Agreement. Such access, in the form of keys, will be obtained by Vendor through the Department of Facility Services, at the sole cost and expense of Vendor. Any access provided to Vendor by LSU in the form of keys, electronic access cards, etc., will be the responsibility of Vendor. Loss, damage or theft of such access materials shall be reported to University immediately. If any such loss, damage or theft in University's discretion requires replacement of access materials or related equipment such as locks, electronic card readers, etc., such shall be replaced by LSU at the sole expense of Vendor, and the cost of such replacement shall constitute additional rent hereunder and shall be paid by Vendor to LSU at the time of the next following monthly rent payment.

**7.2 Access by LSU to Premises.** LSU shall have the right, but not the obligation, to inspect the Leased Premises and the operations thereof by Vendor with respect to the opening and closing hours, operations schedules, prices, safety, and the daily maintenance of said Premises. This authority would also pertain to any other reasonable regulations adopted by LSU or University pertaining to the Vendor operations.

**7.3 Facilities Décor and Design.** Vendor shall provide a high quality optical store with high quality customer service, in an attractive, modern, customer friendly physical environment at least to the degree that such is provided in any university optical store operated by Vendor. The physical design and décor of both the interior and exterior of the optical store facilities operated on the Leased Premises by Vendor shall compliment and maintain the physical and visual integrity of the Union building as well as the entire University campus. Any and all designs and/or décor plans and alterations must be approved by University prior to implementation. Vendor's operations on LSU's campus must not detract in any way from the University's integrity and mission and the appearance of University's campus and facilities.

**7.4 Condition of Leased Premises.** Vendor acknowledges that the University has not and does not make any warranty as to the condition of the Leased Premises or as to the fitness or security of the Leased Premises for any specific use, and Vendor accepts the Leased Premises in its current condition.

**7.5 Maintenance of Leased Premises by Vendor** At its sole cost and expense, Vendor shall keep the Leasehold Improvements in good condition during the term of this Agreement.



**7.6 Maintenance and Repairs of Leased Premises by LSU.** LSU shall be responsible for any damage to the Leased Premises covered by LSU's insurance and any necessary repairs to the roof, floor under structure, exterior structure, exterior walls and exterior glass and foundation of all buildings in which Leased Premises are located. Further, LSU, as lessor, shall be responsible for replacing any portion of the Leased Premises (e.g. roof, or air conditioning equipment) which is beyond repair or has exceeded its useful life.

**7.7 Copy & Mail Services Center & Public Use Convenience Copier Program Proposal.** Vendor shall perform in accordance with and shall fulfill the obligations set forth in those parts of its proposal attached hereto and made a part hereof as Exhibit "F" hereto unless otherwise provided for in this Agreement or agreed upon in writing by Vendor and appropriate University personnel.

**7.8 Hours of Operation.** Vendor's hours of operation require the approval of University after written proposal by Vendor. All proposed days and hours of operation for the fall, spring and summer semesters, as well as holidays and academic breaks, shall be submitted to University at least thirty (30) days before the commencement of each fall, spring or summer semester. After hours and days of operation have been proposed by Vendor and approved by University, changes require the University's consent.

**7.9 Parking.** All parking on campus by Vendor's employees, invitees, contractors, subcontractors and vendors shall conform to LSU Parking and Traffic regulations. Vendor's employees, other than University students, will be entitled to the same parking privileges at the same cost as University employees. Payment for parking may be by the individual employee or Vendor. University cannot guarantee assignment of Vendor's employees to gated protected parking lots but will work in good faith with Vendor to provide parking arrangements to assist Vendor's optical store operations. Information regarding the University's parking rules and regulations can be secured from the LSU Office of Parking, Traffic and Transportation, Public Safety Building, South Stadium Road, Baton Rouge, Louisiana 70803; Telephone 225-578-5000; Fax 225-578-3577.

**7.10 Utilities and Services.** LSU will provide, as included in the monthly rental, electricity, steam, water, sewer service, dumpster service for trash and garbage, general housekeeping and trash removal, and air conditioning, where applicable, to the site of the Leased Premises. The University will make reasonable efforts to provide continuous provision of utilities and to restore service following any interruption. However, the University will not be liable for any loss whatsoever which may occur as a result of the interruption or failure of any such utilities or services. In consideration for the monthly rent paid by Vendor, LSU will furnish and maintain fire extinguisher equipment and supplies. Vendor will notify University immediately after any fire extinguisher use or discharge. Vendor will pay for any recharge after use.

**7.11 University Regulations.** Vendor shall abide by all regulations of the University now in effect or adopted hereafter which in any way pertain to or implicate Vendor's operations and activities in, on, or about the Leased Premises and on the University campus.

**7.12 Sales Notice of Leased Premises.** Vendor shall not offer anything for sale on Lessor's campus or property outside of the Leased Premises without the prior written consent of University.

**7.13 Security.** Vendor is responsible for and will exercise maximum security control over all Leased Premises to prevent theft, vandalism, destruction or other damage to or removal by unauthorized persons of properties, facilities, equipment, supplies, inventory, files, records, receipts and/or cash, checks and other sales transactions. Vendor will utilize the University's Police Department for incidents requiring law enforcement services. Vendor shall be allowed to use the camera surveillance security system subject to mutually agreeable terms and reimbursement to LSU. Further, a uniformed LSU Police Officer is assigned to the LSU Union, and Vendor may arrange with LSU for the use of these services subject to mutually agreeable terms and reimbursement to LSU. LSU and University will not be held responsible in any way for any such damages, loss or theft. Vendor is solely responsible for such damages, loss or theft, and will defend, indemnify, and hold LSU, University and its agents, officers, board members, and employees harmless from and against any and all claims, damages, losses and expenses including reasonable attorney's fees both at trial court and appellate levels to or for an attorney of LSU or University's choosing, for any claim for damages arising out of or related to Vendor's obligations assumed pursuant to this section of this Agreement or related to Vendor's obligations to provide security or related to Vendor's obligations under this Agreement.

**7.14 Communications, Computers, and Technological Installations.** Vendor shall be responsible for coordinating with the University's Office of Information Technology Services and Facility Services for installation, maintenance and expenses incurred for telephone service, computers, alarms, equipment, etc. on the Leased Premises. Vendor shall reimburse University for costs, including but not limited to the labor of University's employees, incurred relative to the installation and maintenance of telephone services. Vendor shall make no installations or alterations of installations without the prior written consent of the Office Information Technology Services and Facility Services. Pay phones will not be permitted in any of Vendor's operations on the University Campus.

**7.15 Campus Mail.** Campus mail is a service provided to the on campus departments for the intra-University of routine correspondence only. Campus mail can provide, for a fee, mass mailing for advertising, marketing or other promotional type purposes on the campus. Contact should be made to Paul Ramirez (225-578-2922).

**ARTICLE VIII**  
**MARKETING ACTIVITIES AND MARKETING ENVIRONMENT**

**8.1 Marketing Activities.** Vendor acknowledges that, in addition to its obligations to abide by other provisions contained herein, it shall not engage in marketing activities contrary to LSU's Collegiate Licensing Program activities. Further, Vendor acknowledges its understanding and agreement that LSU itself conducts and may continue to conduct certain marketing activities including but not limited to those described in this section 8.1 which may or may not affect Vendor's activities.

**8.1.1 Collegiate Licensing Program.** Vendor acknowledges that LSU and University license the use of their names and other trademarks on products through an agency agreement with the Collegiate Licensing Company. LSU licenses on a non-exclusive basis a large variety of LSU emblematic merchandise which is sold from locations on University campus and locations off of the campus. All emblematic merchandise of LSU or University for sale to the public must be licensed and a royalty must be paid. Royalties are waived for such emblematic merchandise purchased for LSU or University through the LSU Office of Purchasing and for such emblematic merchandise custom printed for the members only of LSU or University employee and student organizations. Vendor agrees that any use it makes of the name and other trademarks of LSU shall be only as licensed unless any licensing requirements are specifically waived in writing by the University.

**8.2 Advertising and Signage and LSU Trademarks.** All advertisements, regardless of media used, must be approved by prior written consent of University. Vendor agrees it will not advertise or promote its relationship with University or utilize LSU's or University's name or logo or use of any identifying marks or property of LSU or University, nor make representation, either expressed or implied, as to LSU's or University's promotional endorsement of Vendor unless it has received prior written consent from the University. Signage is not permitted on the exterior glass, windows or walls of the Leased Premises without prior written consent of the University. Vendor will maintain any approved advertising and signage materials in a state of good condition and repair at all times. Vendor shall abide by the provisions of PS 93 made a part of the RFP.

**8.2.1** LSU does approve the use of the words "LSU Union" by Vendor as part of its municipal address and location within the LSU Union.

**8.3 No Authority to Obligate LSU or University.** Vendor has no authority to obligate University or LSU. Vendor will contract in its own name for those goods, services, and employment needed to accomplish its obligations under this Agreement. Vendor shall not implicate LSU or University as being liable directly or by inference in or for any of its business transactions. It shall conduct its business in such a way as to indicate to all third parties that its operations are separate and distinct from those of LSU or University and that the University and/or LSU is not liable for its activities.

8.4 **Patents and Copyrights.** Vendor shall pay all costs, fees and royalties arising from or associated with Vendor's use of copyrights, trademarks, patented materials, equipment devices or processes used in the operation of, or incorporated in the provision or marketing of, Vendor's goods and services on the Leased Premises. Vendor shall defend, indemnify, and hold harmless LSU, University, its agents, officers, board members, employees, and anyone for whom University or LSU may be liable (collectively for purposes of this paragraph, "Indemnities") from and against any and all claims, damages, losses, and expenses, including reasonable attorney's fees at both trial and appellate levels to or for an attorney of LSU and/or University's choosing, for any claims for damages or injunctive relief arising out of or in any way relating to any allegations of antitrust violation, unfair trade practices, misappropriation of trade secrets or breach of confidentiality and/or copyright, patent, trademark, service mark and/or trade name infringement in whole or in part by Vendor or by anyone for who Vendor may be responsible, including but not limited to Vendor's agents, attorneys, associates, affiliates, directors, officers, employees, sublicensees and/or assignees.

#### ARTICLE IX PAYMENT

9.1 **Customer Payment Plans.** Vendor agrees to accept customer payments in the forms of cash, debit cards, credit cards, checks, cashier's check, or money orders.

#### ARTICLE X BUDGET, AUDITING AND ACCOUNTING

10.1 **Auditing and Accounting.** The University reserves the right to have its representative, including the State Legislature Auditor, audit Vendor's books, records, and other such financial documents or desired information pertaining to this Agreement or to its obligations hereunder.

10.2 **Books and Records.** Vendor shall prepare and keep for a period of at least five (5) years following the end of each year of this Agreement, true and accurate books of accounts and records, conforming to generally sound and accepted accounting principles consistently applied.

#### ARTICLE XI CONTRACT TERMINATION AND DEFAULT

11.1 **Termination.** This Agreement shall terminate on the last day of the term unless earlier terminated as provided herein.

11.2 **Vendor Default.** Vendor shall be in default of this Agreement if any of the following listed events occur and Vendor fails to remedy same after having been given thirty (30) days prior written notice by LSU or University at the address herein designated:

- (a) If Vendor fails to pay when due any annual rent, reimbursement, additional rent, invoice or other financial obligation owed to LSU or University pursuant to this Agreement or otherwise stipulated; provided, however, that upon the third such failure to pay, LSU or University may exercise any rights granted herein or otherwise without the necessity to give Vendor any notice or opportunity to cure.
- (b) If Vendor fails to provide security required or demanded by LSU or University pursuant to this Agreement.
- (c) If a voluntary petition in bankruptcy is filed by Vendor or if any involuntary petition is filed to place Vendor in bankruptcy and the matter is not dismissed within ninety (90) days of the filing.
- (d) If Vendor fails to comply with any of the material terms and/or conditions contained herein or fails to satisfy any material obligation assumed herein.
- (e) If any part of the Leased Premises is abandoned or ceases to be actively occupied and used for retail business for a period in excess of fifteen (15) days.
- (f) If Vendor, after commencement of construction, but prior to substantially completing construction of the improvements to the Leased Premises, abandons (with no intent to continue) construction on any part of the Leased Premises for a period of thirty (30) consecutive days.

If any event listed above occurs, in addition to any rights or remedies provided herein and in addition to any rights provided by law and in equity to a lessor of immovable property or otherwise available, LSU shall have the option to terminate this Agreement immediately and exercise any rights granted herein upon termination.

Vendor hereby waives any and all notice(s) of eviction. Failure to strictly and promptly enforce any of the terms, conditions, or obligations of this Agreement shall not operate as a waiver of any of LSU's or University's rights hereunder.

University, at any time and without notice, may, but shall not be obligated to, cure any default by Vendor of any of Vendor's obligations under this Agreement; and whenever University so elects, all costs and expenses incurred by University in curing any default, including, but not limited to, reasonable attorney's fees, together with interest on the amount of costs and expenses so incurred at the legal rate, shall be paid by Vendor to University on demand, and shall be recoverable as additional rent.

**11.3 LSU Default.** If University or LSU shall refuse, fail or be unable to perform or observe any of the terms or conditions of this Agreement for any reason other than Excused Performance, defined herein below, Vendor shall give the University a written notice of such breach or default. If, within thirty (30) days from receipt of such notice the breach or default has not been corrected or if the default is one that cannot be cured in thirty (30) days, LSU has not commenced steps to cure the default within thirty (30) days, Vendor may at its election either terminate this Agreement effective thirty (30) days after the end of said thirty (30) day period or cure the default, and, to the extent allowed by law, all of Vendor's reasonable and documented expenses in that regard at the option of LSU shall be paid by LSU on demand or offset against outstanding rent.

**11.4 Excused Performance.** In the event that the performance of any terms or provisions of this Agreement (other than the payment of money) shall be delayed or prevented because of compliance with any law, decree, or order of any governmental agency or authority, either local, state, or federal, or because of riots, war, public disturbances, unavailability of materials meeting the required standards, strikes, lockouts, differences with workmen, fires, floods, Acts of God, or any other reason whatsoever which is not within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence, said party is unable to prevent (the foregoing collectively referred to as "Excused Performance"), the party so interfered with may at its option suspend, without liability, the performance of the interfered with obligations (other than payment of money) during the period such interference continues, and extend any due date or deadline for performance by the period of such delay, but in no event shall such delay be extended beyond six (6) months.

**11.5 Removal of Personal Property and Fixtures.** Upon termination or expiration of this Agreement, Vendor shall have the right, within forty-five (45) days after termination or expiration of the Agreement, to remove the Leased Premises all Movable Equipment, Trade Fixtures and Signage owned by Vendor. All property that remains after the forty-five (45) day period shall, *ipso facto*, become the property of the University and may be disposed of by the University as the University sees fit without any payment to Vendor or liability to account to Vendor for the proceeds of any sale or other disposition thereof. At University's option, any such property remaining after said forty-five (45) days may be removed at Vendor's expense, to be collected as additional rent hereunder.

## **ARTICLE XII INSURANCE**

### **12.1 Insurance Required During Lease Term.**

A. Without limiting any other obligations hereunder, the Lessee shall at all times during the Term of this Lease maintain or cause to be maintained the following insurance covering the Premises or activities at or on the Premises, the premiums for which coverage shall be paid by LSU as consideration for the use of the Premises during the Term, as extended, with insurance companies duly licensed to do business in the State of Louisiana and bearing a rating of A+:XV in the latest Best Casualty Insurance.

TYPE	AMOUNT
1) Property Insurance for loss or damage to the Premises by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge and other perils as included in "extended coverage" or "broad form" insurance.	100% repair or replacement (including cost of demolition and debris removal) cost of the Building, less a commercially reasonable deductible but without allowance for depreciation.
2) Commercial General Liability Insurance for the following where the exposure exists:  (a) premises-operations (b) broad form contractual liability (c) products/complete operations (d) use of contractors and subcontractors (e) personal injury (bodily injury and death) (f) broad form property damage (g) explosion, collapse and underground property damage (h) independent contractors (i) sprinkler leakage legal liability (j) water damage legal liability	Coverage in an amount not less than.  \$2,000,000.00 Per Occurrence; \$5,000,000.00 General Aggregate; and \$5,000,000.00 Products & Completed Operations Aggregate; less a commercially reasonable deductible. "Claims Made" form is not acceptable.
3) Business Automobile Liability Insurance for bodily injury and property damage, covering owned automobiles, hired automobiles, and non-owned automobiles;	Combine single limit of Two Million Dollars (\$2,000,000.00) per occurrence.
4) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$2,000,000.00 when work is to be over water and involves maritime exposure.
5) Business Interruption Insurance covering loss of rents by reason of total or partial suspension of, or interruption in, the operation of Facilities caused by the damage thereof.	12 months rental revenue
6) Flood insurance, if applicable	In amounts determined by the Foundation to be reasonable, but no more than the amount available

	under the National Flood insurance Program.
7) Boiler and Machinery Insurance for Loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Premises.	Not less than \$5,000,000.00 with deductible provisions not to exceed \$100,000.00 per accident.
8) Liquor liability, if applicable	\$1,000,000.00 per occurrence

B. Without limiting any other obligations hereunder, LSU shall at all times from the Effective Date hereof maintain or cause to be maintained at its expense the following insurance with insurance companies duly licensed to do business in the State of Louisiana and bearing a rate of not less than A+VI in the latest Best Casualty Insurance Reports. Self insurance through ORM shall satisfy the requirement of this section.

TYPE	AMOUNT
1) Business Automobile Liability Insurance for bodily injury and property damage, covering owned automobiles, hired automobiles, and non-owned automobiles.	Combined single limit of One Million Dollars (\$1,000,000.00) per occurrence.
2) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$1,000,000.00 when work is to be over water and involves maritime exposures.

Proposer shall include all subcontractors as insured under its policies or shall furnish separate certificates for each subcontractor at the limits stated herein.

**12.2 Deductibles and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by LSU. At the option of LSU, either (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to LSU, its board members, officers, officials, employees and volunteers; or (2) Vendor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

**12.3 Other Insurance Provisions.**

The policies shall contain, or be endorsed to contain, the following provisions:

- (a) LSU and University, their board members, officers, officials, employees and volunteers are to be covered as "additional insureds" with respect to liability



arising out of any premises owned, occupied or used by Vendor. The coverage shall contain no special limitations on the scope of protection afforded to the additional insured.

- (b) Vendor's insurance coverage shall be primary insurance with respect to LSU and University, its board members, officers, officials, employees and volunteers. Any insurance or self-insurance maintained by LSU and University, their officers, officials, employees or volunteers shall be excess of Vendor's insurance and shall not contribute with it.
- (c) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to LSU, University, its board members, officers, officials, employees or volunteers.
- (d) Coverage shall state that Vendor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (e) Neither LSU and University nor Vendor shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, or any resulting loss of income, or losses under workers' compensation laws and benefits, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees to the extent and only to the extent that such loss or damage is covered by insurance benefitting the party suffering such loss or damage.
- (f) Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given LSU and University.
- (g) The insurance companies issuing the policy or policies shall have no recourse against LSU and University for payment of any premiums or for assessments under any form of policy.
- (h) Any and all deductibles in the insurance policies shall be paid by Vendor regardless of the nature of the claim.
- (i) All losses shall be made payable to and adjusted with LSU or the University.

**12.4 Acceptable Insurers.** Insurance is to be placed with insurers with an A. M. Best's rating of no less than A+:XV. This requirement will be waived for workers' compensation coverage only for those contractors whose workers' compensation coverage is placed with

companies who participate in the State of Louisiana Workers' Compensation Assigned Risk pool. If, at any time, any of the said policies shall be or become unsatisfactory to University, as to form or substance, or if any company issuing any such policy shall be or become unsatisfactory to University, Vendor shall promptly obtain a new policy, submit the same to University for approval and submit a certificate thereof as herein above provided.

**12.5 Verification of Coverage.** Vendor shall furnish University with certificates of insurance effecting coverage required under this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Certificates are to be received and approved by the University before the Agreement commences. LSU reserves the right to require complete, certified copies of all required policies at any time. Upon failure of Vendor to furnish, deliver and maintain said insurance as above provided, this Agreement, at the election of LSU or University, may be forthwith declared suspended, discontinued, or terminated. Failure of Vendor to take out and/or to maintain or the taking out and/or maintenance of any required insurance shall not relieve Vendor from any liability under the Agreement, nor shall the insurance requirements be construed to conflict with the obligations of Vendor concerning indemnification.

**12.6 Payment of Insurance Premium.** If any of the Property and Casualty insurance requirements are not complied with at their renewal dates, at the option of the University, the University may pay the renewal premium and invoice Vendor for the cost thereof, which shall be due and owing as additional rent within ten (10) days of receipt of invoice, with interest thereon at the rate of ten percent (10%) per annum from demand until paid.

### ARTICLE XIII DAMAGE

**13.1 Casualty Damage.** If any portion of the Leased Premises be damaged or destroyed by fire, windstorm, tornado, flood, vandalism or other casualty, Vendor shall proceed with due diligence to repair such damage or destruction and restore the Leased Premises to their condition immediately prior to such fire, windstorm, tornado, flood, vandalism or casualty, using the proceeds from the insurance policies specified herein to apply toward the cost of such repair and restoration. During any period in which Vendor is unable to occupy the Leased Premises on account of such damage, Annual Base Rent due under this Agreement for said period shall be abated in proportion to the diminished utility of the Leased Premises.

Alternatively, if as a result of such damage or destruction, part or all of the Leased Premises cannot be utilized for the purposes intended herein, University, at its sole option, may remove that area from the definition of Leased Premises and reduce annual rent proportionately to the diminished utility of the Leased Premises.

**13.2 Contamination and Pollution.** Upon commencement of this Agreement, Vendor and their employees shall use their best efforts to keep the Leased Premises free from any and all contamination and pollution. Vendor and their employees, contractors and agents shall

conform to any and all federal, state or local laws or ordinances concerning the storage, handling, transportation, sale or distribution by Vendor of all hazardous or nonhazardous or toxic substances.

University states that to the best of its knowledge there are no underground storage tanks, hazardous wastes or toxic contaminants, or other substances regulated by federal, state, or local laws or regulations, which are located on Leased Premises, except that it is acknowledged that non-friable asbestos may be present on the Leased Premises. To the extent that said asbestos is found on the Leased Premises, University believes that it is nonhazardous and requires no removal or remediation. Vendor agrees that it will not disturb or cause said asbestos to become friable by its activities on the Leased Premises unless University specifically and in writing authorizes such activity. Vendor shall indemnify, defend, and hold University harmless and shall be responsible for all other remediation or damage, including but not limited to environmental damage, arising out of or caused by the negligence or fault of Vendor in its use of or operations on the Leased Premises or the campus of University.

#### **ARTICLE XIV TAXES, LICENSES AND PERMITS**

**14.1 Taxes, Licenses and Permits.** Vendor shall be responsible for the payment and remission of all taxes – federal, state and local – and all license fees, or any other tax applicable to its operation under this Agreement or payable as a result of funds received by Vendor arising out of this Agreement and identified under Federal tax identification number. Vendor will comply with all Federal, State and local laws pertaining to its business operations and conform with general University policies and practices. Vendor agrees to comply with any and all lawful ordinances and regulations pertaining to the use of the Leased Premises and its operations on the campus of University. Vendor shall obtain and maintain at its sole cost and expense all necessary licenses, permits, approvals which may be required by any municipal ordinances, federal and state laws and regulations, governmental authorities, or otherwise, and shall pay all fees in connection therewith, as well as any fees imposed by reason of inspection of the Leased Premises by any governmental authority, or equipment installed therein, and shall make available to University appropriate documents of such current licenses.

#### **ARTICLE XV CONDEMNATION/EXPROPRIATIONS**

**15.1 Condemnation/Expropriations.** If any portion of the Leased Premises is condemned or expropriated partially or totally, to the extent that it cannot be utilized for the purposes intended herein, University, at its sole option, may remove that area from the definition of Leased Premises and reduce annual rent proportionately to the diminished utility of the Leased Premises.

**ARTICLE XVI**  
**TRANSFER, ASSIGNMENT AND SUBLEASE**

**16.1 Transfer, Assignment and Sublease.** Vendor shall not, without prior written consent of the University, sublet any part of the Leased Premises or transfer or assign this Agreement, whether by change of ownership, merger, consolidation, liquidation, or otherwise. In the event that LSU agrees to an assignment or transfer, the assignee or transferee shall assume and be deemed to have assumed this Agreement and all of Vendor's responsibilities and obligations hereunder and shall be liable for the payment of all annual rent and for the due performance of all terms, conditions and agreements herein arising on and after the effective date of the transfer. Vendor shall remain liable for any payments due or liabilities to LSU and/or University or to third parties arising prior to the effective date of the transfer.

**16.2 Subcontracting Services.** Vendor shall not, without prior written consent of LSU and University, subcontract any or all of the responsibilities and obligations of Vendor under this Agreement. University reserves the sole right to reject any and all subcontractors for any reason whatsoever.

**ARTICLE XVII**  
**MORTGAGING OF LEASEHOLD ESTATE**

**17.1 Mortgaging of Leasehold Estate.** Vendor shall not mortgage or encumber its leasehold estate or any interest under this Agreement without the prior written consent of the University.

**ARTICLE XVIII**  
**INDEMNITY**

**18.1 Indemnity.** Upon completion of the construction of the Leasehold Improvements in accordance with this Agreement and the written acceptance of the Leasehold Improvements by LSU, Vendor hereby covenants and agrees, at its sole costs and expense during the term of this Agreement, to indemnify, defend and hold harmless LSU and University and their Board members, officers, agents, and employees (herein collectively referred to as "Indemnities",) against and from any and all claims or demands by or on behalf of any person, firm, corporation or governmental authority, arising out of, attributable to or in connection with the use, occupation, possession, conduct or management of the Leased Premises or any work done in or about the same, or transactions of Vendor pursuant to any rights granted to it pursuant this Agreement, including, but without limitation, any and all claims for injury or death to persons or damage to property, except those claims, demands and/or causes of action to the extent they arise out of the negligence of any Indemnities other than negligence by those employees of LSU supervised by Vendor. Vendor also covenants and agrees, at its sole cost and expense, to hold harmless and defend any and all Indemnities from and against all judgments,

costs, counsel fees, expenses and liabilities incurred in connection with any such claim and any action or proceeding brought thereon and in case any action is brought against LSU or the University or against any of their board members, officers, agents or employees, by reason of any such claim, Vendor upon notice from LSU or the University will resist and defend such action or proceeding by qualified counsel of LSU or the University's choosing.

To the extent allowed by law, LSU agrees to indemnify and defend Vendor from and against any physical damage to tangible property, bodily injury, sickness, death or other claims to the extent caused by the negligent acts, omissions or willful misconduct of LSU or University or their agents or employees arising out of this Agreement; provided, however, that nothing contained herein shall require LSU to indemnify for acts or omissions arising out of the negligent acts, omissions, or willful misconduct of Vendor, its agents, officers, or employees or University's employees when directed or supervised by Vendor

LSU and the University shall not be responsible or held liable for any injury or damage to persons or property resulting from the use, misuse, or failure of any equipment used by Vendor or any of Vendor's agents, servants, or employees, even if such equipment is owned by LSU or University or is furnished by LSU or University to Vendor. The acceptance or use of any such equipment by Vendor shall be construed to mean that Vendor accepts full responsibility for, and agrees to indemnify and to defend LSU/University, their Board members, officers, agents or employees against any and all loss, liability, and claims for any injury or damage whatsoever resulting from the use, misuse, or failure of such equipment, whether such damage or injury is to an employee, agent, or servant or the property of Vendor, or other contractors, LSU, the University, or other persons.

#### **ARTICLE XIX INDEPENDENT CONTRACTOR STATUS**

**19.1 Independent Contractor Status.** Vendor acknowledges that under this Agreement it is an independent contractor and is not operating in any fashion as the agent of LSU or University.

#### **-ARTICLE XX WARRANTIES AND REPRESENTATIONS**

**20.1 Warranties and Representations.**

**20.1.1** Vendor acknowledges that the University has not made and does not hereby make any warranties as to the condition of the Leased Premises or the building containing the Leased Premises or as to the fitness or security of the Leased Premises or the building containing the Leased Premises for any specific use by Vendor

20.1.2 By execution of this Agreement, Vendor and LSU each represent to each other that they are entities validly existing, duly constituted and in good standing under the law of the jurisdiction in which they were formed and in which they presently conduct business; and that the person signing this Agreement on their behalf has due authorization to do so.

**ARTICLE XXI  
NOTICES**

21.1 Notices. Any notice required or permitted under this Agreement shall be deemed to be delivered as of the date delivered in person, when received by telecopy using the telecopy numbers shown herein, if any, or as of the fifth (5<sup>th</sup>) day following the date of the certified or registered mail receipt, when deposited in the United States mail, postage prepaid, return receipt requested, addressed to the parties show below, and refusal to accept delivery of said notice shall be deemed delivery of said notice.

**TO THE UNIVERSITY:**

Office of Purchasing  
Louisiana State University and Agricultural & Mechanical College  
213 Thomas Boyd Hall  
Baton Rouge, LA 70803-3001  
TELEPHONE: 225-578-2176  
FAX: 225-578-2292

**With a copy to:**

Vice Chancellor for Finance and Administrative Services & Comptroller  
Louisiana State University and Agricultural & Mechanical College  
330 Thomas Boyd Hall  
Baton Rouge, LA 70803  
TELEPHONE: 225-578-3386  
FAX: 225-578-5403

**TO Vendor:**

**ARTICLE XXII  
ATTORNEY'S FEES**

**22.1 Attorney's Fees.** To the extent allowed by law, either party who fails to comply with its obligations under this Agreement shall be bound to pay the reasonable attorney's fees of the other party in enforcing such other party's rights, which fees shall not exceed 10 percent (10%) of the amount involved.

**ARTICLE XXIII  
HOLDING OVER**

**23.1 Holding Over.** At the expiration or cancellation of the Agreement, should Vendor hold over for any reason, it is hereby agreed that, in the absence of a written agreement to the contrary, such tenancy shall be from month to month only, and subject to all the other terms, conditions and obligations contained within this Agreement.

**ARTICLE XXIV  
AMENDMENTS**

**24.1 Amendments.** All amendments or modifications to this Agreement must be in writing and signed by an authorized representative of each party hereto.

**ARTICLE XXV  
MEMORANDUM OF LEASE**

**25.1 Memorandum of Lease.** The parties agree to enter into a Memorandum of Lease in the form attached hereto Exhibit "G" for recordation in the public records of East Baton Rouge Parish.

**ARTICLE XXVI  
ENTIRE AGREEMENT**

**26.1 Entire Agreement, Applicable Law and Modifications.** This Agreement including its exhibits, represents the entire understanding between the parties as of the Effective Date and no agreement or representation, verbal or otherwise, between LSU or University and Vendor shall be binding on either party unless incorporated in this Agreement. This Agreement shall be construed in accordance with the laws of the State of Louisiana; shall inure to the benefit of and shall be binding upon each of the parties hereto, their respective heirs, executors, administrators, personal representatives, successors and assigns, and shall not be modified in any manner except by an instrument in writing as provided in Article XXIV. In the event that this Agreement conflicts with any of the exhibits hereto, the Agreement shall control the exhibits. Furthermore, in the event that the Request for Proposal attached hereto as

Exhibit "C" conflicts with the information in Vendor's proposal attached hereto as Exhibit "F", the Request for Proposal shall control.

**ARTICLE XXVII  
SEVERABILITY OF PROVISIONS AND VENUE**

**27.1 Severability of Provisions and Venue.** To the extent that any provision hereof is inconsistent with or in violation of any applicable law, rule, or regulation, such provisions shall be deemed modified so as to comply with such applicable law, rule, or regulation, and shall not otherwise affect any other provision of this Agreement. The State of Louisiana shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding between the parties that may be brought or arise out of or in connection with or by reason of this Agreement.

**ARTICLE XXVIII  
OWNERSHIP OF RECORDS, REPORTS, DOCUMENTS**

**28.1 Ownership of Records, Reports, Documents.** All records, reports, documents and other material delivered or transmitted to Vendor by LSU shall remain the property of LSU and shall be returned by Vendor to LSU at Vendor's expense at termination or expiration of this Agreement. All records, reports, documents or other material related to this Agreement and/or obtained or prepared by Vendor in connection with the performance of the services contracted for herein shall become the property of LSU and shall upon request be returned by Vendor to LSU at Vendor's expense at termination or expiration of this Agreement.

**ARTICLE XXIX  
DISCRIMINATION CLAUSE**

**29.1 Discrimination Clause.** Vendor agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and Vendor agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Vendor agrees not to discriminate in its employment practices, and will render services under this Agreement without regard to race, color, religion, sex, national origin, veteran status, political affiliation or disabilities.

Any act of discrimination committed by Vendor, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this Agreement.



THUS DONE AND SIGNED by LSU in triplicate originals as of the \_\_\_\_\_ day of \_\_\_\_\_, 2010, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES as to LSU:

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

\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_  
John V. Lombardi, President  
Louisiana State University System

THUS DONE AND SIGNED by Vendor in triplicate originals as of the \_\_\_\_\_ day of \_\_\_\_\_, 2010, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES as to Vendor: Vendor

\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_

In accordance with the provisions of La. R.S. 39:13, I acknowledge a receipt of a copy of this Agreement for inventory purposes.

**DIVISION OF ADMINISTRATION**

BY: \_\_\_\_\_  
**COMMISSIONER OF ADMINISTRATION**

**EXHIBIT "A"**  
**Resolution of the Board of Supervisors of LSU**

**EXHIBIT "B"**  
**Resolution of the Board of Directors of Vendor**

**EXHIBIT "C"**  
**Request for Proposal No. 000009255**

LSU'S ACKNOWLEDGEMENT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the aforesaid parish and state, personally appeared **John V. Lombardi**, who being by me first duly sworn, did depose and say that he is the President of Louisiana State University System, and that, in said capacity and on behalf of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and by authority of said Board, he signed and executed the above instrument as the free and voluntary act of said Board for the uses, purposes and consideration therein expressed.

\_\_\_\_\_  
John V. Lombardi

SWORN TO AND SUBSCRIBED before me in \_\_\_\_\_ on this  
\_\_\_\_\_ day of \_\_\_\_\_ 2010.

\_\_\_\_\_  
Notary Public

VENDORS' ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_

PARISH/COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the aforesaid parish/county and state, personally appeared who being by me first duly sworn, did depose and say that he is the Chief Executive Officer of Vendor and by authority of its Board of Directors, he signed and executed the above instrument as the free and voluntary act of said corporation, for the uses, purposes and consideration therein expressed.

\_\_\_\_\_

SWORN TO AND SUBSCRIBED before me in \_\_\_\_\_, on this  
\_\_\_\_\_ day of \_\_\_\_\_ 2010.

\_\_\_\_\_

Notary Public

**EXHIBIT "G"**  
**Memorandum of Lease**

**STATE OF LOUISIANA**  
**PARISH OF EAST BATON ROUGE**

**MEMORANDUM OF LEASE**

This Agreement made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_  
by and between

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional corporation organized and existing pursuant to the laws of the State of Louisiana herein represented by Dr. John V. Lombardi, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors adopted August 17, 2007, copies of which are attached hereto as Exhibit "A"; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848);

(hereinafter referred to as "LSU" or the "Board"); and

**Vendor**, a Delaware corporation organized and existing under the laws of the State of Louisiana, authorized to do and doing business in the State of Louisiana, herein represented by, its Chief Executive Officer, duly authorized by virtue of a resolution of the Board of Directors of said corporation, a certified copy of which is attached hereto and made a part hereof as Exhibit "B," whose mailing address is Vendor, (Federal I.D. No.);

(hereinafter referred to as "Vendor");

WITNESSETH

That, for the rents and upon the terms, covenants and provisions set forth in that certain lease of even date herewith ("Lease") between Lessor and Lessee, Lessor has demised, leased and let, and does hereby demise, lease and let unto Lessee:

square feet of retail and storage space in the building known as the LSU Union located on Raphael Semmes Drive, Louisiana State University, Baton Rouge, Louisiana, together with all common areas on, within and about said LSU Union and egress to and egress from said premises through, over and across all common areas within the LSU Union.

Said lease is made for the rentals and upon each and all of the terms, covenants and provisions thereof, all of which are by this reference incorporated herein and made a part hereof, the same as though fully set forth herein.

This lease is for a term of five (5) years, with a commencement date of 2010.

IN WITNESS WHEREOF, Lessor and Lessee have signed and sealed this Memorandum of Lease in duplicate original as of the day, month, and year first above written.

WITNESSES AS TO LSU:

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

\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_  
John V. Lombardi, President  
Louisiana State University System

WITNESSES AS TO Vendor

VENDOR

\_\_\_\_\_  
\_\_\_\_\_

BY: \_\_\_\_\_



## Appendix C

## INSURANCE REQUIREMENTS

### Insurance Required During Lease Term.

A. Without limiting any other obligations hereunder, the Proposer shall at all times during the Term of this Lease maintain or cause to be maintained the following insurance covering the Premises or activities at or on the Premises, the premiums for which coverage shall be paid by Proposer as consideration for the use of the Premises during the Term, as extended, with insurance companies duly licensed to do business in the State of Louisiana and bearing a rating of A+:XV in the latest Best Casualty Insurance.

TYPE	AMOUNT
1) Property Insurance for loss or damage to the Premises by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge and other perils as included in "extended coverage" or "broad form" insurance.	100% repair or replacement (including cost of demolition and debris removal) cost of the Building, less a commercially reasonable deductible but without allowance for depreciation.
2) Commercial General Liability Insurance for the following where the exposure exists:  (a) premises-operations (b) broad form contractual liability (c) products/complete operations (d) use of contractors and subcontractors (e) personal injury (bodily injury and death)  (f) broad form property damage (g) explosion, collapse and underground property damage (h) independent contractors (i) sprinkler leakage legal liability (j) water damage legal liability	Coverage in an amount not less than:  \$2,000,000.00 Per Occurrence;  \$5,000,000.00 General Aggregate; and  \$5,000,000.00 Products & Completed Operations Aggregate; less a commercially reasonable deductible. "Claims Made" form is not acceptable.
3) Business Automobile Liability Insurance for bodily injury and property damage, covering owned automobiles, hired automobiles, and non-owned automobiles;	Combine single limit of Two Million Dollars (\$2,000,000.00) per occurrence.

4) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$2,000,000.00 when work is to be over water and involves maritime exposure.
5) Business Interruption Insurance covering loss of rents by reason of total or partial suspension of, or interruption in, the operation of Facilities caused by the damage thereof.	12 months rental revenue
6) Flood insurance, if applicable	In amounts determined by the Foundation to be reasonable, but no more than the amount available under the National Flood insurance Program.
7) Boiler and Machinery Insurance for Loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Premises.	Not less than \$5,000,000.00 with deductible provisions not to exceed \$100,000.00 per accident.
8) Liquor liability, if applicable	\$1,000,000.00 per occurrence

B. Without limiting any other obligations hereunder, LSU shall at all times from the Effective Date hereof maintain or cause to be maintained at its expense the following insurance with insurance companies duly licensed to do business in the State of Louisiana and bearing a rate of not less than A+VI in the latest Best Casualty Insurance Reports. Self insurance through ORM shall satisfy the requirement of this section.

TYPE	AMOUNT
1) Business Automobile Liability Insurance for bodily injury and property damage,	Combined single limit of One Million

covering owned automobiles, hired automobiles, and non-owned automobiles.	Dollars (\$1,000,000.00) per occurrence.
2) Worker's Compensation & Employer's Liability Insurance	Limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage. Employer's liability limit is to be \$1,000,000.00 when work is to be over water and involves maritime exposures.

Proposer shall include all subcontractors as insured under its policies or shall furnish separate certificates for each subcontractor at the limits stated herein.

## Appendix D

# Proposal Form

RFP No.000009828

**Proposal Security:** Attached is a proposal security, drawn in favor of Louisiana State University and A&M College (in the form of a certified check, cashier's check, bank check, money order, or proposal bond) in the sum of \$1,000.00.

Having carefully examined the information, specifications, terms and conditions, etc..., contained in or attached to Request for Proposal entitled "Reissue-Lease of Space for Operation of Copy & Mail Services Center & Public Use Convenience Copier Program " and having inspected the University site, the undersigned offers the attached proposal for the University's consideration.

**Price Schedule:** Prices proposed by the proposer is to be submitted below in the following format. Prices submitted shall be firm for the term of the contract.

\$ \_\_\_\_\_ Guaranteed Annual Lease Payment.

\$ \_\_\_\_\_ Amount to be Spent on Construction of Facility Improvements

\_\_\_\_\_ % percent of Adjusted Gross Sales (less applicable State and Local Sales taxes).

Proposal submitted on behalf of:

\_\_\_\_\_  
Firm

\_\_\_\_\_  
Address

\_\_\_\_\_  
City,

\_\_\_\_\_  
State,

\_\_\_\_\_  
Zip

Proposal submitted by:

\_\_\_\_\_  
Name (Signature)

\_\_\_\_\_  
Name (Type or Print)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

\_\_\_\_\_  
FAX No.

\_\_\_\_\_  
Email address

**Note:** The person signing this Request for Proposal and the Proposal shall provide, attached to the Proposal, legal evidence of his/her authority to sign for the firm or corporation.



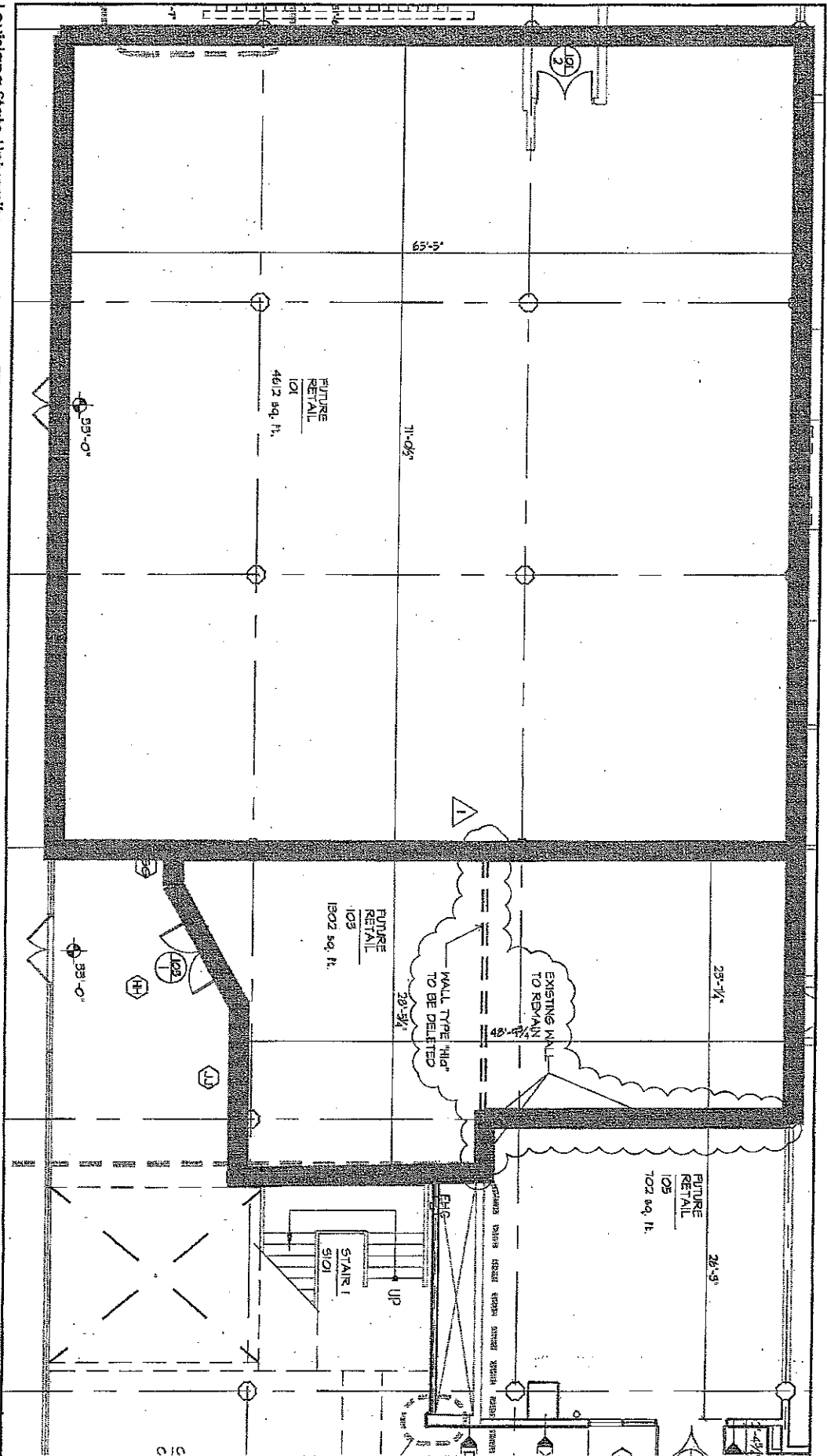
# Exhibit A





# Exhibit B

Student Union Post Office and Student Copy Center  
 (Future Retail 101 and 103)



Louisiana State University  
 Baton Rouge, Louisiana  
**STUDENT UNION**  
 RENOVATIONS & ADDITION  
 Site Project No: 19-601-03-17 (Part 1)



REVISION  
 DATE: FEBRUARY 11, 2010

First Floor Plan - Quad "C"

Date:	2/11/10	SA-212
Revision to SA-179 dated 12/23/08		
Scale:	1/8" = 1'-0"	Ref. Sheet A1.1C

# Exhibit C







# Exhibit D



Louisiana State University

LSU RFP#000009828 Reissue Lease of Space for Operation of Copy & Mail Services Center and Public Use Convenience Copier Program  
 Listing of Proposed 1-Daily Stops - Campus Mail

Building	Dept	Room	Map Ref
Athletic Admin		Mailroom	1
Patrick Taylor Hall	Business & Engineering	Mailroom 3rd floor	2 & 3
School of Veterinary Medicine		Vet School Dock	4
Middleton Library		Library Dock	5
Law Center		Law Dock	6
Life Sciences	Biological Sciences	202	7
Pleasant Hall	Cont'd Ed/Ind Study	E106	8
Pleasant Hall	Admissions/Student Aid	1146	9
Sturgis Hall	Soil Science Lab	104E	10
Thomas Boyd	Registrar	112	11
Thomas Boyd	Acctg Services	204	12
Thomas Boyd	Purchasing	213	13
Laboratory School		Main office	14



# Exhibit E

Louisiana State University  
 LSU RFP#00009828-Reissue Lease of Space for Operation of Copy & Mail Services Center and Public Use Convenience Copier Program  
 Mail Volume  
 Fiscal Year 09-10

	Inter-office	Outgoing (Pickup <sup>a</sup> )	Incoming <sup>a</sup>	Total
July-09	18,000	98,946	196,800	313,746
August-09	18,497	105,165	222,400	346,062
September-09	22,672	96,706	226,050	345,428
October-09	18,348	134,320	246,300	398,968
November-09	25,596	105,956	220,400	351,952
December-09	18,287	64,476	179,050	261,813
January-10	18,825	159,165	256,550	434,540
February-10	21,550	123,684	246,550	391,784
March-10	30,538	119,137	285,000	434,675
April-10	23,978	121,248	300,550	445,776
May-10	30,186	107,051	281,300	418,537
June-10	8,963	91,274	285,000	385,237
	<u>255,440</u>	<u>1,327,128</u>	<u>2,945,950</u>	<u>4,528,518</u>

\*Note some departments drop off mail either because of their location to the mail center or because of a large volume. Further breakdown is not available.

<sup>a</sup> Estimated; see flat and letter breakdown below

	Incoming Letters	Incoming Flats	Total
July-09	120,000	76,800	196,800
August-09	124,000	98,400	222,400
September-09	132,000	94,050	226,050
October-09	156,000	90,300	246,300
November-09	137,000	83,400	220,400
December-09	119,500	59,550	179,050
January-10	173,000	83,550	256,550
February-10	155,500	91,050	246,550
March-10	190,500	94,500	285,000
April-10	220,000	80,550	300,550
May-10	206,000	75,300	281,300
June-10	208,500	76,500	285,000
	<u>1,942,000</u>	<u>1,003,950</u>	<u>2,945,950</u>

# Exhibit F

Louisiana State University  
 LSU RFP#00009828-Reissue Lease of Space for Operation of Copy & Mail Services Center and Public Use Convenience Copier Program  
 Postage for outgoing mail by carrier/class

Carrier	Class	Fiscal Year 2005-06		Fiscal Year 2006-07		Fiscal Year 2007-08		Fiscal Year 2008-09		Fiscal Year 2009-10	
		No. Pieces	Total Charge	No. Pieces	Total Charge	No. Pieces	Total Charge	No. Pieces	Total Charge	No. Pieces	Total Charge
DHL **	Intl	7,825	\$ 12,786.50	996	\$ 1,933.09						
No Carrier **	No Class	170,426	\$ 41,871.34	50,872	\$ 6,811.27	82,093	\$ 4,121.94	58,785	\$ 3,286.71	160,346	\$ 1,991.65
State ***	Messenger	2,069	\$ 1,739.34	3,448	\$ 2,658.13	266	\$ 203.97				
USPS	First Class Auto Letter	911,507	\$ 291,529.98	905,417	\$ 296,939.63	837,646	\$ 287,419.35	843,888	\$ 300,019.89	811,385	\$ 294,854.78
	First Class Auto Flat	579	\$ 583.29	9,106	\$ 11,744.70	65,287	\$ 91,736.90	60,705	\$ 84,851.40	57,882	\$ 81,178.96
	1CFlat			32,412	\$ 32,903.45	57,075	\$ 64,931.29	48,338	\$ 53,994.59	41,165	\$ 46,720.99
	1CIPkg			1,470	\$ 3,213.62	11,054	\$ 23,769.78	9,500	\$ 20,515.79	10,271	\$ 22,221.56
	1CNAPres			103,731	\$ 116,688.12	214	\$ 83.03	34	\$ 13.40	445	\$ 188.23
	1CSPiece			78,801	\$ 89,574.73	534,823	\$ 257,365.30	361,279	\$ 151,754.34	310,666	\$ 135,892.51
	BookIntl			16	\$ 59.20						
	Express Mail			25	\$ 1,161.45	22	\$ 421.40	41	\$ 844.70	8	\$ 192.60
	Priority Mail International			252	\$ 2,316.55	313	\$ 3,834.30	559	\$ 12,393.35	532	\$ 13,796.90
	Express Mail International			14	\$ 333.00	8	\$ 175.65	7	\$ 233.95	4	\$ 121.40
Intlst				1,777	\$ 3,707.58	13,102	\$ 22,560.04	2,468	\$ 9,285.64	1,568	\$ 6,310.98
IntlstFl						266	\$ 1,207.08				
IntlstLtt						1,328	\$ 1,320.33	11,089	\$ 10,723.03	10,573	\$ 10,741.12
IntlstPgs						8	\$ 84.66	214	\$ 2,026.95	382	\$ 3,720.42
USPS	Intl Intl	178	\$ 1,221.44	11,616	\$ 21,017.64						
USPS	MailBag			7	\$ 413.30	4	\$ 213.35	1	\$ 48.00	3	\$ 143.80
	Media Mail	1,741	\$ 3,898.31	1,762	\$ 4,136.18	2,211	\$ 6,099.13	1,849	\$ 4,904.34	1,970	\$ 5,602.76
	Non Profit	10,523	\$ 1,571.83	9,466	\$ 1,225.33	578	\$ 60.11	1,596	\$ 161.20		
	Priority	28,897	\$ 140,594.10	25,234	\$ 131,114.90	26,228	\$ 152,820.55	25,985	\$ 163,933.50	19,584	\$ 122,120.73
	PkgSBPMF	2	\$ 3.96	9	\$ 18.81	269	\$ 546.84	312	\$ 615.45	2	\$ 4.01
	PkgSBPMP					1	\$ 3.25	11	\$ 32.32	1	\$ 2.54
	PkgSLSP	25,364	\$ 41,814.05	4,133	\$ 9,027.50	2,087	\$ 5,107.91	974	\$ 2,771.16	109	\$ 247.08
	PkgSP	13	\$ 72.37	363	\$ 1,969.11	337	\$ 2,116.12	85	\$ 659.51	48	\$ 353.79
	PP Intl	90	\$ 2,525.65	102	\$ 2,580.90						

Carrier	Class	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10
		No. Pieces	No. Pieces	No. Pieces	No. Pieces	No. Pieces
		Total Charge	Total Charge	Total Charge	Total Charge	Total Charge
USPS-BRM	BusRep	6,695	15,325	13,580	8,804	7,880
		\$ 10,044.41	\$ 17,317.36	\$ 11,255.29	\$ 7,873.00	\$ 6,726.13
USPS Dom	Pkg Svcs Library NonM				65	778
					\$ 117.61	\$ 2,264.81
	Totals	1,825,787	1,712,428	1,475,520	1,385,913	1,387,353
		\$ 953,371.75	\$ 927,276.47	\$ 840,887.26	\$ 815,836.89	\$ 734,832.90

\* DHL noted because there was a contract with them to handle international mail at one time. International mail is no longer processed through a vendor.

\*\* No Class is for adding additional postage if not processed properly. Volume also includes pieces that were sealed only.

\*\*\* State Mail is a service provided by the State Mail Operations where mail delivered to state agencies around town was picked up and delivered. Subscription was terminated.

# Exhibit G



**Louisiana State University**  
**LSU RFP#000009828-Reissue Lease of Space for Operation of Copy & Mail Services Center and Public Use\***  
**Convenience Copier Program**  
**Offset Printing Statistics**

OFFSET Types of Work	Fiscal Year 2009-2010	# of Jobs
4 color folded & Flat Sheet	\$ 468,795	195
4 color saddlestitched	\$ 546,815	81
Saddlestitched	\$ 137,601	42
2 color Folded & Flat	\$ 147,483	125
1 color folded & Flat	\$ 73,854	142
Perfect Bind	\$ 80,453	9
NCR	\$ 20,213	39
	\$ 1,475,214	633
Letterhead	\$ 61,590	* 180
Envelopes	\$ 133,239	* 388
Invitation	\$ 4,947	* 13
Misc	\$ 5,770	7
	\$ 1,680,760	1,221

\* LSU Business Systems will be handled by State Printing

1,086,416	Main campus
102,327	NCBRT
492,017	State, other LSU System campuses, (ie. AgCenter, Pennington Law Center)
\$ 1,680,760	

# Exhibit H

Louisiana State University  
 LSU RFP#00009929- Release Lease of Space for Operation of Copy & Mail Services Center and Public Use Convenience Copier Program  
 Digital Printing Statistics

SUMMARY	B&W Digital Equip Clicks ^	Color Equip Clicks ^	Digital Revenue	Primary Types of Jobs										total
				B&W # Jobs	Color # Jobs	Color&B/W # Jobs	Wide Format # Jobs	Other* # Jobs						
July-09	1,954,595	206,652	\$ 108,684	37,110	154	\$ 35,942	79	\$ 22,244	33	\$ 8,557	83	\$ 4,831	\$ 108,684	
August-09	2,018,649	125,720	\$ 112,550	42,102	215	\$ 20,761	90	\$ 37,166	79	\$ 5,212	58	\$ 7,309	\$ 112,550	
September-09	1,049,193	83,331	\$ 115,248	34,035	215	\$ 24,131	93	\$ 28,688	66	\$ 2,181	58	\$ 7,233	\$ 115,248	
October-09	1,957,798	189,241	\$ 151,864	45,070	272	\$ 47,108	162	\$ 41,767	49	\$ 9,598	77	\$ 8,326	\$ 151,864	
November-09	2,342,177	173,386	\$ 106,801	27,944	185	\$ 25,089	95	\$ 41,663	38	\$ 4,820	53	\$ 7,285	\$ 106,801	
December-09	2,447,005	83,780	\$ 192,348	29,659	141	\$ 12,976	48	\$ 38,813	43	\$ 2,976	29	\$ 10,482	\$ 192,348	
January-10	1,829,827	149,939	\$ 151,301	36,568	237	\$ 36,240	78	\$ 66,142	32	\$ 45,898	29	\$ 7,500	\$ 151,301	
February-10	2,529,422	135,042	\$ 148,813	23,876	170	\$ 31,291	90	\$ 84,812	60	\$ 4,787	40	\$ 6,535	\$ 148,813	
March-10	2,580,335	159,628	\$ 143,915	30,975	245	\$ 37,451	142	\$ 64,397	44	\$ 7,276	68	\$ 8,774	\$ 143,915	
April-10	1,548,205	211,238	\$ 125,809	26,422	150	\$ 32,832	108	\$ 66,671	67	\$ 14,243	90	\$ 3,747	\$ 125,809	
May-10	1,270,794	97,792	\$ 150,341	51,378	187	\$ 23,126	78	\$ 15,505	54	\$ 7,508	45	\$ 28,292	\$ 150,341	
June-10	1,396,906	133,424	\$ 1,602,580	33,863	149	\$ 25,448	74	\$ 37,750	31	\$ 46,186	51	\$ 7,094	\$ 1,602,580	
	22,918,906	1,749,173	\$ 1,602,580	419,002	2,320	\$ 352,395	1,137	\$ 545,538	596	\$ 178,237	681	\$ 107,408	\$ 1,602,580	

^ Click breakdown by job type is not available.

	B&W	Color	Color&B/W	Wide Format	Other*	total
708,622 Mathcampus						
491,648 NGBRT						
402,310 State, other LSU System campuses (i.e. AgCenter, Pennington, Law Center)						
1,602,580						

\* Other = engraving, cd/dvd/rubberstamp, blank stock, course packs, exams  
 Business card total is removed because they are part of LSU Business Systems which will be handled by State Printing  
 May's large "Other" dollars was generated by 1 CD job  
 December's large "Other" dollars generated by exams and a CD job  
 Effective with outsourcing, exams will be printed within departments

# Exhibit I

Louisiana State University  
 LSU RFP#00009828-Lease of Space for Operation of Copy & Mail Services Center  
 and Public Use Convenience Copier Program  
 Current Digital Pricing Model

*Paper is charged at cost + 25%*

<b>Black &amp; White</b>	<b>Per click</b>	<b>8.5x11/8.5x14</b>	<b>11x17</b>
1 to 249	0.040 plus paper		0.080 plus paper
250 to 999	0.035 plus paper		0.070 plus paper
1,000 up	0.030 plus paper		0.060 plus paper
<b>Black &amp; White</b>	<b>TESTS **</b>		
	<b>8.5x11/8.5x14</b>		<i>(handled within depts effective Jan-1)</i>
1 to 4,999	0.05 plus paper		
5,000 up	0.04 plus paper		
<i>**special pricing on tests due to additional security precautions taken</i>			

<b>Color Per click</b>	<b>8.5x11/8.5x14</b>	<b>11x17</b>
	0.35 plus paper	0.70 plus paper

<b>SPECIAL NCBRT Pricing</b>			
<b>Black &amp; White</b>	<b>Per click</b>	<b>8.5x11/8.5x14</b>	
1 to 99,000	0.0291 plus paper		
100,000 to 149,999	0.0276 plus paper		
150,000 to 199,999	0.0261 plus paper		
200,000 & up	0.0246 plus paper		
<b>Color</b>	<b>Per click</b>	<b>8.5x11/8.5x14</b>	<b>Per click</b>
			<b>12x18 and 11x17</b>
1 to 149,000	0.3000 plus paper		0.6000 plus paper
150,000 to 199,999	0.2993 plus paper		0.5986 plus paper
200,000 & up	0.2798 plus paper		0.5596 plus paper

# Exhibit J

Louisiana State University  
LSU RFP#00009828-Reissue Lease of Space for Operation of Copy & Mail Services Center and Public Use Convenience Copier Program  
Binding Requirements for Digital Printing

Digital Binding Characteristics

NCBRT

- Primarily colling: B&W digital device punches – manual coil inserting
- Tower collating: to collate color cover with B&W text
- 5% - 3 ring binder jobs - manual

Folding

- ~ 20% of digital jobs require folds – currently operate a Stahl folder

B&W and Color

- Tower collate color cover with B&W insides and then it fold, saddlestitch and trim

Color (excluding NCBRT)

- 30% to 40% require saddlestitch
- Remainder is cut and wrap

B&W

- NCBRT primarily coils
- Independent Study comb binds – digital device punches, manually insert comb
- 20% saddlestitch
- Remainder corner staple or 3 hole punch inline (excluding NCBRT colling & Ind Study combs)

# Exhibit K



**LSU RFP#000009828-Lease of Space for Operation of Copy & Mail Services  
Center and Public Use Convenience Copier Program**

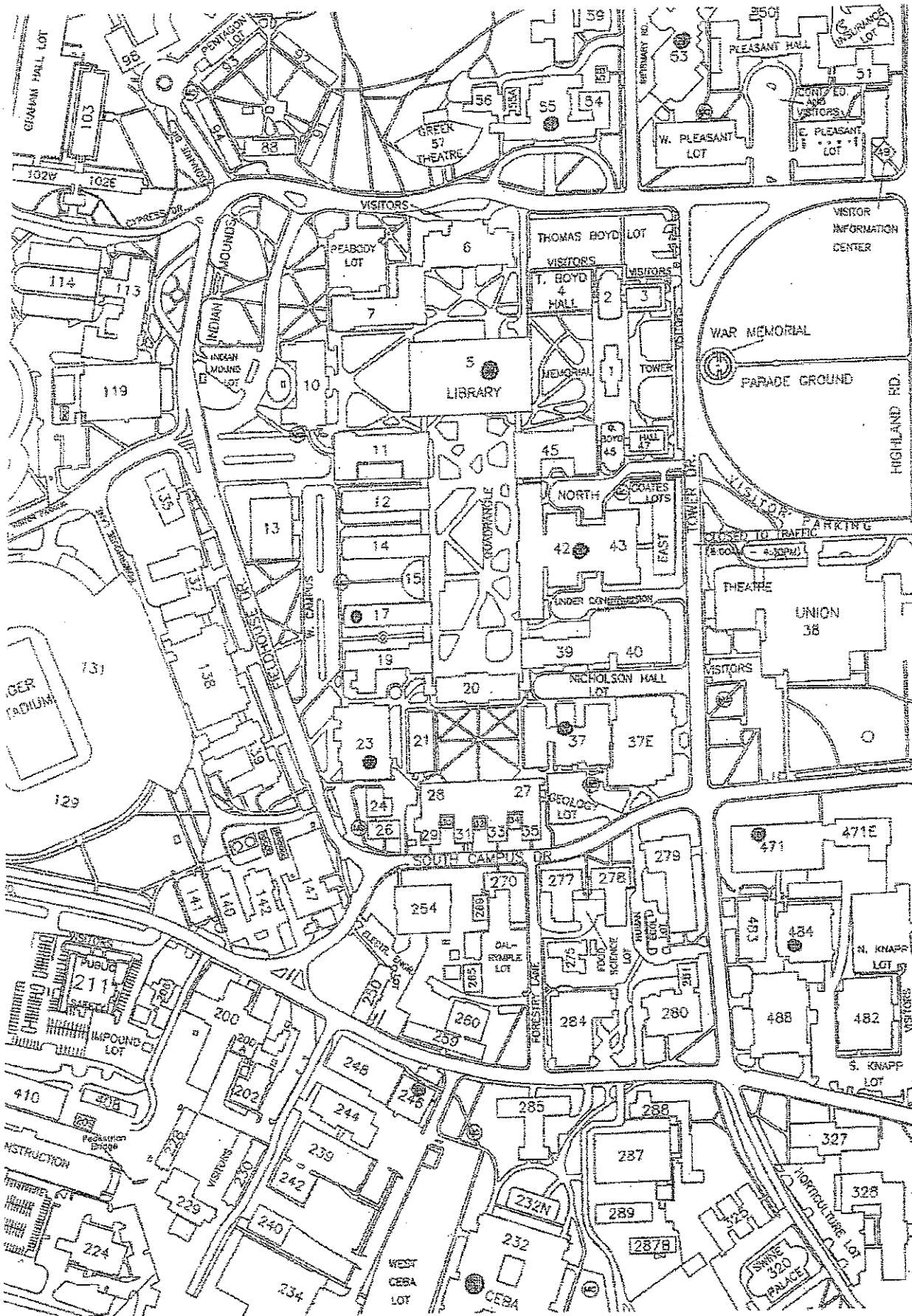
**COPY CENTER STATISTICS**

	<u>FY10 Revenue</u>
Student Copy Center Sales	\$14,669
Departmental print jobs produced by Student Copy Center	\$26,243
Departmental use of Convenience Copiers	\$4,083
Convenience Copiers Cash (some machines are coin operated)	\$2,125
Convenience Copier Tiger Card Sales	<u>\$65,970</u>
	\$113,090

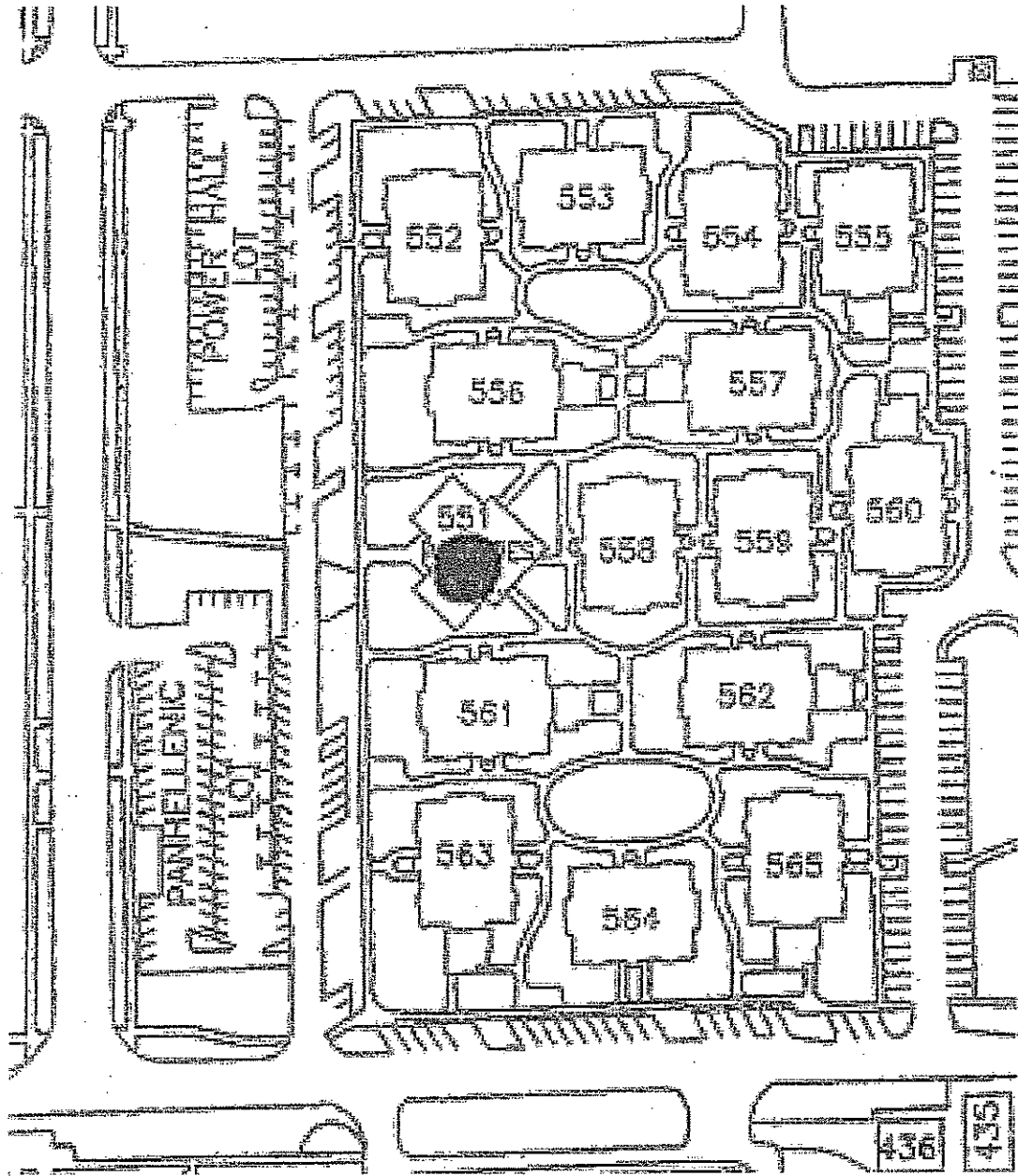
**CONVENIENCE COPIER STATISTICS**

Map ID #	Building	Floor/Room	Annual Click Total FY 10	
			B&W	Color
17	Audubon Hall	234	9,779	
484	Choppin Hall	1st	6,348	
42, 43	Coates	1st	4,493	
23	Design Bldg	4th	16,054	
551	East Campus Apts	Activities Bldg	5,621	
37	Howe Russell Geoscience	1st	9,487	
471	Life Sciences Bldg	100B	4,764	
246	Copy & Mail Ctr	Lobby	6,488	
5	Middleton Library	1st	247,130	9,482
		2 <sup>nd</sup>	51,324	
		3rd	45,050	
		4th	44,820	
53	School of Music Bldg	Lounge 128	37,380	
54, 55	Music & Dramatic Arts Bldg	Basement/B10	27,529	
232	Taylor Hall (CEBA)	1st Main Lobby	134,759	4,082
	U High	Media Ctr	4,094	

# Public Access Copier Locations



# Public Access Copier Locations – cont'd



# Exhibit L

Louisiana State University

LSU RFP#000009828-Reissue Lease of Space for Operation of Copy & Mail Services Center and Public Use Convenience Copier Program

University Owned Equipment Available for Lease

Description	Acq Date	Manufacturer/Model
<b>Printing Office</b>		
Automatic Binding System	2007	Speil/CoilmasterIII
Table top folder	1997	Baum Ultrafold, 043-2-p
Wide Format Printer	2000	Roland, F-J50
Wide Format Printer	2003-Used	Roland, F-J50
Laminator- 62 inch	2000	Seal, Image 62 Plus
Wall mounted trimmer	2000	X-Acto-Elite 63
Wide format cutter		Star Trim 62
Shrink Wrapper	2002	Easteey, ET2008 & EM16T
All purpose cutter		Triump
Paper Drill - 3 hole	1993	Challenge, EH-3A
Paper Drill 3 hole	1980	Challenge
coiler/crimper/cutter	2002	GBC, CI-12
coiler/crimper/cutter		GBC, CI-12
Comb Binder		GBC
Foil Stamp Printing	2004	PowisParker, p-21
Velobind	2004	GBC, System 3 PRO
Punch with 2 dies	2005	Rhin-o-tuff/HD7700
Punch with 2 dies		Rhin-o-tuff/HD7700
Business Card Slitter	2005	Spiral Binding/HS-2000A
Paper Counter	2009	Seasons Counting/CWI
shredder		Intimus 444
Various hand trucks & pallet jacks		
Various punch machines		
4 Rolling 3 shelf wire carts		
4 to 6 large metal trash bins		
15 rolling garbage cans		
warehouse shelving		
4 kitchen tables and 24 chairs, 3 microwaves, 3 refrigerators		
Nexpress	2003	Kodak 2100 Plus
Nexpress 2100 SE	2004	Kodak/2100SE
Nexpress Glossing station	2005	Kodak, serial #0059AG
Digimaster Digital Production System	2005	Kodak E150
Used Digimaster Printer	2005	Kodak 9150
Used Digimaster Printer	2008	Kodak 9110
<b>Mailing</b>		
Bundle typing System	1979	Bundle tying system
Strapping machine	1996	Polychem/PC100
Mail work Station	1981	Hamilton sorter
Scales	1993	Micro General 1070
Mailing scale	1999	Ascom Hasler/AH100
Printer w/2000 sht stack	2004	Microplex x F/24
Labeler/15000 per hour	2004	Accufast XL
Mail Machine	2004	Pitney Bowes DM800 w/ scanner
Mail Machine	2004	Pitney Bowes DM800 w/ scanner
Mail Machine	2004	Pitney Bowes DM800 w/ scanner
30 lb scales	2004	Pitney Bowes MP30
30 lb scales	2004	Pitney Bowes MP30
30 lb scales	2004	Pitney Bowes MP30
Mail accounting system	2004	Pitney Bowes Accutrac Z585
computer collecting network data	2004	Pitney Bowes J600
Inkjet Printer		Bryce 24KP console with Kirk Rudy feeder
Lunchroom: 4 kitchen tables and 11 chairs, 2 microwaves, 1 refrigerator		

Description	Acq Date	Manufacturer/Model
Copy Shop		
16" Electric punch	1985	
14" paper cutter	1989	Triumph
Tabletop punch	2002	Rhin-O-tuff/JD7000
Shrink Wrap system	2004	Dibipack 4255
Paper cutter	2000	Challenge/Titan 200
Padding machine		
Tiger Card Readers cr1122 serial # 3010556		
Tiger Card Readers cr1122 serial # 3010579		
Tiger Card Readers cr1122 serial # 3010580		
Tiger Card Readers cr1122 serial # 3010581		
Tiger Card Readers cr1122 serial # 3010583		
Tiger Card Readers cr1122 serial # 3010584		
Tiger Card Readers cr1122 serial # 3010585		
Tiger Card Readers cr1122 serial # 3011444		
Tiger Card Readers cr1122 serial # 3013674		
Tiger Card Readers cr1122 serial # 3013677		
Tiger Card Readers cr1122 serial # 3013678		
Tiger Card Readers cr1122 serial # 3014450		
Tiger Card Readers cr1122 serial # 3014451		

# Exhibit M

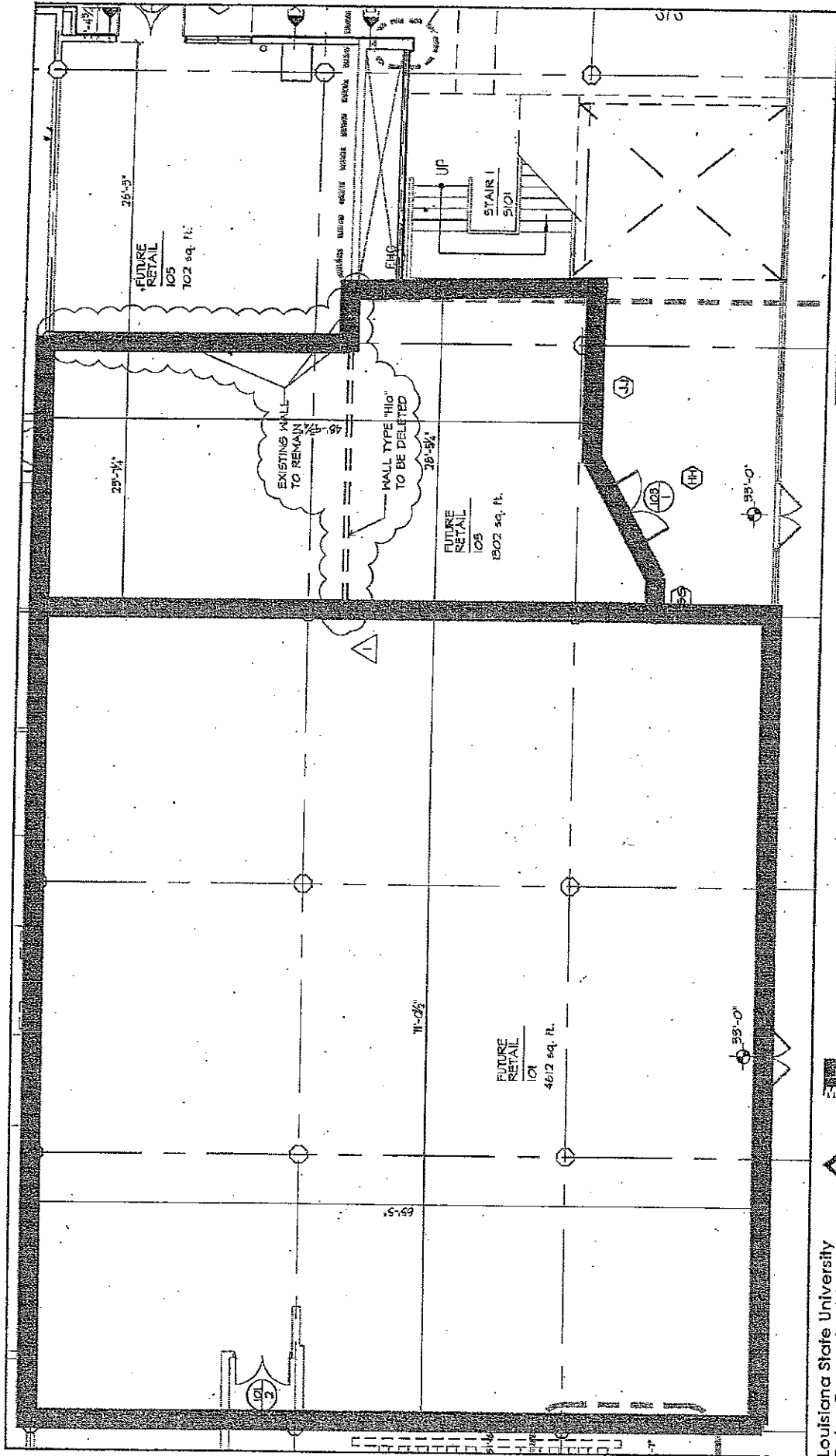
### Mailboxes Provided by LSU

Size	Quantity
3" x 5.5"	6300
5" x 5.5"	80
11" x 5.5"	350
11" x 11"	50
Total	6,780



**EXHIBIT "D"**  
**Floor Plan of Leased Premises**

Student Union Post Office and Student Copy Center  
(Future Retail 101 and 103)



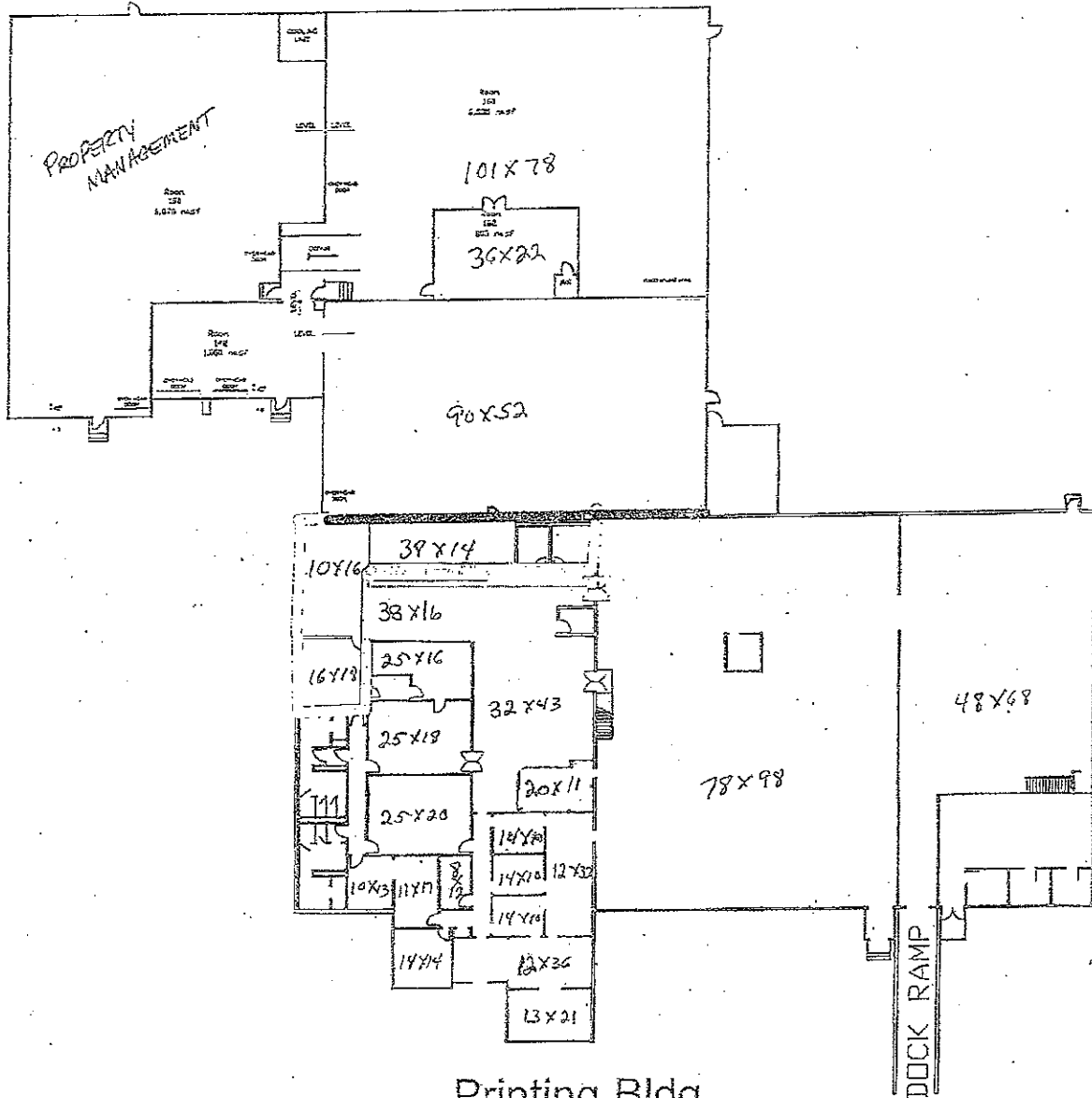
Date: 2/11/10  
Revision to SA-179 dated 12/23/08  
Scale: 1/8" = 1'-0" Ref. Sheet A1.C

First Floor Plan - Quad "C"

REVISION  
DATE: FEBRUARY 11, 2010



Louisiana State University  
Baton Rouge, Louisiana  
**STUDENT UNION  
RENOVATIONS & ADDITION**  
State Project No: 19-601-03-17 (Part 1)



Printing Bldg.  
Existing  
Map # 197, FAC #323

EXHIBIT "E"  
Plans and Specifications for Improvements

# RICOH

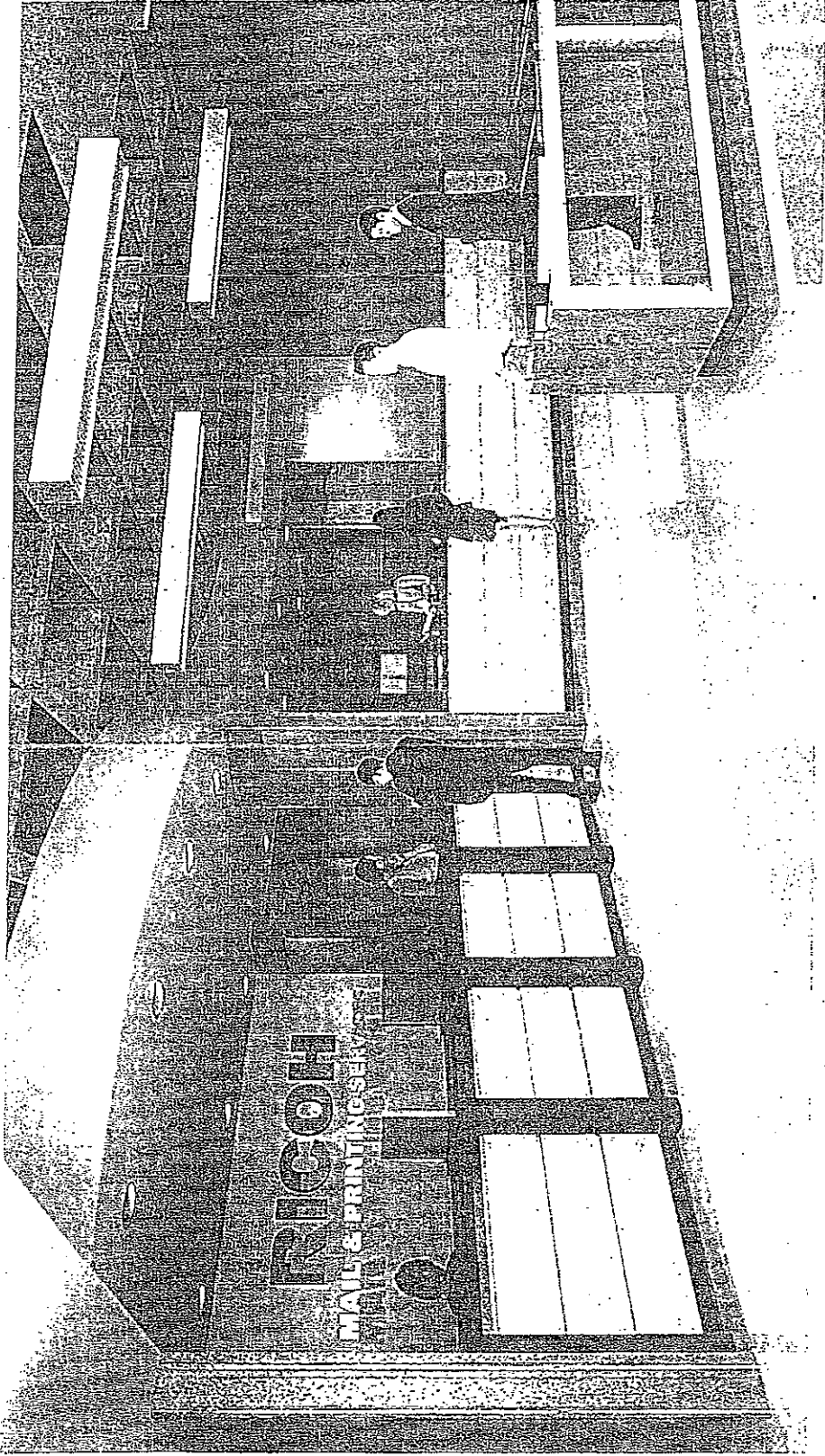
Professional Services

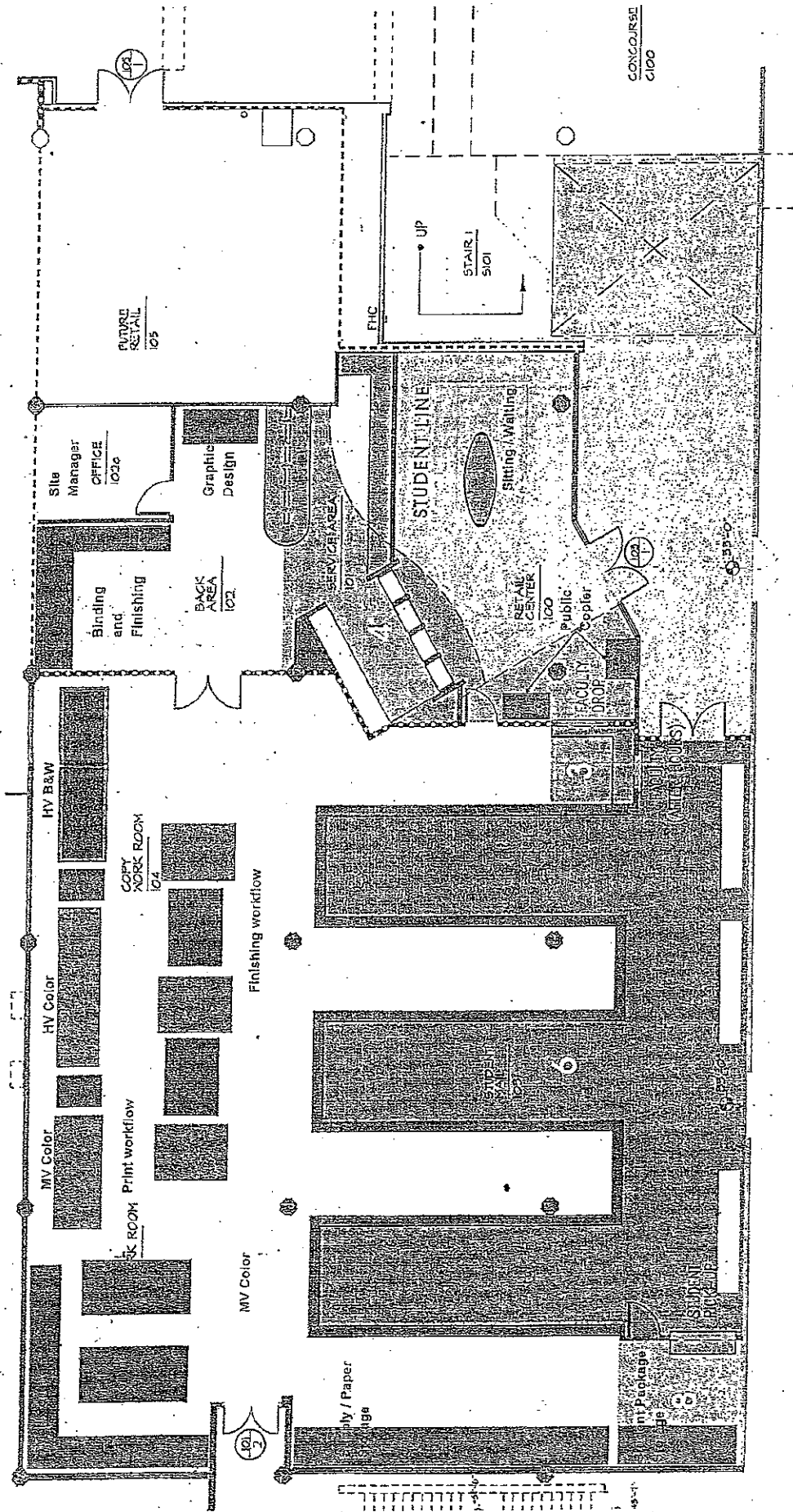
Ricoh intends to invest a sizeable amount of capitol in order to make the LSU Student Union Copy Mail Center a successful venture. Along with Ricoh's \$350,328 investment in the construction and build out of the Student Union facility Ricoh will be investing an additional \$234,546 in Equipment, Software, Solutions and Furnishings. Ricoh's intent is to provide best of breed processes and solutions enabling the Copy Mail center to exceed the expectations of LSU's faculty, staff and students.

## Capitol Expenditure Plan LSU Student Union mail / Print Center

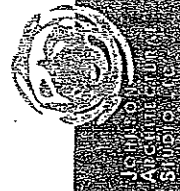
### Capitol Investment Summary

Construction and Build-out		\$350,328
Computers Software and Solutions		
	Computers and Servers	\$72,000
	Software	\$121,900
	Solutions	\$14,800
Equipment		
	Finishing Equipment	\$19,846
	Furniture	\$3,000
	Security System	\$3,000
	<b>Total Investment</b>	<b>\$584,874</b>





100 corridor 2 lobby 532 faculty drop off 4 teller-counter 5 work area 533 student mail boxes 7 mail room 537 student pick up



LSU STUDENT UNION POST OFFICE

Louisiana State University  
Baton Rouge, LA 70803



**LNU**  
**STUDENT UNION**



RICOH Business Solutions  
5055 South Sherwood Forest Blvd.  
Baton Rouge, LA 70816

Lease of additional Space:

Ricoh is interested in leasing the additional space located in the old Printing Services space located at 3555 River Road. The desired space is outlined in yellow as defined in the included floor plan. We have agreed to pay the quoted rate of \$5.61 cents per Square Foot.

Utilities Expense: The University will be responsible for providing access to electricity and air conditioning, where applicable, for the agency operation. The cost of electricity, heating and air conditioning is considered to be included in the lease payment by the Proposer.

# BUQUET LEBLANC INC.

**GENERAL CONTRACTORS — FOUNDED 1945**

Louisiana Contractors License # 93  
P. O. Box 549 Baton Rouge, Louisiana 70821  
Phone (225) 753-4150 Fax (225) 751-1922

2-24-2011

Mr. Monroe Porter  
Professional Services Account Manager  
RICOH Professional Services, Inc.  
Baton Rouge, LA

Re: Ricoh Lease Space  
LSU  
River Road

Monroe,

Per our phone conversation, please budget \$5,500.00 for the following scope of work:

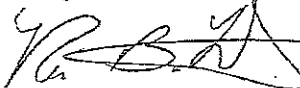
- Furnish and install one commercial door with lockable hardware
- Furnish and install new VCT Flooring in 16' x 18' reception area
- Paint all walls in 16' x 18' reception area
- Furnish and Install new 2' x 2' ceiling tiles in existing grid @ 16' x 18' reception area
- Furnish and Install a new 18' long partition to close off 38' x 16' corridor

Our Louisiana State Contractors License number is 93.

Please contact us if you have any questions, comments or if you need any additional information.

Yours very truly,

BUQUET & LEBLANC, INC.



Rob Liles  
Vice President

cc: File - C

**EXHIBIT "F"**  
**Ricoh's Proposal**

# RICOH

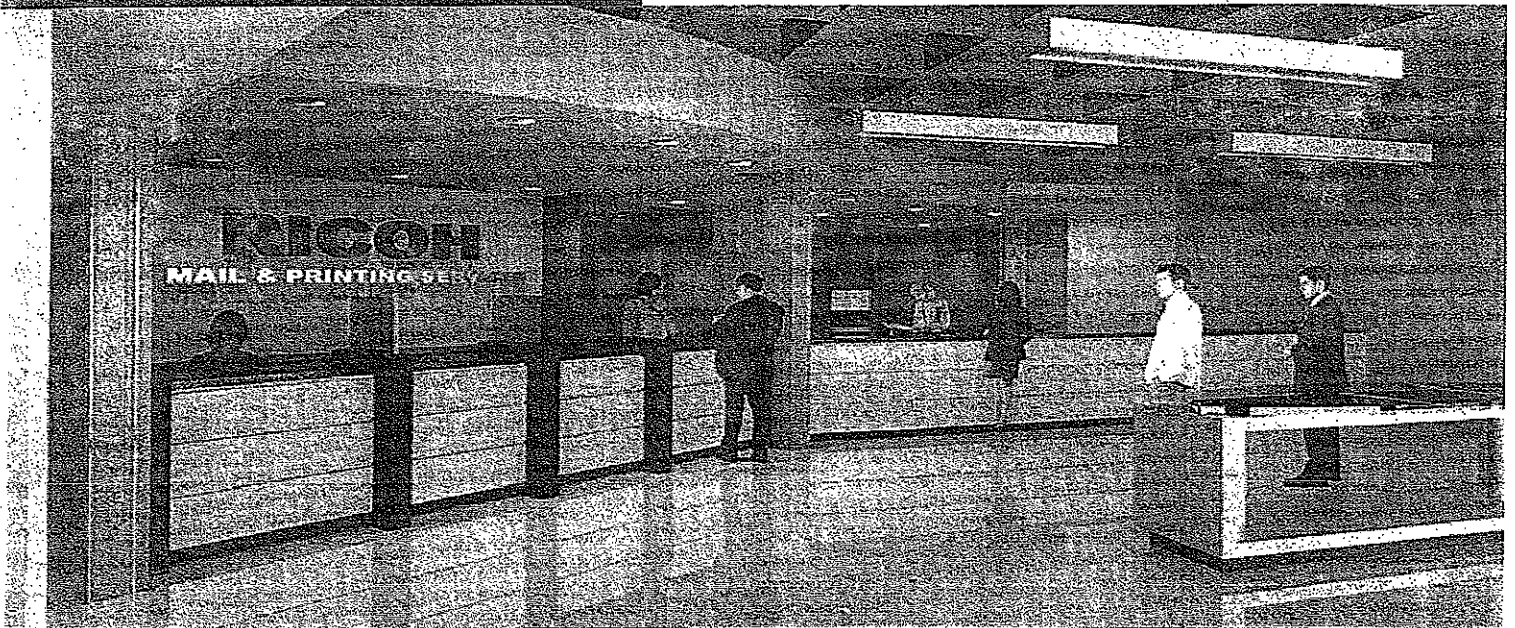
Response to

## Louisiana State University

Reissue-Lease of Space for Operation of Copy &  
Mail Services Center & Public Use Convenience  
Copier Program RFP#000009829

January 27, 2011

LSU Student Union Copy / Mail Services



*your document management partner*

Presented by:

Monroe Porter  
Professional Services Account Manager  
225-292-3090 – Office  
504-473-6166 – Cell  
225-292-2094 – Fax  
[Monroe.Porter@ricoh-usa.com](mailto:Monroe.Porter@ricoh-usa.com)

Stacey Arceneaux  
Major Account Executive  
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## Reservation of Rights

The trademark "RICOH" and any RICOH product names used, quoted and/or referenced within this document or the RICOH Web Site(s) are trademarks or registered trademarks of RICOH. Other company names and product names used, quoted and/or referenced are protected as their respective trade name, trademarks or registered trademarks.

All enclosed program related information is based upon Ricoh's interpretation of program needs and upon data provided to Ricoh by LSU.

In response to your request, we are pleased to submit this response for your consideration. We recognize your right to negotiate and approve the terms and conditions of any contract following award and respectfully reserve the right to do the same. We acknowledge that all contract terms and conditions must be mutually agreed upon by both of us. Our response contemplates that both parties reserve the right to review and negotiate appropriate and mutually acceptable terms and conditions in the exercise of good faith. As is customary for transactions of the type contemplated by your request, our response is based upon the information and assumptions provided by LSU and any changes to such information or assumptions, including, but not limited to, creditworthiness, if material, may require a modification. We will be pleased to work with you to promptly finalize mutually acceptable contract terms and, if applicable, provide copies of appropriate contract forms for that purpose.

We will provide comments to certain provisions of LSU Terms and Conditions in furtherance of our primary focus on negotiating a mutually acceptable definitive agreement. Our comments do not reflect all of the provisions of the agreement that the parties may elect to discuss during negotiations, but rather are intended to identify the subjects of material concern.

Our clients have asked that Ricoh schedule reference calls to a negotiated time and date so calls are promptly answered and their time is respected.

Ricoh's pricing contained in this response is valid for ninety days post receipt.

## A. Cover Letter/Executive Summary

Ricoh Americas Corporation (Ricoh) would like to thank Louisiana State University (LSU) for the Opportunity to respond to RFP# 000009829. As your incumbent Fleet Management vendor, we believe our relationship has provided mutual benefits to both parties. Our program has delivered LSU Significant Savings, leading edge technology (in respects to when Ricoh was awarded the contract), and outstanding service and equipment reliability on an ongoing basis. To illustrate our commitment to quality products and services, Ricoh wanted to point out that we have maintained a 98 percent or greater uptime on 430 devices for the last 3 1/2 years. We believe this is a true testament of Ricoh's commitment to providing quality products and services to LSU.

As with any business relationship, Ricoh would like the opportunity to expand our professional relationship. We see and understand the financial situation the State is in, and the negative consequences this has on the Higher Educational and Healthcare Systems. It is hard for any business to adequately operate, much less strive to provide an exceptional educational experience, when faced with budget cuts in the 32% range.

As such, Ricoh believes we have the experience, expertise, and track record to help LSU navigate through these turbulent financial times. It is Ricoh's meticulous approach to executing all aspects of our business that provides our financial stability and overwhelming desire to grow and service our customers with unparalleled success.

Therefore, we feel it is relevant to show that Ricoh has read and understands LSU's stated purpose of this RFP: *"The purpose is to provide a comprehensive copy and mail services center located in the LSU Student Union, as well as to provide strategically placed convenience copiers servicing our students and visitors, at no charge to the University. The center should operate in a professional manner, providing the highest caliber of service to the University community."* Based on the two highlighted objectives, Ricoh has put together a solution that is both financially aggressive as well as geared to deliver the highest caliber services. Simply stated, we did not sacrifice one for the other.

Therefore, we strongly believe Ricoh has put together the most comprehensive solution that far exceeds your base requirements. As you review our program, you will notice several technological and process applications that we have included to stream-line operations and provide a better user experience for both your internal and external customers. Examples of this include:

- **Mail Services Kiosk** (automates and streamlines the postal processes resulting in significantly shorter lines and increased user experience. This is an area that has plagued the Postal Services operation for a long time and has been an area of contention. Ricoh has deployed this technology at other large University sites processing 1,200 accountable packages a day with an average wait time of less the 3 minutes).
- **Electronic Signature pads and portable hand held readers:** Capture and time stamp accountable mail pick-up/drop-off, production center pick-up/drop-off
- **Proactive Electronic Mail Notifications (Door Bell)** for both students and faculty/staff. Proactively notifies users electronically when mail has been placed in their box. Prevents unnecessary trips to check for standard mail placed in the boxes. (Standard for Departments and Optional Charge for Students)

## A. Cover Letter/Executive Summary

- **Shipping/Mail Software:** Determines the best economical means of shipping mail/packages for the type of package (letter/package), type of service (priority/overnight), and destination zip code.
- **Automated Postal Center (APC):** This is another self service kiosk that allows you to purchase stamps, and process packages (Fedex/UPS) and USPS services to help distribute traffic and enhance user experience. One of the areas we identified at LSU was the number of customers standing in line to purchase stamps. This will help to alleviate his problem.
- **State of the Art Electronic Order Entry:** Provides electronic departmental catalogs, on-line pricing/order confirmation, departmental chargeback's, and credit card/LSU Tiger Card payment options. This technology is tried and proven and deployed throughout many Universities.
- **Copy Right Clearance Processes:** Helps protect all parties from any undue financial penalties. This will be part of our operational best practice standards. This can be especially helpful as it pertains to producing course packs; as publishers are more aggressively seeking out violators for loss of royalties and revenue as text book sales decrease.
- **Remote Wireless HOT SPOT printers:** Allow users (students and visitors) to print wirelessly over the internet and pay for what they print. There is no need to load print drivers. Provides a simple way for patrons to print, while capturing and charging for the jobs. *No coin boxes required.*
- **Luggage Cart:** Customers leave ID with clerk, and is given a luggage cart to transport boxes/packages. This could come into play with customers getting their work back and forth from the center to their vehicles reserved 6 spaces.

All of these technologies and processes are provided with one common goal: Make it easy to do business with us and enhance the user experience. Please review attached link/URL to see a short video of one of our university production sites. The video provides a tangible aspect for the look and feel of one of our centers; as well as showcase how some of the above mentioned technology is utilized in a live production environment. <http://www.mailservices.emory.edu/Students%20and%20Parents/Emory%20University%20Students%20and%20Parents/Emory%20Mail%20Services%20DUC%20Video.html>

Another area of interest to point out is the detail given to the actual space. This pertains to the actual cosmetic appearance through the **elevation drawing** and the functional user experience illustrated through the **traffic flow diagrams**. We have partnered with Buquet Leblanc for several reasons: ensure we have a professional/functional site, as well as to ensure a smooth construction phase as we mutually design/build the space. This is key since LSU has stated they are going to be responsible for moving and installing the P.O. Boxes. We felt it was critical to partner with the same firm as LSU to ensure a smooth experience. Buquet & LeBlanc know the individuals and standards associated with the build-out within the Union. We feel it is Buquet & LeBlanc's intimacy with LSU and the Union space that ultimately allows Ricoh to provide a realistic and accurate quote of **\$350,328.00 for build-out**. Again, the elevation drawing should depict the level of attention to the cosmetic look and feel that is associated with the standards of the University.

The traffic flow diagrams depict the ease of use for your users. The operation is set-up to provide better customer care based on type of services required: **We have areas designated for Retail, Accountable Mail, and a Faculty/Staff pick-up and delivery**

## A. Cover Letter/Executive Summary

area. We felt this was required since many of these departments are now going to be responsible for picking-up and delivering their mail. These various areas can also be utilized to spread out lines and accommodate peak periods. The combination of technology and spreading out the patrons will allow Ricoh to better service your user community.

As stated in our last response, Ricoh's intention is to provide a wide range of services to support your user community, and keep the business on campus. As been defined by the award criteria, **Ricoh will provide LSU with 3 percent of our adjusted gross sales.** Therefore, the more services we can successfully acquire and support, the more revenue Ricoh will be able to provide LSU. This also pertains to the offset commercial print work that LSU consumes. We understand the production center has been closed, and that your customers are getting this work elsewhere. As such, we will Market our services and earn this business. By doing this we will be able to increase our revenues and therefore provide LSU with more dollars in revenue share. *(As we understand it, work currently going off campus does not provide revenue sharing back to LSU).* To help accomplish this, Ricoh is again going to rely on State of the Art Hardware and Software Technologies, and a strategic relationship with a local Commercial Printer to ensure we can support all your needs.

In addition to the **\$22.50 per square foot for our Guaranteed Annual Lease Payment designated for the 5,914 square feet in the Union.** Ricoh is interested in leasing the additional space that is spelled out in the RFP. Addendum 1 states there is up to 6,000 additional square feet available. We would utilize this space in conjunction with Ricoh and LSU assets to round out our production offering. This additional space would also allow Ricoh to provide an additional point of entry, as well as an alternative pick-up point.

Additionally, **Ricoh has also partnered with DMS Mail Management** to help support the postal requirements. We feel this is their core competency and can support Ricoh in providing the best overall mail program available at the most economical cost; as well as ensure compliance to the contract criteria. DMS has been supporting LSU for a long time and is very familiar with your requirements. They have demonstrated a proven track record.

It should be noted that Ricoh is aware of the importance of leveraging with other companies like Buquet Leblanc and DMS as we go through the implementation phase. Likewise, there are several key aspects that will need to be addressed as we transition the services over to Ricoh. Some of these key areas are outlined below:

- **Space/Layout:** Expedite approval process to shorten build-out period
- **Postal Build-out** (ensure no interruption of mail services while boxes are be relocated)
- **Shadow Existing Employees:** Understand current state offerings
- **Aggressive Human Resource Efforts:** Need to ensure we find the right individuals as quickly as possible. This will include interviewing current LSU employees, as well as conducting an in-depth search for the right candidates.
- **Gain Post Office support:** Meetings with the post office to handle transitioning from P.O. Box to private Campus Box (ensure mail is not returned to sender)
- **Financial Reconciliation Process:** Integrating chargeback processes for departments and Tiger Card integration via API interface



## A. Cover Letter/Executive Summary

- **Production Center Order Entry tools:** Establishing catalogs, electronic pricing tools, order forms, and connectivity through data ports
- **Change Management processes:** Clear communication and obtain early buy-in from internal and external customers to get them ready and excited about the changes. If not handled properly, can prove to be publically disastrous.
- **Marketing of Service Offerings:** Ricoh wants to ensure we get a good start by properly targeting and catering to our customers to ensure they have the best user experience and therefore become long-term customers. Special emphasis will be placed on key customers such as: Faculty/Staff, Incoming Freshman, Athletics, and anyone identified as a heavy user.

As you can see from our Executive Summary, Ricoh has highlighted many areas of importance that ensure a smooth and successful operation. As such, we have solicited the support from local companies we feel are the best in their field. We are doing this to ensure Ricoh is poised to "... operate in a professional manner, **providing the highest caliber of service to the University community.**" *We have cut no corners, and are providing LSU with the best technologies available today. Ricoh will be providing LSU with the most comprehensive program available at any University in the Country. There are other successful programs out there, but non like the caliber of what LSU desires. We are structured to be flexible and can be creative as to the products and services we provide based on end-user feedback. These are called **Customer Driven Services.** (We are not bound by Franchise Guidelines). Simply put, we are putting our Money where our mouth is. We are confident we are the **Partner of Choice** in providing sustainable quality products and services. Our track record with LSU tells the tale and illustrates our commitment to **Service Excellence.** Likewise, this is a testament to a true partnership that has proven to be *Mutually Beneficial!**

### Contact Personnel for Ricoh Americas Corp:

#### Monroe Porter (Technical and Contractual Clarifications)

Professional Services Account Manager  
5055 South Sherwood Forest Blvd.  
Baton Rouge, LA 70816  
225-292-3090 – Office  
504-473-6166 – Cell  
225-292-2094 – Fax  
[Monroe.Porter@ricoh-usa.com](mailto:Monroe.Porter@ricoh-usa.com)

#### Joseph Fields (Authorized Proposer to sign)

District Sales Manager  
5055 South Sherwood Forest Blvd.  
Baton Rouge, LA 70816  
225-292-3090 – Office  
225-266-2756 – Cell  
225-292-2094 – Fax  
[Joseph.Fields@ricoh-usa.com](mailto:Joseph.Fields@ricoh-usa.com)

## B. Table of Contents

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<b>D</b>	Innovative Concepts	22
<b>E</b>	Project Schedule	23 - 30
<b>ATTACHMENTS</b>		
Attachment A	Proposal Form	****Inserted
Attachment B	Capital Expenditure Plan	****Inserted
Attachment C	Ricoh Overview	****Inserted
Attachment D	Evidence of Insurance/Claims Loss Reports	****Inserted
Attachment E	Layout and Design of the Store	****Inserted
Attachment F	Ricoh Personnel	****Inserted
Attachment G	Standard Operating Procedures	****Inserted
Attachment H	Ricoh Quality & Performance Excellence	****Inserted
Attachment I	Sample Implementation Plan	****Inserted
Attachment J	Legal Evidence of Signer	****Inserted
Attachment K	Bid Bond	****Inserted
Attachment L	Addendum	****Inserted

Web Links to additional Ricoh Information:

[www.ricoh-usa.com](http://www.ricoh-usa.com)  
[www.ricoh.com](http://www.ricoh.com)  
[Ricoh Professional Services](#)  
[IT / Network Support Services](#)

Ricoh Annual Reports  
[http://www.ricoh.com/IR/financial\\_data/annual\\_report/index.html](http://www.ricoh.com/IR/financial_data/annual_report/index.html)

## C. Proposal Elements

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### 2.22 Proposal Elements

#### 2.22.1 Financial

- A. Lease: Proposal is to be based upon an annual minimum rent per square foot of \$15.00 per square foot guarantee, payment divided into twelve equal monthly payments.

**Ricoh Response:** See Attachment A, Proposal Form

- B. Construction of Facility Improvements/Construction: Proposer shall provide a Capital Outlay plan which defines the amount of funding for renovations, expansion, alterations, equipment, etc. the successful Proposer will invest.

**Ricoh Response:** See Attachment B, Capital Expenditure Plan  
See Attachment A, Proposal Form

- C. In addition to the minimum lease, the selected proposers must propose to the University a percentage of its adjusted gross sales (less applicable State and local sales tax) from mailbox rental, shipping, retail sales, and other revenue sources.

**Ricoh Response:** See Attachment A, Proposal Form

#### 2.22.2 Technical

Each proposer must provide current, accurate, complete information about all of the following in support of its Proposal (please coordinate numbers with responses):

A. Business Information:

1. Name, address, telephone number, and title of the person(s) whom the University can contact about the Proposal

**Ricoh Response:**

Monroe Porter, Professional Services Account Manager  
225-292-3090 – Office  
504-578-7959 – Cell  
225-292-2094 – Fax  
[Monroe.Porter@ricoh-usa.com](mailto:Monroe.Porter@ricoh-usa.com)

2. Corporate filings, DBA name, registration and tax identification number;

**Ricoh Response:** Ricoh Company, Ltd. acquired Lanier Worldwide, Inc. in 2001 and merged it with Ricoh Americas Corporation (RAC) in 2007. Ricoh Americas Corporation acquired IKON in 2008 and has entered into a joint ownership agreement with IBM Print Systems to include full ownership of the InfoPrint division. RAC is a subsidiary of Ricoh

## C. Proposal Elements

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Americas Holdings, Inc., which is wholly owned by Ricoh Company, Ltd., a publicly traded, \$21 billion leading global provider of document services technology founded in 1936 with over 108,500 employees worldwide.

See Attachment C, Ricoh Overview

### ***Ricoh U.S. Headquarters***

5 Dedrick Place  
West Caldwell, New Jersey 07006  
(973) 882-2000

### ***Ricoh Business Solutions***

2300 Parklake Drive N.E.  
Atlanta, Georgia 30345  
(770) 496-9500

### ***Ricoh Company, Ltd.***

Ricoh Building, 8-13-1 Ginza,  
Chuo-ku, Tokyo 104-8222 Japan

### ***FACILITIES***

Corporate and Regional Headquarters are listed in Corporate and Regional Headquarters Directory

Corporate and Regional Headquarters are listed in Ricoh Co., Ltd. Operations Directory

Sales and Service Facilities are listed in Sales and Service Directory

Manufacturing Facilities are listed in Manufacturing Directory

Research and Development Facilities are listed in Research and Development Directory

### **Tax ID#**

22-2783521

### **Duns Number**

06-107-9273 – Ricoh Americas

69-054-9118 – Ricoh Company, Ltd.

3. Name(s) of owner(s) or partners or directors, as applicable

### **Ricoh Response:**

- Parent Company: Ricoh Company, Ltd. Tokyo, Japan
- Chairman of the Board – Masamitsu Sakurai
- President, CEO – Shiro Kondo

Ricoh Americas Company is a wholly owned, 2nd tier subsidiary of Ricoh Corporation of Tokyo, Japan, which is a publicly traded company. There is no outside individual or entity that owns even 5% of the stock of Ricoh Corporation.

**BOARD OF DIRECTORS – as of July 25, 2009**

## C. Proposal Elements

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### Executive Officers

**Chairman** – Masamitsu Sakurai  
**President and CEO** – Shiro Kondo

### Deputy Presidents

Koichi Endo  
Katsumi Yoshida

### Corporate Executive Vice Presidents

Masayuki Matsumoto  
Takashi Nakamura  
Kazunori Azuma  
Zenji Miura

### Corporate Vice Presidents

Kiyoto Nagasawa  
Yutaka Ebi  
Norihsa Goto  
Mitsuhiko Ikuno  
Kenichi Matsubayashi  
Soichi Nagamatsu  
Kazuhiro Yuasa  
Yohzoh Matsuura

### Directors

Koichi Endo  
Katsumi Yoshida  
Masayuki Matsumoto  
Takashi Nakamura  
Kazunori Azuma  
Zenji Miura  
Kiyoshi Sakai  
Takaaki Wakasugi  
Takuya Goto

### Group Executive Officers

Kazuo Togashi  
Sadahiro Arikawa  
Shiroh Sasaki  
Hiroshi Tsuruga  
Kohji Sawa  
Yoshihiro Niimura  
Michel De Bosschere  
Daisuke Segawa  
Nobuaki Majima

### Corporate Senior Vice Presidents

Terumoto Nonaka  
Etsuo Kobayashi  
Haruo Nakamura  
Kenji Hatanaka  
Hiroshi Kobayashi  
Susumu Ichioka  
Yoshimasa Matsuura  
Norio Tanaka  
Hiroshi Adachi  
Kenichi Kanemaru

4. Names, titles, and resumes of proposer officials who will serve as primary proposer contacts;

### Ricoh Response:

**Monroe Porter**- Sales and Regional Sales Manager for the leading Forms and Print Management Company in North America, with sales of \$8 Billion per year. 10 years in sales and 3 time trip winner. 4 years Sales Management experience in which we exceed our plan every year while navigating multiple acquisitions. Was recognized and awarded the Regional Sales Manager of the year award. Now on my fifth year with RICOH Professional Services as a Facilities Manager Account Manager: Have been engaged in multiple sales and implementations of large complex programs. Have a vast understanding of the higher education market.

**Jeff Plum** has been with Lanier/Ricoh since 1979 and has been a Territory operations Manager with Ricoh Professional Services since 2008.

2008-2010 Ricoh Professional Services

Territory Operations Manager

- Manage field operational personnel providing on site contracted services for fleet management, help desk, courier and mail services in healthcare and other environments.
- Manage a territory covering S. Texas, Louisiana, Mississippi and Tennessee Develop and implement strategies for workflow and process improvement in current and future business sites.

2005–2008 Ricoh USA

Senior Technology Services Manager

- Manage field sales, service and support team of 70 + people covering Houston, Austin and San Antonio
- Annual revenue in excess of \$ 19,000,000 with a net profit over \$ 8,000,000

## C. Proposal Elements

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- Develop and implement growth strategies for current and future business sectors  
Maintain and develop personnel including, field service manager, field service supervisors, sales, service, support and training personnel.

**Stacey Arceneaux** has been with Lanier/Ricoh since February, 2005. She is a Major Account Executive and is responsible for sales and service for major accounts in the Baton Rouge, Louisiana and surrounding area. Stacey is a graduate of Louisiana State University and has been supporting the LSU account of 430 devices since 2007.

5. Length of time and years during which the proposer has provided the Services contemplated by this RFP;

**Ricoh Response:** Ricoh Americas Corporation, a 46 year-old U.S. \$5.8 billion company with headquarters in West Caldwell, New Jersey, is a diversified office automation equipment and electronics provider. Ricoh® is a leading provider of Managed Services in the United States.

Ricoh Americas Corporation markets its products under the brands Ricoh, Lanier and Savin; throughout North, Central and South America. Supporting the marketing and sales for its full line digital office solutions, Ricoh utilizes a nationwide network of independent Ricoh, Savin, Lanier dealers and IKON Office Solutions as well as a Ricoh Business Solutions, it's direct sales opportunities.

Ricoh has been in the business of providing Print Management equipment and maintenance since 1954.

Ricoh Professional Services began offering Facilities Management outsourcing services over 20 years ago. We continue to customize solutions to meet our customer's specific and evolving needs. Today with over 1,880 sites in the US alone, our operations and management support skill sets that are transferable to all services provided.

Current services include, but are not limited to: Central Reprographics Management, Convenience Fleet Management Services, IT/Network Services, Facsimile Management Services, Printer Management Services, Mail/Distribution Services, Shipping and Receiving, Imaging Services, Records Management Services, Help Desk Services, Fulfillment and Inventory Management Services, Host Print Services and Ancillary Services.

6. List of three (3) references, preferably local and colleges/universities, for whom the proposer currently successfully provides similar Services;

**Ricoh Response:** Out of respect for our customers and adherence to select nondisclosure agreements Ricoh is somewhat limited to the level of detail we may share with prospective clients. Many clients have asked that Ricoh schedule reference calls to a negotiated time and date so calls are promptly answered and their time is respected. During further discussions and a collaborative dialogue Ricoh can provide customer details. This same courtesy of confidentiality will be extended to Louisiana State University.

## C. Proposal Elements

Client	Ricoh Contact	Currently Providing
Emory University & Emory Healthcare		Retail, Copy, Mail
Mercer University		Retail, Copy, Mail
State of Georgia, Department of Administrative Services		Full Blown Retail
Baton Rouge General		Copy, Mail, Fleet
Amedisys, Inc.		Copy, Mail, Fleet
University of New Orleans (UNO)		Copy Center

References designed to show diversity in industry and flexibility and scalability in offering. Ricoh's combined managed services customer base puts us as one of the premier outsourced providers for these services in the United States.

7. Insurance carrier(s), types, and amounts of coverage currently maintained by the proposer, and claims/loss reports for the three (3) preceding calendar/fiscal years (2007, 2008, 2009 projected).

**Ricoh Response:** Ricoh's insurance coverage includes Commercial General Liability Insurance, (Tokio Marine Insurance Company) occurrence based, covering bodily injury and property damage, with limits of \$1.0 Million per occurrence and \$2.0 Million aggregate with umbrella liability coverage (also with Tokio Marine) of an additional \$ 10.0 Million. Auto Liability Insurance (Tokio Marine Insurance Company), including owned, hired, and non-owned, occurrence based, \$1.0 Million combined single limit. Workers Compensation Coverage (Travelers Property and Casualty Insurance), statutory limits for all states where employees are located, Employers' liability insurance with \$1.0 Million coverage each, for each accident, disease-each employee and disease-policy limit.

Insurance is with insurance companies that have a minimum financial security rating by AM Best Rating of A VIII or better.

A certificate of insurance will be issued upon award of the contract and prior to commencement of work outlining this insurance coverage.

See Attachment D, RAC Evidence of Insurance/Claims Loss Reports

Insurance Coverage	Policy Description	Limit
✓ <b>Commercial General Liability (CGL)</b>  <b>Carrier -Tokio Marine</b>	✓ <i>Coverage for third party bodily injury and property damage. Coverage includes products/completed operations liability, personal injury and contractual liability.</i>	\$1,000,000 per occurrence \$2,000,000 in the aggregate
✓ <b>Business Automobile Liability (AL)</b>  <b>Carrier -Tokio Marine</b>	✓ <i>Coverage for third party bodily injury and property damage resulting from use of owned, hired/ leased and non-owned vehicles.</i>	\$1,000,000 CSL (Bodily Injury & Property Damage) per occurrence

## C. Proposal Elements

Insurance Coverage	Policy Description	Limit
✓ <b>Workers Compensation (WC) &amp; Employers Liability (EL)</b>  Carrier – Travelers Property and Casualty	✓ Coverage for employees work related injuries (Statutory limits) or Employers Liability not provided by mandatory benefits under states workers compensation laws.	WC – Statutory EL - \$1,000,000 per occurrence
✓ <b>Umbrella Liability</b>  Carrier -Tokio Marine	✓ Coverage for liability above primary insurance for CGL, AL and EL, where applicable.	\$5,000,000 per occurrence
✓ <b>Professional Liability</b>  Carrier – Ace Insurance	✓ Coverage for any error, act or omission, neglect, breach of duty, etc., actually or allegedly committed or attempted by Ricoh in performance of professional services, as defined, for which Ricoh becomes legally obligated to pay.	\$10,000,000

**Certificates of Insurance** provided upon awarding of business otherwise “Evidence of Insurance” available evidencing required insurance called for in bid, agreement or contract.

**Insurance Carriers** are generally at least A VIII in most recent edition of A.M.Best Rating Guide.

### B. Staffing Structure:

Proposer should provide the proposed staffing structure, including the number of full-time, part-time and managerial staff and the kind of experience required for each position. Include proposed staff resumes, if possible. An established, diverse staff with low turnover indicates employee satisfaction and is a means of measuring quality. Indicate if University students will be given employment opportunities, and, if so, in what approximate number.

**Ricoh Response:** The Ricoh Team - Ricoh’s Team for Louisiana State University will include a multitude of individuals who will bring their specific areas of expertise to the engagement. Ricoh has a vast network of people to draw from to develop, implement and manage the best possible program for Louisiana State University.

Some of the roles these individuals and teams will have in the business development plan for Louisiana State University appear in the following table.

Members	Off-Site Resources Roles and Responsibilities
Professional Services Account Manager	Responsible for establishing and maintaining customer relationship. Overall customer relationship lead.
Analyst Team	Responsible for analyzing current state and defining future state for each Louisiana State University location. Overall goal is meeting all of Louisiana State University’s business objectives.
Enterprise System Engineers & Sales Engineers	Responsible for designing and supporting initial assessment and ongoing technical needs of Louisiana State University, such as device certification and network connectivity.



## C. Proposal Elements

Project Manager	Responsible for leading the Transition Team and for all aspects of the planning and implementation stages of major engagements.
System Engineer	Heads up the digital support team in the implementation process. Provides expertise in advanced document management solutions and is involved in all aspects of certification, architecture, planning, site implementation, training and support. He/she also works closely with corporate IT departments.
Operations Team	Comprised of VP Operations, Regional Operations Managers, Territory Operations Managers, Site Managers and Customer Service Operators.
Director of Operations	Responsible for strategic direction and policies of operations. Accountable for all domestic installations.
Regional Operations Manager	Responsible for operations of on-site services accounts within a defined geographic region.
Territory Operations Manager	Responsible for operations of on-site services accounts within a defined geographic or urban area.
Customer Relationship Manager (CRM)	Responsible for maintaining, supporting, and growing existing customer relations. This role is an integral part of ensuring Ricoh is meeting the needs of the University on an on-going basis.

On Site Roles and Responsibilities	
Site Manager	Responsible for day-to-day on-site operations and personnel at customer site.
Site Supervisor	Responsible for day-to-day on-site operations and personnel at customer site with focus on specific tasks or projects and providing management support.
Production Print Copy Operators	Responsible for day-to-day production of print/copy/scan/binding/finishing.
Graphic Designer	Responsible for file proofing, pre-press functions, and file clean-up and adjustments.
Mail Service Operators	Responsible for day-to-day sorting and distribution of student and campus mail.
Mail Delivery Drivers	Responsible for day-to-day delivery/pick-up/distribution of campus mail.
Courier Delivery Driver	Responsible for delivery of copy/print jobs, supplemental mail runs and "hot shot" delivery services.

As it pertains to LSU, Ricoh will provide means of interviewing and crossing over LSU employees that match our job requirements. As a general rule, we typically look inside an organization, since these employees know the culture and working dynamics of the organization. However, these individuals must pass Ricoh's hiring criteria.

In fact, this is one of our key components in our response. Our goal is to widen the service offering and gain synergies in human capital to justify the existence of the operation and therefore save jobs. In our job placement, we will look internally to LSU at both your current employees as well as student workers.

Our Full Time Employees (FTE's) will be cross trained to do all job duties and our management structure supports working managers. Ricoh can also use additional local operational labor to support spikes in activity like back to school.

## C. Proposal Elements

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Our staff will be providing the services defined in the RFP. Our staffing will be designed around meeting the specific needs of the Student Union Copy & Mail Services Center. Ricoh anticipates the staffing needs to be approximately 15 employees. Staffing will be a mix of managers, full-time, part-time, and student employees.

**C. Company Financial Information:** Provide a copy of your two most recent, audited, financial statements

**Ricoh Response:** As a member of the Ricoh Family Group, Ricoh Americas Corporation is backed by the exceptional, long-term financial stability of our parent company, Ricoh Company, Ltd. The ability of an organization to provide continuous improvement is tied into an organization's financial health. In an industry where many of the major companies face significant financial issues, Ricoh has experienced over a decade of *very notable, consistent* growth.

The following Web link will enable viewing of financial information found in Ricoh Annual Reports: [http://www.ricoh.com/IR/financial\\_data/annual\\_report/index.html](http://www.ricoh.com/IR/financial_data/annual_report/index.html)

### D. Products and Services:

Provide a list and description of the products and/or services you propose to offer. The University desires a variety of quality offerings.

**Ricoh Response:**

#### **Services**

Our products and services have already been spelled out in the Cover Letter/Executive Summary and the technical portion of our response.

**Ricoh is proposing:**

- All necessary vehicles are included
- All labor to support (Production Center, Mail Services, Campus Mail/Retail, Convenience Copiers)
- \$350,328 for build-out
- Lease Agreement for space \$22.50 per Square Foot
- Ricoh Production equipment needed in addition to utilizing University equipment. Technology for Mail, and Order Entry (submit jobs to center) tools are all included
- Mail Includes: Kiosk, Hand Held Scanners, Signature Pads, portable label printers, and auto notification of accountable mail and express packages, Automated Postal Center
- Hot Spot wireless printing
- Capabilities to provide the services outlined in section 2.3 Student Copy Center

#### **Ricoh Professional Services (RPS)**

- Outsourcing provider for all Ricoh organizations worldwide
- Owns network of digitally linked print production facilities offering full service printing

## C. Proposal Elements

- Offers an array of professionally managed on-site and off-site business support services including fully staffed solutions

If LSU is interested in further expanding services to gain additional synergies, we are providing a list of professional services Ricoh can supply. Ricoh has a holistic approach, and designs solutions to flatten the operational structure. It is this combining and managing of various Strategic Business Units (SBU's) that makes the operation run profitably. We believe the best way to run the operation is to look at the University at the enterprise level.

Business support services include, but are not limited to:

<b>Central Reprographics Management</b>		Asset management
Copy center management	High volume duplication	Assembly and binding
Online ordering capabilities	Digital print on demand	Large format printing

<b>Convenience Fleet Management Services</b>		Asset management
Supply ordering, stocking, delivery to end user		End user training
Preventative maintenance	Service support	Placing service calls

<b>Facsimile Management Services</b>		Asset management
Supply ordering, stocking, delivery to end user		Placing service calls
		Level one support

<b>Printer Management Services</b>		Asset management
Supply ordering, stocking, delivery to end user		Remote help desk services
Placing and tracking service calls		Level one support on-site

<b>Mail/Distribution Services</b>		Vendor and asset management
Incoming/outgoing USPS mail services		Express mail services
Packing/small parcel services	Inter-office mail services	Consulting services

<b>Shipping and Receiving</b>		Vendor and asset management
Services designed to meet requirements		

<b>Imaging Services</b>		Back-file conversion
File creation, set-up, custom indexing		Consulting services

<b>Records Management Services</b>			Storage and retrieval
Total file management (paper and electronic)			Conversion services
Coding	Retention and destruction	Database scanning	Vendor management
Commercial scanning (day forward, back-file conversion, database creation)			

<b>Help Desk Services</b>		On-site
Remote help desk services		

<b>Fulfillment and Inventory Management Services (off-site)</b>		Web based ordering
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## C. Proposal Elements

Kitting and assembly	Inventory replenishment systems	Warehousing and distribution
Ship to stock expediting	National/international distribution	Real-time inventory viewing

Host Print Services		Metacode applications
Integration with third party software applications	Presorting	AFP applications
Barcode control	Policy assembly	Intelligent inserting
		Output sorting/assembly

Additional Business Support Services Include		Switchboard Management
Reception Services	Conference Room Scheduling	Courier Services/Management
Hoteling	Meeting and Event Planning	Office Supply Management
Audio Visual Services	Desktop Publishing	Business Center Management

Ricoh can tailor a facilities management solution designed to fit Louisiana State University's specific requirements.

### E. Marketing:

Include a complete description of the promotional marketing activities that the proposer will conduct. This may include media packages, coupons, premiums, and other forms of advertising that demonstrate effective strategies for market penetration on the campus and to commuting students.

The proposer agrees that it will not advertise nor promote any connection with the University, the University Board of Supervisors or use any identifying marks or property nor make presentation, whether expressed or implied, as to the University's promotion or endorsement of the proposer unless it has received prior written consent from the University.

### **Ricoh Response:**

#### **STARTUP**

First of all RPS will ensure that we are operationally ready for business. As the old cliché goes, "You only get one chance to make a first impression." This could not be truer. The success of the program relies on the perceived expectations and how the product and/or services satisfy those expectations. As such, RPS will make sure we keep the user community in the communication line throughout the process. This includes notification of the award and getting feedback from key user groups (representative of the student body/Government, faculty/staff, etc.) In addition to the information listed below, this topic is also included as part of our Business Development Plan.

It is our goal to make sure that our services match-up with your customer's needs and to manage their expectations. Once we have conducted our surveys and compiled our recommendations, we will validate with the University.

At this time, we will coordinate our efforts and deploy the appropriate individuals and solutions to ensure a smooth process. We envision posting ads in the Daily Reveille, various LSU message boards, and KLSU. Put together a posting for the University web site highlighting the new copy center services. Other marketing efforts not listed above

## **C. Proposal Elements**

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include face to face meeting with departments, resident's halls, incoming freshman orientations, various on and off-campus organizations. The point that drives this home is the quality of the people we put on-site. The more we can get the graphics person in front of your customer base the more successful we are going to be. This could include airtime with a question and dial-in segment on KLSU.

Likewise, we would also like to promote the services at sporting events, whether using radio, fliers, and/or signage.

It is also typical to provide promotions like a drawing for printer, i-Pod or something of that nature. We can also look at items that support using the center, such as jump drives and free printing and graphics services.

Message boards, table tents, and fliers can be utilized in high traffic areas such as the union, food court, and post office areas.

We would also like to establish a presence at intramural sporting events and provided promotional drink bottles with the campus copy centers name, contact information (phone, address, email), and services offered.

### **ONGOING MARKETING**

Much of our efforts are listed above. In addition to this, we will do ongoing customer surveys to keep our fingers on the changing pulse of your customer base.

As a whole, it is going to be important that we effectively communicate all the services that we offer along with making it easy for them to do business with us. This includes getting them a price for a job, submitting the job, turnaround time, and paying for the job.

The underlying theme of the center is the customer comes first, and that we will do whatever is necessary to earn there business.

As part of the marketing campaign, we can also address individuals and business outside the University. This can include links and endorsements from the Alumni Association.

### **POINT OF SALE SIGNAGE**

We can do the above mentioned. In addition, we can post the pricing on-line and utilize our production centers. The production centers can produce specialty items such as foam boards and oversized banners.

**Signage and Forms** - Clear effective signage is an important ingredient for end user education. Signage is used for a myriad of purposes and can include everything from the sticker indicating a system's ID number, to signs in mail pick-up and delivery areas to signage in the document center.

All forms (electronic and hard copy) pertaining to the program are created and put into place. These can include program specific paperwork, job order forms and shipping/receiving forms, etc.

## C. Proposal Elements

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### F. Layout and Design of the Store:

Provide general facility layout and design plans for the store. The selected proposer will provide store construction, equipment, and signage in compliance with LSU requirements and approvals. Any build out of space must comply with all codes and with University design guidelines, to include the Americans with Disabilities Act. Reference the attached floor plans in the appendix.

**Ricoh Response:** We think this is one of the strong points of our response. As mentioned in the Cover Letter/Executive Summary, we have engaged the support of Buquet & LeBlanc to provide a build/design proposal for this project. We feel this will help Ricoh expedite the build-out process; as they are very familiar with LSU's standards and codes. We understand the overall importance this has on the University since LSU is having to staff for services until the vendor selection and implementation is complete. Additionally, we understand the United States Postal Services strong desire to stop providing their services on campus. Detailed drawings are provided.

**See Attachment E**

We have Universities that allow us to reference their name to help drive revenue. We have read and understand LSU's stance on this matter. We have included a drawing that illustrates what the center could look like branded to the University. The reference to LSU could drive additional revenue, which would ultimately provide more dollars back to the University. Remember, Ricoh is committing a 3 percent revenue share based on our actual adjusted gross sales. (We are flexible and will operate the center with or without referencing LSU). The point is that we have no limiting factors that would prevent us from doing this, and we are open to discussing.

As stated earlier, we envision having two locations, and providing multiple entry points. One thing that could be attractive to driving new business is the fact that the River Road location would make it a lot easier to drop off and pick-up jobs. As LSU is aware of, parking is limited, and can possibly deter gaining student work. They will drive off campus and go to where it has easier access. This is why we think having two entry points is important. Jobs can be entered into the system and electronically routed to the desired location for pick-up. This supports both walk-up and drive-up work.

### G. Miscellaneous:

Include a written program of intention, outlining how the above specifications will be fulfilled, any plan for investment in facilities as well as any other information that may be helpful in determining the scope of the proposal.

**Ricoh Response:** As stated before, this is a response to an RFP. Ricoh is trying to provide a good frame work from which LSU can use to award the business to Ricoh. Ricoh's intent is to demonstrate to LSU the amount of investment we dedicated to this opportunity, whether in the form of financial commitments (lease payments, revenue share, build-out, and software/solutions), or from the due diligence we have done preparing our response (engaging builders, architects, mail service providers). Ricoh wants to earn your business and is leaving no stone unturned.

We also want to illustrate that Ricoh has the methodology to provide detailed planning to ensure we deliver a successful program. Our program can positively affect a wide range

## C. Proposal Elements

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of departments and users. As such, we will need to conduct our due diligence and gain acceptance. We do not want to be perceived as a threat. Instead, we want to be perceived as being a value ad and customer driven.

Ricoh knows and understands our program can provide a significant opportunity to provide increased services and positively impact the financial well being of LSU at a time when they need it most. You are investing into a true partnership, where mutual respect and business longevity are key factors. We don't take this opportunity lightly, and are willing to do whatever is necessary to ensure its success.

### H. Reports and Management:

1. Define the reports available to LSU on a weekly, monthly and annual basis.

**Ricoh Response:** Each Ricoh solution is designed to provide more control over day-to-day operations for customers. Customized reporting and benchmarking provide detailed information about program components and enables management to respond to changing needs within the organization.

We will be providing extensive on-line reporting tools that monitor all aspects of our business.

These reports will be used to highlight trends. We can perform trend analysis to determine what changes need to be made based on historical data: new equipment, adjustments to FTE configuration, hours of operation, turn around time on services, number of jobs produced, QC reports, cost and revenue, cost center and charge back reports, etc.

2. Describe how breaks, lunch, sick leave and vacation time will be handled.

**Ricoh Response:** Employees at sites work as part of a cross-trained work team. They are responsible for a core area and are cross-trained in other job functions in order to understand the entire operation and provide skilled back up. Cross-training not only gives employees additional skill but also results in maximized productivity levels on-site.

### **See Attachment F, Ricoh Personnel**

3. Provide (1) copy of appropriate operations manuals and describe employee performance standards.

**Ricoh Response:** Quality processes and measures related to all program areas are outlined in the Quality Assurance Manual found at the on-site services operation. Detailed escalation procedures are clearly defined. Each on-site employee must sign a form indicating that they understand and will adhere to the processes and procedures. The manual is updated on an ongoing basis.

### **See Attachment G, Standard Operating Procedures**

## C. Proposal Elements

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4. LSU will expect to conduct monthly assessment meetings between their liaison and vendor's liaison.

**Ricoh Response:** Each month, with customer approval, the Ricoh account team member(s) will meet with customer contact(s). Additional Ricoh specialists are often included in these meetings to discuss various program areas. The agenda typically includes, but is not limited to, the following topics:

- Reviewing program management reports
- Addressing any program-related issues or questions
- Discussing ideas for ongoing program improvements
- Examining survey result(s), if applicable
- Review of any escalation occurrences, if applicable

5. Provide pertinent information related to on-site management and supervision of personnel and equipment.

**Ricoh Response:** Ricoh uses several systems to ensure that all staff members meet rigid standards. Ricoh recruits individuals that have experience with required skill sets, a background in the customer service industry and an intense desire to succeed. Ricoh demands a high level of integrity to ensure that daily business is managed in a professional and ethical manner. Ricoh also utilizes a targeting process to pinpoint the behavioral traits for each individual position. The Targeted Selection Interview Guide bases its success on past behavior being a predictor of future behavior. Utilization of this guide allows our management team to evaluate the prospective employee's future success by asking for specific examples of certain targeted behaviors that are deemed necessary to be successful in the current open position. This tool helps us achieve attrition rates significantly lower than the industry average, especially for outsourcing services. We seek to find employees willing to work as team members with the ability to take ownership and manage empowerment.

All of Ricoh's staffed on-site solutions involve full staff coverage 100% of the time. On-site employees are part of a cross-trained work team. Cross training maximizes productivity at the site operation and adds to the skill set of each team member. (Again, Ricoh uses working supervisors and management to ensure these individuals are totally in touch with their operations).

**The Importance of the Site Manager** - The Site Manager at each location is accountable for managing the on-site staff and for the day-to-day operations of the site. Site Manager Responsibilities include:

- Motivating and addressing all management issues related to on-site staff
- Promoting a customer focused environment
- Implementing marketing and communication tools to use with end users
- Maintaining a program that delivers the highest possible level of customer satisfaction
- Insuring quality of operation and deliverables
- Adherence to policies and procedures outlined in Standard Operating Procedure Manual and Quality Assurance Manual
- Tracking program information and charges
- Addressing and resolving issues proactively
- Ordering and maintaining inventory of program related supplies



## C. Proposal Elements

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- Entering billing information and creating customer reports
- Coordinating any program related matters with applicable off-site Ricoh personnel or vendor partners
- Attending Monthly Review Meetings with customer

Ricoh is well aware of the impact that the Site Manager has on the operation and employs practices to ensure that our Site Managers are not only well qualified and have the people skills needed for the position but, have a high level of ongoing support, training and motivation. The Site Manager is included as part of the Transition Team as early as possible during the implementation stage.

6. Describe methods, procedures, and processes to ensure quality control.

**Ricoh Response:** A state-of-the-art solution with advanced technology and world-class, industry best-way business processes is only part of the Ricoh solution. Throughout the program term, Ricoh will manage Louisiana State University's solution to result in the highest possible level of customer service and satisfaction.

Ricoh operational personnel share best practices in national operations training sessions, as well as regularly scheduled meetings and conference calls. Internal distribution channels and electronic libraries provide industry reports and materials, which contain new ideas and products for customer programs. Benchmarking performance and results is employed throughout the Ricoh network to insure our clients of the highest standard of quality in their programs.

### A Quality Driven Program

To obtain the highest possible level of customer service and satisfaction, Ricoh programs emphasize continuous improvement of quality in all procedures and processes.

**Quality Assurance Manual** - Quality processes and measures related to all program areas are outlined in the Quality Assurance Manual found at the on-site services operation. Detailed escalation procedures are clearly defined. Each on-site employee must sign a form indicating that they understand and will adhere to the processes and procedures. The manual is updated on an ongoing basis.

**See Attachment H, Ricoh Quality and Performance Excellence**

### **RICOH Service Excellence<sup>SM</sup>**

RICOH has worked with thousands of organizations to build document strategies that address their company's corporate objectives, departmental needs and provider expertise to ensure maximum efficiency with minimum organizational disruption. A comprehensive document management solution can then be built, that not only applies innovative technology, but also leverages world-class service, including provider expertise and proven best practices. RICOH has trademarked this process, called RICOH Service Excellence<sup>SM</sup>, to ensure consistent delivery. This proprietary methodology focuses on five fundamental areas: Customer Analysis and Solutions, Implementation Process, Operations and Best Practices, All-Star Employee Systems, and Customer Strategy and Communication.

## C. Proposal Elements

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### *Managed services with RICOH*

LSU needs a strategic partner that is strong enough to meet its needs today, yet flexible enough to adapt to its fluctuating business demands. RICOH is uniquely positioned to meet these needs through its world-class managed services methodology, Ricoh Service Excellence<sup>SM</sup> (RSE), which packages our document expertise, innovative technology, best practices and world-class service into five key areas:

- Customer Analysis & Solutions  
Building a customized blueprint for success by identifying and translating customer needs into customized solutions
- Implementation Process  
Making the blueprint a reality through systematic planning and management of the transition process
- Operations and Best Practices  
Delivering excellence every day, by building on and documenting processes based on nationally validated standards
- All-Star Employee Systems<sup>SM</sup>  
Empowering employees to excel and deliver world-class service by consistently developing and motivating employees

### Customer Strategy & Communication

Maintaining a current and effective document strategy through alignment with evolving customer business strategies.

## D. Innovative Concepts

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### D. Innovative Concepts

Ricoh has put together the most comprehensive solution that far exceeds your base requirements. As you review our program, you will notice several technological and process applications that we have included to stream-line operations and provide a better user experience for both your internal and external customers. Examples of this include:

- **Mail Services Kiosk** (automates and streamlines the postal processes resulting in significantly shorter lines and increased user experience. This is an area that has plagued the Postal Services operation for a long time and has been an area of contention. Ricoh has deployed this technology at other large University sites processing 1,200 accountable packages a day with an average wait time of less the 3 minutes).
- **Electronic Signature pads and portable hand held readers:** Capture and time stamp accountable mail pick-up/drop-off, production center pick-up/drop-off
- **Proactive Electronic Mail Notifications (Door Bell)** for both students and faculty/staff. Proactively notifies users electronically when mail has been placed in their box. Prevents unnecessary trips to check for standard mail placed in the boxes. (*Standard for Departments and Optional Charge for Students*)
- **Shipping/Mail Software:** Determines the best economical means of shipping mail/packages for the type of package (letter/package), type of service (priority/overnight), and destination zip code.
- **Automated Postal Center (APC):** This is another self service kiosk that allows you to purchase stamps, and process packages (Fedex/UPS) and USPS services to help distribute traffic and enhance user experience. One of the areas we identified at LSU was the number of customers standing in line to purchase stamps. This will help to alleviate his problem.
- **State of the Art Electronic Order Entry:** Provides electronic departmental catalogs, on-line pricing/order confirmation, departmental chargeback's, and credit card/LSU Tiger Card payment options. This technology is tried and proven and deployed throughout many Universities.
- **Copy Right Clearance Processes:** Helps protect all parties from any undue financial penalties. This will be part of our operational best practice standards. This can be especially helpful as it pertains to producing course packs; as publishers are more aggressively seeking out violators for loss of royalties and revenue as text book sales decrease.
- **Remote Wireless HOT SPOT printers:** Allow users (students and visitors) to print wirelessly over the internet and pay for what they print. There is no need to load print drivers. Provides a simple way for patrons to print, while capturing and charging for the jobs. *No coin boxes required.*
- **Luggage Cart:** Customers leave ID with clerk, and is given a luggage cart to transport boxes/packages. This could come into play with customers getting their work back and forth from the center to their vehicles reserved 6 spaces.

All of these technologies and processes are provided with one common goal: Make it easy to do business with us and enhance the user experience. Please review attached link/URL to see a short video of one of our university production sites. The video provides a tangible aspect for the look and feel of one of our centers; as well as showcase how some of the above mentioned technology is utilized in a live production environment.

<http://www.mailservices.emory.edu/Students%20and%20Parents/Emory%20University%20Students%20and%20Parents/Emory%20Mail%20Services%20DUC%20Video.html>

## E. Project Schedule

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### E. Project Schedule

## Ricoh Business Development Plan

Ricoh's business development plan for LSU is a comprehensive solution utilizing customized processes, procedures and technologies geared to meet the business requirements of LSU.

### The Transition Team

The Transition Team is created at the onset of the planning stage and works through the implementation stage to ensure that every detail of the customized program is addressed and integrated successfully into the installation. Project Manager(s) are typically assigned to major engagements and will assemble all site specific team members. Depending upon LSU requirements, the Transition Team may include the Account Manager, digital design and support personnel and any additional team members required from local and national levels. A Ricoh Systems Engineer will work closely with the IT department(s) to address and collaborate on all technical solutions. eBusiness team members and customer training personnel may be called in to integrate their solutions into the overall plan.



**Experienced Leadership** - Ricoh's team of technology specialists includes members who are dedicated to planning and implementing installations. These individuals are experienced in handling national/global management installations, facility outsourcing and combinations of the two. Ricoh's Project Managers average more than 14 years of experience and have been trained in Project Management Institute (PMI) standards. They make sure the project is planned, managed and completed on schedule.

Planning and scheduling are the most critical components of an implementation. Ricoh's extensive experience is invaluable in proactively addressing and handling all matters involved, to achieve a highly successful installation. For example, these individuals have in depth experience working with change management issues and can customize strategies to best meet the unique change management issues for LSU that can vary greatly from one installation to another. Experience gained while transitioning many accounts to new programs, greatly enhances Ricoh's ability to plan a seamless transition for LSU.

Ricoh is responsible for all aspects of the enterprise wide implementation during the planning and implementation stages and will work closely with LSU contact(s).

After the implementation stage, Ricoh will follow up with Transition Team members and LSU contact(s) to be sure that all components of the program are operating at or above your expectations.

### Project Planning and Design

The Ricoh Transition Team will be the primary representative for LSU Implementation issues and any applicable vendors and sub-contractors. Ricoh's day-to-day project management activities include project planning, communicating project status, delegating

## **E. Project Schedule**

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tasks, coordinating project activities, documenting progress according to Ricoh project management and employee management methodologies.

Project planning is completed by the collaborative efforts of the Transition Team. Overall responsibilities include:

- Provide overall project leadership
- Assist in the formalization of the technical solution
- Understand and communicate project requirements
- Locate required personnel resources
- Develop a transition plan
- Develop project plans
- Develop project schedules
- Develop policies and procedures
- Develop resource plans
- Implement project management tools and methods
- Define project tasks and delegate these tasks to the team
- Manage resources, quality, budgets, time and risk and other attributes
- Manage internal and external reporting
- Provide guidance and leadership in the development of team member skills
- Maintain high level of client satisfaction

### **Implementation Plan**

The Transition Team will create a detailed implementation plan for LSU. Critical areas to be addressed will include:

- Location build-out
- Prioritization based on business need
- Plan approval by site management
- Technical issues
- Staffing
- Current service provider transition
- Customer training

The implementation stage begins once all matters pertaining to installation have been addressed and detailed implementation plans have been developed for each location. All plans will require full approval by LSU. Ricoh ensures that the LSU site rollout will be customized to specific location-by-location implementation requirements.

### **Staffing Overview**

Ricoh uses several systems to ensure that all staff members meet rigid standards. Ricoh recruits individuals that have experience with required skill sets, a background in the customer service industry and an intense desire to succeed. Ricoh demands a high level of integrity to ensure that daily business is managed in a professional and ethical manner. Ricoh also utilizes a targeting process to pinpoint the behavioral traits for each individual position. The Targeted Selection Interview Guide bases its success on past behavior being a predictor of future behavior. Utilization of this guide allows our management team to evaluate the prospective employee's future success by asking for specific examples of certain targeted behaviors that are deemed necessary to be successful in the current open position. This tool helps us achieve turn-over rates significantly lower than the industry

## **E. Project Schedule**

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average, especially for outsourcing services. We seek to find employees willing to work as team members with the ability to take ownership.

All of Ricoh's staffed on-site solutions involve full staff coverage 100% of the time. On-site employees are part of a cross-trained work team. Cross training maximizes productivity at the site operation and adds to the skill set of each team member.

If LSU has current employees that they would like to consider for transition to Ricoh, Ricoh welcomes the opportunity to consider them for employment. Ricoh has programs in place specifically designed to transition these employees.

**The Importance of the Site Manager** - The Site Manager at LSU is accountable for managing the on-site staff and for the day-to-day operations of the site. Site Manager Responsibilities include:

- Motivating and addressing all management issues related to on-site staff
- Promoting a customer focused environment
- Implementing marketing and communication tools to use with customers
- Maintaining a program that delivers the highest possible level of customer satisfaction
- Insuring quality of operation and deliverables
- Adherence to policies and procedures as outlined in Standard Operating Procedure Manual and Quality Assurance Manual
- Tracking program information and charges
- Addressing and resolving issues proactively
- Ordering and maintaining inventory of program related supplies
- Entering billing information and creating customer reports
- Coordinating any program related matters with applicable off-site Ricoh personnel or vendor partners
- Attending Scheduled Review Meetings with customer

Ricoh is well aware of the impact that the Site Manager has on the operation and employs practices to ensure that our Site Managers are not only well qualified and have the people skills needed for the position but, have a high level of ongoing support, training and motivation. The Site Manager is included as part of the Transition Team as early as possible during the implementation stage:

**Open Houses** - An introductory Open House is often used to introduce customers to the services and meet the new staff. Customers "tour" the physical new areas and/or visit "Ricoh booths" set up in various centralized areas. Ricoh provides refreshments and facilitates discussion during the event.

**Signage and Forms** - Clear effective signage is an important ingredient for customer awareness. Signage is used for a myriad of purposes and can include everything from the signs in mail pick-up and delivery areas to signage in the document center.

All forms (electronic and hard copy) pertaining to the program are created and put into place. These can include program specific paperwork, job order forms and shipping/receiving forms. Signage and forms are customized to meet client requirements and are subject to LSU approval. With approval Ricoh can design forms with LSU logos and graphics that promote brand identity.

## E. Project Schedule

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### Project Closeout

Project closeout is a critical success factor in the implementation stage. Closeout includes supplying closeout documentation, a primary contact implementation satisfaction survey and follow up satisfaction surveys. Together these components bring closure to the implementation phase of the total solution that Ricoh offers to LSU.

The following three components represent phases of a project closeout that is completed once all sites have been implemented to LSU's satisfaction.

Phase	Start Date	End Date	Deliverables
1. Planning	Month/Day/Year	Month/Day/Year	Project plan, installation procedure, documentation
2. Rollout	Month/Day/Year	Month/Day/Year	Installation of components
3. Closeout	Month/Day/Year	Month/Day/Year	Final report, including "lessons learned"

A state-of-the-art solution with advanced technology and world-class, industry best-way business processes is only part of the Ricoh solution. Throughout the program term, Ricoh will manage LSU's solution to result in the highest possible level of customer service and satisfaction.

Ricoh operational personnel share best practices in national operations training sessions, as well as regularly scheduled meetings and conference calls. Internal distribution channels and electronic libraries provide industry reports and materials, which contain new ideas and products for customer programs. Benchmarking performance and results is employed throughout the Ricoh network to insure our clients of the highest standard of quality in their programs.

### A Quality Driven Program

To obtain the highest possible level of customer service and satisfaction, Ricoh programs emphasize continuous improvement of quality in all procedures and processes.

**Quality Assurance Manual** - Quality processes and measures related to all program areas are outlined in the Quality Assurance Manual found at the on-site services operation. Detailed escalation procedures are clearly defined. Each on-site employee must sign a form indicating that they understand and will adhere to the processes and procedures. The manual is updated on an ongoing basis.

**Service Excellence** - Ricoh utilizes various motivational programs for its employees. Motivated, "can do" employees are essential for ensuring quality and customer satisfaction in a program. Employee motivational programs and the personal growth training modules Ricoh has developed help increase employees' self esteem, which can improve an employee's life and positively impact a customer's program.

One incentive program for operational personnel, that has a direct impact on the quality and customer satisfaction levels at a customer's site, is **Service Excellence**, a systematic tool used for performing site assessments. Sites are audited quarterly and adherence to quality and customer satisfaction standards is measured. Examples of rated areas include employee appearance, equipment compliance and housekeeping. Achievement of preset

## **E. Project Schedule**

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compliance levels helps participants earn points that can be exchanged for items from the "Service Excellence" catalogue. LSU's operational team, the Operations Manager and all on-site operational personnel will participate in this program.

**Escalation Procedures** - Ricoh has detailed escalation procedures and flowcharts that cover every facet of a customer's site operations. These procedures are strongly adhered to and tracked, to ensure compliance. All details are recorded and maintained.

If any program-related problems occur, the problems and their solutions are discussed at Scheduled Review Meetings.

### **Continuous Improvement**

Refining and keeping the program flexible to meet changing needs and objectives within a changing culture and evolving technologies, is an important quality component of Ricoh's programs. The improvements can range from a single end user improvement, to a workgroup improvement to an enterprise wide level improvement.

The first challenge to be met is to identify the areas to be changed. Ricoh utilizes a variety of methods to identify these areas including:

- Results from customer surveys
- Feedback from end users, and Ricoh personnel interacting with program
- Data from management reports
- Benchmarking from similar sites
- Knowledge and expertise with emerging technologies and best-way practices
- Student focused groups
- Faculty focused groups

### **Customer Surveys**

**Customers Tell Ricoh What They Need and Want** - Ricoh listens to customers to find out what is important to them and uses customer surveys extensively to measure customer satisfaction. The survey is also a key tool to:

- Detect end user's changing needs and maintain a flexible program to meet these changes
- Determine areas for continuous improvement
- Respond to any potential problems with proactive management
- Benchmark results with results from previous surveys

With LSU permission, Ricoh administers surveys through various electronic media, interoffice mail, one on one and focus group meetings. All content is reviewed by LSU prior to administration and all results are shared with the LSU.

Customer surveys are distributed at least once per year or on a regular schedule approved by LSU. The results from National Customer Satisfaction Surveys are reviewed by operational management and are benchmarked against like sites and are used for bringing improvements to customers' programs.



## **E. Project Schedule**

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Other methodologies used by Ricoh to collect customer feedback concerning its programs may include daily informal contacts with customers, focus groups, open houses and one on one meetings.

### **Review Meetings**

The Ricoh account team member(s) will meet with customer contact(s) on a scheduled basis. Additional Ricoh specialists are often included in these meetings to discuss various program areas. The agenda typically includes, but is not limited to, the following topics:

- Reviewing program management reports
- Addressing any program-related issues or questions
- Discussing ideas for ongoing program improvements
- Examining survey result(s), if applicable
- Review of any escalation occurrences, if applicable

### **Increasing End User Participation in the Program**

Marketing plays a key role in the program during the ongoing stage of the business development plan. When customers avail themselves of Ricoh's services, they can achieve convenient cost effective alternatives to off campus locations.

During the ongoing process, marketing is used to not only inform customers of the services and how to use them, but also to increase the level of customer utilization of services.

Some of the marketing communication tools Ricoh uses include:

- Open Houses
- Focus Groups - meeting with groups of students and faculty to discuss program aspects and uncover ways to enhance customer satisfaction. Groups may represent a single department or multiple areas of the University. Discussions may cover the total program or cover specific areas the group feels are important.
- One on One Discussions – meeting with individuals to discuss the program and how Ricoh can most effectively meet his/her departmental requirements
- "Document Tip of the Week" emails

### **Disaster Recovery and Business Continuity Planning**

Disaster recovery plans for customer sites are tailored around the specific program components, site requirements and any requirements set by applicable outside agencies. Specific disaster recovery plans for LSU would be jointly formulated during the planning stage of the business development plan.

Ricoh operational management personnel who would be involved in responding to a disaster are accessible 24/7 via cell phones and remote email devices.

We maintain fully equipped and staffed state-of-the-art support centers in multiple geographic locations to ensure that we are 100% capable of providing high quality assistance.

When you engage with a solutions provider, you expect more connection than a toll-free number. Because the advantages of a true partnership — like priority service, customized

## E. Project Schedule

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offerings and joint planning — require tight integration between your business and the provider's internal support structure.

When you partner with Ricoh, you can depend on it.

### Integrated Implementation and Project Management Plan

Ricoh goes to great lengths in planning and structuring its implementations. Consideration is given to all of the dynamics that are unique to the specific project. Attached is a sample Integrated Project Management Plan for review. Below we will cover some of the specific dynamics and challenges inherent to the LSU project and transition.

- Tasks identified that must be addressed immediately upon contract award include but are not limited to:
  - Meet with Post Master to review
    - Change of address process for Student PO Boxes
    - Mail statutes that may be impacted by the relocation of Student PO Boxes or mail contained in the PO Boxes
    - USPS mail delivery times and locations
    - Utilization of the current USPS location during the transition
  - Construction and Build out review, approval and schedule
    - Meet with LSU to review construction plans
    - Meet with contractor to begin scheduling and establish project milestones
  - Review LSU equipment list and identify items to be included / relocated as part of the project
  - Inspect current LSU mail center and begin preparation for transition from LSU control to vendor control
  - Begin process of assigning specific individuals to permanent roles and responsibilities as associated with new Copy / Mail Center
    - Interviewing of current LSU employees
    - Re-assignment current Ricoh employees to Copy / Mail center positions
- Specific project milestones or events that will require detailed consideration and planning include but are not limited to
  - Construction and build out of new Student Union facility
    - Ricoh anticipates that the construction and build out of the Student Union Facility will take approximately 60 to 90 days. This creates a situation in which temporary operational procedures and facilities will need to be devised. Ricoh suggests that a plan will need to be created where current facilities will be utilized until the new facilities are ready
    - Will the USPS allow for a plan that includes the vendor to utilize the USPS facilities after the USPS has vacated, and during the transition of services
    - Transition or use of the current mail services location during the transition period
  - Transition of Campus mail from current mail center to new Student Union facility
    - Will USPS delivery times be effected

## E. Project Schedule

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- What processes need to be put in place to facilitate the change in delivery location
- Relocation of Student PO Boxes from USPS buildings to the Student Union
  - What will the deadline be for relocation of the PO Boxes
  - Timing of the move, weekend, holiday, spring break
- Transition of student mail from USPS to Student Union facility
  - How will the student mail that may remain the PO Boxes be handled during the move
  - Are there any USPS statutes they will relate to the movement of student mail remaining in the PO Boxes
  - Timing and sequence of PO Box relocation, re-keying and glass replacement
- Implementation of new Campus Mail routes
  - Inspect new mail route locations to ensure preparation for change
  - Time routes and determine time required at each stop
  - Determine if any changes or build out will be required to facilitate timely and accurate delivery and pick up

Upon award of the contract Ricoh will schedule and meet with all involved parties and stakeholders. Attention will be given to all dynamics and tasks such as listed above. Pertinent data will be gathered, variables will be determined and milestones will be established. From this information the Ricoh project manager will work all involved parties to develop a detailed project plan formulated with logical and realistic consideration to all tasks that must be completed. By applying proven processes and careful planning we ensure the creation of a project plan is that will enable Ricoh and LSU to meet the required milestones.

Ricoh has included a complete Sample Implementation Plan to illustrate our methodology. See Attachment I

ATTACHMENT A

# Proposal Form

RFP No.000009828

**Proposal Security:** Attached is a proposal security, drawn in favor of Louisiana State University and A&M College (in the form of a certified check, cashier's check, bank check, money order, or proposal bond) in the sum of \$1,000.00.

Having carefully examined the information, specifications, terms and conditions, etc..., contained in or attached to Request for Proposal entitled "Reissue-Lease of Space for Operation of Copy & Mail Services Center & Public Use Convenience Copier Program " and having inspected the University site, the undersigned offers the attached proposal for the University's consideration.

**Price Schedule:** Prices proposed by the proposer is to be submitted below in the following format. Prices submitted shall be firm for the term of the contract.

\$ 133,065.00 Guaranteed Annual Lease Payment.

\$ 350,328.00 Amount to be Spent on Construction of Facility Improvements

3.0 % percent of Adjusted Gross Sales (less applicable State and Local Sales taxes).


Proposal submitted on behalf of:

RICOH AMERICAS CORP  
Firm

5055 SOUTH SHERWOOD FOREST BLVD  
Address

BATON ROUGE LA 70816  
City, State, Zip

Proposal submitted by:

  
Name (Signature)

JOSEPH J FIELDS  
Name (Type or Print)

BRANCH SALES MANAGER  
Title

(225) 292-3090 (225) 292-2094  
Telephone No. FAX No.

JOSEPH.FIELDS@RICOH-USA.COM  
Email address

**Note:** The person signing this Request for Proposal and the Proposal shall provide, attached to the Proposal, legal evidence of his/her authority to sign for the firm or corporation.

**ATTACHMENT B**

# RICOH

Professional Services

Ricoh intends to invest a sizeable amount of capitol in order to make the LSU Student Union Copy Mail Center a successful venture. Along with Ricoh's \$350,328 investment in the construction and build out of the Student Union facility Ricoh will be investing an additional \$234,546 in Equipment, Software, Solutions and Furnishings. Ricoh's intent is to provide best of breed processes and solutions enabling the Copy Mail center to exceed the expectations of LSU's faculty, staff and students.

## Capitol Expenditure Plan LSU Student Union mail / Print Center

### Capitol Investment Summary

Construction and Build-out		\$350,328
Computers Software and Solutions		
	Computers and Servers	\$72,000
	Software	\$121,900
	Solutions	\$14,800
Equipment		
	Finishing Equipment	\$19,846
	Furniture	\$3,000
	Security System	\$3,000
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Total Investment		\$584,874

# ATTACHMENT C



## Ricoh Overview

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Ricoh Company, Ltd. acquired Lanier Worldwide, Inc. in 2001 and merged it with Ricoh Americas Corporation (RAC) in 2007. Ricoh Americas Corporation acquired IKON in 2008 and has entered into a joint ownership agreement with IBM Print Systems to include full ownership of the InfoPrint division. RAC is a subsidiary of Ricoh Americas Holdings, Inc., which is wholly owned by Ricoh Company, Ltd., a publicly traded, \$21 billion leading global provider of document services technology founded in 1936 with over 108,500 employees worldwide.

Ricoh's fully integrated hardware and software products help businesses share information efficiently and effectively by enabling customers to control the input, management and output of documents. Ricoh Americas Corporation distinguishes itself through DOCutivity®, a unique methodology used to develop innovative solutions to achieve business results. We have earned industry-wide recognition for dedication to customer service embodied in a company philosophy called Customer Vision®. Ricoh Americas Corporation has specialized in meeting the needs of global account customers for over 30 years and is headquartered in West Caldwell, New Jersey. Please visit [www.ricoh-usa.com](http://www.ricoh-usa.com) for further information.

### Services

- Software Solutions
- Web based Ordering
- Document Storage
- Server Management
- Full Service Printing
- Network Integration
- Hardware Monitoring
- Help Desk
- Fulfillment
- Fax Automation
- eBusiness Solutions

### Ricoh Professional Services (RPS)

- Outsourcing provider for all Ricoh organizations worldwide
- Owns network of digitally linked print production facilities offering full service printing
- Offers an array of professionally managed on-site and off-site business support services including fully staffed solutions

Business support services include, but are not limited to:

Central Reprographics Management		Asset management
Copy center management	High volume duplication	Assembly and binding
Online ordering capabilities	Digital print on demand	Large format printing

Convenience Fleet Management Services		Asset management
Supply ordering, stocking, delivery to end user		End user training
Preventative maintenance	Service support	Placing service calls

Facsimile Management Services		Asset management
Supply ordering, stocking, delivery to end user		Placing service calls
		Level one support

## Ricoh Overview

<b>Printer Management Services</b>	Asset management
Supply ordering, stocking, delivery to end user	Remote help desk services
Placing and tracking service calls	Level one support on-site

<b>Mail/Distribution Services</b>	Vendor and asset management
Incoming/outgoing USPS mail services	Express mail services
Packing/small parcel services	Inter-office mail services
	Consulting services

<b>Shipping and Receiving</b>	Vendor and asset management
Services designed to meet requirements	

<b>Imaging Services</b>	Back-file conversion
File creation, set-up, custom indexing	Consulting services

<b>Records Management Services</b>	Storage and retrieval
Total file management (paper and electronic)	Conversion services
Coding	Retention and destruction
Database scanning	Vendor management
Commercial scanning (day forward, back-file conversion, database creation)	

<b>Help Desk Services</b>	On-site
Remote help desk services	

<b>Fulfillment and Inventory Management Services (off-site)</b>	Web based ordering
Kitting and assembly	Inventory replenishment systems
Warehouseing and distribution	
Ship to stock expediting	National/international distribution
	Real-time inventory viewing

<b>Host Print Services</b>	Metacode applications
Integration with third party software applications	Presorting
AFP applications	
Barcode control	Policy assembly
Intelligent inserting	Output sorting/assembly

<b>Additional Business Support Services Include</b>	Switchboard Management
Reception Services	Conference Room Scheduling
Courier Services/Management	
Hoteling	Meeting and Event Planning
Office Supply Management	
Audio Visual Services	Desktop Publishing
	Business Center Management

Ricoh can tailor a facilities management solution designed to fit LSU's specific requirements.

## Competitive Differentiators

### Customer Vision®



Customer Vision® means seeing our business through the customers' eyes and responding as a team to meet their needs – at or above expectations. It is the single most important element that separates Ricoh from the competition.

Ricoh introduced Customer Vision in 1988 and began its implementation in the U.S. Operations Division. The underlying concept of Customer Vision is that the customer defines the quality of the service they receive.

This philosophy requires that all Ricoh team members strive to understand the customer's perspective at all times and exceed the customer's expectations at every opportunity.

Every Ricoh employee is trained and certified in the concepts, applications and importance of Customer Vision to overall customer satisfaction.

Ricoh's total commitment to Customer Vision ensures LSU that regardless of the problem or issue, Ricoh will respond as a team to resolve it quickly and completely.

### Financial Stability

As a member of the Ricoh Family Group, Ricoh Americas Corporation is backed by the exceptional, long-term financial stability of our parent company, Ricoh Company, Ltd. The ability of an organization to provide continuous improvement is tied into an organization's financial health. In an industry where many of the major companies face significant financial issues, Ricoh has experienced over a decade of **very notable, consistent** growth.

The following Web link will enable viewing of financial information found in Ricoh Annual Reports: [http://www.ricoh.com/IR/financial\\_data/annual\\_report/index.html](http://www.ricoh.com/IR/financial_data/annual_report/index.html)

### World Class Employees

Ricoh Professional Services employees are carefully selected and screened to make sure the best possible qualified and motivated people are placed in each position. As a result of extensive training programs, employees grow professionally and personally at Ricoh. Employees set and evaluate achievement levels of professional and performance goals with their managers utilizing Ricoh's unique PDMS (Performance Development Management System) tool. Ricoh's focus on training includes customer satisfaction coursework and ongoing training to expand the knowledge base of each employee related to specific job skill sets. Our approach helps us to develop teams that can dramatically improve business processes and customer satisfaction at customer sites.

### Accountability and Control

The amount of control a vendor has over critical success factors related to a program's operation can directly impact the customer satisfaction levels of a service program.

## Ricoh Overview

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With a Ricoh solution, a customer receives:

- An Account Team to analyze, design, implement, support, manage and staff the on-site program...all Ricoh Professional Services employees
- A Single Point of Contact
- Equipment manufactured by Ricoh
- Equipment service provided by the Ricoh network of Ricoh trained technicians
- Internal financing options

**Service Level Agreements (SLAs)** - Ricoh will formulate service level performance standards to cover program facets. These standards are developed jointly with LSU. Adherence to Service Level Agreements (SLAs) is tracked and reported.

Ricoh will work with LSU to customize SLAs for the program so that Ricoh shall meet or exceed all of LSU's expectations regarding program delivery.

### Ricoh Equipment Performance

When it comes to equipment performance, probably no aspect is more important than service. Ricoh ensures that all Ricoh equipment will perform to LSU's complete satisfaction.

Under the terms of a single national contract with Ricoh, the customer enjoys the same standard of quality care throughout the United States, from every Ricoh direct branch (RBS) or authorized dealer. Whether you need fast and knowledgeable service locally, regionally or coast-to-coast, there is a Ricoh service provider near you, ready to support your contract service requirements. For every national contract customer location, our standard service includes:

- Service, Parts and Supplies availability for a minimum of 5 years after product has been discontinued.
- "Like for Like" Replacement if any unit does not perform satisfactorily *(and the replacement unit is always equal or better in capability)*
- Free Loaner equipment if a unit is inoperative during repair for more than one business day
- Service response to average 4 hours or less within 30 road miles of an authorized service provider
- Expert repair and service for every Ricoh product

### Service and Support Resources

In an industry where product capabilities and features are often similar, Ricoh's competitive advantage includes our unparalleled service and support.

**Ricoh's Service Technician** - Ricoh provides service response through its extensive national network of factory trained and certified service technicians, who cover every county and parish in the United States. The average tenure of a Ricoh service technician is eleven years.

## Ricoh Overview

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Ricoh provides ongoing service training at regional centers across the United States. In every location, Ricoh technicians must pass rigorous testing prior to being certified on any Ricoh product. A Ricoh service technician only works on equipment they are fully trained and certified on.

Ricoh's service team is supported by Ricoh's in depth technical support team comprised of multiple levels of engineering personnel found at local, regional and national levels.

**Parts** - Each service technician carries a personal parts inventory of over \$12,000. Parts stock is evaluated and updated as product is added or changed in active equipment. National, regional, and local warehouses provide 24-hour parts availability.

This system allows a service technician to be dispatched via wireless email transmissions to Ricoh Edge™ handheld computers. All Ricoh service technicians are equipped with a Laptop, Edge and Cell Phone. When the call is complete, the technician can automatically transmit a message to the IT Support Center that the problem has been resolved.



The Ricoh Edge™ represents the latest innovation in customer support—and the industry's first tool for delivering real-time access to business-critical data at the point of service. With Ricoh's Edge, our technicians use state-of-the-art wireless technology to get the information they need when and where they need it. Ricoh Edge provides fast, convenient access to parts and inventory databases, service histories, equipment schematics and more. It further enhances communication and collaboration at the point of service and, ultimately, it enables Ricoh to resolve equipment service and connectivity support requests more quickly, efficiently and effectively. Using Ricoh Edge, technicians can rapidly retrieve and update:

- Data about available parts and inventory
- Equipment schematics and operating manuals
- LSU complete service history

With so much valuable data at their fingertips, Ricoh's team of approximately 4,500 field technicians can deliver unparalleled levels of on- and off-site support and dramatically increase first-call resolution of service requests. That translates to some important advantages for LSU:

- Improved office efficiency
- Increased service speed
- Enhanced communications

Our customers rely on Ricoh field technicians to have a true understanding of their operations, applications and equipment performance requirements. Now our technicians have a powerful tool that will allow them to meet—and exceed—those expectations like never before. Ricoh's Edge is just the latest reason why thousands of companies count on us for industry-leading customer service and support.

**Dispatch and Support System** - This system provides more than call dispatch. Ricoh uses this system's centralized database to evaluate important data such as response time and parts information service efficiency. All this is used to improve service delivery and customer satisfaction.

## Ricoh Overview

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**Centralized Database** - When more than one corporate location has equipment, it is essential that all data regarding the fleet – all information relating to service calls, billing, moves/adds/changes, etc. be centrally captured and housed to ensure accurate enterprise wide management reporting and easy access to retrieve enterprise historical data. All information pertaining to the fleet is captured and stored in Ricoh's Centralized Database.

**Call Ahead Program** - After a service call has been placed, the dispatcher forwards the caller information to the technician who will be responding to the call at the customer location. Ricoh technicians utilize wireless communication to receive this information.



The technician uses a cellular phone to call the end user and confirm the call has been received. Occasionally, the issue can be solved over the phone. If not, the technician inquires about any special arrangements and gives the end user a realistic time of arrival.

**Customer Care Card - Provided For Every LSU Service Call** - During a service technician visit, the service technician will provide the LSU end user with a Customer Care Card. This has become an essential tool for communicating with all Ricoh customers and keeping them informed about the status of their equipment and the service provided during the visit. This card will communicate the following information to LSU's end user:

- What type of service was performed
- A Quality Service Checklist will show each maintenance procedure completed
- The card will enable the end user to rate the speed, professionalism and effectiveness of the service received

The card allows an opportunity for the customer to provide suggestions to help Ricoh continuously improve the service provided.

Making it easier for customers to do business with Ricoh is a goal within Customer Vision®. Ricoh tailors the components of its programs to foster this goal.

**24/7 365 Days per Year Toll Free Help Line for LSU** - LSU end users can call a toll free Help Line and ask questions pertaining to any Ricoh installed equipment and its operation. Help Line service is available 24/7 365 days per year. All calls are answered by the friendly voice of a live Ricoh employee within moments of call placement. The support desk can walk the end user through any equipment feature or process, step by step, until the end user is satisfied.

### Quality Driven Programs

Ricoh's programs begin with an implementation team led up by an experienced dedicated Ricoh Project Manager. Ricoh's seasoned Project Managers follow PMI (Project Management Institute) standards and work to achieve or exceeded customer satisfaction in every implementation facet. Their average 14 years tenure has provided them hands on experience with change management issues. They know what works and what doesn't.

## Ricoh Overview

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### Equipment Service

Ricoh uses Key Performance Indicators (KPIs) to measure service performance, sources for ongoing improvements and benchmarks results each year.

Ricoh believes that the customer ultimately decides excellence in service. For that reason, we are not satisfied until you are. Since this continual flow of customer input drives our customer service and support programs, we are always looking for new ways to collect customer feedback, including:

- Conducting customer surveys
- Continually benchmarking our service delivery process using key performance indicators to provide ongoing improvement
- Providing a 800 toll-free hot line for all customer support issues and questions
- Conducting focus groups with end users
- Analyzing industry reports

Ricoh Site Managers and their staff have special training in Customer Vision® and talk and meet with the end users on a daily basis. Service technicians openly ask questions about customer satisfaction on routine maintenance visits.

### On-Site Services

Site-specific manuals are developed for each customer location. The **Standard Operating Procedure Manual** covers all areas of operation in depth, from the moment when the lights are turned on until they are turned off at night. All formal practices, stated policies and standardized procedures, including Ricoh's detailed escalation procedures relating to all service areas, are found in this manual. Procedures are based on procedures developed in the "Future State" recommendations found in the Analysis Report created by the analyst(s) and the DOCutivity® team. This manual is kept on-site and updated on a regular basis. Each on-site team member receives a copy.

A site specific **Quality Assurance Manual** is also created for each location. The manual outlines the quality procedures in place that will help realize Ricoh's goal of 100% quality. The manual also contains SLAs that have been incorporated into the program. Adherence to SLAs is tracked and reported to each customer.

Each of these manuals contains a form signed by each employee indicating that he/she understands and will comply with all the policies and procedures.

**Site Audits** - The Facilities Account Management Excellence (FAME) program involves unannounced audits of the Ricoh operation at each customer site several times per year. Operational management is recognized for achieving high levels of performance and compliance in on-site operations. Awards and prizes are provided to account teams for meeting operational objectives.

**One Point of Contact** - All information regarding LSU's enterprise wide program is channeled to the Professional Services Account Manager (PSAM), by the Ricoh team and the PSAM knows, or is able to find, the answer to any question regarding account management. The Territory Operations Manager will attend all review meetings and present management reports with additional program related data. The Professional

## Ricoh Overview

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Services Account Manager works with local Ricoh account representatives, who serve as customer support contacts at remote LSU locations across the country.

Ricoh's Account Management Team is available Monday through Friday, from 8:00 AM until 5:00 PM. Account Managers are equipped with cell phones, Laptops, Blackberries and have an office number. All information pertaining to their accounts (billing, service calls, management reports) can be viewed by each Account Manager real time on their laptop via Ricoh's SFO tool and/or Ricoh's Web site for LSU, Ricoh Direct.

Site Managers serve as Ricoh contacts for day-to-day issues and Territory Managers are in place to also assist Ricoh's customers in any way.

### **Customer Vision® Related Awards**

Ricoh is very pleased to be recognized for the results of its customer satisfaction foundation and greatly values awards that have been presented to Ricoh from customers. A sampling of awards Ricoh has received from customers includes:

**State Farm Insurance** - Vendor Award

**Comerica, Inc.** - Outstanding Vendor Award

**DuPont** - Partners in Quality Award

**Chevron** - Alliance Supplier Award

**Optika** - Strategic Partner of the Year

**Pacific Bell** - Quality Partner Gold Award

**Sears** - Partner in Progress

**Abbott Laboratories** - 5-Year Corporate Preferred Supplier

**SBC** - Quality Partner Gold Award

**InSource** - Supplier Award of Excellence

**NASA** - Service Award

**Premier** - Supplier Performance Award (Pinnacle Award)

**MedAssets Healthcare** - Platinum Vendor Award

**VARBusiness** - ARC Award for Partnership in Workgroup Color Printer category

### **eBusiness**

Ricoh has integrated state of the art eBusiness features in its programs and has a department focused on enhancing and creating future advancements to not only facilitate the ease of doing business with Ricoh, but also to further decrease a client's program costs. Savings in operating costs and gains in revenue from increases in productivity can be realized.

When you engage with a solutions provider, you expect more connection than a toll-free number. Because the advantages of a true partnership — like priority service, customized offerings, and joint planning — require tight integration between your business and the provider's internal support structure.

The Ricoh eBusiness group is dedicated to achieving and sustaining this kind of seamless business integration. We use advanced Web-based technologies to bridge all the gaps between your organization and the back-end systems we rely on to manage your account.

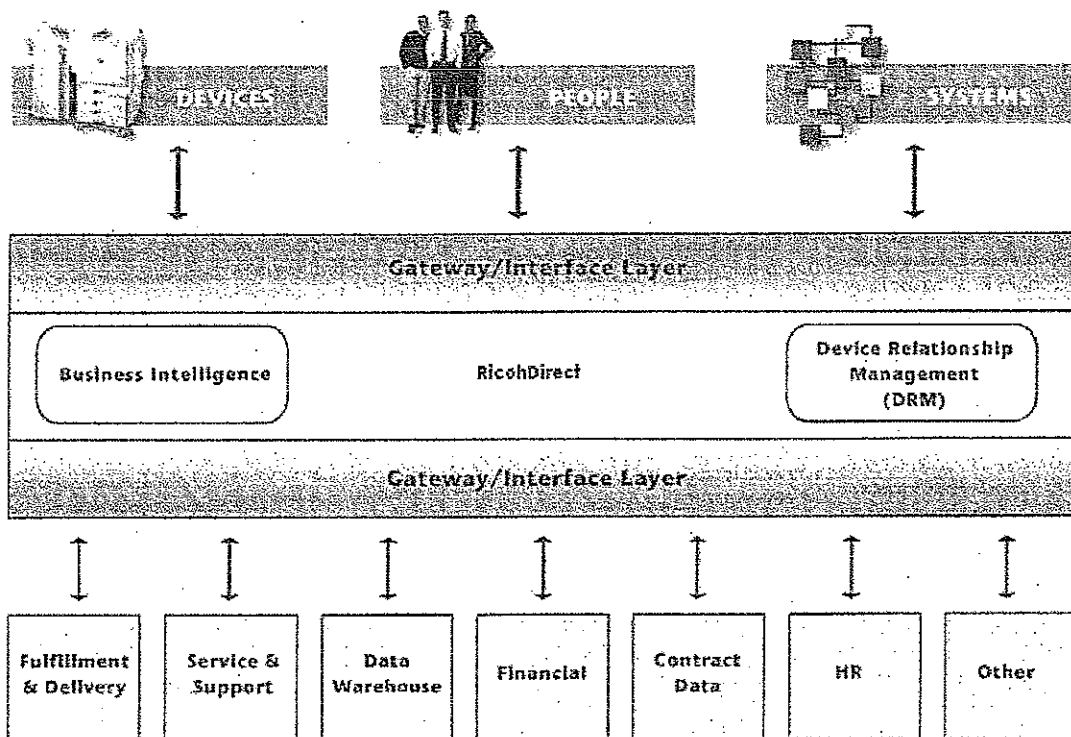


## Ricoh Overview

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You benefit from:

- Intelligent procurement and precise spending control through eProcurement support, which includes electronic catalogs as well as third-party eMarketplace
- Seamless, Web-based transaction processing and post-sale support through an industry-leading fleet management portal called RicohDirect. See [www.ricohdirect.com](http://www.ricohdirect.com).
- Next-level total cost of ownership (TCO) analysis through a powerful combination of RicohDirect and device relationship management solutions.



### Load Balancing

The flexibility to meet changing business needs comes from load balancing. Whenever possible, devices that are not meeting requirements for a given workgroup will be relocated within the fleet. Ricoh will also utilize historical volume trend analysis and applicable data that is automatically pooled through the Web, to ensure that peaks can be planned for and that the customer's document production is seamless, despite cyclical volume spikes.

### Open Architecture

In addition to multiple driver support, Ricoh actively supports network management utilities such as HP's Web JetAdmin, LexMark's MarkTrac as well as plug-ins for Tivoli, CA Unicenter and HP OpenView. Keeping consistent with our philosophy of open architecture,

## Ricoh Overview

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Ricoh has found that the digital multifunctional transition is easier if network support mechanisms are based on existing and proven standards rather than proprietary solutions.

### **B2B Interfaces**

Ricoh has the capability to provide B2B Interfaces that include:

- Help Desk support
- Automated meter entry
- Electronic billing/payment
- EDI

### **Dedicated Analysts, Project Managers and Systems Engineers**

Successfully designing and converting a document management strategy to tactical day-to-day business processes requires best-in-class people, processes and programs. Ricoh provides the strategy and the integration of strategy into customer operations to deliver a high level of customer satisfaction.

Ricoh's team includes solutions engineers, system engineers, analysts and project managers found on the local and national level. Objectives include:

- Improve business process
- Increase productivity and operational efficiency
- Deploy technology and business/industry expertise to create tailored solutions
- Maximize asset utility by improved management
- Ensure a smooth implementation of the new technology and business processes
- Develop "future state" solutions that help meet the customer's business objectives

**Analyst Network** - Ricoh's Analyst network includes a team of business analysts who represent a national and local network. Members of this team have specialties that include technology, business processes, mail services, host print applications, color, high volume production, vertical market specializations, fulfillment and others. They are deployed to customer sites based on program requirements. They help the Ricoh team perform a thorough DOCutivity® analysis to examine the lifecycles of the major document types within the organization.

## Ricoh Overview

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### **DOCutivity® Analysis**

Ricoh's primary goal is to help LSU reduce costs, raise productivity and achieve maximum efficiency with document management solutions that can improve the overall bottom line. Ricoh can conduct a DOCutivity analysis at LSU locations to determine the most cost effective print strategies to ensure maximized asset utilization and cost efficiencies. The DOCutivity analysis is a tool to examine office and workgroup functions and tasks and the document life cycles that support these functions and tasks. Ricoh's team of industry specialists follows the flow of these critical documents throughout their entire life cycle from creation, production, replication and distribution to retention. After the DOCutivity analysis has been completed, future state recommendations are formed based on customer business objectives, study findings and best practices. At the completion of the study, a detailed Analysis Report is presented which includes a cost impact analysis comparing the present and future state. Recommended new processes, with mapping if applicable, are part of the future state and benefits associated with these enhancements.

*The comprehensive Total Cost of Ownership (TCO) report includes a Current State comparison with Future State TCO recommendations.*

During a DOCutivity analysis, Ricoh works with your IT organization to take advantage of the current infrastructure. Multiple factors are considered such as service, support, network administration and web-based remote monitoring, before recommending hardware or software. Ricoh understands the implications of adding new technology without considering the impact on departmental productivity, network compatibility and Help Desk calls.

### **MFPs: The Ricoh Approach**

Some workgroups or sections of workgroups don't need the added features of a multifunctional digital device (MFP). They just need a printer.

One of the core competencies that differentiate Ricoh from the competition is the analysis, design and implementation of a comprehensive print workgroup strategy for our customers. To support this strategy, Ricoh works with our development group to manufacture unique hardware and software products.

To minimize the cost of print output, we use very low cost (VLC) bulk bottle toner-based digital print engines. These engines, found in Ricoh multifunctional devices (MFPs) and network printers, offer tremendous savings compared to traditional cartridge-based products. They allow Ricoh to create more cost effective workgroup systems.

Combining MFPs and network printers that use VLC engines is also advantageous because:

- Workgroups do not typically need both copy and fax hardware in every location where they need a convenient print device.
- Users resist printing to an MFP that may be located far away from their workstations.
- Users wish to avoid the inconvenience of printing on a heavily used copy and fax device.

Ricoh leads the industry in comprehensive optimization of the hardware, software and processes that can improve ROI for clients through cost savings and productivity gains.

## Ricoh Overview

### Award Winning Equipment

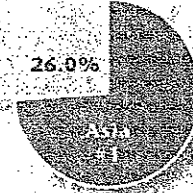
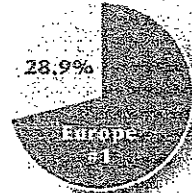
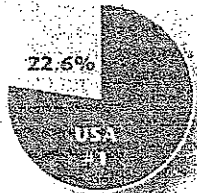
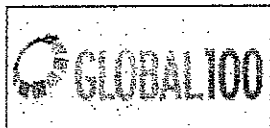
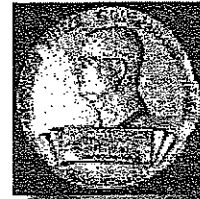
Ricoh's equipment offerings continuously win product awards for technical innovation and excellence from independent industry analysts such as Better Buys for Business, Buyers Laboratory Inc. and BERTL. Less than 100 companies have received the Deming Award. Ricoh is the only office equipment manufacturer to win this award **twice**.

Ricoh maintains its reputation as The Quality Leader by closely monitoring every aspect of its business for adherence to the strictest quality standards. Ricoh received the Japan Quality Award (JQA) as a result of this commitment to quality. The JQA is based on the Malcolm Baldrige National Quality Award of the United States and is awarded to companies that demonstrate outstanding business excellence. Ricoh Company, Ltd. has been named one of the World's Most Ethical Companies by the Ethisphere Institute for 2009. Ricoh earned a coveted place on the list by going beyond legal minimums, introducing innovative ideas to benefit the public and forcing its competitors to follow suit by consistently upping the ante for what it takes to be an ethical leader. Please visit Ricoh's award site at <http://www.ricoh-usa.com/about/awards/index.asp?tsn=Ricoh-USA>.

Ricoh made the "Global 100" List for *6th year in a row*, Tokyo, February 5, 2010. This is the sixth consecutive year that Ricoh has been listed in the "Global 100 Most Sustainable Corporations in the World," known as the "Global 100." Starting in 2005, Corporate Knights Inc. of Canada has selected the top 100 corporations in the world every year by highlighting global corporations which have been the most proactive in managing environmental, social and governance issues (ESG) integrated with financial data.



**Deming Award**  
Outstanding commitment to quality control and products that make exceptional advances in pursuit of quality.



Ricoh holds the #1 market share position in office digital unit placements in the United States and worldwide.

## Ricoh Overview

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### Research and Development

Research and development allows Ricoh to remain a technology leader that can translate its image communication achievements into real marketplace advantages by creating significant added value for customers.

Ricoh has a fully integrated research and development structure with 10 laboratories worldwide conducting basic and applied research in diverse technologies. These include color imaging, imaging processing, optics, chemicals, software enablers, mechatronics, semiconductors and information technologies, among others.

Ricoh's R&D program broadly focuses on image communication advances. R&D operations work closely with manufacturing, sales and service operations to meet their product technology needs and support environmental protection initiatives. Ricoh is also exploring the basic research keys to the office equipment of tomorrow, particularly in advanced next generation and multimedia information technologies.

Ricoh consistently invests about 6% of net sales in R & D.

### Commitment to the Environment

Ricoh is deeply committed to the environment and protecting the resources in our care. This commitment includes every aspect of our business, from the products we provide, the way we run our offices and how we interact with local communities. Environmental stewardship is one of our highest corporate priorities and remaining a strong environmental citizen is a responsibility we take very seriously.

Ricoh is dedicated to upholding our vision for environmental leadership. This vision demands that we go beyond expectations of our industry and exceed legislated requirements whenever possible.



Our earth.  
Our tomorrow

This uncompromising policy has the enthusiastic support of our executive management team and employees. We are committed to ongoing stewardship and a continuously evolving set of environmental programs.

**Conserve Energy & Reduce Costs without Affecting Productivity** - Reducing the amount of energy your organization consumes is an easy way to have a positive impact on the environment. To this end, Ricoh offers energy-efficient document management systems that minimize power and resource consumption without sacrificing productivity or convenience. These systems offer many of the following features:

- **Ultra-Low Power Sleep Mode** – After a short period of idling, systems enter a low-power sleep mode during which they consume just six to eight watts of electricity—significantly less than during normal operation.
- **Quick Start Up** – Warm-up time is nearly 66% faster than competitive systems. This makes the sleep feature invisible to users, so the low-power mode does not get disabled.

## Ricoh Overview

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- **Fast Duplexing** – All systems operate in duplex mode at 95% to 100% of their rated speed, so users can quickly and easily complete copying jobs using half the paper.
- **Toner Recycling** – This internal process helps improve toner yields, reduce wasted toner and decrease the frequency of cartridge replacements.
- **Sample Mode** – This feature prevents paper waste by allowing users to print one sample copy to check settings prior to printing the entire job.

**Demanufacturing Program** - At the end of their service life cycle, document management systems from Ricoh enter our demanufacturing program. The demanufacturing process allows us to recycle nearly all of the materials in these products and keeps our systems out of landfills. It also prevents them from being shipped overseas for improper disposal in nations where environmental regulations are not as strict. (Ricoh is firmly opposed to this practice, often referred to as "exporting harm," which is unfortunately, common in this and many other industries.)

When scrap systems enter our demanufacturing program, they are sent to one of our recycling centers in the U.S. They are then disassembled, processed and separated into commodity streams of steel, copper, aluminum, other metals and plastics. These materials are sent to other approved recyclers for conversion into new, usable resources. By using state-of-the-art technology, our demanufacturing facilities have improved the average rate of recovery from between 30 and 60% up to 95% of total equipment weight.



**Energy Conservation** – Ricoh's entire line of multifunction products (MFPs) qualifies to meet the latest Energy Star guidelines. In addition to color and black & white MFPs, Ricoh's entire line of digital duplicators and wide format products also meet the new Energy Star guidelines. Energy efficiency compliance has been integrated in nearly all of Ricoh's printers, production printers and facsimile products. Sponsored by the U.S. Environmental Protection Agency (EPA), Energy Star promotes energy efficiency in office equipment. Ricoh systems are engineered to conserve electric power, paper and other consumable supplies. Energy Star Products prevent greenhouse emissions by meeting strict energy efficiency guidelines set by the U.S. EPA and the U.S. Department of Energy.

Ricoh's Energy Star high-speed MFDs feature duplexing units that automatically make double-sided copies, which reduce paper costs by about \$60 a month on average. Using less paper also saves energy because it takes 10 times more energy to manufacture a piece of paper than it does to copy an image onto it. Spending a large portion of time in low-power mode not only saves energy, but helps copy equipment run cooler and last longer.

Office equipment is generally turned on 24 hours a day, so power management features are important for saving energy and are an easy way to reduce air pollution. Energy Star has prevented more than 150 million metric tons of pollution and has helped businesses and consumers save an estimated \$50 billion in energy costs.

**Green Factories** - Ricoh Company Ltd., Ricoh's parent company, operates 23 manufacturing facilities around the world. These factories are among the leading green manufacturing plants worldwide. All have earned ISO 14001 certification for Environmental Management, as well as ISO 9002 certification for Quality Management. They have also achieved coveted "zero waste to landfill" status, which means they send

## Ricoh Overview

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absolutely no waste materials to landfills. Instead, all waste streams are either reused or recycled. By making green factories a high priority, Ricoh Company Ltd. enables Ricoh to bring high-quality document management solutions to our customers and maintain strong environmental responsibility.

**Recycling** - Ricoh actively promotes recycling programs to reduce waste sent to landfills and help conserve energy. The Ricoh Headquarters and Technical Buildings in Atlanta received ISO 14001 certification in 2004. Ricoh has certified all of its manufacturing plants and many other facilities worldwide to the ISO 14001 standard.

For our customers, we offer a program to recycle toner cartridges. It's an important strategy, because toner is second only to paper as our industry's highest-volume consumable. This program is simple, easy and free. To participate, our customers simply just drop their used toner cartridge back in the box, apply the pre-paid shipping label and send it back to Ricoh. We do the rest. Returned cartridges (along with packaging and shipping materials) are disassembled, and then sorted for reuse and material recovery. Typically, between 95% and 100% of the total weight is recovered. This keeps used cartridges out of our landfills and conserves the energy and resources required to manufacture new ones.

**Environmental Awards** - Ricoh has won numerous awards over the years for our strong commitment to the environment. A few of these awards and recognitions received include:

- **WEC Gold Medal** – Ricoh received the 2003 Gold Medal for International Corporate Achievement in Sustainable Development from the World Environment Center for its contributions to worldwide environmental quality.
- **One of the World's Top 100 Most Sustainable Companies** – For the sixth consecutive year, in January 2010, Ricoh was named one of the top 100 most sustainable companies in the world. As a Global 100 honoree, Ricoh is part of a select group of companies whose sustainability performance falls within the top 5% of their sector. More information on this recent award can be found at [www.global100.org](http://www.global100.org)
- **The World's Most Respected Companies** – A poll of CEOs in Financial Times in December 2001 ranked Ricoh as the seventh company worldwide that best manages and affects environmental resources.
- **One of Top "Green Technology Innovators"** – In December 2005, Business Week Magazine awarded Ricoh 4th place in the list of top "Green Technology Innovators: Battling Climate Changes."
- **California's Top Environmental Award** – In February 2005, Ricoh Electronics, Inc in Tustin, Orange County received the State of California's top waste reduction environmental award. The California Integrated Waste Management Board presented this award to only 10 businesses.
- **Energy Star® Awards for Office Equipment** – Since 1996, Ricoh systems continue to receive Energy Star awards for energy efficiency.
- **Energy Star® Year 2000 Best Consumer Education** – Ricoh is the first and only corporation to receive this award.

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- **Innovest's EcoValue 21st Rating** – Awarded to companies that balance business and environmental conservation, Ricoh received an AAA rating in June 2001 and ranked first out of 11 companies.
- **Environmental Choice Designation** – Awarded by Environment Canada in September 2001 for copiers, printers and facsimile systems.
- **IEA Copier of the Future** – In November 1999, the Ricoh 5635 received the first ever "Copier of the Future" award for its energy-savings from the International Energy Agency based in Paris, France.

For a current Ricoh Environmental Sustainability Report, please visit <http://www.ricoh.com/environment/report/index.html>

### Identifying Hidden Printing Costs

Finding the true cost of document output in a single location or throughout an enterprise can be a difficult if not insurmountable challenge. Ricoh can provide an optional solution that can contribute to successful document management by capturing and tracking these spiraling operating costs. Ricoh's tool will promote LSU's print avoidance strategies by promoting rules based routing. Examples include high volume print and color.

Ricoh recently introduced a server-based tool that utilizes advanced technologies to capture and identify forms of printing and copying for networked printers, local printers and other devices in an organization, regardless of the manufacturer (HP, Lexmark, Xerox, etc.). This tool records all available information about each copy/print job, enabling accurate tracking of costs and pinpointing printing patterns. The centralized database can generate up to 70 different reports for advanced analysis.

### Technology Enablers

Ricoh's experienced technology specialists are dedicated to handling every customer requirement related to digital document management. These team members are regularly trained and updated about advances and applications for customer solutions. They participate in frequent trainings, meetings and conference calls with colleagues to exchange best-way practices. These digital specialists provide the best possible solutions to meet the business objectives of Ricoh's customers.



Ricoh has developed a number of cutting edge technology enablers that are utilized by our technology teams. These enablers address specific applications and provide solutions to further reduce costs and enhance productivity from the onset of a program. They also can be added for continuous program improvement. In addition, Ricoh has developed strategic partnerships with a select group of leading technology companies to make sure our customized solutions include "best of breed" technology enablers in its customized solutions. Strategic partnership technology enablers are provided and supported by Ricoh.

Ricoh Americas Corporation's Printing Solutions Division won two "Best of IT ChannelVision™ Awards" at the IT ChannelVision Spring 2007 Conference, held May 6<sup>th</sup> through May 9<sup>th</sup> in Hollywood, Florida. These awards recognize technology providers for



## Ricoh Overview

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developing products and programs that are redefining the traditional IT markets and channels.

The "Best of IT ChannelVision Awards" are the only channel awards voted on solely by the attending System Builder and xSP Decision Makers, who are comprised of the top executives from throughout the industry. Ricoh was honored in the categories of "Best System Builder Marketing Program/Promotion" and "Best System Builder Presentation." In addition, Ricoh received a third nomination in the "Best xSP Presentation" category.

*Information Week*, a leading publication for IT professionals, honors the most innovative users of business technology in an annual survey that evaluates companies headquartered in the United States with at least \$1 billion in annual revenue. Ratings are based on technological, procedural and organizational innovation. In 2008 Ricoh Americas Corporation ranked #82 out of the 500 companies named.



**ATTACHMENT D**



# CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 1  
DATE (MM/DD/YYYY)  
12/06/2010

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Willis of New York, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	CONTACT NAME:	
	PHONE (A/C NO. EXT): 877-945-7378	FAX (A/C NO.): 888-467-2378
	E-MAIL ADDRESS: certificates@willis.com	
	INSURER(S) AFFORDING COVERAGE	NAIC#
	INSURER A: Tokio Marine & Nichido Fire Insurance Co.	12904-001
INSURED Ricoh Americas Holding Inc. 5 Dedrick Place West Caldwell, NJ 07006	INSURER B: Travelers Property Casualty Insurance Com	36161-900
	INSURER C: Travelers Casualty & Surety Company	19038-006
	INSURER D: Beazley Insurance Company Incorporated	37540-002
	INSURER E:	
	INSURER F:	

**COVERAGES**

CERTIFICATE NUMBER: 15102975

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADD'L INSRD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR			CLL6402263	4/1/2010	4/1/2011	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 250,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS-COMP/OP AGG \$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						
	<input type="checkbox"/> POLICY	<input type="checkbox"/> PRO-JECT	<input checked="" type="checkbox"/> LOC				\$
A	AUTOMOBILE LIABILITY			A/S CA6402173	4/1/2010	4/1/2011	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
A	<input checked="" type="checkbox"/> ANY AUTO			HI CA6402168	4/1/2010	4/1/2011	BODILY INJURY (Per person) \$
A	<input checked="" type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS		MA CA6402157	4/1/2010	4/1/2011	BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident) \$
							\$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR			CU6402167	4/1/2010	4/1/2011	EACH OCCURRENCE \$ 5,000,000
	<input type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE					AGGREGATE \$ 5,000,000
	<input type="checkbox"/> DED	<input checked="" type="checkbox"/> RETENTIONS	10,000				\$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			3IWJUB635J872410	4/1/2010	4/1/2011	<input checked="" type="checkbox"/> WC STATUTORY LIMITS
C	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	3RIFJUB635J873610	4/1/2010	4/1/2011	E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE-EA EMPLOYEE \$ 1,000,000 E.L. DISEASE-POLICY LIMIT \$ 1,000,000
D	Professional Liab.			WI03C9100201	12/1/2010	12/1/2011	\$1,000,000. Each Claim/Agg. Limit \$500,000 Deductible

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach Acord 101, Additional Remarks Schedule, if more space is required)

**CERTIFICATE HOLDER****CANCELLATION**

Evidence of Insurance

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Coll:3200713 Tpl:1188050 Cert:15102975 ©1988-2010 ACORD CORPORATION. All rights reserved.

# Summary of Work-Related Injuries and Illnesses



Year 2007

U.S. Department of Labor  
Occupational Safety and Health Administration

Form approved OMB no. 1218-0170

All establishments covered by Part 1904 must complete this Summary page, even if no work-related injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary.

Using the Log, count the individual entries you made for each category. Then write the totals below, making sure you've added the entries from every page of the Log. If you had no cases, write "0".  
Employers, former employees, and their representatives have the right to review the OSHA Form 300 in its entirety. They also have limited access to the OSHA Form 301 or its equivalent. See 29 CFR Part 1904.45, in OSHA's recordkeeping rule, for further details on the access provisions for these forms.

Number of Cases		
Total number of deaths	Total number of cases with days away from work	Total number of cases with job transfer or restriction
0 (G)	0 (H)	0 (I)
Total number of other recordable cases		
0 (J)		


Number of Days	
Total number of days away from work	Total number of days of job transfer or restriction
0 (K)	0 (L)

Injury and Illness Types	
Total number of ...	
(M) (1) Injuries	0
(2) Skin disorders	0
(3) Respiratory Conditions	0
(4) Poisonings	0
(5) Hearing loss	0
(6) All other illnesses	0

Post this Summary page from February 1 to April 30 of the year following the year covered by the form.

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing the instructions, searching existing data sources, gathering the data needed, and completing and reviewing the collection of information. Persons who are not required to respond to the collection of information unless it displays a currently valid OMB control number. If you have any comments about this collection of information, please write to Washington, DC 20503, Department of Labor, OSHA Office of Statistical Analysis, Room N-3534, 200 Constitution Avenue, NW, Washington, DC 20503. Do not send the completed forms to this office.

<b>Establishment information</b>	
Your establishment name	Baton Rouge
Street	5055 S. Sherwood Forest
City	Baton Rouge
State	LA
Zip	70816
Industry description (e.g., Manufacture of motor truck trailers)	Office Solutions
Standard Industrial Classification (SIC), if known (e.g., 3715)	
OR	
North American Industrial Classification (NAICS), if known (e.g., 336212)	423420
<b>Employment information</b> (If you don't have these figures, see the instructions for how to estimate.)	
Annual average number of employees	28
Total hours worked by all employees last year	52800
<b>Sign here</b>	
I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.	
 CEO & Chairman	
Company Executive	778-198-8500
Phone	January 28, 2008
	Date

OSHA's Form 300A (Rev. 01/2004)

Summary of Work-Related Injuries and Illnesses

All establishments covered by Part 1904 must complete this Summary page, even if no injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete.

Using the Log, count the individual entries you made for each category. Then enter the totals below, making sure you've added the entries from every page of the log. If you had no cases, write "0."

Employees former employees, and their representatives have the right to review the OSHA Form 300 in its entirety. They also have limited access to the OSHA Form 301 or its equivalent. See 29 CFR 1904.35, in OSHA's Recordkeeping rule, for further details on the access provisions for these forms.

Number of Cases	Total number of cases with days away from work	Total number of cases with job transfer or restriction	Total number of cases with days away from work, job transfer or restriction, or other recordable cases
0 (3)	0 (1)	0 (1)	0 (4)

Number of Days	Total number of days away from work	Total number of days of job transfer or restriction
0 (4)	0	0 (4)

Total number of Injuries and Illness Types	(1) Injury	(2) Skin Disorder	(3) Respiratory Condition	(4) Poisoning	(5) Hearing Loss	(6) All Other Illnesses
0	0	0	0	0	0	0

Post this Summary page from February 1 to April 30 of the year following the year covered by the form.

Public reporting burden for this collection of information is estimated to average 56 minutes per response, including time to review the instructions, search existing data sources, gather the data needed, and complete and review the collection of information. Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number. If you have any comments about this collection of information, contact the Office of Management and Budget, Paperwork Project Director, Room 1023, 1225 Jefferson Ave, NW, Washington, DC 20503. Do not send the collection forms to this office.



Year 2008

U.S. Department of Labor  
Occupational Safety and Health Administration  
Form approved OMB No. 1218-0176

Establishment information	
Your establishment name	Flash
Street	
City	BAYON ROUGE
State	LA
Zip	70816
Industry description (e.g., Manufacture of motor truck, tractor, or other vehicles)	
Standard Industrial Classification (SIC), if known (e.g., SIC 3719)	
OR North American Industrial Classification (NAICS), if known (e.g., 366212)	
Employment information	
Annual average number of employees	90
Total hours worked by all employees last year	178605
Sign here	
Knowingly falsifying this document may result in a fine.	
I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.	
<i>Larry Blahney</i>	H&S Mgr
Company official	Title
770-95-9500	Photo
	Date 01/27/2009

# OSHA's Form 300A (Rev. 01/2004)

## Summary of Work-Related Injuries and Illnesses

All establishments covered by Part 1904 must complete this Summary page, even if no injuries or illnesses occurred during the year. Representatives review the Log to verify that the entries are complete.

Using the Log, count the individual entries you check for each category. They will be totals below, making sure you've added the entries from every page of the Log. If you had no cases with "0."

Employers, former employees, and their representatives have the right to review the OSHA Form 300 in its entirety. They also have limited access to the OSHA Form 301 or its equivalent. See 29 CFR 1904.56. In OSHA's Recordkeeping rule, for further details on the access provisions for these forms.

Number of Cases	Total number of cases with days away from work	Total number of cases with job transfer or restriction	Total number of other recordable cases
0	0	0	0
(G)	(H)	(I)	(J)

Number of Days	Total number of days of work	Total number of days of job transfer or restriction
0	0	0
(K)	(L)	(M)

Total number of...	(1) Injury	(2) Skin Disorder	(3) Respiratory Condition	(4) Poisoning	(5) Hearing Loss	(6) All Other Illnesses
0	0	0	0	0	0	0
(N)	(O)	(P)	(Q)	(R)	(S)	(T)

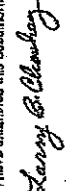
Post this Summary page from February 1 to April 30 of the year following the year covered by the form.

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time to review the instructions, search existing data sources, gather the data needed, and complete and review the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing the burden, to Washington, DC 20503. Do not mail this information to the office.

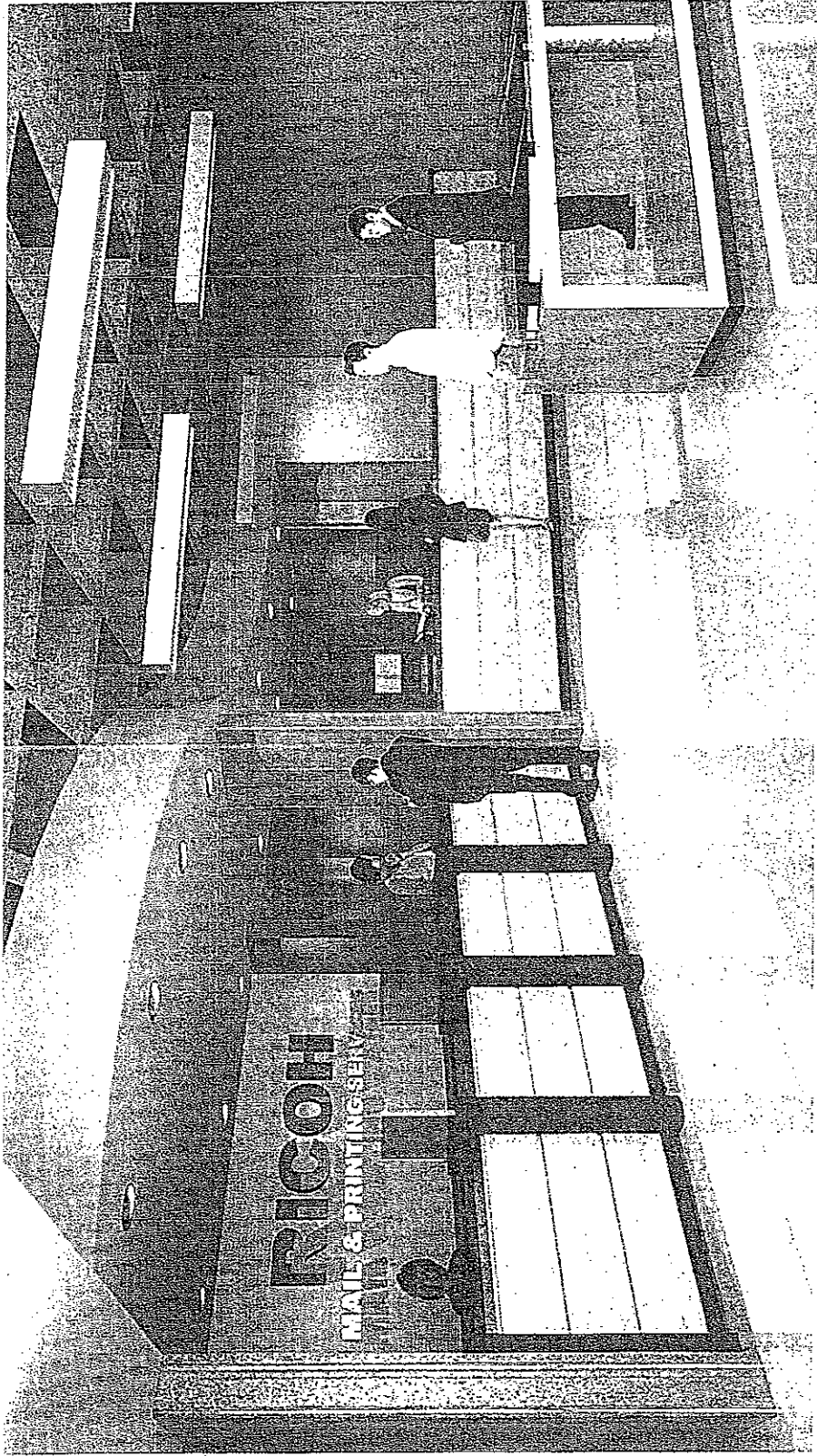


Year 2009

U.S. Department of Labor  
Occupational Safety and Health Administration  
Form approved OSHA No. 1218-07B

Establishment Information	
Your establishment name	Rison Americas Corp
Street	6055 S Shorewood Forest
City	Baton Rouge
State	LA
Zip	70819
Industry description (e.g., Manufacture of motor truck trailers)	Office Solutions
Standard Industrial Classification (SIC), if known (e.g., SIC 3716)	
OSHA North American Industrial Classification (NAICS), if known (e.g., 336212)	
Employment Information	
Annual average number of employees	37
Total hours worked by all employees last year	74000
Sign here	
I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.	
 Larry B. Chubb Company executive	
F&S Mgr Title Jan. 24, 2010 Date 770-488-9500 Phone	

ATTACHMENT E

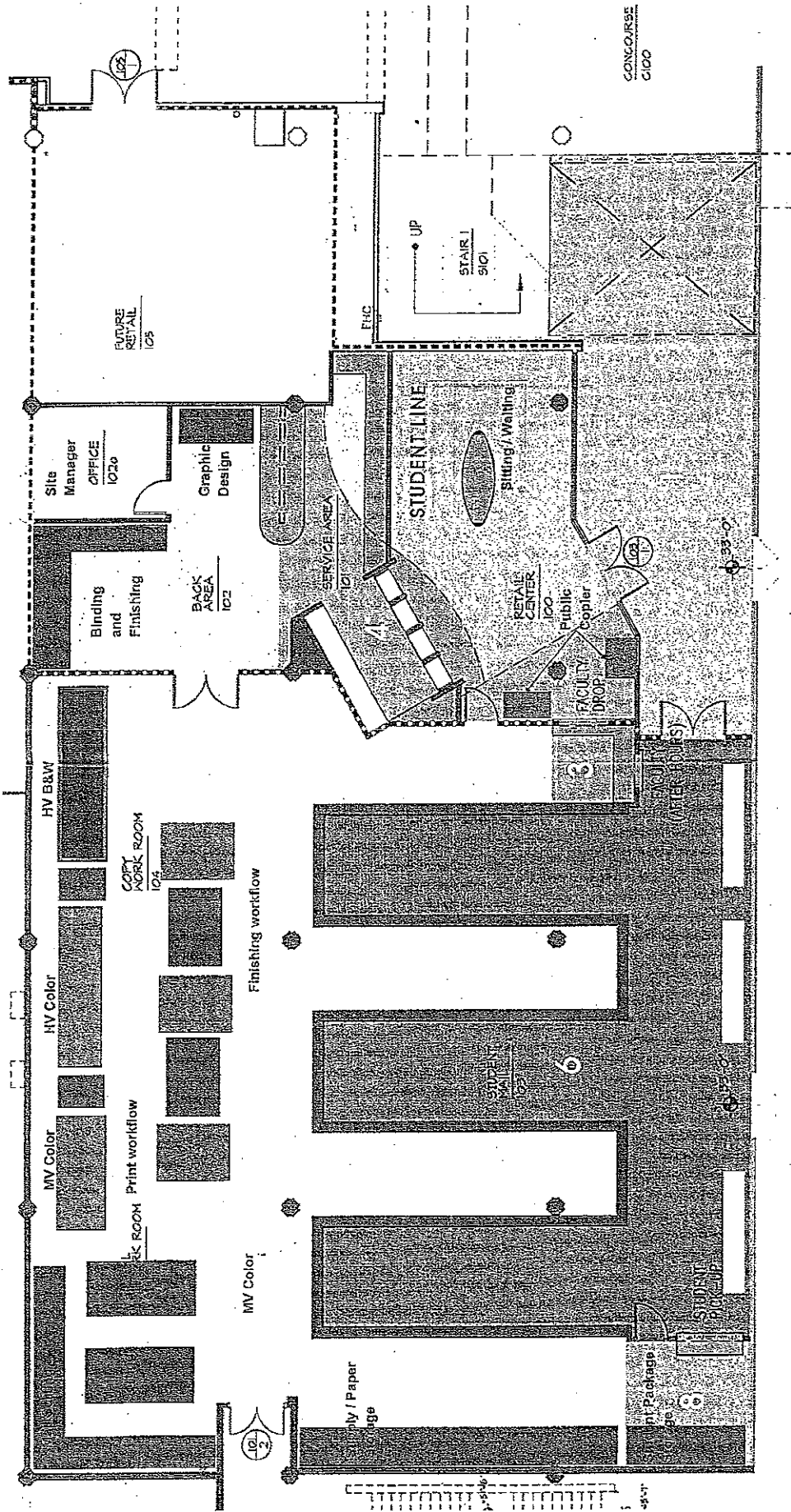


JOHNSON  
ARCHITECTURAL  
STUDIO, P.C.

LSU STUDENT UNION POST OFFICE





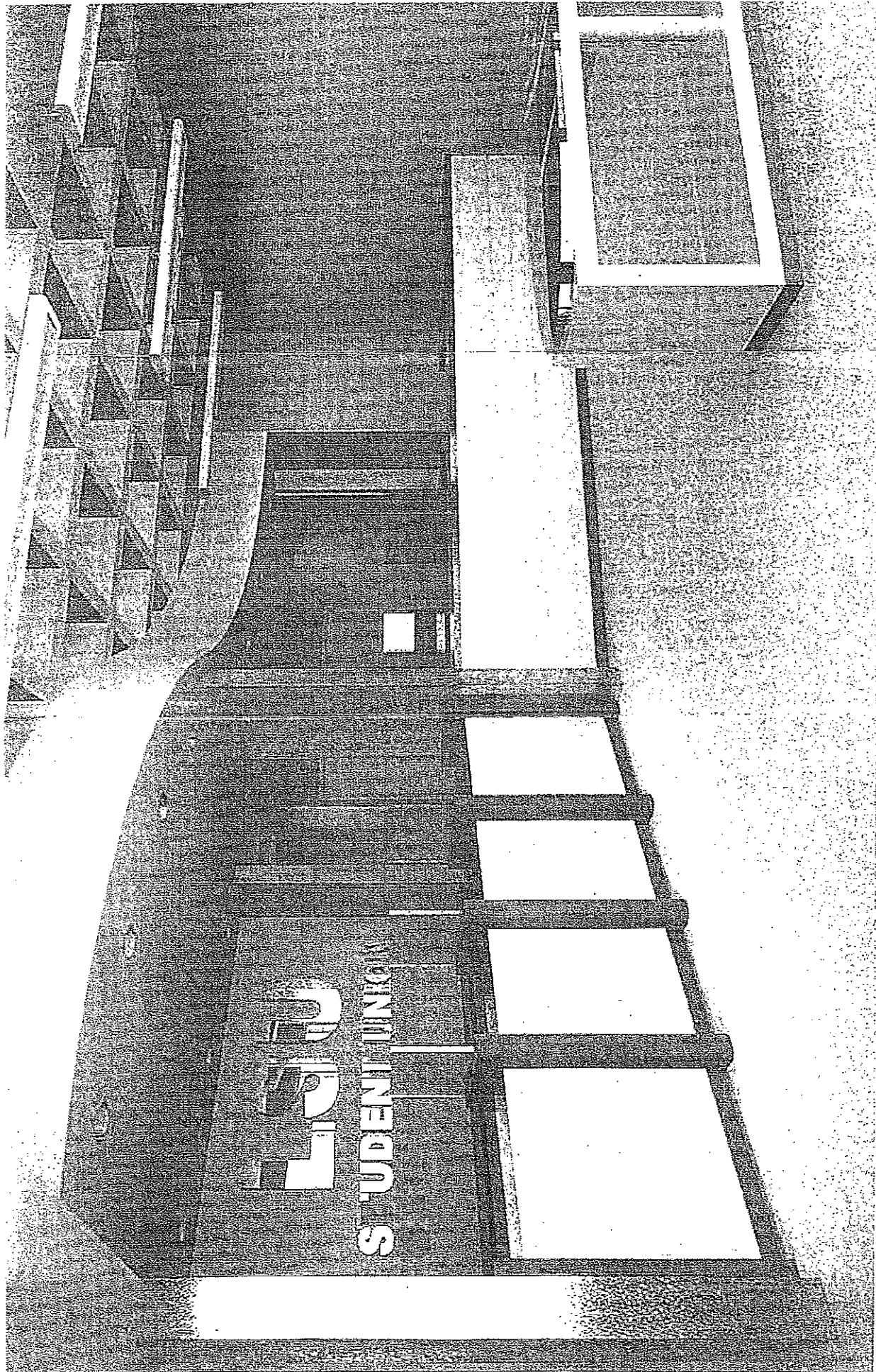


lobby   
  faculty drop off   
  4 teller counter   
  5 work area   
  7 mail room   
  student pick up



LSU STUDENT UNION POST OFFICE

JOINT ARCHITECTURAL  
 ARCHITECTURAL  
 STUDIO, LLC



**ATTACHMENT F**

## World Class Employees

People are Ricoh's most valuable asset. This section of the document provides an overview of the type of employee that will be executing Ricoh's program at LSU and some of the Ricoh human resources processes that impact that employee. Ricoh invests heavily to attract and retain the best possible employees.

### Recruiting and Staffing

When sourcing, Ricoh looks for experience in the customer service industry, an intense desire to succeed (self-motivation), professional attitude and appearance, and integrity, as well as skill sets and educational requirements. Ricoh also utilizes a targeting process to pinpoint the behavioral traits for each individual position. The Targeted Selection Interview Guide bases its success on past behavior being a predictor of future behavior. Utilization of this guide allows our management team to evaluate the prospective employee's future success by asking for specific examples of certain targeted behaviors that are deemed necessary to be successful in the current open position. This tool helps us achieve attrition rates significantly lower than the industry average, especially for outsourcing services. We seek to find employees willing to work as team members with the ability to take ownership and manage empowerment.

**Finding the Best-Qualified Employees** - Ricoh has long been recognized as a company that offers great opportunities for both professional and personal development. Consequently, Ricoh is able to attract and retain the very best employees from a variety of sources including:

- Employees from other Ricoh divisions (when appropriate and in compliance with Ricoh recruiting codes of conduct)
- Employee referrals
- Employees from customer sites (with customer approval)
- Candidates from colleges/universities, minority organizations, and industry competitors
- Ricoh Professional Services (RPS) recruiters
- Internet, print ads, and job fairs
- Kelly Services, Inc.

Potential Ricoh employees must pass the following before employment commences:

**Substance Abuse Test** - All employees are tested for substance abuse prior to any offer of employment.

**Background Check** - Ricoh utilizes the services of a nationally known organization to administer and conduct an extensive background check that covers felony and misdemeanor charges, employment history, and a motor vehicle report.

**Reference Checks** - Ricoh management conducts reference checks on all potential employees by contacting previous employers, schools and personal references.

### Ensuring High Quality Performance

Ricoh's commitment to quality insists we employ only the very best people who are committed to customer satisfaction. Ricoh makes every effort to make sure our

## Ricoh Personnel

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employees meet the highest standards of ethical conduct. For this reason Ricoh employees must agree to all of the following:

**Statement of Principles** - Ricoh is committed to honesty and integrity in all dealings, respect and fair treatment of all people, stewardship of the resources in its care (including client assets and information), free enterprise, and respect for authority.

**Standards of Business Conduct and Ethics Policy** - Ricoh has a clear policy describing how employees are to conduct business in a professional manner that is both ethical and legal.

**Client Confidentiality** - All Ricoh employees sign a confidentiality agreement designed to protect our customers. This agreement reads as follows: "Confidential materials which Ricoh has received from its customers are extended the same protection as Ricoh confidential material. [Employee] agrees to protect said confidential material in the same manner as the agreement provides for Ricoh's confidential material." Ricoh will also undertake to sign any confidentiality agreement with its clients that is required. It is Ricoh's policy to sign any agreement designed to insure the complete honesty of Ricoh staff at customer sites.

**Dress Code Compliancy** - Ricoh employees are expected to present a professional image that reflects the business community that they serve.

### **New Hire Orientation**

New hire orientation consists of several components, which include: a New Hire Online Orientation, Sexual Harassment Video and an Environmental Health and Safety CD.

Employees work closely with their managers and a more seasoned employee to ensure they have what they need to be successful on the job. In the orientation program, employees learn about:

- Ricoh as a company and its dedication to customer service
- Career growth opportunities and Ricoh's commitment to career development, and the resources Ricoh provides for employees to be successful in their positions and in future positions.
- Ricoh's policies and procedures
- Ricoh's benefits in action

Management personnel implement specialized procedures designed to welcome the employee to Ricoh. Extensive training specific to the account operations is also provided to the employee on-site.

### **An Emphasis on Training and Development**

In order for employees to excel and grow into new positions, they must have opportunities to increase their skill base. Employee education and training is a continuous process at Ricoh. Employees understand that to improve, their knowledge base must be updated regularly.

## Ricoh Personnel

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Ricoh has a team of industry experienced full time trainers to provide integrated training in customer service, digital products, networks, business support on-site services, safety, quality control, and personal growth and other subjects. "Integrated training" means that the courses employees attend will build upon each other and provide all the necessary information they need to succeed, regardless of their function or level.

The training reflects Ricoh's principles of Customer Vision<sup>®</sup>, Teamwork, Ethics and Integrity; so that everyone understands the language of what is important to Ricoh. As employees join teams or move between teams or organizations, they will have the same base of understanding as their new co-workers.

Ricoh's training program provides a well-defined path for learning that allows employees to participate in and take responsibility for their own development. In other words, employees understand what is expected and can determine where they are and where they want to go.

**Ricoh University** - Ricoh is consistently recognized as a top training organization. Ricoh has 3 dedicated, state of the art, training facilities devoted to the training and development of Ricoh employees. Ricoh University has created a wide range of educational programs, from one-day seminars and conferences, to intensive, multi-week courses. Ricoh University also offers online access to more than 300 certification and skill development programs. Training tools and education modules for service, administration, sales, and management training are available. Ricoh University also offers enterprise training, which includes the Lending Library and the Ricoh eLearning Place computer based training program.

**Ricoh University Mission Statement** - *To support Ricoh as the preferred document management partner by providing world class training, communications, information, and recognition to the Ricoh family. Ricoh University is the hub of Ricoh's training curriculum in the United States.*

Ricoh's integrated training program includes principles, leadership, professional skill development courses, and functional-specific training.

Customer Vision<sup>®</sup> is the "guiding philosophy" of our company. This test is given to ensure that **all employees** understand the concepts and principles of this philosophy. This training contains five main sections:

- Guiding Philosophy - The History of Customer Vision
- External Perspective
- Internal Perspective
- Guiding Principle
- Online Test

Employees complete all modules within the first 6 months of employment.

**Ongoing Training** - After initial training, courses are tailored to the specific job functions and services offered by Ricoh. Some of these courses involve:

- Administrative Training
- Service Training
- Sales Training

## Ricoh Personnel

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- New Hire Training
- Vertical Market Training
- Strategic Account Selling
- Dealer Training
- Products, Software, and Application Training
- Management and Developmental Skills

**On-Line Computer Application Training** - The Ricoh eLearning Place offers various on-line computer applications courses to Ricoh employees. For instance, employees can log on to the eLearning Place and take a four hour course on Excel.

Employee Training Program on the EMS:

All employees of Ricoh are required to take the following training for maintaining the ISO 14001 certificate:

- ISO14001 General Awareness Training – web based with test

**Professional Skill Development** - All employees are expected to take responsibility for developing the skills they need on the job. Ricoh offers courses that focus on core skills necessary to sustain the Ricoh culture and meet customer expectations. Courses include: Team Building, Computer/Software Literacy, Problem Solving, and Interpersonal Communications.

**Leadership Training Curriculum** - The Leadership Curriculum represents a set of courses designed by a team of managers and training professionals to provide leaders with an understanding of key systems and policies, common language, background, and skills, as well as lay the groundwork for achieving leadership excellence.

Ricoh's training curriculum is continually evaluated, improved and updated by management and its training personnel. Ricoh seeks to remain at the forefront of new programs and organizational management ideology, which can help create positive outcomes for valued customers.

### **Career Advancement Opportunities**

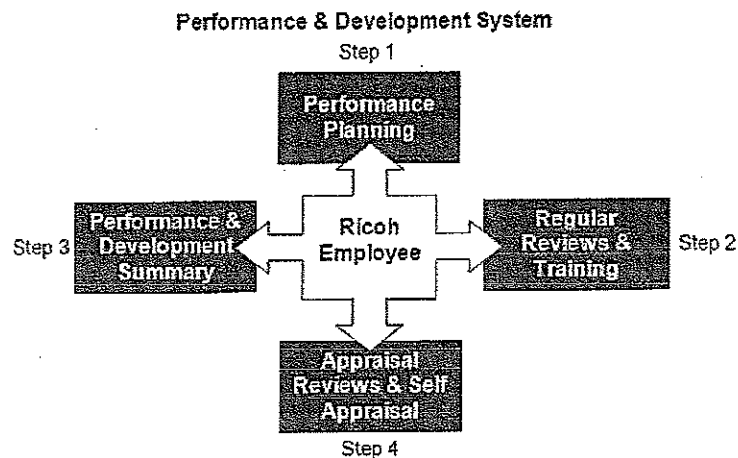
Ricoh believes that the best commitment it can make to employees is to offer a superior path for career advancement. As Ricoh retains people for longer periods of time, Ricoh can offer greater stability and better customer service. Employees and Ricoh both have a great deal at stake in each other's success.

**Performance Management and Development System (PMDS)** - Employee performance management and development is formally integrated into Ricoh's human resources and quality management processes via the Ricoh Performance and Development System or PMDS. PMDS is an ongoing cycle that facilitates high employee performance and quality and prepares employees for advancement opportunities.



## Ricoh Personnel

The system is a collaborative effort between employees and leaders. It identifies key objectives and outlines how to achieve them. This is done through 1) performance planning, 2) regular progress reviews, 3) self appraisal and associate/internal customer reviews, and culminates in 4) the Performance Management and Development Summary. Using the PMDS each employee's performance objectives and development program are customized to focus on his/her specific job functions, knowledge, skills and abilities.



PMDS enables an employee to revisit her/his performance, rate performance areas, identify areas in which to improve and set both professional and personnel objectives. These objectives will be examined for attainment levels at the next review. Management works in a coaching role with employees to help them meet their objectives.

**Ricoh Career Avenues (RCA) Program** - The Ricoh Career Avenues program is a job vacancy posting system designed to foster the self-development, growth and advancement of Ricoh employees by keeping them informed of job openings throughout the company. The RCA gives eligible employees the opportunity to investigate, apply for and transfer to a position that makes the best use of their skills and helps them achieve their career goals. Managers can post openings nationwide and employees can see enterprise-wide job opportunities by viewing the RCA.

**Cross-Training** - Employees at customer sites work as part of a cross-trained work team. They are responsible for a core area and are cross-trained in other job functions in order to understand the entire operation and provide skilled back up. Cross-training not only gives employees additional skill but also results in maximized productivity levels on-site.

**Growth at Ricoh** - Ricoh promotes from within at all levels in the organization. Employees may reach senior levels in their positions. For instance, an entry level machine operator can become a senior machine operator. A wide range of supervisory and management opportunities are available in the Ricoh Professional Services organization. Employees also have the opportunity to transfer to different parts of the country or the world and continue employment with Ricoh.

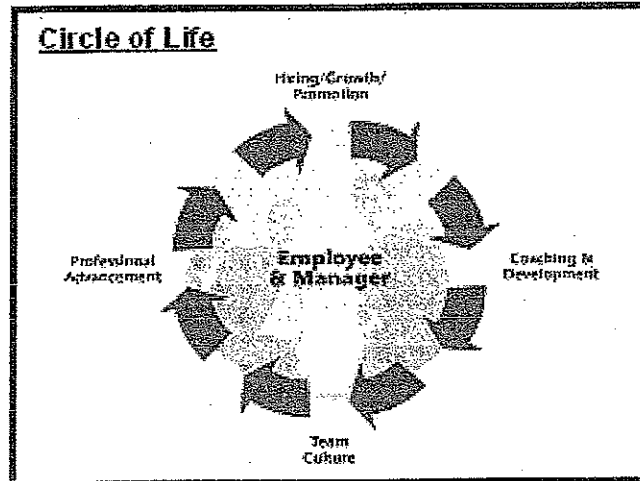
Avenues are open to Ricoh employees to pursue a different career within Ricoh. For instance, some of RPS's employees have found that they possess strong technical skill sets which they have elected to pursue with further training within the Ricoh community. In addition the Ricoh workforce includes more than 73,000 employees and offers significant opportunities for Ricoh employees to expand their careers.



## Employee Motivation

There is a direct correlation between motivation and turnover, and the relationship affects both productivity and customer satisfaction. Ricoh addresses the challenge of motivating through employee retention programs, continuous training and development, employee recognition, an excellent benefits program, and career enhancement opportunities.

At Ricoh the above steps in hiring, training and promotion are referred to as the Circle of Life. From their first day on the job Ricoh continuously works with employees to provide them with professional motivation and development opportunities, which lead to advancement based on merit.



**Employee Recognition Programs** - Ricoh appreciates employee loyalty and acknowledges continuous contributions. Employees are also eligible to receive a service award plaque and gift for every five years of service they provide.

**Perfect Attendance Bonus** - It is important to recognize employees who are fortunate enough to achieve a flawless record. Full-time non-exempt employees who maintain a perfect attendance record during a calendar quarter are eligible for a perfect attendance bonus. RPS employees who achieve perfect attendance over a one year period receive an additional week of pay.

Additional Ricoh employee recognition programs include:

**FAME** - The Facilities Management Account Management Excellence (FAME) program involves unannounced audits of the Ricoh operation at each customer site several times per year. Operational management is recognized for achieving high levels of performance and compliance in on-site operations. Awards and prizes are provided to account teams for meeting operational objectives.

**Hometown Hero** - This is a program for on-site Ricoh employees who have received recognition from customers. This type of recognition can involve any area of customer support. (providing superior service or identifying and responding to a customer need)

**Customer Vision® Gold Award** - This is an annual award presented to Ricoh employees who have consistently made outstanding contributions above and beyond the call of duty to ensure high levels of customer satisfaction.

**Ricoh Family Group CS#1/President's Award** - The CS#1 Award is open to Ricoh company employees for achieving exceptional levels of satisfaction with internal and external customers. Winners are recognized monthly and all monthly winners are eligible for the semi-annual Ricoh Family Group President's Award, which recognizes the most

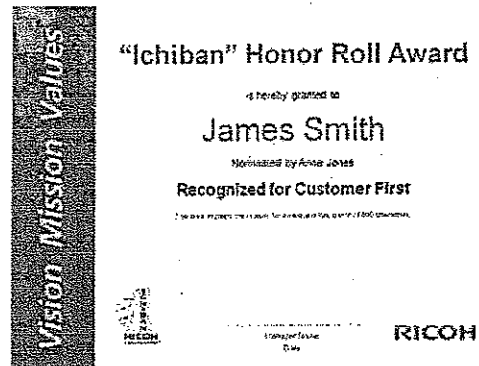
## Ricoh Personnel

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outstanding CS#1 winner. Nominations are submitted by fellow employees.

**Customer Vision Honor Roll** - This is a quarterly recognition for employees that demonstrate a strong commitment to Customer Vision with internal or external customers. Employee recognition takes many forms, such as names displayed on Ricoh's intranet, award plaques, and acknowledgement during Ricoh satellite broadcasts, letters from the CEO, gift certificates and business related gifts.

The Ichiban Honor Roll recognizes the efforts of an individual or team of employees who "go above and beyond" what is required in delivering exceptional customer service experience to an external/internal customer. To be eligible, the recipient must demonstrate the behaviors key to the Ricoh culture in their day-to-day activities as they interact with each other and our customers in delivering exceptional customer experiences.



Ichiban Honor Roll recipients receive:

- A letter from Mr. Togashi recognizing the achievement
- A certificate recognizing the achievement
- A Ricoh Ichiban #1 pin with a Vision, Mission and Values card  
His/her name listed on the Ichiban Honor Roll published quarterly on RicohNOW website.

## Employee Benefits

Ricoh Professional Services is as committed to employees as it expects them to be committed to Ricoh customers. All full-time Ricoh employees and their families are offered a comprehensive benefits package that includes:

- Compensation system based on MERIT
- Choice of Medical Insurance coverage
- Domestic Partner Medical Benefits
- Dental Insurance
- Vision Plan
- Prescription Plan
- Worker's Compensation
- 401K with employer match
- Flexible Spending Accounts
- Employee Purchase Program
- Wellness Program
- Scholarship Program for Dependent Children
- Disability Insurance
- STD
- LTD
- Life Insurance
- Up to four weeks paid vacation
- Paid Holidays / Floating Holidays
- Employee Tuition Assistance
- Business Casual Dress Attire

## Ricoh Personnel

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- Employee Assistance Program (EAP)
- Service Awards and Employee Recognition Awards

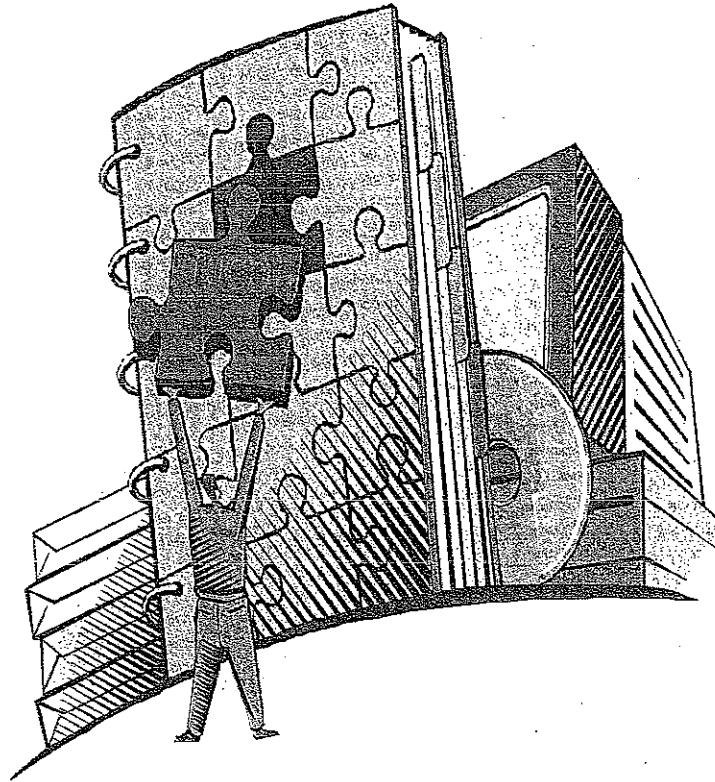
### **Employee Surveys**

Ricoh uses customer surveys with external clients to identify areas of improvement and elevate customer satisfaction.

Ricoh also uses a survey for internal customers. This biannual survey is distributed to all Ricoh employees and is used to measure employee satisfaction levels, to identify areas for improvement and to learn employee ideas. Ricoh benchmarks the survey results against previous years' results to ensure ongoing improvement in employee satisfaction.

# ATTACHMENT G

# RICOH



*Ricoh*

## ***STANDARD OPERATING PROCEDURES***

# RICOH

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## Introduction

This guide is intended for Customer Service Operators (CSO), which includes Key Operators, currently assigned to a Ricoh FM Facility. FM or Facilities Management includes providing to our customers, everything related to operating and managing Convenience Copiers.

This manual provides an overview of our responsibilities at the FM Account Site. Most of the major duties are covered, but some procedures may vary between accounts. Please see your Manager, if you have any questions about general or site-specific policies and procedures.

Other additional reference materials available to our employees include:

- ✓ RPS Employee Handbook
- ✓ RPS Safety Manual
- ✓ RPS WebSite
- ✓ Ricoh University
- ✓ ABC AND COMPANY Ticketing System Training Manual
- ✓ ABC AND COMPANY Online Training
- ✓ ABC AND COMPANY Security Office Procedures

# RICOH

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## RICOH WORLDWIDE CORE IDEOLOGY

### VISION:

*Our customers will recognize us worldwide as their document management solutions partner dedicated to delivering the best in customer satisfaction and stakeholder value.*

### STATEMENT OF PRINCIPLES:

*Our founders inspired the principals and ethics of Ricoh Worldwide. Their dedication to total customer satisfaction lives on through our Customer Vision. That end, we set forth this statement of principals to guide us through our daily work:*

**At Ricoh, total customer satisfaction is our purpose, and we are committed to:**

- **Honesty and Integrity in Our Dealings:**

*We will practice open and honest dealings to enhance our good reputation, build trust and solid working relationships, instill confidence and gain the respect of our customers, employees, investors and suppliers.*

- **Respect and Fair Treatment of All People:**

*We will treat all people – within our company and without – in a fair, courteous and dignified manner to promote mutual respect and demonstrate our commitment to equality, justice and family.*

- **Stewardship of the Resources in Our Care:**

*We will ensure fair returns to our investors, retain the loyalty of our employees, safeguard our future prosperity and preserve our environment by treating the people and financial resources in our care as a sacred trust and acting responsibly in our use of material resources.*

- **The Principles of Free Enterprise:**



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*We will affirm our commitment to entrepreneurship, establish a strong work ethic, and encourage our employees to meet and exceed customer expectations by encouraging initiative, supporting innovation and rewarding industriousness.*

**Respect for Authority:**

*We will acknowledge our responsibility to respect authority and our corporate culture by obeying both the letter and the spirit of the law and complying with company policy*

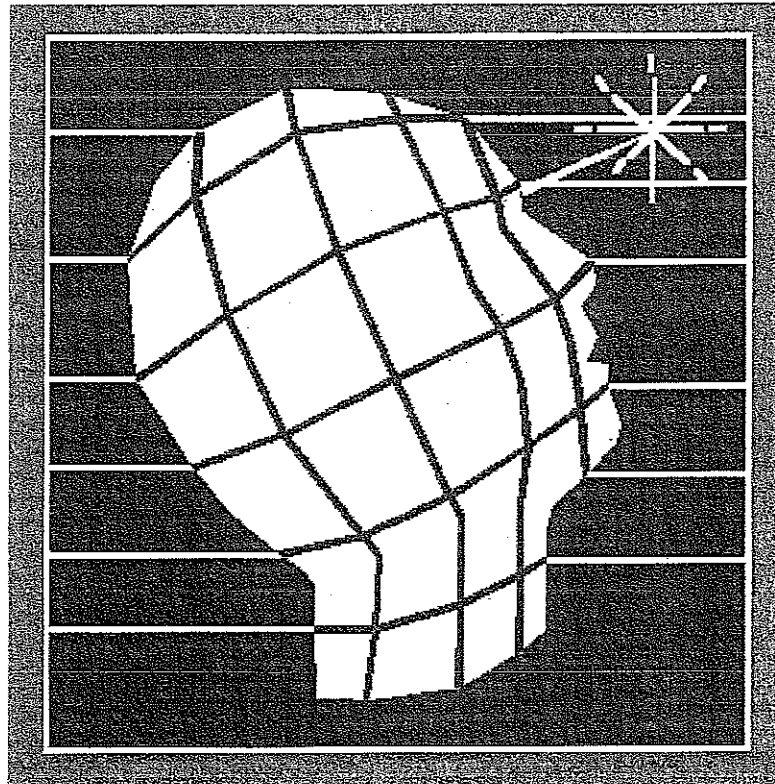
## 1 RICOH STAFF INFORMATION

The following information is intended to provide Ricoh Professional Services' employees with all pertinent information relative to Ricoh's internal policies.

### 1.1 FM Program Mission

#### 1.1.1 Customer Vision Statement:

Seeing our business through the customer's eyes and responding as a team to their needs, at or above their expectations.



## 1.2 FM Roles:

The following positions comprise our FM Operations staff:

- ✓ The Regional Operations Manager is responsible for the entire regional FM territory daily operations.
- ✓ The Area Operations Manager is responsible for daily operations of several accounts within the regional FM territory.
- ✓ Facilities Management Account Specialists (FMAS) are responsible for selling and supporting the FM's with pricing, overflow and expansion.
- ✓ The Site Manager is responsible for the daily on-site management of an FM Operation.
- ✓ A Customer Service Operator (CSO), is responsible for ensuring the completion of the daily functions within an FM Operation. Within the FM Operation, specific to ABC and Company, this includes the key op responsibilities for the convenience copiers.

## 1.3 CSO Conduct - Expectations:

Our customers have high performance expectations of Ricoh Professional Services and all FM CSOs. Meeting these expectations is the key to the ultimate success of the FM system. Responsibilities of each Customer Service Operator Include:

- ✓ Ensuring 100% total customer satisfaction.
- ✓ Compliance with RPS CSO attendance, standards and procedures.
- ✓ Projecting a positive, courteous, open attitude with customers, co-workers and management.
- ✓ Meeting all security requirements
- ✓ Complying with telephone usage procedures
- ✓ Being self motivated and committed to the RPS team effort
- ✓ Understanding the FM site-specific procedures for their assigned account
- ✓ Maintaining good personal hygiene and conforming with RPS dress standards
- ✓ Customer Vision Modules

## 1.4 FM Standards

Our success depends on the "front-line" actions of its Operations' personnel.

Among the areas of responsibility on which a CSO is evaluated and those covered by these standards are the following:

- ✓ Efficient Operating
- ✓ Record keeping
- ✓ Maintenance of Equipment and FM Area
- ✓ Customer Interaction
- ✓ Personal Standards
- ✓ Organization for Substitute Transition
- ✓ Adherence to Customer Policy & Procedure Guidelines
- ✓ Security Procedures
- ✓ Employee/Employer Background Check
- ✓ Drug Screening

## 1.5 Efficient Operating

For some people, efficiency is as natural as walking. For most of us, efficiency is a somewhat distant goal toward which we constantly strive. Learning to be an efficient employee is essentially learning to be a good juggler. The constantly changing priorities, tight turnaround requirements, machine maintenance needs, downtime and all of the other variables of service centers require adaptability, as well as solid machine skills.

Key Work Habits:

- ✓ Arrive promptly and ready to work each morning.
- ✓ Prioritize tasks for maximum machine/operator productivity.
- ✓ Use courtesy and tactfully accommodate customer interruptions of your workflow.
- ✓ Review electronic calendar
- ✓ Report outages promptly
- ✓ Manage E-mail promptly
- ✓ Manage Voice mail promptly
- ✓ Never refuse a job! Locate, provide or identify source for a solution



---

## 1.6 Orderly Record Keeping

Orderly records are part of every Facilities Management. FM personnel take on this responsibility, in part or in full, in every account. Attention must be paid to the correct meter counts and authorization documentation for correct billing.

Key Record Keeping Functions:

- ✓ Figures are correctly entered by operator and checked by supervisor
- ✓ Device maintenance of board changes which affect meter count must be documented and recorded
- ✓ Device information must be recorded in the Master Locator File Database
- ✓ All changes for a device must be recorded in the Moves Add Change file
- ✓ All new installs must have a completed install sheet signed, dated and e-mail to defined list
- ✓ All removal of equipment must have a completed removal sheet dated and e-mailed to defined list
- ✓ Service history should be located at each device as specified
- ✓ Serial number detail must be verified on device and Master Locator File Database
- ✓ Follow outlined procedure for shipping out old records
- ✓ Retrain all invoice information for locally ordered supplied and provide to supervisor
- ✓ Maintain a chronology binder for consumable orders and verify with packing slips
- ✓ Prior approval must be obtained from the customer for overtime and outside jobs
- ✓

## 1.7 Maintenance of Equipment and FM Area

Cleaning and maintenance of our equipment and of the FM's physical space is the operator's responsibility. These duties are important as they enhance machine uptime and efficiency of the work area.

Key Maintenance Duties:

- ✓ Correct machine maintenance requires the supplying and replenishing of machine materials. Exterior cleaning must be maintained as required by the volume, type of equipment and type of copying done. Machine maintenance, in particular, is aimed at minimizing downtime.

- 
- ✓ Supplies must be in adequate stock and stored neatly as determined by the manager or supervisor.

Personnel are responsible for the order, neatness and appearances of their areas at all times, regardless of the janitorial service provided. Among items to be watched are:

- ✓ All open supplies should be neatly stacked, placed on shelves or otherwise appropriately stored. Ream wrappers should be clipped together and cases or large quantities of supplies should be neatly stacked and arranged.
- ✓ Miscellaneous job aids, such as paper clips, rubber bands, white-out, staplers, pens and scissors must be neatly organized or in the appropriate containers.
- ✓ No accumulation of toner or other residue should be found in corners, under the machine or elsewhere.
- ✓ Cleaning supplies and extra parts should be stacked as appropriate (out of sight or in orderly fashion).
- ✓ Coffee cups, soda cans and other "recreational" items must be discretely and conservatively placed. These items should be cleaned/emptied as needed. Coats and other personal items should also be placed appropriately.

### **1.8 Customer Interaction / Public Relations**

Interaction with customers is *"the name of the game"* in a successful operation. Our personnel must not only be top-notch, production people, but they must also carry out the ongoing public relations with the customer.

Each CSO must be willing to:

- ✓ Display a mannerly, cheerful desire to accommodate the customer's needs at all times.
- ✓ Act with diplomacy in delegating job priorities during machine downtime.
- ✓ Adhere to company standards, especially with the respect to "No Comment" policy on competitive machinery and products.
- ✓ Be willing to represent the company in a positive fashion.
- ✓ Coordinate overflow of daily work with management to assure completion of the customer's deadlines.

Remember that what you do not do may be as important as what you do.

- ✓ Be cautious of making commitments beyond the scope of what your supervisor has authorized. We want to help our customer and we also want to gain new business where we can; but we need to be especially careful about jeopardizing existing business. Your supervisor is in a better position to weigh the consequences.

- 
- ✓ Familiarity with the customer must be handled with particular care. We want to be comfortable in our relationship with our clients and we want them to like and appreciate us. However, we need to impose tough standards on ourselves. Two particular areas of concern are vulgarity and over-familiarity. Very few people can successfully draw the fine line on these items. A clean joke very rarely does damage (whether it draws laughs or not). A dirty joke can cause offense or damage that is often unseen. Similarly, nicknames and humorous posturing have about a 50/50 chance of succeeding. On the other hand, a polite response never hurts. When in doubt, DON'T say anything.
  - ✓ Any reasonable request of a customer should be cheerfully met. If in doubt and it is a "do-able" task, do it, report it to the FM Supervisor and let management negotiate our future position. This is a very key point! If you are unsure what is "do-able", tell the customer you will speak with your supervisor.

## 1.9 Personal Performance

Your personal performance on the job will be gauged by the same standards that would be employed by Ricoh Professional Services, but certain elements will naturally be weighed more heavily. Your Employee Evaluation (PDS) will be based on how you meet the goals set forth in these standards as they relate to a successful Copy Center.

### Key Elements for Your Review:

- ✓ Attendance is probably the most important indicator of your performance. Unscheduled absence for any cause must be reported 2 hours prior to the scheduled reporting time. Tardiness for any cause must be reported 30 minutes prior to the scheduled reporting time. Our jobs depend on this task.
- ✓ Your appearance on site should conform to standards set forth in the Dress Code Policy and by your supervisor. If in doubt, consult your manager or supervisor.
- ✓ Your willingness to work with management for successful completion of the FM's goals will weigh heavily. Dependability, stability and cheerfulness are important.

## 1.10 Employee Checklist

This information is provide for the employee and the supervisor to ensure that the new employee is ready for the assignment.

## NEW EMPLOYEE CHECKLIST

Organizational Charts	<input type="checkbox"/>
Locations, Telephone Numbers, Addresses	<input type="checkbox"/>

### Structure

Titles	<input type="checkbox"/>
Roles & Responsibilities	<input type="checkbox"/>

### Human Resources

PDS	<input type="checkbox"/>
Wage & Salary Administration	<input type="checkbox"/>
Benefits & Insurance Coverages	<input type="checkbox"/>
Job Descriptions	<input type="checkbox"/>
Customer Vision®	<input type="checkbox"/>

### Business Support

Computer	<input type="checkbox"/>
E-Mail	<input type="checkbox"/>
Expense Policy	<input type="checkbox"/>
Blackberry	<input type="checkbox"/>
Pager	<input type="checkbox"/>
@Remote Account	<input type="checkbox"/>
WebSmart Software/Account	<input type="checkbox"/>
Ricoh Direct Account	<input type="checkbox"/>
Office Supplies	<input type="checkbox"/>

### NOTES

--

## CROSS-TRAINING

- POLICY**
- All employees will be cross-trained to the fullest extent possible to fulfill the customer's needs.
- PROCEDURES**
- Reviews of job requirements and employee availability will be performed regularly to create training opportunities.
- CONTROL**
- Monthly reviews will include the training requirements and schedule.
  - A training schedule will be posted on a monthly basis.
  - Rotation schedules will be posted to keep the CSO up to date and current on the equipment. Periodic Customer Vision training will be scheduled for Customer Support Skills.

## **1.101.11 Quality Management:**

Ricoh Professional Services has a commitment to total customer satisfaction through quality programs that emphasize Continuous Improvement, Cross-Functional Orientation, Teamwork, Management by Fact and Principal-based Behavior.

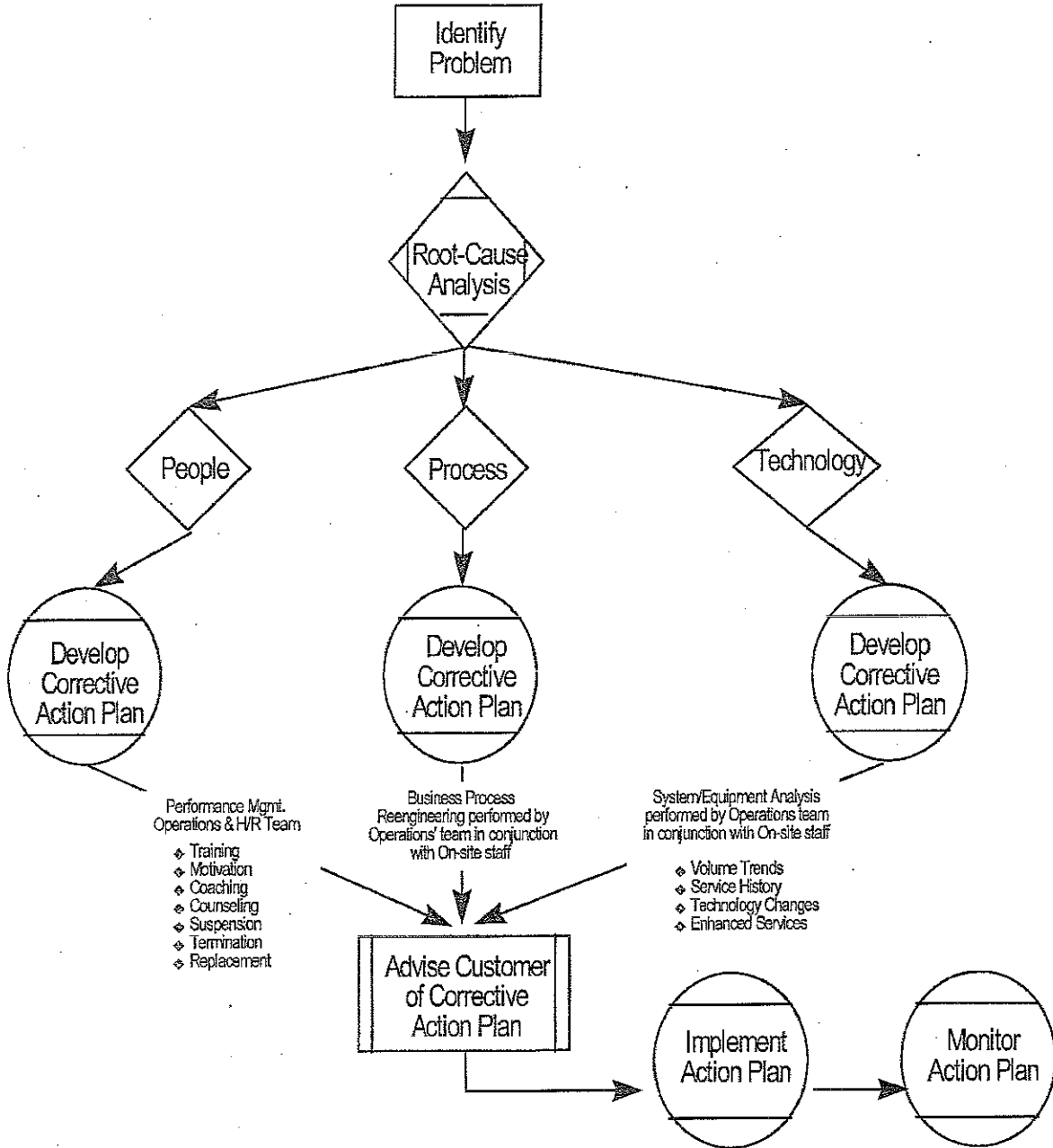
The basic process for quality management is as follows:

- ✓ All employees will be trained on account specific procedures and customer service skills.
- ✓ The Ricoh Performance and Development System (PDS) will be utilized to measure performance.
- ✓ Key performance indicators will be incorporated into all the tasks performed by RPS and will be monitored by PDS.
- ✓ RPS management and staff will utilize quality control processes established throughout the daily work routine.
- ✓ If a problem is identified, the RPS Root Cause Analysis Process (as shown on the following page) will be utilized to determine and implement a corrective action plan.
- ✓ If a job requires escalation to ensure completion, the CSO and Area Operations Manager will work together to determine the corrective action needed, including off-site completion.

RPS ensures 100% on time completion and total customer satisfaction, with the following guarantees established:

## **1.111.12 Quality Guarantee:**

RPS will refund all material costs associated with the production of any original job rejected by the customer when poor quality reproduction is the result of RPS operator error or negligence.



## 1.121.13 Ricoh Corporate Policies

Each FM site must adhere to both the client-specific policies at the site as well as the following RPS internal policies:

- ✓ Security
- ✓ Dress Code
- ✓ Smoking
- ✓ Confidential Material
- ✓ Telephone Use
- ✓ Taking Messages
- ✓ Paperwork
- ✓ Hours, attendance, overtime and On-call procedures

### 1.12.11.13.1 Security:

CSOs must respect all rules and company policies established at their assigned FM account, including:

- ✓ Building access
- ✓ Security clearance
- ✓ Badges
- ✓ After-hours access
- ✓ Door keys and card keys
- ✓ Confidential material
- ✓ Personal visitors

In addition to the above, Ricoh requires that:

- ✓ All personal visitors must be met in the building lobby or reception area. Personal visitors should never be given access to the site or any other part of the building.
- ✓ CSOs notify their Account Manager when an FM account issues them Badges, Door and Building keys or Pagers.



## 1.12.21.13.2 Dress Code:

Ricoh expects its employees to portray a positive, professional demeanor at all times. In order to adhere to this, we have established some basic dress code requirements as shown on the following pages. Note: Your site-specific dress code may override this.

## Business – Casual Dress Code

### Good Grooming / Personal Hygiene

Associate should present a neat, clean appearance for our customers.

- Hair length and style should be appropriate to the customer account or work location / environment. All hair longer than shoulder length must be tied back when operating equipment. Beards and mustaches should be neatly trimmed.
- Facial jewelry is not allowed under any circumstances.

	Appropriate	Inappropriate
<u>Slacks</u>	Dress or casual slacks, loose fitting knit pants, and loose fitting stirrup pants.	Sweatpants, nylon running pants, shorts, spandex or other form fitting pants, and military fatigues.  Jeans or denim pants and Excessively worn or faded pants.
<u>Shirts / Blouses</u>	Standard Ricoh Oxford or Polo shirt. All button up oxford shirts / blouses and polo shirts must be tucked in.	T-shirts, sweatshirts, sleeveless shirts, tank tops, or midriff tops.
<u>Skirts</u>	Casual skirts cannot be higher than 2" above the knee.	Sleeveless / sundresses without a jacket, mini-skirts, or shorts.
<u>Shoes</u>	All shoes must be clean, presentable, and comfortable for work environment.  Loafers, dress shoes.  Socks and hosiery must be worn at all times.	Obnoxious and unbecoming colored shoes.  Athletic shoes.  Thongs, sandals, or toeless shoes.

For clarification or interpretation, feel free to contact your Operations Manager

### **1.12.31.13.3 Smoking:**

Absolutely no smoking is allowed at the FM site. Some FM accounts allow smoking in designated areas. Please refer to the site-specific policies for your location. If smoking is allowed, it should only be during break times. Violations of smoking policies will result in immediate disciplinary action, up to and including termination.

### **1.12.41.13.4 Confidential Material:**

All material at the FM site should be treated as confidential. This material should never be treated with anyone.

Jobs specifically marked "Confidential" and require completion at another RPS site must have prior customer approval. In these instances, the Area Operations Manager is responsible for making special delivery arrangements.

If a customer (other than the original customer) inquiries about a particular job or its contents, they should be referred to the person who originally submitted the request.

### **1.12.51.13.5 Telephone Use:**

The telephone is an important and vital communication tools for customers, RPS staff, key contacts and outside vendors. The following key points should be remembered:

- ✓ The telephone is often our first contact with a customer.
- ✓ Much of our business is conducted over the phone.
- ✓ It influences customers' opinions.
- ✓ When dealing with a customer over the phone, there is only one way for them to evaluate your eagerness to help them... Your voice.

When conducting business over the phone, the following etiquette should be adhered to:

- ✓ Always answer the phone by the second or third ring.
- ✓ When you answer the phone, always be professional (speak slowly and clearly, watching your pronunciation and grammar).
- ✓ Always introduce yourself, your department and offer assistance.
- ✓ Speak through a smile and sound pleasant. Be delighted to speak with the person!
- ✓ Obtain the caller's full name and try to use it as much as possible during the conversation.

- ✓ Do not rush through the call. Many callers will want to take notes on the information received over the phone.

### **1.12.61.13.6 Telephone Use / Taking Messages:**

If it is necessary to take a message, the following should be considered:

- ✓ Be prepared and organized. You should always have paper and a pen near the phone, so that you can be prepared to take a message in detail.
- ✓ If appropriate, try to know who is in the office. If some is out, try to know when they will be returning, so that proper expectations can be set with the caller.
- ✓ Write legibly. Neatly written messages ensure that others are able to respond to the customer's needs.
- ✓ Obtain the caller's complete name, title and telephone number.
- ✓ Provide a complete message to the recipient, including the date, time of call and purpose.
- ✓ Verify all the information taken with the caller. Double-checking not only demonstrates the customer's call is important, it also shows a commitment to getting the job done the first time!

Please also remember that the telephone is here for business use. While we understand that there are instances when you may receive or need to make a personal call, they should be kept to a minimum. Only necessary local calls are authorized.

### **1.12.71.13.7 Paperwork:**

RPS is obligated by contract to furnish detailed records of costs associated with jobs, supplies and materials. Accurate completion of daily paperwork and logs is an essential part of the billing and records process.

- ✓ FM CSO's are required to maintain all required forms.
- ✓ All paperwork must be neat, legible and 100% accurate.
- ✓ All calculations should be double-checked.
- ✓ Forms and logs must be completed on a daily basis.

Specific information regarding paperwork can be found in the Procedural Section of this manual. All logs should be copied weekly and remain on site for approximately six months. These will serve as reference to verify old jobs and confirm information for customers.

All paperwork is submitted to the Account Manager as necessary.

## 1.12.81.13.8 Hours, Attendance, Overtime and On-Call Proc.:

### 1.12.8.11.13.8.1 Hours:

Operation hours are set in accordance with the needs of the FM account. CSOs are expected to be at their assigned FM account, fully prepared to begin work at their scheduled time.

Lunch breaks will be determined jointly by the needs of the FM account and the Area Operations Manager. No employee shall work more than 5 hours without a meal period (of not less than 30 minutes). Exception to this may occur, if a work period of not more than 6 hours completes the workday.

Two, 15 minute breaks are permitted each day. The first should be taken 2 – 3 hours after the start of the shift; and the second should be taken 2 – 3 hours after the lunch break. Break times are flexible, and the needs of the customer must be considered first.

### 1.12.8.21.13.8.2 Attendance:

(a) **Attendance** RPS encourages habits of good attendance and punctuality on the part of its associates. It is extremely important that RPS associates abide by the hours of contracted business. RPS recognizes that circumstances beyond an employee's control may cause him/her to be absent from work all or part of a day. However, unauthorized absence or tardiness will not be tolerated and may result in disciplinary action. Failure to notify the Op's Mgr. of any anticipated absence or delay in reporting for work will result in a loss of compensation during the absence and may be grounds for disciplinary action. Associates who are absent for three consecutive days without good cause and without giving proper notice to the company shall be considered as having resigned from their position.

**Remember our FM accounts pay for a particular service.** Part of this service requires that the FM: (1) opens on time, (2) provides the services stated in the contractual agreement and (3) has the number of personnel that has been agreed upon for each day of service. This is enhanced by back-up support or floaters provided if an employee calls in and is unable to report due to illness or emergency.

(b) **Absences:** In the event you are unable to report to work, you must page the Op's Mgr. up until 10:00 p.m. but no later than 2 hours prior to your scheduled start time. Voice mail messages are not acceptable. Messages left on voice mail may result in an unexcused absence. You will need to keep the Op's Mgr. updated on your situation. If you are unable to report to work to the following day, you will need to follow the same procedure again.

(c) **Emergency Closings:** In the event that your site experiences an emergency closing due to weather or some other circumstances, you will need to call the Op's Mgr. and inform him/her of the situation. Your Op's Mgr. will give you instructions. Do not leave your site until you have contacted the Op's Mgr.. Also, if your site has a severe weather conditions policy, you will need to get a copy for your reference.

#### 1.12.8.31.13.8.3 **Vacation:**

Vacation requests must be submitted in writing to your Op's Mgr. one month prior to the requested date(s). All requests are subject to Op's Mgr. approval. A copy of your request will be returned to you after your request has been approved or denied. In the event of conflicting vacation requests, priority shall be established at your Operation Manager's discretion.

#### 1.12.8.41.13.8.4 **Holidays:**

Associates of RPS who are located at a customer site are required to follow their site's holiday schedule. In the event that your site is open and RPS is closed, you will be given a floating holiday of your choice, with Op's Mgr. approval, to use in the future. However, if your site is closed and RPS is open, you will need to report to another site at the Operation Manager's discretion or, with Op's Mgr. approval, take a vacation day instead.

#### 1.12.8.51.13.8.5 **Recording Hours Worked – Timesheets:**

All CSOs must complete a time sheet on a weekly basis. Lead Operators and / or Area Operations Managers are responsible for ensuring that all the time sheets from their FM account are completed accurately and submitted on a timely basis.

The process for completing a time sheet (as shown in Exhibit 2A) is as follows:

- ✓ Print your name, the week ending date and your main assignment location. Please do not use location codes for your assignment.
- ✓ On a daily basis, record the date, start and stop times and hours you actually work. If you do not perform any work on a given day, record "0" and note the reason you did not work.
- ✓ If you work at a site other than your main assignment, please record the location where the work was completed, otherwise, leave the location column blank.
- ✓ Total your ACTUAL hours worked. Do not include hours for vacation, sick time, etc.

- ✓ Please sign your time sheet and submit it to your manager at the end of the day on Friday, or as otherwise directed

#### 1.12.8.61.13.8.6 Overtime:

Overtime is sometimes necessary to meet customer deadlines, especially when responding to an urgent request. Remember:

- ✓ Negotiating with the customer in regard to extended due date or delivery of a partially completed job should be attempted before requesting overtime.
- ✓ CSOs must project a positive "can do" attitude when overtime is requested.

All employees are required to track and report their work hours on a daily basis. All overtime must be pre-approved by the Account Manager and logged.

#### 1.13.8.7 Overtime Procedures

##### **POLICY**

- All employees are required to track and report their work hours on a daily basis. All overtime must be PRE-APPROVED by the manager as needed.

##### **PROCEDURES**

- All employees must complete their individual daily time sheets at the end of each work day.
- When needed, the employees will submit an overtime request as far in advance as possible.
- All overtime must be reported on the overtime log.
- Billable overtime must be authorized by the customer in advance.

##### **CONTROL**

- The manager will review overtime on a weekly basis to determine fit and future business requirements.  
The Customer Request for Overtime form will be kept on file for one year.
- Any overtime worked that is not pre-approved is subject to disciplinary action up to and including termination.



1.14 Exhibit 2A: Weekly Time Sheet

Weekly Time Sheet

Name \_\_\_\_\_  
 Employee ID \_\_\_\_\_

Week Ending: \_\_\_\_\_  
 Start Time: \_\_\_\_\_

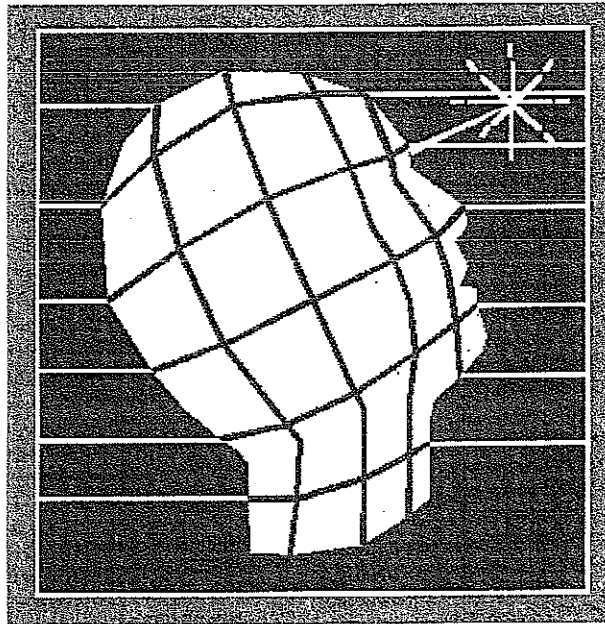
Day	Date	Start Time	End Time	Lunch	Total Hours Worked	Comments (Missed time, vacation, holiday, tardy, etc.)
Saturday						
Sunday						
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Total Hours Worked						
Total Regular Hours Worked						
Total Overtime Hours Worked						

Email completed timesheet to Jose Gonzalez (jose.gonzalez@ricoh-usa.com) each Monday by 9pm

## 2 CUSTOMER SERVICE:

Customer Vision is Ricoh's commitment to our customer's total satisfaction. This vision enables Ricoh Professional Services to (1) obtain new accounts to continually grow our business and (2) remain the market leader in the customer retention.

Each RPS CSO is empowered with our Customer Vision. The product we provide is service; and as a CSO, you are responsible for ensuring that the level service provided meets our customers' total satisfaction.



Let's go through some basic facts on customer service:

- ✓ **Customer Service is fulfilling our service by individually customizing it to meet the customer's needs.**
- ✓ **There are two types of customers: internal and external.** External customers are the ones that invite us into their offices to operate and manage their support services. Internal customers are fellow Ricoh employees that help us to meet the needs of our external customers.
- ✓ **Smile! Smile! Smile!** A positive spreads to those around you.



- 
- ✓ **Know your customer.** Endeavor to understand his / her culture, principals and business needs. The more we understand, understand the more effective we can be in providing total customer satisfaction.
  - ✓ **Every document is critical to our customers.**
  - ✓ **Never use an excuse. Always give a solution!** We are problem solvers.
  - ✓ **We should always be performing two steps ahead of our client so that we can effectively meet their needs today and in the future.**
  - ✓ **Quality is never an accident.** It is always the result of high intentions, sincere effort, intelligent direction, and skillful execution. It represents the wise choice of many alternatives.
  - ✓ **Customer contact is made both in and out of the service center!** Remember to always maintain a professional demeanor.
  - ✓ **Interaction with a customer is: 7% – What You Say, 38% – Attitude, 55% – Appearance!**
  - ✓ **Non-verbal communication is 80% of the perceived message.** "People will believe what they see before they believe what they hear.
  - ✓ **Perception is reality!** Changing someone's perception is (sometimes) one of the most difficult things to accomplish in life.

Each CSO should make the principals listed above part of the customer service experience. Each one should be integrated into the following three-step process of a face-to-face customer interaction

## **Step One: The greeting -**

Each customer should be quickly greeted upon arrival into on of our centers. Each greeting should be given with a smile, using his or her name. Remember, a customer should not have to wait before being greeted! Everyone should immediately react when a customer walks in the door and consider the customer his or her responsibility until someone says, "I'll take care of it" (verbally or by actions).

Use name recognition frequently. Always refer to the customer by their last name unless he or she requests that you speak on a first name basis. Also, use the words "yes sir" or "yes ma'am" unless the customer requests you to do otherwise. It is better to err on the side of formality than informality.

## **Step Two: Anticipating the customer need -**

The CSO should always try to anticipate and fulfill the customer's needs. Have the necessary request forms available, while you are asking: "What can I do for you?". You should always complete the forms for the customer unless he or she desires to do so. Ask questions to find out how we can best meet his or her needs. (For example: "Would you like the product stapled?"). Remember, the client should have our entire attention until his or her needs are completed. We should not resume our previous work until the client begins to exit the center.

### **Step Three: Making a lasting impression -**

Give the customer a fond farewell as they leave, with a warm "goodbye" and "Thank you" using their names. The last impression is as important as the first. They will not forget either. Just as the first impression causes them to perceive what you are, the last impression causes them to remember what you are. We want them to know that we value them as a client and that we are here to serve them.



## 2.1 Contact List

### 2.1.1 Ricoh Contact List

RICOH PROJECT TEAM			
Position	Name	Phone Number	Email Address
Program Manager	Ken Winters (FL)	727-771-1398 - O 727-743-0654 - M	ken.winters@ricoh-usa.com
Project Manager	Cindy Reeves (NJ)	908-930-2858 - M	cynthia.reeves@ricoh-usa.com
Regional Operations Manager (RPS)	Jeff Gomer (CT)	203-925-2203 - O 203-671-5389 - M	jeff.gomer@ricoh-usa.com
Territory Operations Manager	Jose Gonzalez (NJ)	732-877-7782	jose.gonzalez@ricoh-usa.com
Regional Sales Manager (RPS)	Ron Westerberg (NY)	212-885-5900 - O 804-822-7804 - M	ronald.westerberg@ricoh-usa.com
Prof Services Sales Representative (RPS)	Greg Roberts (NJ)	973-885-6742 - M	gregory.roberts@ricoh-usa.com
Global RVP	Mike Tecce (PA)	610-650-0565 - O 484-364-1384 - M	michael.tecce@ricoh-usa.com
Global Account Manager (Hardware)	Scott Gould (NJ)	973-904-1063 - O	scott.gould@ricoh-usa.com
Account Management Specialist	Passion Smith (NJ)	973-396-4016 - O	passion.smith@ricoh-usa.com
Global Sales Manager	Oden Pratte (NJ)	732-362-3812 - O 484-213-4668 - M	oden.pratte@ricoh-usa.com
Marketplace General Manager	Wally Case (NJ)	732-362-3750 - O 732-779-9700 - M	walter.case@ricoh-usa.com
Production Print Specialist (PPBG)	Pat Orvis (GA)	732-362-3787 - O 570-977-1746 - M	patrick.orvis@ricoh-usa.com
Solutions Engineer (PPBG)	Steve Weiss (NJ)	732-362-3824 - O	steven.weiss@ricoh-usa.com
Enterprise Solutions Engineer	Kenneth Czajkowski	703-499-0589 - O	kenneth.czajkowski@ricoh-usa.com
Senior Business Analyst	Al Davidson (NJ)	856-831-8574 - M	al.davidson@ricoh-usa.com
Client Relationship Manager	Fred Michels	302-290-3478 - O	Frederick.Michels@ricoh-usa.com
District Service Manager	Bob Ruth (NJ)	973-396-1451 - O	robert.ruth@ricoh-usa.com
Technology Services Engineer	Frank Cocuzza (NJ)	973-882-2000 - O	frank.cocuzza@ricoh-usa.com
Network Solutions Engineer	Mitch Novotny (NJ)	973-396-1638 - O 201-206-9580 - M	mitchell.novotny@ricoh-usa.com
Field Technology Supervisor	Ralph Bellomo (NJ)	973-396-1451 - O	ralph.bellomo@ricoh-usa.com
District Administrator	Maureen Surko (NJ)	732-362-3760 - O	maureen.surko@ricoh-usa.com
Contract Strategies	Paul McMillion (GA)	770-621-1150 - O	paul.mcmillion@ricoh-usa.com

## 2.1.2 ABC and Company Contact List

<i>Client Contacts</i>			
Position	Name	Phone No.	Email Address
ITS Project Manager	Andrew Linn	908-655-3695 - O	ALinn@its.jnj.com
ITS Project Manager	John Buono	908-655-3066 - O 732-322-3733 - M	jbuono2@its.jnj.com
ITS Sourcing	Stephen Rauf	732-524-3645 - O	srauf@its.jnj.com
ITS Sourcing	Lady Gutierrez	732-524-3654 - O	lgutier6@its.jnj.com
ITS EUS (End User Supply) Printing Support	Rick Krivanos	908-655-4380 - O	rkrivano@its.jnj.com
Technical (TEDs) Manager	Ingo Bringemeier	908 655-4430 - O	ibringem@its.jnj.com
Service Delivery Manager (EUS Liaison)	Bill Miller	408-942-3130 - O	bmiller9@its.jnj.com
ITS Finance	Katrina Flanders	908-655-4990 - O	kflander@its.jnj.com

## 2.1.3 Delivery Contact List

<i>Client Contacts</i>			
Position	Name	Phone No.	Email Address
NET Trucking Company			

## 2.2 Exhibit 2A: Weekly Time Sheet

### Weekly Time Sheet

Name \_\_\_\_\_  
Employee ID \_\_\_\_\_

Week Ending: \_\_\_\_\_  
Start Time: \_\_\_\_\_

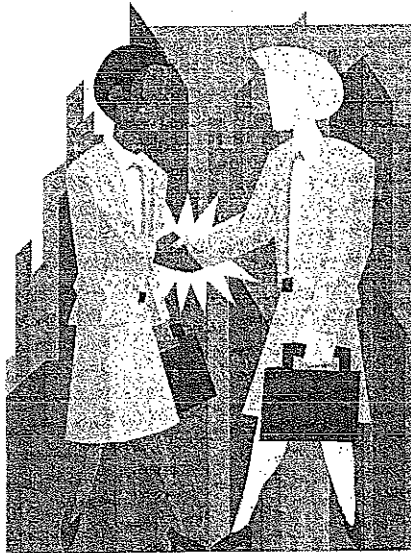
Day	Date	Start Time	End Time	Lunch	Total Hours Worked	Comments (Missed time, vacation, holiday, tardy, etc.)
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Monday						
Tuesday						
Wednesday						
Thursday						
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Total Hours Worked \_\_\_\_\_  
Total Regular Hours Worked \_\_\_\_\_  
Total Overtime Hours Worked \_\_\_\_\_

Email completed timesheet to Jose Gonzalez (jose.gonzalez@ricoh-usa.com) each Monday by 9pm

## 3 CLIENT WORKSITE AGREEMENT

The following section outlines the agreement set forth between ABC and Company and Ricoh Professional Services. This agreement is provided for worksite reference only.



ATTACHMENT H

# Ricoh Quality and Performance Excellence

## The Ricoh Quality Statement

We will always remain trustworthy and attractive for customers, consistently delighting and inspiring our customers by innovating while partnering with them to create valuable products and solutions.

## Why Ricoh Quality Matters to Us

Customers  
Society

Reliance on the RICOH brand  
-Contributing to the process of expanding value created by customers-

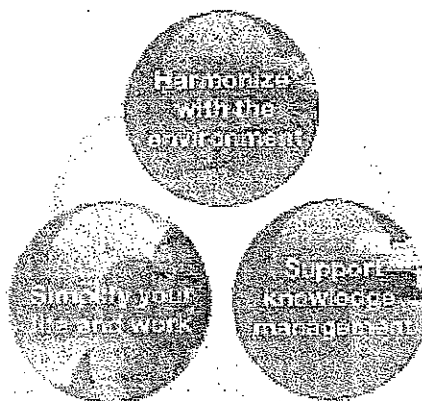
RICOH  
Quality

RICOH Quality refers to quality in the process of providing products and services that consistently delight and inspire customers, and of co-creating value.

Consistently delighting and inspiring our customers

RICOH  
Values

<Brand Statement>  
Our sincerity and passion for the RICOH Values of harmonizing with the environment, simplifying life & work, and supporting knowledge management, help people move their ideas forward.



Long-term  
vision

To establish a global brand

Management  
Philosophy

To be a good global corporate citizen  
with reliability and appeal

Our corporate philosophy, long-term vision and Ricoh Values are universal concepts and are what Ricoh wishes to value as its guide.

We position Ricoh Quality between Ricoh Values and customers, in the sense that it details Ricoh Values in terms of the quality to be delivered to customers.

Ricoh Quality refers to quality in the process of providing products and services that consistently delight and inspire customers, and of co-creating value.



## Ricoh Quality and Performance Excellence

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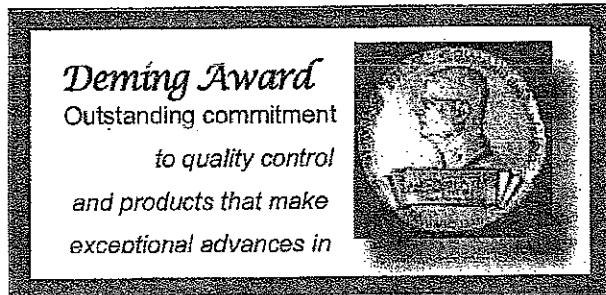
Quality at Ricoh Americas Corporation is supported by a strong quality focus from our parent company, Ricoh Company, Ltd.

**Certified Manufacturing Processes** - Ricoh Company, Ltd. operates 23 manufacturing facilities in the U.S. and around the world. All Ricoh manufacturing facilities have achieved ISO 9001:2000 certification for their Quality Management Systems. In addition, all are among the world's leading "green manufacturing" plants and all have achieved both ISO 14001 certification for their Environmental Management Systems and "zero to landfill" status, meaning all waste materials are reused or recycled.

**Ricoh's Quality Heritage** - Ricoh's Company Wide Quality Control (CWQC) Program was introduced in 1971 to establish the company as a high technology leader. This program was based on Dr. Edwards Deming's teachings, which apply statistical methods for the elimination of variation.

In 1951, the Japanese Union of Scientists (JUSE) created the Deming Medal for quality based on the work of Dr. Deming. The competition for the Medal is severe. Judging is strict. Companies spend years in preparation before even becoming eligible for consideration. The criteria include: corporate policy, quality systems, education and training, result and future plans.

**Deming Award** - Named for W. Edwards Deming, the Deming Award recognizes corporations and individuals that demonstrate an outstanding commitment to quality, and whose products or inventions make exceptional advances in the pursuit of quality. Less than 100 companies have won the Deming Medal. Ricoh Company, Ltd. was the first office equipment manufacturer to win one. And today, Ricoh is the only such company to have won two.



Under Dr. Deming's philosophy the CWQC became more disciplined and integrated-not merely signs and posters in the lobby. It was this program that directly led to Ricoh's winning the two Deming Medals, and winning over more and more customers worldwide.

With 23 manufacturing plants in the United States, Europe and Asia, our commitment to designing the highest quality copiers, facsimiles and multifunctional machines remains steadfast.

Today Ricoh has migrated the practices that led to winning the Deming Medals into its business processes through its Performance Excellence programs.

**Performance Excellence** - Ricoh continues its commitment to quality at the highest levels of management. We understand that the sustainability of our business depends on delivering worthwhile results, both for our customers and for our employees. We also know that quality doesn't happen by accident. It requires a management program and a well-considered set of disciplines. These disciplines need to be interlinked and mutually supportive, so that all levels of the enterprise have a view into

## Ricoh Quality and Performance Excellence

what's happening, and why. That's the only way to establish the operational clarity that will let us learn from experience and find ways to do things better.

**Balanced Scorecard** - The combination of the Balanced Scorecard and Strategy Map is a management tool that many companies use to define and communicate strategy. The Strategy Map provides a simple big-picture view of the company's overall strategic themes and objectives. Ricoh's implementation considers objectives in the Financial, Customer, Process and Learning perspectives. These all have clearly defined goals and metrics to track progress toward achieving our long term company vision. The Balanced Scorecard serves as a strategic report card to help management compare current performance versus target, monitor progress toward objective achievement, and help in development of action plans to close any performance gaps.

All individual company divisions and departments develop detailed operational plans in support of the corporate Strategy Map. Moreover, all employee annual performance reviews are aligned to specific objectives contained within the Strategy Map. This enables each individual to understand how their day-to-day work is connected to achieving the company's long term strategic goals. For each strategic theme described in the Strategy Map we set annual objectives, measurements and targets. These are reviewed quarterly within Ricoh Americas and twice a year with our parent company, Ricoh Company, Ltd.

Included within the Balanced Scorecard are several objectives and metrics that cover the Performance Excellence (Quality) function. Recently some of the Performance Excellences measurements included: Assessment scores, number of process improvement projects, customer loyalty scores, and customer relations metrics.

Based on Ricoh's successful implementation of the Balanced Scorecard and Strategy Map, Ricoh was inducted into the Balanced Scorecard Collaborative **Balanced Scorecard Hall of Fame** for Executing Strategy.

**Customer Loyalty** - Ricoh strives for a culture in which the customers' input is a key part of our decision making. This input is leveraged to support sound decisions and help us develop innovative, high-value products and services. In Quality terms, the discipline of Customer Loyalty is embodied in Ricoh's "Customer First" program, which gathers and analyzes data from various customer 'Listening Posts'. In this data, we look for insights that help us craft long-term strategies, as well as identify any short-term displeasure. The objective is to understand our competitive



## Ricoh Quality and Performance Excellence

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position, both in terms of risk and in terms of advantage. Customer loyalty means more than just customer satisfaction—it's not just about how well we've pleased our customers in the past, but about how we can understand customers' stated, as well as latent needs to ensure we continually provide increased value in the future.

**Complaint Management** - Before our customers can be loyal, they must be satisfied and they must be confident their own needs are well met. That's why we recognize that every complaint is a 'gift' that is used to expose areas for process improvement. That's what makes our Complaint Management process a key Quality discipline.

Complaints at Ricoh are considered according to product category and type of issue, and they are routed to the appropriate departments that need to participate in their resolution through communication channels that make the most sense. Complaint Management, working with the disciplines of process improvement considers how processes can be improved to identify and eliminate root causes to avoid re-occurrences of the problem.

**Continuous Improvement** - It's an important Quality principle that all work is part of a process. That is, all work can be considered as a set of interrelated activities, involving a set of specific inputs designed to produce a set of specific outputs. Process Improvement is the discipline through which Ricoh reviews the current performance of a process and seeks to take it to a higher level.

There are many well-established tools for process improvement, providing data collection and analysis techniques designed to establish improvements that are based on fact, not instinct. They support a rational, step-by-step approach.

To obtain the highest possible level of customer service and satisfaction, Ricoh emphasize continuous improvement of quality in all procedures and processes.

Refining and keeping customer programs flexible to meet changing needs and objectives within a changing culture and evolving technologies is an important quality component of Ricoh's programs. The improvements can range from a single end user improvement to a workgroup improvement to an enterprise wide level improvement.

Ricoh looks for and incorporates improvements that will not only maximize productivity and a company's competitive edge but will result in potential cost savings.

The first challenge to be met is to identify the areas to be changed. Ricoh utilizes a variety of methods to identify these areas including:

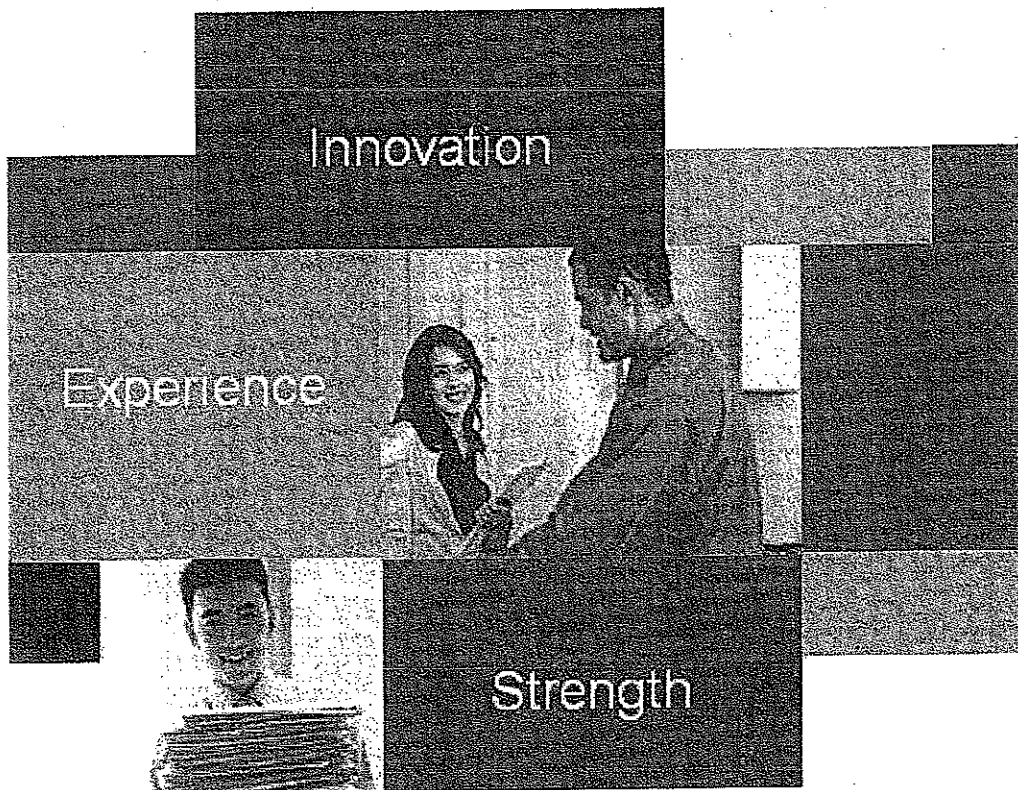
- Results from customer surveys
- Feedback from client, end users, and Ricoh personnel interacting with program
- Data from management reports
- Benchmarking from similar sites
- Knowledge and expertise with emerging technologies and best-way practices

Ricoh utilizes all available resources to access organizational changes and present recommended improvements to our customer contacts at regularly scheduled Review Meetings.

# ATTACHMENT I

# RICOH

## Sample Preliminary Integrated Project Management Plan



Ricoh is limited to the level of detail we can provide to prospective clients prior to discussions and collaborative planning. When appropriate, the Project Plan will be revised with mutually agreed upon detailed information.

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## Overview

The purpose of this document is to provide a high level description of the roles and responsibilities of the Ricoh US project, the deliverables, and estimated project duration based upon information provided. Portions of this document are based upon assumptions. Deliverables and time durations may change after the information is validated. This document is provided to Company to illustrate resources needed to successfully implement the new Ricoh hardware and solutions in multiple locations.

This document provides information regarding the scope of work for Company ("Company") along with a description of Ricoh's roles and responsibilities.

- Managed Print Services
- Fleet Management
- RPS
- Hardware Only

Also, included is the following:

- Information regarding Ricoh's project approach
- Project planning
- Communication planning
- Project tracking and control procedures
- Risk analysis and contingency planning
- Quality assurance
- Project completion procedures

Ricoh will provide all necessary resources to perform the contracted services and will ensure that a seamless transition and implementation takes place. Our project team will consult with individual centers, departments and management to ensure that all of the key operational efficiencies described in our statement of work are implemented on schedule.

Ricoh is a company with the demonstrated ability to improve the cost effectiveness of client operations. Depending upon the project specifications, key objectives may include:

- Human Resource Management (for RPS and Managed Print Services)
- Standard Operating Procedures
- Performance and Metrics Reporting
- Staff and End User Training
- General Administration
- Continuous Improvement Activities

The actions outlined in this overview are considered to be the minimal required deliverables for a project of this size and scope. All tasks will be accomplished by delegating to operational teams with expertise to sustain the processes in each organization.

Additional tasks may be identified in the future and will be assigned and managed by either the Ricoh US team or the customer's organizational work groups. Approved tasks should be overseen by each organization's project management team and delegated, as jointly agreed upon.

#### Limitations

This document contains guidelines to be utilized during the implementation planning process. Contractual detail will be contained in the agreement (contract and statement of work) between Company and Ricoh.



### Project Approach

Upon the signed agreement between the parties, the Project Management team will schedule a project kick-off meeting with the appropriate personnel from Company and Ricoh.

The project kick off meeting will include discussions relating to roles and responsibilities, and will provide guidelines for project methodology (See Appendix A). The Ricoh Project Management Office (PMO) follows Project Management Institute's (PMI®) Methodology of best principles and practices, focusing on the knowledge areas of the *PMBOK® Guide*<sup>1</sup>:

- Initiation
- Planning
- Execution
- Monitor and Control
- Project Close

Each knowledge area has deliverables, enabling the project manager to clearly identify completion from one process to the next. A main deliverable is an integrated project plan, which is created by the collaborative effort of the Company and Ricoh Project Management team.

The Ricoh Project Manager facilitates the creation of the project plan that will be assembled and mutually agreed upon by Company and the Ricoh team.

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<sup>1</sup> A Guide to the Project Management Body of Knowledge (PMBOK® Guide) – Fourth Edition. Newtown Square, PA : Project Management Institute, 2008

### Scope Statement

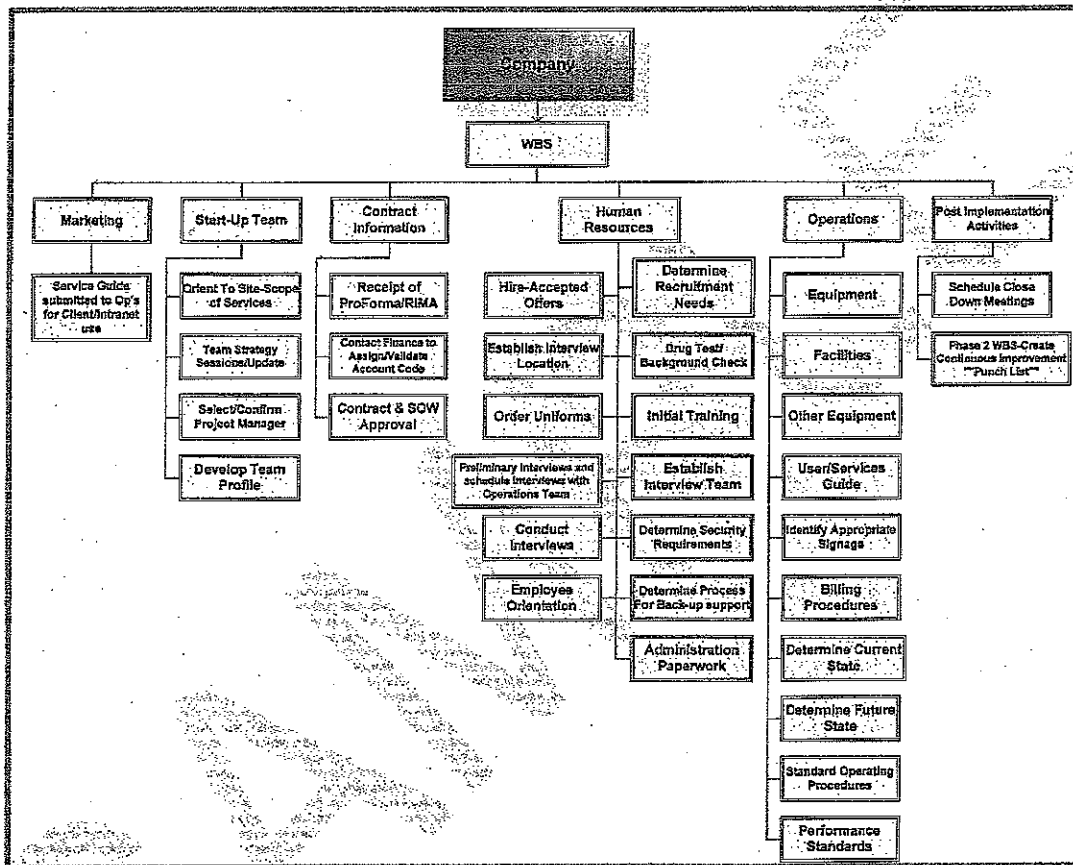
The scope of this project involves the analysis and implementation of products and services for Company, described in the following paragraphs.

Specifics regarding SOW and scope will be added to this section.

STAMP

Work Breakdown Structure

The following chart is a hierarchal representation of the work to be executed by the project team:



### Roles and Responsibilities

During the sales cycle, the Regional Sales Executive acts as the team leader. After final sales efforts are completed and a contract is signed, the project manager becomes the team leader. At that point, activities such as finalizing the procedural documentation, developing the workflow, and the use of Ricoh's Project Management Methodology begin.

RicoH Contacts	
Position	Role
Project Manager	Directs project team, and facilitates planning, execution and monitoring efforts according to project plan
Global Account Manager	Ensures quality delivery of products and services. Provides the customer with an agreed-upon set of performance measurements. Reviews measurements, as agreed. Manages customer relationship.
Professional Services Account Manager	Account manager for facilities management services
Enterprise Solutions Engineer	Direct resource for Ricoh's available products and technologies
Business Analyst	Provides hardware and facility recommendations to the customer based on individual analysis
Territory Operations Manager	Operational manager for staff outsourcing.
Overall Site Manager	Performs overall daily operations responsibility for account
Fleet Manager	Manages general fleet and assets at customer locations
District Service Manager	Primary service and technologies manager
Sales Support Analyst	Provides account sales support
Technology Applications Specialist	Performs end-user and administrative training
Logistics/Warehouse Manager	Manages inventory, and assists with resolving logistics issues

Key Company Contacts	
Position	Role
Director of IT	Facilitates and Coordinates Transition and Implementation Plan.
Controller	Primary contact for Ricoh US account management team for the term of the agreement.
Procurement	Manages issues relating to purchasing
Company Key Contact	Accountable for all provisions involving infrastructure preparation.

**Note:** Roles referenced in this document may differ from official job titles provided in the above list or referenced throughout this document. It is the responsibility of the local Operating Company project manager, or account team leader to assign tasks to the positions that closely align with the capability of their support personnel to successfully execute the tasks and deliverables outlined in this document, contract and SOW.

## Communication Procedures

Team status meetings will be held on a regularly scheduled basis as determined by the project team. The list below identifies documents that may be delivered as part of the status reporting procedure:

- Status Report (See Appendix C)
- Updated Project Schedule

The Ricoh project manager will provide a status report that will be a summary of the team status reports. This report will contain a summary of current status, current activities, planned activities, and remarks.

A task list (See Appendix B) will be submitted to provide a view of project progress. The project will be tracked against the task list. Estimates to complete will be communicated to the project manager by each team member for tracking purposes.

## Project Control Procedures

### Issue Control Procedure

If an issue is recognized, the issue will be documented, as appropriate and presented to Company, with the priority level of the issue indicated.

Open issues will be recorded, summarized and sent to the appropriate parties as part of the status reporting process.

If an open issue requires analysis, the Project Manager is responsible for taking the appropriate action to guide toward correction. Actions may include initiating discussions, monitoring discussions, determining alternatives, assigning resources, and reaching an agreement on the solution(s). The project manager will log the resolution and communicate the results to the appropriate parties. The Project Manager will notify the key contact when a delay in the issue resolution will impact the schedule or costs.

### Change Control Procedure

A change in project scope, schedule, or resources may be initiated by anyone associated with the project. Company key contact and the Ricoh project manager must approve it before any action is taken.

The initiator of the change will complete the reason and scope sections of the Change Control Form (See Appendix D) and sign the "Initiated by" section. The initiator will then submit the form to the Ricoh Project Manager.

The Ricoh Project Manager will collect information about the change, such as the importance (mandatory, desirable, or not critical) and alternative solutions, if any. The impact of the change on budget, schedule, and resources is determined and recorded on the Change Control Form. (See Appendix D).

The Ricoh project manager will forward the form to Company key contact for review and approval. If a change is mandatory, and has a significant impact on the

project, the Ricoh Project Manager will hold a meeting with all interested parties to expedite its approval.

The Ricoh Project Manager and Company key contact must approve all changes. After approval, the Ricoh Project Manager will adjust the work plan to accommodate the change.

To begin work on a change, written authorization must be obtained from the Company key contact. When the change has been completed, the form will be presented to Company key contact for acceptance of the change.

#### **Acceptance Procedure**

The Ricoh project manager will submit this Implementation Plan for acceptance to customer key contact. Company key contact obligations include:

- Review of the deliverable within a specified number of business days of receipt
- Signature indicating approval without exception, or written notice of exceptions returned to the Ricoh project manager



## Risk Analysis and Contingency Plan

In the event of the occurrence of any of the following scenarios, Ricoh will work with Company to make the necessary accommodations to achieve a seamless transition. Depending on the situation, a change in the project timeline may occur.

Examples are:

- End user equipment requirement changes and availability
- End user scheduling/turnaround time changes
- Facilities challenges/constraints, e.g., electrical, space, etc.
- Delays caused by 3rd party vendors

A risk analysis will be conducted, which highlights areas that require specific attention, understanding and direction. The objective of the risk analysis is to predict possible negative outcomes, develop plans to counteract them (contingency plans) and minimize their impact on the project. The project team will then review the potential problem areas and arrive at acceptable alternatives or solutions.

## Quality Assurance Procedures

Quality Assurance (QA) activities used throughout the project determine how well the project management and delivery activities are functioning to produce deliverables. The schedule will coincide with the work plan so that the work can progress smoothly through to completion. As the plan progresses and is updated, the QA activities will be reviewed and updated in line with the plan.

The quality assurance methods that will be used to ensure that the deliverables adhere to the applicable standards include scheduled inspections or reviews of intermediate or final deliverables by regional and corporate operations personnel.

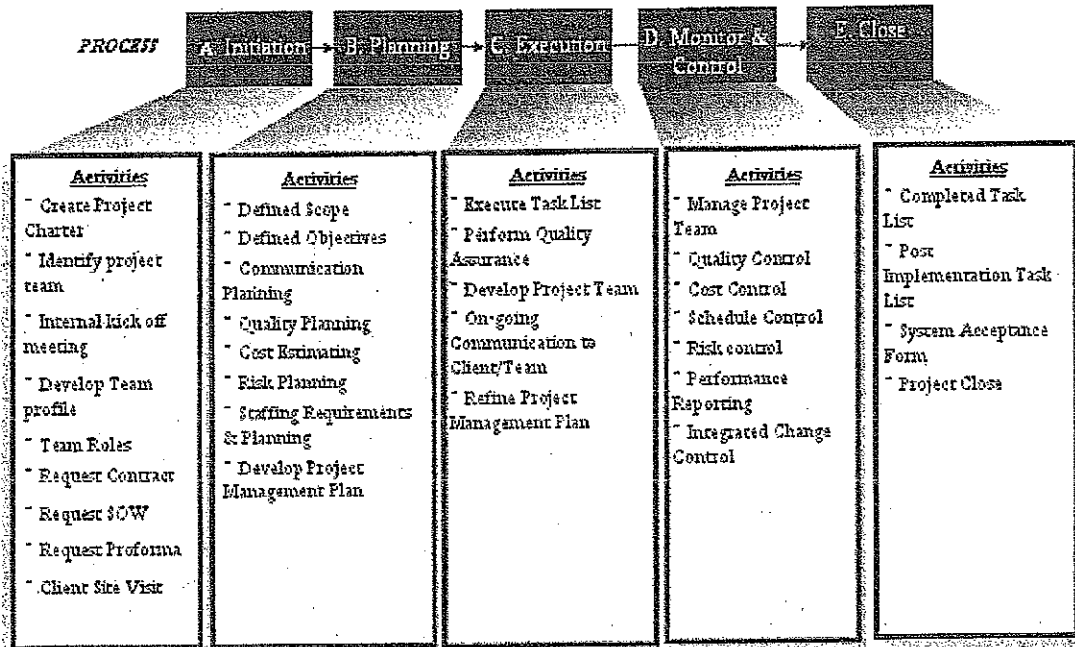
### Project Completion Procedure

Upon completion of the project, a final project review will be conducted. A System Acceptance/Project Completion form (See Appendix E) will be filled out and signed by the client contact agreeing that all objectives referred to in the project scope have been fulfilled or have been turned over to the operations team for resolution. A post project client survey (See Appendix F) will be made available, giving the client the opportunity to provide closing feedback regarding the project.

Appendix A - Project Managers Activities

The following picture represents the project management processes for a project.

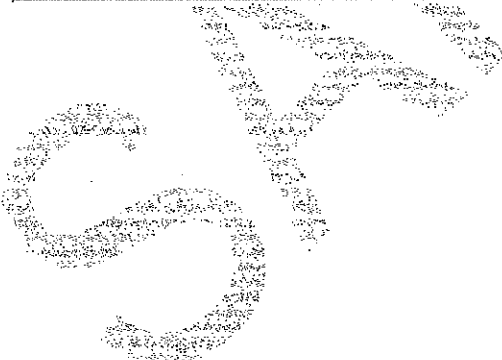
Project Management Process Steps



Appendix B – Sample Project Schedule (Task-List)

The following is a sample of a typical project schedule. Dates and durations have been omitted intentionally.

ID	% Complete	Task Name	Actual Start	Actual Duration	Actual Finish	Task Owner
1	0%	Sample Project Task List	NA	0 days	NA	
2	0%	INITIATION	NA	0 days	NA	
3	0%	Team assembly	NA	0 days	NA	
4	0%	Team formation	NA	0 days	NA	
5	0%	Project Charter	NA	0 days	NA	
10	0%	Develop project charter (Preliminary Business Case)	NA	0 days	NA	
11	0%	Project selection team review	NA	0 days	NA	
12	0%	Executive management review	NA	0 days	NA	
13	0%	Charter approved by Corporate GOC	NA	0 days	NA	
14	0%	Develop preliminary project scope statement	NA	0 days	NA	
15	0%	Identify stakeholders	NA	0 days	NA	
16	0%	PLANNING	NA	0 days	NA	
17	0%	Project Management Planning	NA	0 days	NA	
18	0%	Create final scope statement	NA	0 days	NA	
19	0%	Estimate resource requirements	NA	0 days	NA	
20	0%	Estimate time and cost	NA	0 days	NA	
21	0%	Determine critical path	NA	0 days	NA	
22	0%	Develop schedule	NA	0 days	NA	
23	0%	Develop budget	NA	0 days	NA	
24	0%	Determine roles and responsibilities	NA	0 days	NA	
25	0%	Final baseline project plan completed	NA	0 days	NA	
26	0%	Change Management plan	NA	0 days	NA	
30	0%	Gain formal approval to implement	NA	0 days	NA	
32	0%	Hold kickoff meeting	NA	0 days	NA	
33	0%	Initial Planning Complete	NA	0 days	NA	
34	0%	EXECUTION	NA	0 days	NA	
35	0%	Contracting and Procurement Plan	NA	0 days	NA	
40	0%	Print Policy	NA	0 days	NA	
50	0%	Finance	NA	0 days	NA	
60	0%	Technology	NA	0 days	NA	
65	0%	Support Changes	NA	0 days	NA	
102	0%	Facilities	NA	0 days	NA	
103	0%	Storage rooms (Consumables/Devices/Break-fix)	NA	0 days	NA	
107	0%	CONTROL (Implementation)	NA	0 days	NA	
108	0%	Communications Plan	NA	0 days	NA	



Project Management

ID	Complete	Task Name	Actual Start	Actual Duration	Actual Finish	Task Owner
129	0%	Requirements Gathering	NA	0 days	NA	
132	0%	Follow-up Communications	NA	0 days	NA	
130	0%	Training & Awareness	NA	0 days	NA	
131	0%	#1 SITE	NA	0 days	NA	
132	0%	Ricoh resources	NA	0 days	NA	
157	0%	Ricoh processes (All Locations)	NA	0 days	NA	
153	0%	Helpdesk training	NA	0 days	NA	
159	0%	Standard Operating Procedures (All Locations)	NA	0 days	NA	
123	0%	Right Sizing	NA	0 days	NA	
183	0%	Device change plan	NA	0 days	NA	
124	0%	Equipment Pre-Install	NA	0 days	NA	
145	0%	Order Process	NA	0 days	NA	
165	0%	Develop/completes config checklist	NA	0 days	NA	Ricoh
129	0%	Develop/completes deployment checklist (by locatio	NA	0 days	NA	
170	0%	Coordinate with team - Resource needs for installa	NA	0 days	NA	Ricoh
171	0%	Site Communication	NA	0 days	NA	
178	0%	Site Installation	NA	0 days	NA	
180	0%	Deliver Device to Site	NA	0 days	NA	Ricoh
181	0%	Set-up and pre staging (Set-up as per customa	NA	0 days	NA	Ricoh
152	0%	Signage posted at device location	NA	0 days	NA	
183	0%	Disconnect old device	NA	0 days	NA	
154	0%	Training for site	NA	0 days	NA	
197	0%	MONITOR & CONTROL	NA	0 days	NA	
198	0%	Gather Project Metrics for Management Reporting	NA	0 days	NA	
199	0%	Review Success Factors and Determine Next Steps	NA	0 days	NA	
200	0%	CLOSE	NA	0 days	NA	
201	0%	Confirm work is done to requirements	NA	0 days	NA	
202	0%	Gain formal acceptance of the implementation	NA	0 days	NA	
203	0%	Final performance reporting	NA	0 days	NA	
204	0%	Index and archive records	NA	0 days	NA	
205	0%	Lessons Learned meeting	NA	0 days	NA	
206	0%	Customer sign-off	NA	0 days	NA	
207	0%	Contract close-out	NA	0 days	NA	
208	0%	Project close-out	NA	0 days	NA	
209	0%	Release resources	NA	0 days	NA	
210	0%	Project complete	NA	0 days	NA	

Appendix C – Weekly Project Status Meeting Agenda

The following is an example of a project status meeting agenda.

Type of meeting:	Status Meeting						
Facilitator:	Ricoh Project Manager						
Attendees:	<p>Client Attendees:</p> <ul style="list-style-type: none"> <li>Client Director</li> <li>Client Project Manager</li> <li>Client IS Contact</li> <li>Client Project Resource</li> <li>Ricoh Attendees</li> </ul>						
Agenda Topics:							
Project Issues List							
Issue Description:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Resolution Resource:</th> <th style="width: 35%;">Action To Be Taken: Resolution Outcome:</th> <th style="width: 30%;">Date of Action:</th> </tr> </thead> <tbody> <tr> <td style="height: 40px;"></td> <td></td> <td></td> </tr> </tbody> </table>	Resolution Resource:	Action To Be Taken: Resolution Outcome:	Date of Action:			
Resolution Resource:	Action To Be Taken: Resolution Outcome:	Date of Action:					
Notes							

Appendix D – Change Control Form

The following is an example of a change control form:

Professional Technology Services to Deliver Superior Customer Service	
Project ID:	
Project Description:	
Revised Project Completion Date:	
Customer Name/Location:	
Client Contact (Project Sponsor):	
Ricoh Project Manager ( <i>Designee</i> ):	
Change Control Number:	
Change Request Description:	

**The Change Control Process**

Either Ricoh or Company must complete a *Change Control Form* for all changes requested that differ from what is detailed in the *Statement of Work (SOW)* section of the *Business Solution Proposal*. To become effective, the *Change Control Form* must be signed by both parties. The Ricoh Project Manager or designee has the responsibility for managing changes that differ from the signed *Business Solution Proposal* (original proposal). Details should be documented below stating information needed in order to render a decision pertaining to the requested change.

Justification for change:

--

Impact Statement (Customer's Assessment):

Importance		Mandatory		Highly Desirable		Desirable
:						

Impact Statement (Ricoh's Assessment):

Disposition:		Approved		Disapproved		Insufficient Details

**Change Form Continued**

Ricoh's Assessment to SOW		(Table for Ricoh's Use Only)
Change Request Description	Duration	Tasks to Perform
		Task one Task two Task three
Change Request Deliverables	Cost Amt.	Cost Estimate (In implementing request)
		= Network Solution Items Cost Estimate
		= Digital Output Devices Items Cost Estimate
		= Professional Services Cost Estimate
		= Total Estimate for Change Request

Authorization to Proceed		(Must be completed for CCF to be implemented)
Change Request Authorization	Date	Authorized Name / Signature
CUSTOMER		
RICOH		

**Note:** Upon final approval, the *Change Control Form* shall become an amendment to the original project's SOW, Terms and Conditions.

SAMPLE



Appendix E – System Acceptance/Project Completion Form

The following is an example of a system acceptance/project completion form:

**System Acceptance/Project Completion Form**

Company and Ricoh agree that all objectives referred to in the Project Scope have been fulfilled to Company satisfaction, and that the Business Solution system is operational and functional. The following is a brief outline of work completed: (To be completed at the end of the project).

Company agrees that the work has been performed in a satisfactory fashion, as agreed to in the Business Solution Proposal scope. No additional work is needed to complete this project. Any additional work, changes, or configuration to the network solution system is outside the scope of this project, and will be billable at Ricoh's standard rate, time and materials, and that the client will be required to provide a purchase order number to Ricoh prior to receiving support. Ricoh will be available on a consulting basis for additional system development, also on a time and materials basis.

In addition, support for this project will be considered production support and all applicable contracts and rates apply.

Hardware/Software Maintenance

If Company has elected not to enter into a Guaranteed and/or Software Maintenance Agreement, Company may do so at this time. If Company is not covered under a Guaranteed and/or Software Maintenance Agreement, Ricoh will bill Company for support on a time and material basis, requiring a purchase order number prior to receiving support.

Authorized Signatures:

Company

Ricoh

Name of Authorized Decision Maker	Name of Authorized Ricoh's Project Manager
Title	Title
Authorized Signature, Customer Representative	Authorized Signature, Ricoh's Representative
Date	Date

Appendix F – Client Survey Form

The following is an example of the survey to be completed by the customer at project close.

# RICOH

## Ricoh Project Management Survey

### Project Management Survey

1. The Project Manager was:

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	N/A
Professional in appearance and demeanor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competent in the duties pertaining to the project	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Responsive to problems, questions, and requests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Knowledgeable of the project and products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supportive of team members during the project	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Additional Comments

2. Project

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	N/A
Presentation of plans and strategies was conveyed clearly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communication with Ricoh personnel was open and professional	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Notification of meetings was conveyed as to assure attendance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Schedule changes were stated in a timely and accurate manner	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The project was performed to expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The project was completed in a timely manner	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ricoh personnel were readily available for questions & comments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Additional Comments

SA



**ASSISTANT SECRETARY'S CERTIFICATE**

I, Allen A. Hans, duly elected Assistant Secretary of Ricoh Americas Corporation, a Delaware corporation (the "Company"), do hereby certify that, as of the date hereof, that the person whose name and title is set forth below is authorized to execute the Louisiana State University Solicitation #000009828 contract and documents on behalf of the Company.

Joseph Fields                      Branch Sales Manager

IN WITNESS WHEREOF, I have hereunto set my hand this 25<sup>th</sup> day of January, 2011.

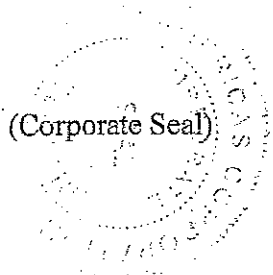
RICOH AMERICAS CORPORATION



---

Allen A. Hans  
Assistant Secretary

(Corporate Seal)



**ATTACHMENT J**

**ATTACHMENT K**

# THE AMERICAN INSTITUTE OF ARCHITECTS



AIA Document A310

## Bid Bond

KNOW ALL MEN BY THESE PRESENTS, that we **RICOH AMERICAS CORPORATION**  
(Here insert full name and address or legal title of Contractor)  
5055 South Sherwood Forest Blvd, Baton Rouge, LA 70816

as Principal, hereinafter called the Principal, and **INTERNATIONAL FIDELITY INSURANCE COMPANY**  
(Here insert full name and address or legal title of Surety)  
One Newark Center, Newark, NJ 07102

a corporation duly organized under the laws of the State of NEW JERSEY  
as Surety, hereinafter called the Surety, are held and firmly bound unto **LOUISIANA STATE UNIVERSITY**  
(Here insert full name and address or legal title of Owner)

**AGRICULTURAL AND MECHANICAL COLLEGE**, 213 Thomas Boyd Hall, Baton Rouge, LA 70803  
as Obligee, hereinafter called the Obligee, in the sum of ONE THOUSAND AND NO/100

TOTAL AMOUNT OF ALL ADDITIVE ALTERNATES Dollars (\$----\$1000.00 ),  
for the payment of which sum well and truly to be made, the said Principal and the said Surety, bind  
ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by  
these presents.

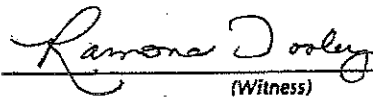
WHEREAS, the Principal has submitted a bid for (Here insert full name, address and description of project)  
Solicitation No. 000009828 - Lease of Space for Operation of Copy & Mail Services Center - CTR

NOW, THEREFORE, if the Obligee shall accept the bid of the Principal and the Principal shall enter into a Contract with the Obligee in accordance with the terms of such bid, and give such bond or bonds as may be specified in the bidding or Contract Documents with good and sufficient surety for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof, or in the event of the failure of the Principal to enter such Contract and give such bond or bonds, if the Principal shall pay to the Obligee the difference not to exceed the penalty hereof between the amount specified in said bid and such larger amount for which the Obligee may in good faith contract with another party to perform the Work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect.


Signed and sealed this

27th day of January

2011

  
(Witness)

**RICOH AMERICAS CORPORATION**  
(Principal) (Seal)

BY:   
**ALLEN HANKS** (Title) ASSISTANT SECRETARY

  
(Witness)

**INTERNATIONAL FIDELITY INSURANCE COMPANY**  
(Surety) (Seal)

BY:   
(Title)

Christine A. Dunn, Attorney-in-Fact



Tel (973) 624-7200

# POWER OF ATTORNEY INTERNATIONAL FIDELITY INSURANCE COMPANY

HOME OFFICE: ONE NEWARK CENTER, 20TH FLOOR  
NEWARK, NEW JERSEY 07102-5207

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing under the laws of the State of New Jersey, and having its principal office in the City of Newark, New Jersey, does hereby constitute and appoint

DENISE M. BRUNO, LINDA S. PILLION, MATTHEW J. ROSENBERG, SHERRI L. FEENEY,  
DAVID A. JOHNSON, CHRISTINE A. DUNN, MICHELLE G. HIGGINS, DAVID C. ROSENBERG,  
HARRY C. ROSENBERG, JOYCE M. HOFFMAN, JULIA R. BURNET, KIMBERLY G. RIVELY

King of Prussia, PA

its true and lawful attorney(s) in fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be revoked, pursuant to and by authority of Article 3-Section 3, of the By-Laws adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting called and held on the 7th day of February, 1974.

The President or any Vice President, Executive Vice President, Secretary or Assistant Secretary, shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and,
- (2) To remove, at any time, any such attorney-in-fact and revoke the authority given.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 29th day of April, 1982 of which the following is a true excerpt:

Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.



IN TESTIMONY WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 16th day of October, A.D. 2007.

INTERNATIONAL FIDELITY INSURANCE COMPANY

STATE OF NEW JERSEY  
County of Essex

Secretary

On this 16th day of October 2007, before me came the individual who executed the preceding instrument, to me personally known, and being by me duly sworn, said he is the therein described and authorized officer of the INTERNATIONAL FIDELITY INSURANCE COMPANY; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.



IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my Official Seal, at the City of Newark, New Jersey the day and year first above written.

A NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires March 27, 2014

### CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 27th day of January, 2011.

Assistant Secretary



# ATTACHMENT L

<b>ADDENDUM No. 01</b>	<b>BID DUE DATE AND TIME</b>
BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL & MECHANICAL COLLEGE	<b>01/27/2011      02:00 PM      CT</b>

<b>SOLICITATION 000009828</b>	<b>RETURN ADDENDUM TO</b>
<b>VENDOR #</b>	<b>FAX # (225)578-2292</b>
<b>VENDOR NAME AND ADDRESS</b>	<b>LSU</b>
 RicoH Attn: Stacey Arceneaux 5055 South Sherwood Forest Boulevard Baton Rouge, LA 70816	<b>LOUISIANA STATE UNIV. PURCHASING OFFICE 213 THOMAS BOYD HALL Baton Rouge                      LA 70803</b>
	<b>BUYER James Frazier, CPPB BUYER PHONE (225)578-2176</b>
	<b>ISSUE DATE 01/14/2011</b>

**TITLE: REISSUE-LEASE OF SPACE FOR OPERATION OF COPY & MAIL SERV CTR**

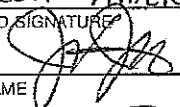
Notice is given to all parties that this Solicitation is amended by the University as stated herein. This Addendum is hereby made an official part of this Solicitation.

Please see the attached Vendor Questions and Responses.

This Addendum should be signed and returned with your bid or otherwise acknowledged therein. If you have already submitted your bid, and this Addendum creates a need to revise/clarify your original response in any way, you are required to submit such in writing. For revisions/clarifications to be considered, your addendum response must be submitted to and received by the issuing LSU Campus/Department at the "Return Bid To" address stated above no later than the specified bid due date/time and must be clearly marked with the solicitation number and the bid due date/time and returned via fax, courier service, hand delivery, or USPS mail. Bid revisions received after bid opening cannot be considered, whereupon the bidder must either honor or withdraw its original bid.

**Bidder's Addendum Acknowledgement/Response:**

As an authorized agent/signatory of the bidder, I/we acknowledge receipt of this Addendum, and  
 submit no alterations/clarifications to our original bid.  
 submit superseding revisions/clarifications to our original bid as written herein or attached hereto.

<b>BIDDER (Name of Firm)</b> RICOH AMERICAS CORPORATION	<b>MAILING ADDRESS</b> 5055 SOUTH SHERWOOD FOREST BLVD
<b>AUTHORIZED SIGNATURE</b> 	<b>CITY, STATE ZIP</b> BATON ROUGE LA 70816
<b>PRINTED NAME</b> JOSEPH J FIELDS	<b>PHONE #</b> 225 - 292 - 3090
<b>TITLE</b> BRANCH SALES MANAGER	<b>FAX #</b> 225 - 292 - 2094
<b>E-MAIL</b> JOSEPH.FIELDS@RICOH-USA.COM	<b>FEDERAL TAX ID #</b>

Addendum #1

LSU RFP#000009828-Re-Issue-Lease of Space for Operation of Copy & Mail Services Center and Public Use Convenience Copier Program

Questions and Responses:

Question #1: Will the Ag Center and its affiliates be required to utilize the successful bidders services?

Response #1: No.

Question #2: Is the Athletic Department included in the requirement of all departments to utilize the successful bidders services?

Response #2: No.

Question #3: The amount of mailbox rent is stipulated at a maximum of \$70.00 for year 1, may this amount be negotiated upwards in subsequent years?

Response #3: Yes, please refer to section 2.1.

Question #4: Will the university agree to indemnify the successful bidder from violations of the universal mail statutes in the event services desired by the university cause such violation(s)?

Response #4: No.

Question #5: Will the house members fraternities and sororities be required to individually require mailboxes as your total on campus housing number suggest?

Response #5: No.

Question #6: Is Pennington and other possible outlying LSU associated institutions required to use the successful bidders services?

Response #6: No.

Question #7: Will LSU entertain a contract commitment of less than 10 years?

Response #7: No.

Question #8: Is the successful bidder required to sell postal services at US Postal Service postage rates? If not, is there or will there be a maximum profit margin allowed?

Response #8: Schedule of services and fees are to be submitted and approved by the University. Please refer to section 2.1.

Questions #9: Does automation presort mail have a deadline for arrival at the postal service? Is this to be guaranteed and must this be by the same contracted vendor and what is the penalty for non-delivery to the US Postal Service if there is a time requirement?

Response#9: Yes, the deadline is stipulated in Section 2.5 under Metering. As the contracted vendor, it is your responsibility to ensure that all deadlines are met. It is the expectation that the successful proposer will abide by all contract terms.

Question #10: If mail is not posted correctly (right price) nor delivered same day to the US Postal Service, what penalties are expected or will be imposed (if any) short of contract cancellation?

Response #10: It is the expectation that successful proposer will abide by all contract terms.

Question #11: Section 2.4 LSU Student Union Mail Center: Maintain mailboxes (the University will provide the mailboxes). Is LSU responsible for moving, installing, re-keying and re-numbering the mailboxes?

Response #11: Yes.

Question #12: Section 2.22.1 Financial: A. Lease: Proposal is to be based upon an annual minimum rent per square foot of \$15.00 per square foot guarantee, payment divided into twelve equal monthly payments. Will LSU forego lease payments until completion of the build out of copy/mail center?

Response #12: During the Transition Period, while the construction and renovation of the Copy and Mail Service Center is being completed, the successful proposer will have a reduced lease payment of \$1000.00 per month.

Question #13: Section 2.21 Location: Additional Space can be made available to proposer in addition to the aforementioned leased premises. How much additional space is going to be available and where is the additional space located?

Response #13: Up to 6000 square feet at various locations, including 3555 River Road.

Question #14: Section 3.1 Financial Proposal (60% of evaluation value) – 60 points: 1) Guaranteed Annual lease payment – 40 points. Will the additional space be included in the guaranteed annual lease payment?

Response#14: No.

Question #15: Can LSU provide an electronic copy of the RFP in word format?

Response #15: No.

Question #16: Section 1.35 Payment Terms:

Postage Surcharges & Chargeback

First Class Auto 3 Digit letter

First Class Presort Flat

\$0.0475 per piece

\$0.0665 per piece

It appears the surcharges have been cut in half from the original RFP for the above outlined fees. It will be very difficult for someone to provide the necessary steps (set up and process of data file through postal coding software and NCOA, ink cost, set up of material for inkjet, labor to print, separate into specific postal containers, submit to the USPS with supporting documentation for the lowest postage rate and wait for the post office to verify job) at this price because it is far below cost. Is the University willing to reconsider these surcharge cuts?

Response #16: Yes.

Question #17: Section 1.35 Payment Terms: Postage Surcharges & Chargeback: CASS certify, inkjet address, zip Letters, all quantities \$0.145 per piece, sorting and NCOA process Flats, all quantities \$0.0165 per piece. The inkjet fee of \$0.145 appears to be a mistake. Was this rate intended to be \$0.0145?

Response #17: Yes.

Question #18: Will LSU be able to provide a full function API for the One Card?

Response #18: Yes

Question #19: Will winning vendor be able to control/specify data ports for operation of the center?

Response #19: Yes.

Question #20: Exhibit L: Will LSU provide maintenance cost for the last two years for the items listed under Exhibit L?

Response #20: The available equipment for which maintenance agreements are maintained is as follows:

Description	Acq Date	Manufacturer/Model	Maint Cost
Nexpress	2003	Kodak 2100 Plus	\$2772.50 per month
Nexpress 2100 SE	2004	Kodak/2100SE	\$2772.50 per month
Nexpress Glossing station	2005	Kodak, serial #0059AG	\$110 per month
Digimaster Digital Production System	2005	Kodak E150	1 contract/1 Dollar Amt for all 3 pieces
Used Digimaster Printer	2005	Kodak 9150	
Used Digimaster Printer	2008	Kodak 9110	\$4447.65 per month
Mail Machine	2004	Pitney Bowes DM800 w/ scanner	\$1789 per year
Mail Machine	2004	Pitney Bowes DM800 w/ scanner	\$1789 per year
Mail Machine	2004	Pitney Bowes DM800 w/ scanner	\$1789 per year

30 lb scales	2004	Pitney Bowes MP30	\$170 per year
30 lb scales	2004	Pitney Bowes MP30	\$170 per year
30 lb scales	2004	Pitney Bowes MP30	\$170 per year
Mail accounting system	2004	Pitney Bowes Accutrac Z585	\$680 per year

Question #21: Since LSU is providing the mailboxes, would the winning vendor have the ability to refurbish or replace the mailbox doors to offer a more consistent image?

Response #21: Yes.

Question #22: Where specifically will the six parking spots be located in relation to the Union space?

Response #22: To be determined after the selection of successful proposer.

Question #23: Would it be possible to receive a list of contractors that have or are currently performing work in the Union? Our preference would be to use a contractor who is familiar with all LSU rules and regulations.

Response #23: K-W Construction, Inc, Jim Kelley at [jhk@k-wconst.com](mailto:jhk@k-wconst.com) or at 512-353-5900

Buquet & LeBlanc, Bill Firestreets at [billf@buquet-leblanc.com](mailto:billf@buquet-leblanc.com) or at 225-753-4150

Question #24: Section 1.35 Payment Terms: The successful proposer may assess a processing fee based on the schedule below. The total monthly amount is to be offset from the gross payments due to LSU and will not exceed the lease payment. Will LSU allow processing fee balances in excess of the monthly lease payment to be carried over to the following month? Will LSU at the end of each 12 month period pay the successful proposer for any processing fee balances that exceed the annual lease amount?

Response #24: LSU will allow processing fee balances in excess of the monthly lease payment to be carried over each month. If total processing fees exceed the lease payment at the end of each 12 month period, LSU will not be responsible for the excess fee.

Question #25: Can you please provide a copy of the sign in sheets from the pre-proposal conference.

Response: See attached sheets.

RE-ISSUE - LEASE OF SPACE FOR OPERATION OF COPY & MAIL SERVICES CENTER  
 AND PUBLIC USE CONVENIENCE COPIER PROGRAM  
 LSU Solicitation #000009828

10:00 AM, WEDNESDAY, JANUARY 5, 2011  
 Council Room (3<sup>rd</sup> floor) LSU Student Union

Sign-In Sheet

Name	Company	Address	Phone/Fax	Email
Nichele Devall	Xerox	5555 HILTON AVE #601 Baton Rouge, LA 70802	825-346-4723 225-925-5810	Nichele.R.Devall @XEROX.COM
Julie Desjard	Xerox	5555 Hilton Ave #601	225-603-2120 225-925-5810	Julie.Desjard @Xerox.com
Terry Devall	Xerox	1001 West Loop South 5th Houston, TX 77022	713-888-6198	Terry.devall@xerox.com
Rebecca Washburn	FedEx Office	64 W. Stale St Baton Rouge, LA 70802	225-344-7250 / 7333	Rebecca.washburn@fedex.com
Michael Melvin	FedEx Office	9945 Avilane Hwy Baton Rouge, LA 70816	225-802-2163	Michael.Melvin@fedex.com
Eddie Babin	the UPS STORE	44004 Amba Middle CA Fwy Lafayette, LA 70508	337-988-1201 337-988-2822	Eddie.Babin@theupsstore.com
Dan Dubels	The UPS Store	6000 Cornerstone Ct W Snohomish, WA 98221	858-455-8553 958-430-3414	DanDubels@ups.com
Tommy PHIFER	RICOH	5005 SHREVEPORT FOREST Baton Rouge	770-621-1399 <del>678-558-2884</del>	Tommy.PHIFER@RICOH-USA.COM

RE-ISSUE - LEASE OF SPACE FOR OPERATON OF COPY & MAIL SERVICES CENTER  
 AND PUBLIC USE CONVENIENCE COPIER PROGRAM  
 LSU Solicitation #000009828

10:00 AM, WEDNESDAY, JANUARY 5, 2011  
 Council Room (3<sup>rd</sup> floor) LSU Student Union

Sign-In Sheet

Name	Company	Address	Phone/Fax	Email
Trevor Dilsander	The UPS Store	7516 Blackhawk Valley Baton Rouge 70810	cell 917-698, 8531 Fax 825-766, 3194	store3567@theupsstore.com
Wang Siobang	LSU	104 CMC	8-0613	WSTERN@LSU-EDU
Tom D'Alonzo	Negot of American Mail	3817 Ploggo Towne Dr.	225 292-3112	POST@AMERICAN
James Frazier	LSU	238 CME	578-1050	jfr@lsu.edu
James Frazier	LSU	505 Woodward Forest	504 756-2024	WBERG@LSU.COM
Heath Price	PAS	213 Thomas Boyd Hall Baton Rouge LA 70803 330 Thomas Boyd	225-578-2285 P 225-578-2292 F 225-578-3386	WFR@LSU.EDU hprice@lsu.edu



RE-ISSUE - LEASE OF SPACE FOR OPERATON OF COPY & MAIL SERVICES CENTER  
 AND PUBLIC USE CONVENIENCE COPIER PROGRAM  
 LSU Solicitation #000009828

10:00 AM, WEDNESDAY, JANUARY 5, 2011  
 Council Room (3<sup>rd</sup> floor) LSU Student Union

Sign-In Sheet

Name	Company	Address	Phone/Fax	Email
Jeff Plym	Ricoils		713-446-1115	jeff.plym@Ricoils.com
Stacey Arceneaux	Ricoils	5055 S Sherwood Forest Blvd Baton Rouge, LA 70816	225-337-0994	stacey.arceneaux@Ricoils.com
Monroe Porter	Ricoils		(504) 578-7959	Monroe.Porter@Ricoils.com
Shawna Myers	LSU - PAS		528 8673	Shawna@lsu.edu

**EXHIBIT "G"**  
**Memorandum of Lease**

**EXHIBIT "G"**  
**Memorandum of Lease**

**STATE OF LOUISIANA**  
**PARISH OF EAST BATON ROUGE**

**MEMORANDUM OF LEASE**

This Agreement made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_  
by and between

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional corporation organized and existing pursuant to the laws of the State of Louisiana herein represented by Dr. John V. Lombardi, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors adopted August 17, 2007, copies of which are attached hereto as Exhibit "A"; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848);

(hereinafter referred to as "LSU" or the "Board"); and

**RICOH AMERICAS CORPORATION**, a Delaware corporation, organized and existing under the laws of the State of Delaware authorized to do and doing business in the State of Louisiana, herein represented by Eric C. Petertonjes, Director-Real Estate, duly authorized by virtue of a resolution of the Board of Directors of said corporation, a certified copy of which is attached hereto and made a part hereof as Exhibit "B," whose mailing address is Ricoh, (Federal I.D. No. 22-2783521);

(hereinafter referred to as "Ricoh");

**WITNESSETH**

That, for the rents and upon the terms, covenants and provisions set forth in that certain lease of even date herewith ("Lease") between Lessor and Lessee, Lessor has demised, leased and let, and does hereby demise, lease and let unto Lessee:

5914 square feet of retail and storage space in the building known as the LSU Union located on Raphael Semmes Drive and 5560 square feet of warehouse space in the building known as the LSU Printing Services Building located on River Road, Louisiana State University, Baton Rouge, Louisiana, together with all common areas on, within and about said LSU Union, LSU Printing Services

Building and egress to and egress from said premises through, over and across all common areas within the LSU Union and LSU Printing Services Building.

Said lease is made for the rentals and upon each and all of the terms, covenants and provisions thereof, all of which are by this reference incorporated herein and made a part hereof, the same as though fully set forth herein.

This lease is for a term of ten (10) years, with a commencement date of July, 1, 2011.

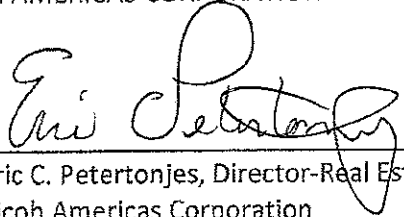
IN WITNESS WHEREOF, Lessor and Lessee have signed and sealed this Memorandum of Lease in duplicate original as of the day, month, and year first above written.

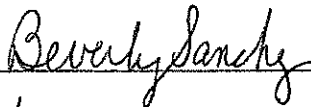
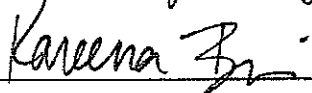
WITNESSES AS TO LSU:

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

BY: \_\_\_\_\_  
John V. Lombardi, President  
Louisiana State University System

WITNESSES AS TO RICOH AMERICAS  
CORPORATION

RICOH AMERICAS CORPORATION  
BY:   
Eric C. Peteronjes, Director-Real Estate  
Ricoh Americas Corporation

  
\_\_\_\_\_  
  
\_\_\_\_\_

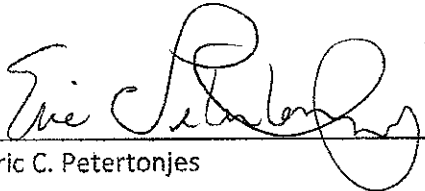
RICOH AMERICAS CORPORATION'S ACKNOWLEDGEMENT

STATE OF Pennsylvania

PARISH/COUNTY OF Chester

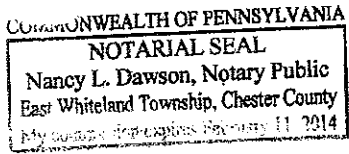
BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the aforesaid parish/county and state, personally appeared Eric Petertonjes, who being by me first duly sworn, did depose and say that he is the ~~Vice President~~ of Ricoh Americas Corporation and by authority of its Board of Directors, he signed and executed the above instrument as the free and voluntary act of said corporation, for the uses, purposes and consideration therein expressed.

*EPJ*  
Director

  
Eric C. Petertonjes

SWORN TO AND SUBSCRIBED before me in Chester County on this 26<sup>th</sup> day of April 2011.

  
Notary Public



**EXHIBIT "H"**  
**Financial Proposal for a Portion of Revenue**

# Proposal Form

RFP No.000009828

Proposal Security: Attached is a proposal security, drawn in favor of Louisiana State University and A&M College (in the form of a certified check, cashier's check, bank check, money order, or proposal bond) in the sum of \$1,000.00.

Having carefully examined the information, specifications, terms and conditions, etc., contained in or attached to Request for Proposal entitled "Reissue-Lease of Space for Operation of Copy & Mail Services Center & Public Use Convenience Copier Program" and having inspected the University site, the undersigned offers the attached proposal for the University's consideration.

Price Schedule: Prices proposed by the proposer is to be submitted below in the following format. Prices submitted shall be firm for the term of the contract.

\$ 133,065.00 Guaranteed Annual Lease Payment.

\$ 350,328.00 Amount to be Spent on Construction of Facility Improvements

3.0 % percent of Adjusted Gross Sales (less applicable State and Local Sales taxes).

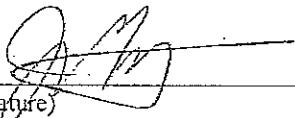
Proposal submitted on behalf of:

RICOH AMERICAS CORP  
Firm

5055 SOUTH SHERWOOD FOREST BLVD  
Address

BATON ROUGE                      LA                      70816  
City,    State,    Zip

Proposal submitted by:

  
Name (Signature)

JOSEPH J FIELDS  
Name (Type or Print)

BRANCH SALES MANAGER  
Title

(225) 292-3090                      (225) 292-2094  
Telephone No.    FAX No.

JOSEPH.FIELDS @ RICOH-USA.COM  
Email address

*Note: The person signing this Request for Proposal and the Proposal shall provide, attached to the Proposal, legal evidence of his/her authority to sign for the firm or corporation.*

RECEIVED  
LSU PURCHASING OFFICE  
2011 APR 25 P 3:21





## APPROVAL OF SCHEMATIC DESIGN FOR AN EDUCATIONAL FACILITY AT THE HILLTOP ARBORETUM

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

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

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

### **1. Summary of Matter**

The Board of Supervisors at its October 29, 1999 meeting approved the recommendation for the construction of the Hilltop Arboretum Building, a multi-use education and administrative facility at the LSU Hilltop Arboretum, with the LSU Property Foundation and transfer of the title of such to the Board of Supervisors upon completion of construction. Subsequently, the Friends of the LSU Hilltop Arboretum funding was approved by the Board at the January 21, 2000 meeting and a Lease Agreement between the LSU Property Foundation and the Board for the construction of the Hilltop Arboretum Educational Facility was approved at the October 2010 meeting.

The Hilltop Arboretum administration and Friends of the LSU Hilltop Arboretum are requesting approval of the schematic drawings for the 2000 sq. ft. addition at the facility. The outdoor facility will provide a versatile education environment for conducting its programs to the general public. The facility will be constructed to meet Leadership in Energy and Environmental Design (LEED) Silver standards, enhance the use of existing facilities, and aesthetically blend with the existing structures. Estimated construction cost is \$800,000 with a total project cost of \$1,425,000.

### **2. Review of Business Plan**

Funding will be provided by the Friends of the LSU Hilltop Arboretum.

### **3. Fiscal Impact**

Construction of this facility will not have any direct fiscal impact on the University's general fund.

### **4. Description of Competitive Process**

Contract(s) for construction will be bid.

### **5. Review of Legal Documents**

No legal documents are associated with this request.

### **6. Parties of Interest**

None.

**7. Related Transactions**

The Board of Supervisors approved a new lease agreement for this final, planned addition at their October 15, 2010 meeting.

**8. Conflicts of Interest**

None.

**ATTACHMENTS:**

- Letter from Chancellor Martin
- Schematic Design Presentation

**RECOMMENDATION**

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

**"NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby acknowledge that the Educational Facility to be constructed at the Hilltop Arboretum is in general compliance with the Campus Design Guidelines and hereby delegates the approval of the detailed plans and specifications to the Assistant Vice President and University Architect, or his designee."



LOUISIANA STATE UNIVERSITY

Office of the Chancellor

Jim Howell

OFFICE OF THE  
PRESIDENT

MAY 04 2011

LSU SYSTEM

**TO:** John V. Lombardi  
President  
LSU System

**DATE:** May 4, 2011

**FROM:** Michael Martin  
Chancellor

**RE: Hilltop Educational Facility  
Schematic Design – Exterior Elevation Addition**

Attached for your review is a resolution requesting approval of the schematic drawings for the exterior elevation addition at the LSU Hilltop Arboretum Educational Facility. As the designs were originally approved in 1999, Jim Howell requested that the drawings be resubmitted for review and approval by the current Board of Supervisors. The lease agreement for construction of the LSU Hilltop Arboretum Educational Facility was approved at the October 2010 BOS meeting.

It is requested that the resolution be forwarded to the Board of Supervisors for placement on the June 2011 meeting agenda.

Please let me know if you need additional information.

# Hilltop Arboretum Auditorium

Based upon memo by David Cronrath dated 04/21/2010 and Hilltop estimate fax 7/19/2010

Facility Development - August 20, 2010

## ESTIMATE OF PROJECT COSTS

Project Component:	Item Cost	Total Cost
Construction - Subtotal.....		\$800,000
+Landscape Installation.....		\$150,000
<b>Construction - Subtotal.....</b>		<b>\$950,000</b>
<b>"Soft" Costs</b>		
Designer Fee .....		\$167,430
Consultant coordination.....	\$9,830	
Construction Admin.....	\$15,000	
LEED Coordination.....	\$2,500	
Lake Flato - drawings & specs.....	\$20,000	
Energy modeling.....	\$8,000	
Noland Wong.....	\$22,000	
LEED consultation.....	\$5,000	
Holden Architects.....	\$15,000	
LEED construction admin.....	\$20,000	
MEP.....	\$9,200	
Civil.....	\$5,000	
Structural.....	\$9,600	
Landscape Architect.....	\$20,000	
Commissioning.....	\$6,300	
LSU Foundation Policy 11.c Contingency (Constr & Landscape @ 10%).....		\$95,000
Testing.....		\$15,000
Geotechnical.....	\$10,000	
Materials.....	\$5,000	
Survey.....		\$15,000
LSU Foundation Policy 13. LSU Property Foundation Mgmt. Fee (.75% of Constr + Cont.).....		\$7,838
LSU Foundation Policy 13. LSU Property Foundation Legal fees.....		\$10,000
Maintenance Reserve Account (MRA) (10% of final bldg. construction)		\$80,000
LSU Facility Services Mgmt. Fee (2.5%).....		N/A
Equipment (FFE).....		\$78,000
Miscellaneous.....		\$6,732
Printing.....	\$1,000	
Advertising.....	\$500	
Travel.....	\$0	
LEED Certification.....	\$2,200	
Misc.....	\$3,032	
<b>"SOFT" COSTS - Subtotal.....</b>		<b>\$475,000</b>
<b>TOTAL PROJECT ESTIMATE.....</b>		<b>\$1,425,000</b>

- August 19, 2010 Finance and Administrative Services (FAS) issues request for LSU Foundation to place on their Board Agenda for approval
- August 24, 2010 Hilltop Friends meeting
  - \* review project status
- August 27, 2010 LSU Foundation Board meeting
  - \* request project approval
- September 1, 2010 Emmett and Peggy contact Lake Flato regarding intent to contract for design
  - \* request Lake Flato to submit scope and fee proposal
  - \* Facility Development submits proposal to LSU Foundation to draft AIA contract - pending ALL approvals
- September 8, 2010 FAS deadline for agenda items for Board of Supervisors review
  - \* LSU Foundation legal submits request of substantial matter to implement project (lease)
- September 14, 2010 Board of Supervisors (BoS) agenda items due from University
- September 15, 2010 Board of Supervisors agenda set by System Office
  - \* LSU Foundation submits to BoS notice of interests to form LLC (30 day waiting period)
- October 1, 2010 LSU Foundation legal submits draft AIA contract to Lake Flato
- October 15, 2010 BoS Board meeting
- October 18, 2010 LLC 30 day notification to BoS is met
- October 27, 2010 Board of Regents (Regents) Committee meeting to review leases
- October 28, 2010 Pending ALL approvals LSU Foundation initiates execution of design contracts
- November 1, 2010 Pre Design Conference with Lake Flato



# LSU Hilltop Arboretum Addition

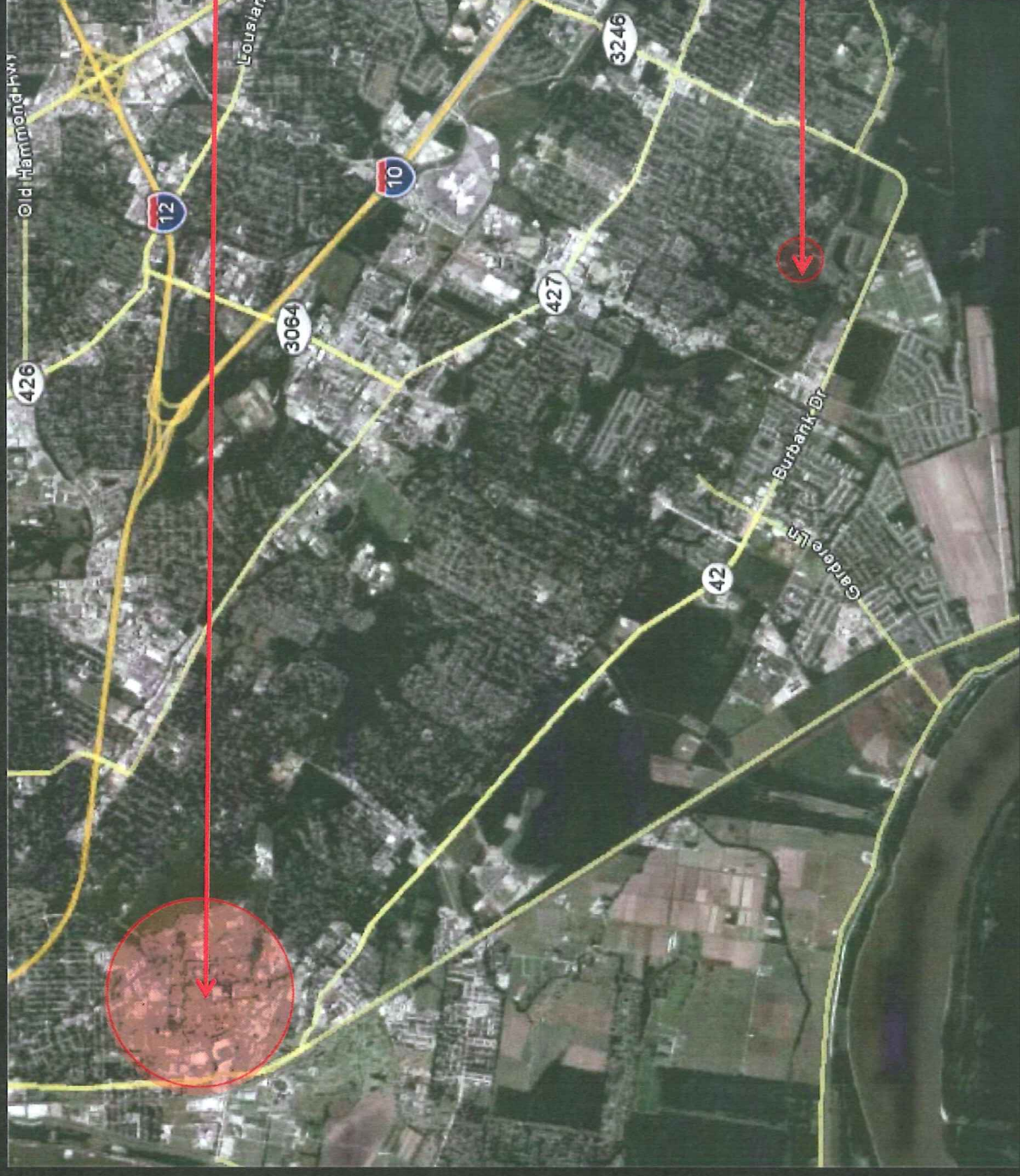
Arboretum & Nature Center  
**Baton Rouge, Louisiana**



New Construction  
2,600 SF

Existing Building  
7,800 SF





LSU Main Campus

Hilltop Arboretum

# Location Map





HEDGEROW BIRD HABITAT  
ACCESSIBLE PATH SYSTEM  
SECONDARY PATH SYSTEM

LOUISIANA MEADOW PRAIRIE  
HERBACEOUS HYDRIC VEGETATION

GLADES  
CATHEDRAL

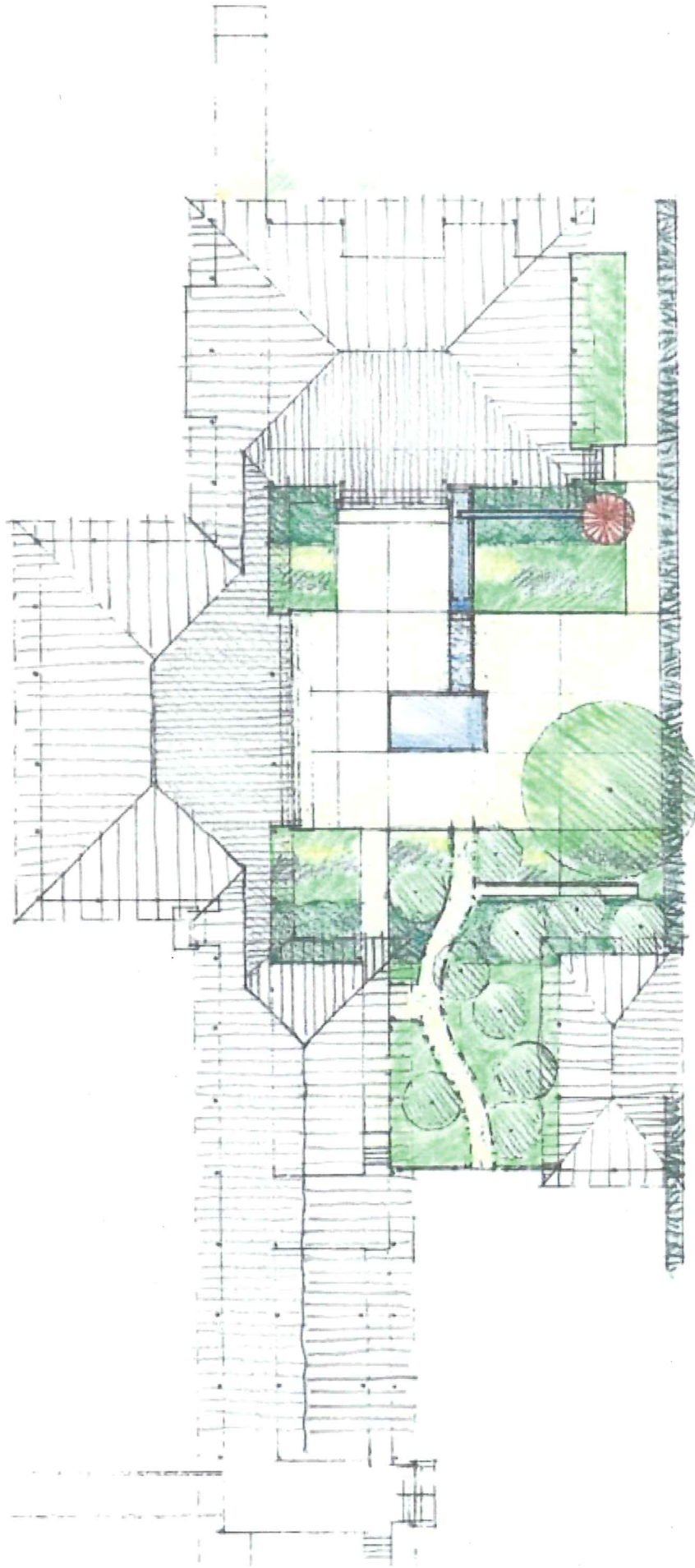
PLANT SALE  
COMPOST  
PAVING STORAGE  
GREENHOUSE  
STORAGE SHED WITH YARD

HORTICULTURAL COURT  
EXTENDED BUILDING CIRCULATION SYSTEM  
EMERGENT AQUATIC VEGETATION

ENTRY DISPLAY  
RESTORED EMORY SMITH RAVINE PLANTINGS  
REHABILITATED STRUCTURE  
EXHIBITION  
RESEARCH/ SCHOLAR IN RESIDENCE  
POTENTIAL CARETAKER RESIDENCE

HILLTOP ARBORETUM COURTYARD LEARNING SANCTUARY : OPTION 1

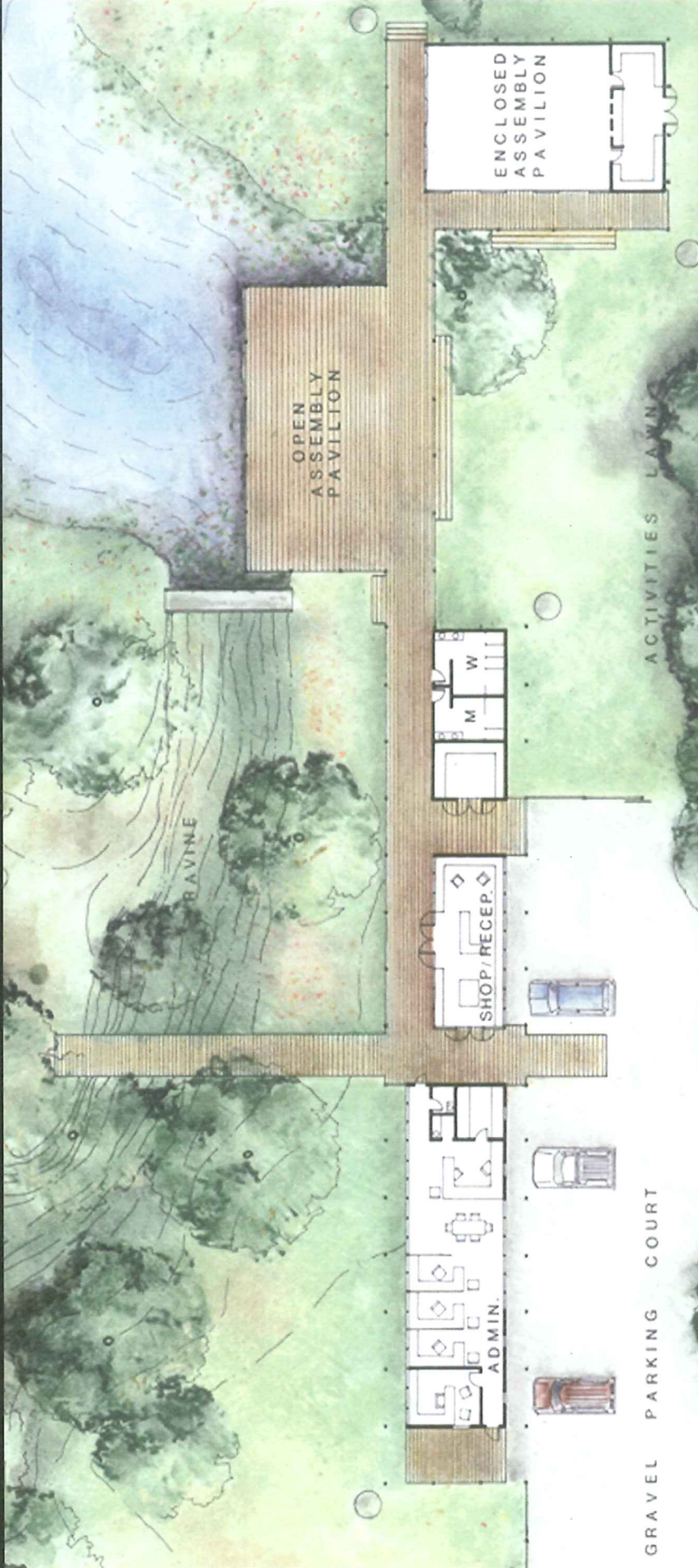




HILLTOP ARBORETUM COURTYARD LEARNING SANCTUARY : OPTION 1







# Building Plan





Rendering





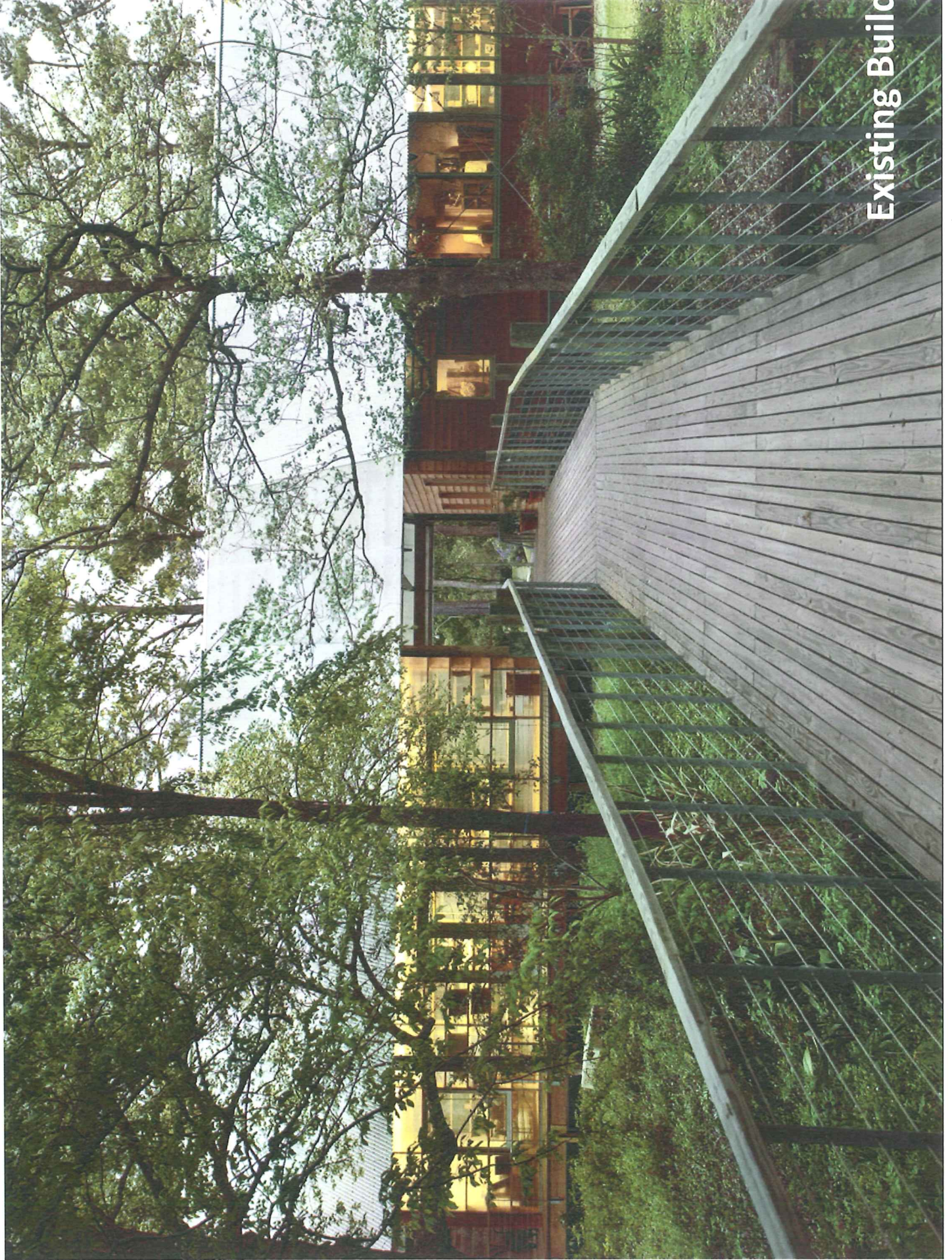
Rendering





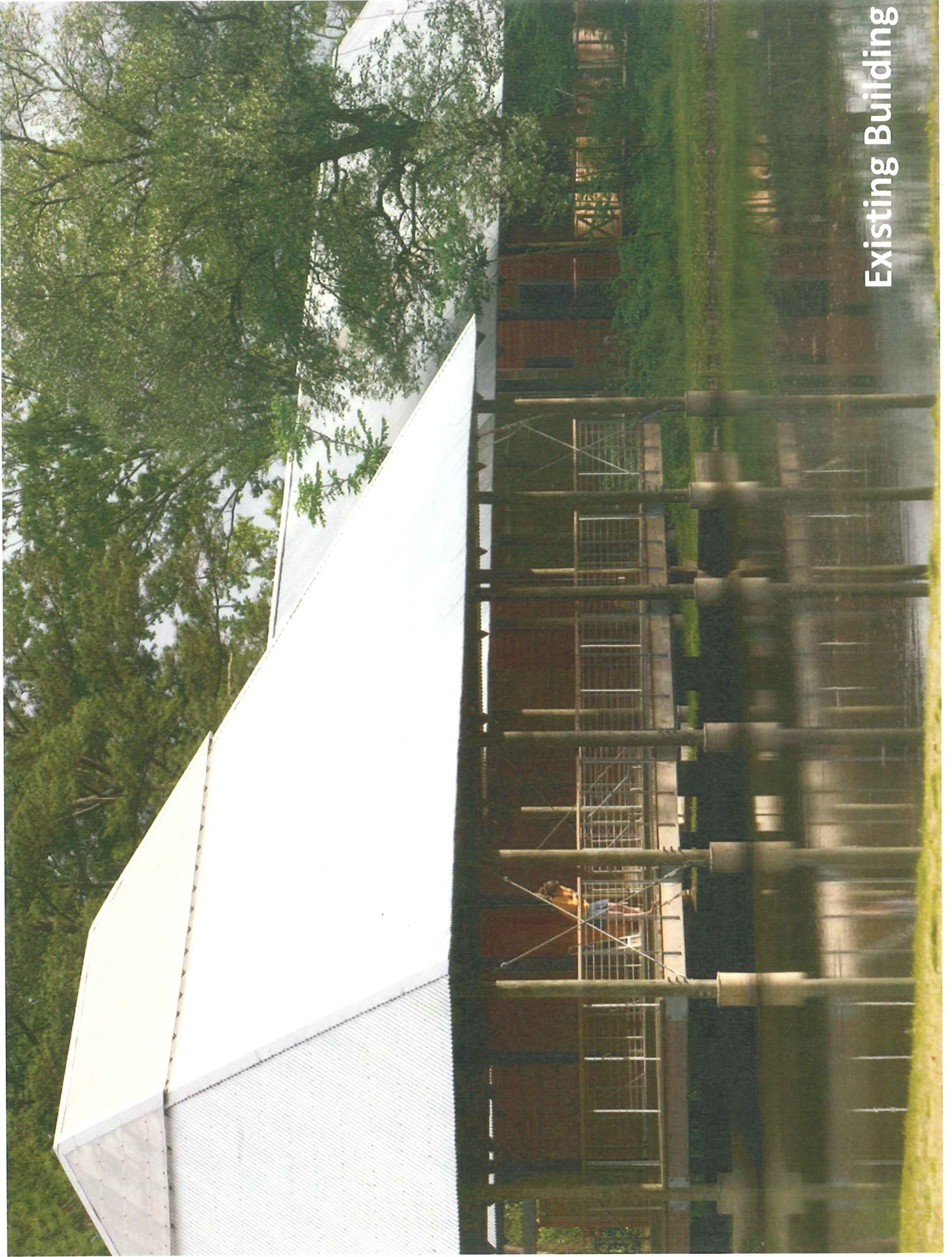
Existing Building





Existing Build





Existing Building



**RECOMMENDATION TO APPROVE  
REQUEST FOR LEASE OF PROPERTY,  
ROSEPINE RESEARCH STATION  
VERNON PARISH, LOUISIANA**

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

Pursuant to Article VII, Section 8.D.2(a). of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter".

D.2(a) The assignment, lease, transfer, encumbrance or sale of land, mineral rights, rights of ways, servitudes, or other immovable property owned or controlled by LSU....

**1. Summary of the Matter**

The lease of the Rosepine Research Station (Station) is governed both by Louisiana law and by LSU Presidential Memorandum 6 ("PM-6"). Pursuant to those provisions, LSU AgCenter will advertise the property, go through a public bidding process, and lease to the highest bidder pursuant to the Lease of Public Lands statutes (La. R.S. 41 :1211 et seq.).

Pursuant to La. R.S. 41 :1216, no single lease under the Lease of Public Lands statutes may exceed six hundred forty (640) acres, and no lessee may own more than one such lease at one time. The Station encompasses seven hundred forty (740) acres of property, and so the entirety of the Station may not be leased pursuant to a single lease agreement. LSU AgCenter may execute multiple lease agreements to different lessees. We are requesting authorization and approval from the Board of Supervisors in principle to lease the Station in multiple leases.

La. R.S. 41 :1214 requires the preparation of a short description of the land to be leased and the general terms of the lease, and to advertise the summary in the official parish journal for at least fifteen (15) days over a period of three weeks. PM-6 requires the LSU AgCenter to coordinate the preparation of the advertising specifications with the Office of the President. The LSU AgCenter will also send notices directly to any persons and entities it thinks may be interested in bidding on the lease, several of which have already shown interest. The notice will specify the date when bids will be opened, and the location where the bids will be publicly opened and read. The AgCenter will recommend award to the highest responsive and responsible bidder, pursuant to La. R.S. 41 :1215, to the President for signatures.

While the LSU AgCenter anticipates that most bids will be received from area farmers, there are two residences and one office facility on the Station that have the capacity to generate additional non-farming revenue. Any lease will include a provision that in the event the lessee identifies a sub-lessee that might want to occupy the residences and/or office facilities, LSU AgCenter shall have the right to share in the rental revenue generated therefrom.

The AgCenter is further requesting the Board of Supervisors to authorize and empower the President at this time to sign any subsequent lease(s) regarding the Rosepine Research Station which the President believes is in the best interest of LSU.

**2. Review of Business Plan**

This lease will generate income for the LSU AgCenter to be utilized to address budget shortfalls and/or supplement other priority programs.

**3. Fiscal Impact**

The property will only be leased if the bids obtained are of sufficient value for the property being leased.

**4. Description of Competitive Process**

An advertised and competitive process will be utilized to secure the best offer for the lease, including an Invitation to Bid (ITS) to those parties that the LSU AgCenter is aware are interested, as described in the Summary.

**5. Review of Legal Documents**

One or more lease agreements between the Lessee(s) and the LSU Board of Supervisors.

**6. Parties of Interest**

- LSU Board of Supervisors
- Lessee(s)

**7. Related Transactions**

None.

**8. Conflicts of Interest**

None.

**ATTACHMENTS**

- Letter from Chancellor Richardson

**RECOMMENDATION**

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

**“NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize John V. Lombardi, President of the LSU System, or his designee, to execute one or more lease agreements with the highest bidders selected through the proscribed competitive bid process for the lease of not more than 640 acres per Lessee of the Rosepine Research Station, Vernon Parish, Louisiana.

**BE IT FURTHER RESOLVED** that as there are two residences and one office facility on the Rosepine Research Station that have the capacity to generate additional non-farming revenue, any lease of said immoveable property will include a provision that in the event the Lessee identifies a Sub-Lessee that might want to occupy the residences and/or office facilities, LSU AgCenter shall have the right to share in the rental revenue generated therefrom.

**BE IT FURTHER RESOLVED** that the property will only be leased if the bids obtained are of sufficient value for the property being leased.

**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 areements any and all provisions and stipulations that he deems in the best interest of the Board of Supervisors.”





RECEIVED

MAY 05 2011

PROPERTY & FACILITIES

OFFICE OF THE PRESIDENT

MAY 05 2011

LSU SYSTEM

May 4, 2011

Dr. John V. Lombardi, President  
LSU System  
3810 West Lakeshore Drive  
Baton Rouge, LA 70808

RE: **Significant Board Matter**  
Lease of Property  
Rosepine Research Station  
Vernon Parish  
Rosepine, Louisiana

In light of the anticipated termination of research and extension activities at the Rosepine Research Station beginning July 1<sup>st</sup>, 2011, the LSU AgCenter is requesting that the Board of Supervisors approve the lease of the Station, potentially in multiple lease agreements. The LSU AgCenter will advertise the property, go through a public bidding process, and recommend to you a lease to the highest bidder pursuant to the Lease of Public Lands statutes (La. R.S. 41:1211 et seq.). Any lease will include a provision that in the event the lessee identifies a sub-lessee that might want to occupy the residences and/or office facilities located on the property, LSU AgCenter shall have the right to share in the rental revenue generated therefrom.

The AgCenter is further requesting the Board of Supervisors to authorize and empower you at this time to sign any subsequent lease(s) regarding the Rosepine Research Station which you believe is in the best interest of LSU.

As this project is in support of the AgCenter and its mission, we enclose herewith our request for approval and ask that it be placed on the agenda of the Board of Supervisors June 3<sup>rd</sup> meeting.

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

Sincerely,

William B. Richardson, Chancellor and  
Chalkley Family Endowed Chair

WBR:reh

Attachments

xc: Dr. John Russin  
Mr. Jim Howell  
Mr. Roger Husser

Office of the Chancellor

101 J. Norman Efferson Hall - LSU  
Baton Rouge, LA 70803  
Post Office Box 25203  
Baton Rouge, LA 70894-5203  
(225) 578-4161  
Fax: (225) 578-4143

Accounting Services  
(225) 578-4648  
(225) 578-0735

Corporate Relations and  
Public Service Activities  
(225) 578-4238

Facilities Planning  
(225) 578-8731  
Fax: (225) 578-6032

Human Resource Management  
(225) 578-2258  
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Diversity  
(225) 578-4640  
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Sponsored Programs  
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Baton Rouge, LA 70803  
Post Office Box 25071  
Baton Rouge, LA 70894-5071  
(225) 578-6030  
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Ag Leadership  
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Post Office Box 25100  
Baton Rouge, LA 70894-5100  
(225) 578-3659  
Fax: (225) 578-4225

Communications  
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Baton Rouge, LA 70803  
Post Office Box 25100  
Baton Rouge, LA 70894-5100  
(225) 578-2263  
Fax: (225) 578-4524

Information Technology  
118 Knapp Hall - LSU  
Baton Rouge, LA 70803  
(225) 578-4020  
Fax: (225) 578-3629

International Programs  
International Programs Bldg.  
South Stadium Road  
Baton Rouge, LA 70803  
Post Office Box 16090  
Baton Rouge, LA 70893  
(225) 578-6963  
Fax: (225) 578-6775

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**PERSONNEL ACTIONS REQUIRING  
BOARD APPROVAL**

**June 3, 2011**

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Personnel Actions Requiring Board Approval  
June 3, 2011

FILL A VACANCY

Campus	Name	Effective Date	Title	Salary	Proposed Source
1 LSU A&M	McGaughey, Jr. Thomas	03/09/11	Assistant Coach - Football	\$275,000	State
2 LSU A&M	Robinson, Nicholas S.	07/01/11	Assistant Coach - Mens Basketball	\$140,000	State

Personnel Actions Requiring Board Approval  
June 3, 2011

**FILL A VACANCY - APPOINTMENT WITH TENURE**

Campus	Name	Effective Date	Title		Salary	Proposed Source
1 HSCNO	Young-Shumaker, Amy	06/27/11	Professor with Tenure and Department Head – Obstetrics and Gynecology	Base	\$225,000	State
				Supp	<u>\$225,000</u>	
				Total	\$450,000	
2 HSCNO	Weiss, Jayne S.	07/01/11	Professor with Tenure and Department Head – Department of Ophthalmology	Base	\$225,000	State
				Supp	<u>\$275,000</u>	
				Total	\$500,000	
3 LSU A&M	Newhauser, Wayne D	08/15/11	Professor with Tenure – Physics and Astronomy		\$183,750	State

Personnel Actions Requiring Board Approval  
June 3, 2011

**PROMOTIONS**

<b>Campus</b>	<b>Name</b>	<b>Effective</b>	<b>Title</b>	<b>Old Salary</b>	<b>New Salary</b>	<b>Difference</b>	<b>Source</b>	<b>Pct Chg.</b>
1 HSCS	Faour, Sheila	05/16/11	Chief Financial Officer	\$144,291	\$200,000	\$55,709	State	39%
2 HSCS	Lafitte, Jason	05/01/11	Director of Medical Services Area - Pharmacy	\$115,000	\$137,500	\$22,500	State	20%
3 HSCNO	Owens, Bettina	05/01/11	Assistant Vice Chancellor for Information Technology	\$159,840	\$175,824	\$15,984	State	10%
4 LSU A&M	Lee, Matthew	04/11/11	Associate Vice Chancellor for the Office of Research and Economic Development	\$124,750	\$129,750	\$5000	State	4%
5 PBRC	Gupta, Alok	07/01/11	Associate Professor Research	\$173,775	\$182,464	\$8689	State/Grant	5%

**Personnel Actions Requiring Board Approval  
June 3, 2011**

**APPOINTMENT/CONTINUATION OF DESIGNATED CHAIR OR PROFESSOR SHIP**

<b>Campus</b>	<b>Name</b>	<b>Effective Date</b>	<b>Remove/Add</b>	<b>Title</b>
1 HSCNO	Weiss, Jayne S.	07/01/11	Add	Herbert E. Kaufman Chair of Ophthalmology
2 HSCNO	Urrutia, Guillermo	07/01/11	Add	Carl Adatto Professorship of Psychoanalytic Psychiatry
3 HSCNO	Young-Shumaker, Amy	07/01/11	Add	Abe Mickal Chair of Obstetrics and Gynecology
4 HSCNO	Ramsay, Alistair	07/01/11	Add	G. John Buddingh, MD Professorship in Microbiology
5 HSCNO	Welsh, David	07/01/11	Add	Howard Buechner, MD Professorship of Medicine
6 HSCNO	Townsend, Mark	07/01/11	Add	George C. Dunn Professorship of Psychiatry
7 HSCNO	Campbell, James	07/01/11	Add	Gerald and Gayle Foret Professorship of Family Medicine
8 HSCNO	McGoey, Robin	07/01/11	Add	Charles Hilton, MD ('76) Professorship of Medical Education
9 HSCNO	Fontenot, Cathi	07/01/11	Add	Alice Baker Holoubek, MD Endowed Professorship (in Medicine)
10 HSCNO	Whitworth, Richard	07/01/11	Add	Samuel G McClugage, Jr. PhD Professorship in Cell Biology & Anatomy
11 HSCNO	Kantrow, Stephen	07/01/11	Add	Warren Summer, MD Professorship of Pulmonary Medicine
12 LSU A&M	Cantrell, Bradley E.	08/15/11	Add	Jon Emerson/Wayne Womack Design Professorship
13 LSU A&M	Sharkey, Bruce G.	08/15/11	Add	Dr. Robert S. Reich Teaching Professorship
14 LSU A&M	Newhauser, Wayne D	08/15/11	Add	Dr. Charles M. Smith Chair of Medical Physics
15 UNO	Osundare, Oluwaniyi	06/04/11	Add	Distinguished Professor of English
16 UNO	Trudell, Mark	06/04/11	Add	Distinguished Professor of Chemistry
17 UNO	Frick, Paul J.	06/04/11	Add	Distinguished Professor of Psychology

Personnel Actions Requiring Board Approval  
June 3, 2011

LEAVE WITHOUT PAY/EDUCATIONAL LEAVE/SPECIAL LEAVE

Campus	Name	Type of Leave	Effective Date
1 LSU A&M	Cohen, Michael C.	LWOP	08/15/11 - 05/31/12



**Personnel Actions Requiring Board Approval  
June 3, 2011**

**SUPPLEMENTAL COMPENSATION**

<b>Campus</b>	<b>Name</b>	<b>Effective</b>	<b>Title</b>	<b>Salary</b>	<b>Supplement</b>	<b>Foundation</b>
1 HSCNO	Cefalu, William	03/18/11	Professor - Adjunct	\$178,000	\$750	LSUHSCF
2 HSCNO	Hempe, James	03/19/11	Associate Professor - Research	\$82,925	\$750	LSUHSCF
3 HSCNO	Banajee, Meher	05/05/11	Assistant Professor/Clinical	\$70,194	\$5,000	LSUHSCF
4 HSCNO	Jeansonne, Billie Gail	05/05/11	Professor	\$130,109	\$5,000	LSUHSCF
5 HCSNO	Deputy, Stephen R.	05/05/11	Associate Professor/Clinical	\$103,512	\$5,000	LSUHSCF
6 HCSNO	Green, Jeffrey D.	05/05/11	Professor	\$109,651	\$5,000	LSUHSCF
7 HSCNO	Ruel, Sally	05/05/11	Instructor	\$76,594	\$5,000	LSUHSCF
8 HSCNO	Scribner, Richard A.	05/05/11	Professor	\$183,750	\$5,000	LSUHSCF
9 HSCNO	Ramirez, Juan	06/25/11	House Officer 5	\$49,029	\$500	LSUHSCF
10 HSCNO	Lopez, Alfredo	05/19/11	Professor	\$140,937	\$250	LSUHSCF
11 HSCNO	Swartz, William	05/19/11	Professor	\$142,955	\$500	LSUHSCF
12 HSCNO	Clement, Elizabeth	06/25/11	House Officer 4	\$49,029	\$1,000	LSUHSCF
13 HSCNO	Perkins, James D.	06/25/11	House Officer 4	\$49,029	\$1,000	LSUHSCF
14 LSU AgCtr	Kruse, John S.	02/01/11	Tom & Martha Burch and Delta and	\$77,000	\$2,700	LSU A&M
15 LSUE	Williams, Avery A	04/30/11	Associate Professor	\$52,400	\$500	LSUEF
16 LSUE	Meche, Jude	04/30/11	Associate Professor	\$37,000	\$250	LSUEF
17 LSUE	Dupre, Bonnie	04/30/11	Instructor	\$48,000	\$250	LSUEF
18 LSUE	Lavigne, Camille	04/30/11	Instructor	\$39,551	\$250	LSUEF
19 LSUE	Scanlan, Michael L.	04/30/11	Instructor	\$35,000	\$250	LSUEF
20 LSUE	Nemetz, Lois B.	04/30/11	Associate Professor	\$43,943	\$250	LSUEF
21 LSUE	Warner, Kathleen B.	04/30/11	Instructor	\$52,177	\$250	LSUEF
22 PBRC	Civitarese, Anthony	06/01/11	Assistant Professor	\$90,000	\$20,000	PBRF
23 PBRC	Bray, George	07/01/11	Boyd Professor	\$229,072	\$100,000	PBRCMF
24 PBRC	Gimble, Jeff	07/01/11	Professor	\$165,419	\$30,000	PBRCMF
25 PBRC	Greenway, Frank	07/01/11	Professor - Research	\$188,432	\$50,000	PBRCMF
26 PBRC	Gupta, Alok	07/01/11	Assistant Professor - Research	\$182,464	\$10,000	PBRCMF
27 PBRC	Pan, Weihong	07/01/11	Professor	\$201,590	\$25,000	PBRCMF
28 PBRC	Ryan, Donna	07/01/11	AED - Clinical Research	\$231,121	\$80,000	PBRCMF
29 PBRC	Cefalu, William	07/01/11	Professor	\$187,037	\$65,000	PBRCMF
30 PBRC	Cefalu, William	07/01/11	Professor	\$187,037	\$65,000	LSUHSCF

**LSU System Benefits Report  
April 30, 2011 – AMENDED**

Table 1 provides a summary of revenue and expenses for the LSU System Health Plan (Plan) for Plan Year 2009-2010 and year to date results for Plan Year 2010-2011.

**Table 1: Plan Revenues and Expenses, as of April 30, 2011**

Month/Year	Revenues (Actual)	Expenses Paid*
<b>Plan Year 2009 – 2010</b>	<b>124,048,888.66</b>	<b>117,257,970.61</b>
<b>July 2010</b>	<b>11,421,823.97</b>	<b>11,270,891.92</b>
<b>August 2010</b>	<b>10,110,184.23</b>	<b>10,053,804.31</b>
<b>September 2010</b>	<b>10,650,194.98</b>	<b>10,324,433.80</b>
<b>October 2010</b>	<b>10,421,810.86</b>	<b>9,586,708.78</b>
<b>November 2010</b>	<b>11,248,883.67</b>	<b>10,187,975.76</b>
<b>December 2010</b>	<b>10,160,173.06</b>	<b>10,450,531.80</b>
<b>January 2011</b>	<b>10,483,563.31</b>	<b>10,726,047.88</b>
<b>February 2011</b>	<b>10,817,500.32</b>	<b>10,153,873.75</b>
<b>March 2011</b>	<b>10,779,829.20</b>	<b>13,110,273.11</b>
<b>April 2011</b>	<b>10,181,881.70</b>	<b>11,060,226.34</b>

\*includes medical claims (subject to stop loss reimbursement), prescription drug claims and administrative fees

Table 2 below provides a summary of the Total Plan Reserves as of April 30, 2011, net of any outstanding checks. Total Net Cash and Receivables include the cash available in the bank, as of April 30, 2011 plus receivables due.

**Table 2: Plan Reserves, as of April 30, 2011**

<b>Cash Balance</b>	<b>\$ 56,257,516.29</b>	
Less: Outstanding Checks	2,397,868.08	
Net Cash on Hand		\$53,859,648.21
**Stop Loss Receivable		88,914.52
Stop Loss Checks to be Processed		367,672.78
Pharmacy Receivable		226,369.48
Less: Reserve for IBNR *		9,041,000.00
<b>Total Net Cash and Receivables (Contingency Reserve)</b>		<b>45,501,604.99</b>

\*As of 7/1/2010, actuarial estimate of reserve necessary to fully fund "Incurred but Not Reported" liability of the Plan.

\*\*Receivable amount provided is a best estimate generated from information provided by vendors.

GASB 45, issued by the Governmental Accounting Standards Board and the Mental Health Parity and Addiction Equity Act of 2008, requires continued accumulation of Plan Reserves to provide a contingency fund for future Plan liabilities.

**Update Regarding LSU System Benefit Plans**

Despite increased expenses in March and April, Plan revenues to expenses through the first ten months (with receivables) are balanced. As no premium increase was implemented in FY 09-10 or FY 10-11, an eventual impact on expenses relative to revenues was anticipated. This trend supports the decision by the System to implement a small premium increase of 4.5% effective July 1, 2011, to insure that revenues are sufficient to meet growing expenses. As seen above, the cash position of the Plan continues to be strong.

The Office of Group Benefits (OGB) will implement a calendar plan year effective January 1, 2012, resulting in a 2011 plan year that will begin July 1, 2011 and end on December 31, 2011. To avoid conflicting annual enrollment periods, the LSU System Health Plan implemented similar Plan Year changes. Annual Enrollment for Plan Year 2011 was conducted in April of 2011, and will be conducted again in October, 2011 for Plan Year 2012.

# **QUARTERLY SUMMARY REPORT**

**Audit Summary for the period of  
October 1, 2010, through December 31, 2010**

**LOUISIANA STATE UNIVERSITY SYSTEM  
OFFICE OF INTERNAL AUDIT**

# LSU SYSTEM

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October 1, 2010, through December 31, 2010

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## **LSU A & M**

### **LSU Fire and Emergency Training Institute Investigation (FETI)**

The objectives of this review were to determine the merits of the allegations related to invoice processing and billing in a letter submitted by a former employee of FETI and to identify any key control weaknesses in related business processes. Our report identified significant control weaknesses related to the billing process. Management's response provided corrective action plans relative to the findings.

### **LSU Inventory Audit**

The scope of the inventory audit was limited to the inventory management of the LSU SportShop. The audit objectives were to evaluate the effectiveness of internal controls over the inventory management of merchandise-for-resale and the process of financial reporting of the inventory holding on the balance sheet. The report noted four findings including: 1) the significant decrease in gross margin over the last four fiscal years, 2) the lack of an effective system of inventory management controls, 3) inadequate segregation of duties, and 4) lack of a policy relative to employee discounts. Management agreed to implement corrective action plans for all findings.

## **LSU HEALTH CARE SERVICES DIVISION**

### **Follow-up Revenue Cycle Review – All Hospitals except for the ILPH**

This review was a follow-up on seven reports initially issued on the HCSD Central Office Operations and six hospitals to address the operational efficiency and effectiveness of collecting patient revenues. Below are the findings for the prior year audit and the results of our review of management's implementation status relating to the corrective action:

1. Prior audit findings that were not implemented.
  - a. Failure to Revise and Update the Admit/Screening Policy and Procedures Manual.
  - b. Unbilled Anesthesia Drugs and CRNA Services.
  - c. Failure to Develop a System-wide Cash Control Policy.
2. Prior audit findings that were partially implemented.
  - a. Failure to Collect Deposits from Self-Pay Patients. Partially implemented. Collection efforts in the ED were not significantly improved from the prior audit. Collection in other service areas has improved.
  - b. Failure to Correct the Patient Accounts from the Prior Audit. For a significant number of cases, documentation was unavailable for review, either due to the age of the accounts or poor record retention procedures.

3. Prior audit findings that were implemented
  - a. Inadequate Internal Controls in the Admissions Process
  - b. Lack of Internal Controls to Assure that Patient Accounts were Accurately Coded and Billed
  - c. Inadequate Segregation of Cash Control Duties
  - d. Inadequate Procedures to Determine the Financial Class for Newborns
  - e. Lack of Organization and Security Over Medical Records
  - f. Inaccurate Coding of Emergency Visits
  - g. Untimely Coding of Medical Records
  - h. Inadequate Cash Control Management

Management agreed to implement our recommendations to address the prior year findings which have not been adequately corrected.

### **Review of E&M Levels - Interim LSU Public Hospital**

The Centers for Medicare and Medicaid Services (CMS) implemented a hospital outpatient prospective payment system (HOPPS) in April of 2000. A Medicare patient's bill groups the services and/or procedures for a related visit into ambulatory payment classifications (APC) in order to determine reimbursement. CMS calculated each APC to cover the cost of equipment, supplies, and pharmacy items included in the visit or procedure. The evaluation and management (E&M) level assigned by the facility reflects the extent of clinical staff involvement during an outpatient visit.

We selected a sample of outpatient visits and reviewed the medical record and other relevant documentation to address the following objectives:

1. Determine if clinic personnel assigned the appropriate E&M level to the sampled visits.
2. Determine if adequate documentation exists to support the E&M level.
3. Determine if clinical staff assigning the E&M level and personnel entering the related code are separate.
4. Determine if the hospital has facility evaluation guidelines that follow the CMS criteria.

The results of our review indicated material weaknesses in the process to assign E&M levels including:

1. Lack of documentation to support the assigned level.
2. Inadequate hospital criteria for assigning E&M levels to outpatient services.
3. Inconsistent criteria and methodologies for determining the clinic visit E&M level.

Management concurred with our findings and developed a corrective action plan to address each issue.

## **LSU – HEALTH SCIENCE CENTER SHREVEPORT**

### **Compliance Department Follow-up Audit**

The objective of this audit of the LSUHSC-S Compliance Department was to evaluate the corrective action taken to resolve findings noted in a prior audit including: 1) claims selected for audit were not always sent to the Compliance Department in a timely manner by departments, 2) the population of charges from which audit samples were taken did not include all physicians that billed government payers, and 3) the Compliance Department did not performance procedures to verify that its recommendations were implemented.

The first two findings above have been addressed; however, audited claims are still not evaluated to determine if the Compliance Department's recommendation was implemented. Management's response indicated that procedures have now been implemented to address this issue.

### **Household Supplies – Special Project – Huey P. Long**

The primary objective was to review and assess the adequacy of Housekeeping, Purchasing, and Warehouse policies, procedures, and internal controls regarding household supply inventory. A secondary objective was to determine if expenditures for household supplies were made for a legitimate business purpose, were reasonable, and were properly documented. Our testing showed that 14 out of 30 (47%) purchases sampled were coded improperly. Properly coding expenditures to the correct account is necessary to allow for the production of reliable reports for management decision-making and accurate financial reporting. Management has updated the account guide that is utilized and followed for coding of expenditures. The guide will include account codes for linen supplies and minor equipment.

## **UNIVERSITY OF NEW ORLEANS**

### **Admissions Application Process**

This audit included a review of the operations of the Office of Admissions to determine the following: 1) whether scholarships being offered and awarded are within budgeted amounts and are awarded to eligible applicants, 2) if application fees are being collected, assessed, and recorded in accordance with University policy, and 3) whether the application process ensures that student admissions, applications, and transcripts are processed timely. Our audit revealed that the University's internal controls did not ensure that all scholarship disbursements related to non-residency fees were given to eligible recipients, disbursements for student athletes were not reconciled to prevent duplication of benefits, and cost measures were not considered when awarding off-campus housing scholarships. Management's response dated January 14, 2011, indicated its concurrence with each of the findings. A corrective action plan was provided.

## **PENNINGTON BIOMEDICAL RESEARCH CENTER (PBRC)**

### **Stores Auxiliary Audit**

The primary purpose of the PBRC Stores Auxiliary audit was to determine whether adequate policies and procedures were in place to sufficiently reduce the risks related to purchasing and inventory controls at the Store. Our report includes two findings and recommendations which relate to approval of procurement transactions and monitoring of general ledger activity. In response to our report, management has provided a corrective action plan to address the areas of concern.

## **LSU AGRICULTURAL CENTER**

### **Livestock Inventory**

The LSU Ag Center maintains livestock inventory at 13 units statewide. At the time of our review the Ag Center reported approximately 6,000 animals valued at \$3.7 million. The objectives were to determine if processes were adequate for maintaining perpetual inventory records, for conducting an accurate physical count and for properly safeguarding and valuing inventory at selected locations. The report includes findings related to the lack of adequate controls and procedures to ensure that inventory reported at year end is accurate. Management concurred with our findings and presented a corrective action plan to address the recommendations.

## **EXTERNAL AUDIT REPORTS**

### **Louisiana Property Assistance Agency (LPAA) – Ag Center**

Audits of the LSU Ag Center's fleet management program and property were conducted to ensure that the agency complied with State Fleet Regulations and State Property Control Regulations. There were several findings and recommendations made by the LPAA related to fleet management and physical inventory.

### **Recovery Audit Contractor (RAC) Audits – LSUHSC in Shreveport**

There have been 27 closed RAC and MIC audits. The total number of claims audited was 301 and the amount of payments audited was \$1,333,572. The amount recouped was \$29,006, or 2%.

### **Legislative Auditor – LSUHSC in Shreveport**

The Office of the Legislative Auditor issued its management letter on December 15, 2010, of the LSU Health Sciences Center in Shreveport for the period July 1, 2009, through June 30, 2010. The report included one repeat finding related to the performance-based energy efficiency contract. The prior findings related to failure to capture and bill for services provided and noncompliance with state property control regulations have been resolved.



### **Legislative Auditor – HCSD Management Letter**

The Office of the Legislative Auditor issued its management letter on December 15, 2010, of the LSU Health Systems – Health Care Services Division for the fiscal year ending June 30, 2010, which reported the following findings:

- Energy Efficiency Contracts Contrary to Law (3<sup>rd</sup> consecutive year)
- Unlocated Movable Property (5<sup>th</sup> consecutive year)
- Inadequate Controls Over Movable Property (3<sup>rd</sup> consecutive year)
- Inadequate Controls Over Professional Service Billings (2<sup>nd</sup> consecutive year)



## Office of Academic Affairs Consent Agenda

### REQUEST TO CONSOLIDATE M.S. DEGREES IN THE SCHOOL OF GRADUATE STUDIES INTO A M.S. IN BIOMEDICAL SCIENCES AT LSUHSC-S

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

#### **1. Significant Board Matter**

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

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

#### **2. Summary of the Proposal**

Background. The LSU Health Sciences Center at Shreveport is requesting approval of an M.S. degree in Biomedical Sciences in its School of Graduate Studies. Although this M.S. degree is proposed as a new degree, it results from the consolidation of the School's five historic M.S. degrees: Biochemistry and Molecular Biology; Cellular Biology and Anatomy; Microbiology and Immunology, Pharmacology, Toxicology, and Neuroscience; and Molecular and Cellular Physiology. In response to the low completer program review by the Board of Regents in 2011, these five M.S. degrees have been designated for consolidation and termination. The Board of Regents has granted preliminary approval of the M.S. in Biomedical Sciences, subject to final approval of the new consolidated curriculum.

Historically, the vast majority of enrollment and completers in the School of Graduate Studies has been at the doctorate level. Most M.S. students initially enroll in one of the School's Ph.D. programs, and later decide that the M.S. degree better matches their career goals. Since most students continue and complete the Ph.D., there are few M.S. graduates each year.

The consolidation involves no increases in funding, faculty, facilities, or administration.

Curriculum. In the proposed consolidated program, the five M.S. degree programs in the School of Graduate Studies will be combined into a single M.S. degree program to be known as the M.S. in Biomedical Sciences. First-time students accepted directly into the program will enroll in the currently offered core courses in their first year and complete laboratory rotations in three different faculty laboratories in the five basic science departments. At the end of their first year, the students must select a research advisor/mentor in one of the basic science departments. The students then complete the additional course/program requirements for the M.S. degree in that department. In addition, a student who started in any of the five Ph.D. programs could apply to the Biomedical Sciences M.S. Program if he/she decides not to complete the Ph.D. degree requirements. The M.S. option would also be available to students in good academic standing if the department decided that the student should not continue in the Ph.D. program. Any coursework completed for the Ph.D. program would be transferred to the M.S. program.

The track in Human Clinical Anatomy (that began in August 2010) provides another option for the students in the Biomedical Sciences M.S. Program who choose a mentor in the Department of Cellular Biology and Anatomy. Students in the second year of this track will assist in teaching anatomy to the medical students and will be trained to become anatomy instructors when they have completed the requirements for the M.S. degree. A shortage of anatomy instructors for medical, allied health, nursing, and graduate schools is prevalent nationally, so this program track will provide well-trained instructors that will fill a growing need in the state as well as elsewhere in the country.

The requirements for the M.S. in Biomedical Sciences will be the same as the current requirements for the current M.S. degrees, as outlined in the School of Graduate Studies Handbook. The core curriculum would not be changed nor would the credit hours required for the M.S. degree.

Students. The five students currently enrolled in the M.S. programs in the five basic science departments would be transferred to the Biomedical Sciences M.S. Program. All their coursework would be transferred into the new program.

Anticipated enrollment and graduation numbers for the proposed M.S. degree in Biomedical Sciences:

Year	2011-12	2012-13	2013-14	2014-15	2015-16
M.S. Enroll <sup>1</sup>	5	6	7	7	7
M.S. Grads <sup>2</sup>	2	3	5	5	5

<sup>1</sup> It is anticipated that the newly developed track in Human Clinical Anatomy in the Department of Cellular Biology and Anatomy will attract an increased number of students to the M.S. program.

<sup>2</sup> Because most of the students enrolling in the Biomedical Sciences M.S. Program will be students who originally started a Ph.D. program, it is difficult to anticipate the number of students and graduates in any year.

Faculty. Because this proposed action involves the consolidation of historic degree programs, LSUHSC-S does not anticipate any change in the current faculty. Current faculty have ongoing and well-developed research programs and will continue to teach, mentor, and advise students in the proposed degree program as well as other programs (e.g. M.D. Program, allied health programs, graduate medical education, etc.) at the institution in which they are integral. Degree programs in the biomedical sciences are essential in the retention of productive, basic science faculty in the School of Medicine and for Liaison Committee on Medical Education (LCME) accreditation.

Learning Resources. Library resources are adequate to support the proposed new degree programs.

Facilities. All equipment and facilities needed to support the proposed program are currently available. No additional resources will be needed.

### **3. Fiscal Note**

No additional state appropriations will be required to support the proposed program. Faculty, library resources, courses, and facilities are currently in place and the program will be administered in the existing structure in the School of Graduate Studies.

### **4. Review of Any Documents Related to Referenced Matter**

This proposal has been reviewed and approved by the LSUHSC-S Graduate Council, the appropriate LSUHSC-S campus officials, and the LSU System Office of Academic Affairs.

**RECOMMENDATION**

The LSU System Office of Academic Affairs recommends approval of the following resolution:

“**NOW, THEREFORE BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the LSUHSC-S’s request to consolidate five M.S. degrees into a single M.S. degree in Biomedical Sciences, subject to approval by the Board of Regents.”



## Office of Academic Affairs Consent Agenda

### REQUEST TO CONSOLIDATE THE B.S. IN MATHEMATICS AND B.S. IN PHYSICS INTO A SINGLE B.S. IN MATHEMATICS AND PHYSICS AT LSU IN SHREVEPORT

**Date: June 3, 2011**

#### **1. Significant Board Matter**

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

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

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

Background: As part of the recent statewide review of programs with low completion rates, the BS in Mathematics and BS in Physics degrees at LSU Shreveport were examined. LSUS concluded that a combined BS in Mathematics and Physics degree will continue to meet the regional needs for education in these disciplines and produce an acceptable average annual number of completers.

Summary of Consolidated Degree: Mathematics and physics are natural partners at LSUS with very similar curricular requirements. Creating a consolidated “Math and Physics” degree with concentrations in each of the existing areas (Mathematics, Theoretical Physics, and Applied Physics) is feasible with only minor changes to the core requirements of each of the existing curricula: physics majors will add one additional math class, and math majors will add one extra physics class. LSUS believes that the consolidation will result in an enhanced curriculum for both areas. The Board of Regents has granted preliminary approval, subject to final approval of the new consolidated curriculum.

Instructional resources and support facilities (including smart classrooms and lab facilities) will be shared between the two departments.

#### **RECOMMENDATION AND DRAFT RESOLUTION**

The LSU System Office of Academic Affairs recommends approval of the following resolution:

“**NOW, THEREFORE BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the Request for the addition of the Bachelor of Science degree in Mathematics and Physics at LSU Shreveport,” subject to approval by the Board of Regents.



## Office of Academic Affairs Consent Agenda

### REQUEST TO CONSOLIDATE THE B.A. DEGREE IN FRENCH AND THE B.A. IN SPANISH INTO A B.A. IN ROMANCE LANGUAGES AT UNO

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

#### **1. Significant Board Matter**

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

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

#### **2. Summary of the Proposal**

Background. Based on the Board of Regents low-completer report, UNO is requesting approval of a B.A. in Romance Languages to replace the B.A. in Spanish and the B.A. in French, housed in the College of Liberal Arts. Although the B.A. in Romance Languages is a new degree, it results from the consolidation of two of the historic degrees offered in the college. The Board of Regents has granted preliminary approval, subject to final approval of the new consolidated curriculum.

Because the Foreign Languages department has a M.A. in Romance Languages, the new undergraduate degree can act as a feeder to the graduate program. And it will still equip undergraduate students who desire to progress into graduate studies in either Spanish or French elsewhere. The upper level course retained in both languages also serves majors in other fields, especially the B. A. in International Studies.

UNO advised that the consolidation involves no increases in funding, faculty, facilities, or administration, and, in fact will result in some administrative and faculty savings.

The curriculum will include 18 hours of core language courses in either French or Spanish at the 3000 level and then an 18 hours combination of literature and culture courses in Romance Languages and/or Spanish and French. This major is more flexible and more adaptive to current needs.

This proposal has been reviewed and approved by the College of Liberal Arts and the Office of Academic Affairs at UNO.

#### **RECOMMENDATION**

The LSU System Office of Academic Affairs recommends approval of the following resolution:

**“NOW, THEREFORE BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves UNO’s request to consolidate the B. A. in French and the B.A. in Spanish into a B.A. in Romance Languages, subject to approval by the Board of Regents.”



## Office of Academic Affairs Consent Agenda

### REQUEST APPROVAL OF AN EXCLUSIVE PATENT AND KNOW HOW LICENSE BETWEEN NEUROQUEST, INC. AND PENNINGTON BIOMEDICAL RESEARCH CENTER

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

**Re: Exclusive Patent and Know How License between NeuroQuest, Inc. and Pennington Biomedical Research Center**

#### **1. Significant Board Matter**

Pursuant to Article VII, Section 8, D.3 (a) and (b), this matter is a Significant Board Matter.

D.3 (a) Final agreements relating to the purchase, sale, assignment, or licensing of any intellectual property rights, including patents, copyrights, and trademarks.

D.3 (b) Final agreements relating to the joint venture, use, purchase, sale, assignment or licensing of any invention, device, formula, system, process or such similar things, as well as any agreements relating to the granting of royalties or profit participation to any current or past employee.

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

A researcher at the Pennington Biomedical Research Center is the co-inventor of certain compounds which inhibit nerve transmission and may be useful in treating neuropathic pain. NeuroQuest is the co-owner of the patent applications and desires an exclusive license to LSU's rights.

NeuroQuest, Inc. is a start-up company organized under the laws of Canada. The Pennington inventor, Dr. Frank Greenway, is a consultant to and holds stock in NeuroQuest, so this license is subject to PM 11 and PM 67 approvals.

The license includes running royalties payable on net sales. The license utilizes an LSU approved template and provides for commercial liability insurance and indemnification of LSU.

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

No business plan was provided.

#### **4. Review of Related Documents**

Complete license agreement is on file in the Office of Academic Affairs.

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

The campus has certified it is not aware of any potential conflicts of interest pertaining to this transaction.

**RECOMMENDATION OF THE EXECUTIVE STAFF & DRAFT RESOLUTION:**

The Executive Staff recommends that the license agreement with NeuroQuest, Inc. be placed on the consent agenda of the next meeting of the LSU Board of Supervisors. The Staff further recommends approval of the following resolution:

**“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 NeuroQuest, Inc. granting NeuroQuest, Inc an exclusive patent and know how 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.





## Office of Academic Affairs Consent Agenda

### REQUEST APPROVAL OF A NON-EXCLUSIVE LICENSE BETWEEN PLANTIPP BV AND THE LSU AGRICULTURAL CENTER

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

**Re: Non-Exclusive License between Plantipp BV and LSU Agricultural Center  
Regarding Evangeline Sweet Potato Variety**

#### **1. Significant Board Matter**

Pursuant to Article VII, Section 8, D.3 (a) and (b), this matter is a Significant Board Matter.

D.3 (a) Final agreements relating to the purchase, sale, assignment, or licensing of any intellectual property rights, including patents, copyrights, and trademarks.

D.3 (b) Final agreements relating to the joint venture, use, purchase, sale, assignment or licensing of any invention, device, formula, system, process or such similar things, as well as any agreements relating to the granting of royalties or profit participation to any current or past employee.

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

Plantipp BV is a Dutch company which desires a non-exclusive license in the European territory to the Evangeline sweet potato variety developed by the Ag Center.

Since Plantipp will sublicense the Evangeline variety to companies in the European Union to propagate and sell sweet potatoes, this agreement will contain standard sublicensing terms. Plantipp is required to obtain rootstock or plants from the LSU Ag Center or from other sources authorized by the Ag Center. The license utilizes an LSU approved template, provides for an upfront licensing fee and a royalty percentage on gross sales. The license includes insurance and indemnification protection for LSU.

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

N/A

#### **4. Review of Related Documents**

Complete license agreement is on file in the Office of Academic Affairs.

#### **5. Certification of campus (or equivalent) re: Article VII, Section 8, paragraph E.8**

The campus has certified it is not aware of any potential conflicts of interest pertaining to this transaction.

**RECOMMENDATION OF THE EXECUTIVE STAFF & DRAFT RESOLUTION:**

The Executive Staff recommends that the license agreement with Plantipp BV be placed on the consent agenda of the next meeting of the LSU Board of Supervisors. The Staff further recommends approval of the following resolution:

**“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 Plantipp BV granting to Plantipp BV a non-exclusive 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.

**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.



**RECOMMENDATION TO APPROVE THE  
FIFTH AMENDMENT TO THE LEASE AGREEMENT  
WITH COMPASS GROUP USA, INC. AT  
LOUISIANA STATE UNIVERSITY**

**TO: Members of the LSU Board of Supervisors**

**Date: June 3, 2011**

Pursuant to Article VII, Section 8.D.2(a). of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter".

D.2(a) The assignment, lease, transfer, encumbrance or sale of land, mineral rights, rights of ways, servitudes, or other immovable property owned or controlled by LSU....

**1. Summary of Matter**

LSU, after completing a competitive Request for Proposal (RFP) process, entered into a lease agreement (Agreement) with Compass Group USA, Inc. (CG) for the operation of Dining Services effective February 24, 1997 for a ten year term ending February 23, 2007. On July 1, 2005, a third amendment was executed to extend the agreement for an additional fifteen (15) years commencing July 1, 2007 ending June 30, 2022.

Provisions of the Agreement required CG to expend approximately \$1.6 million in capital improvements in the remaining years of the initial term of the Agreement and approximately \$13.4 million during the amended term. These improvements included the complete renovation of two dining halls, the LSU Union Tiger Lair, and the addition or enhancement of other dining locations across campus.

After some of the initial projects exceeded budget, CG recognized that the capital construction budget would not cover the projected costs. Based on CG's commitment to the partnership with LSU, CG determined that an additional investment of three million dollars (\$3,000,000) was necessary to complete the construction plans, which was recognized by the Board of Supervisors at the January 2010 Board meeting.

The Fifth Amendment to the Lease Agreement will provide for an additional investment of four million twenty three thousand four hundred and ninety four dollars (\$4,023,494) by CG in LSU Dining capital improvements. The Amendment also calls for an adjustment in the Equipment Replacement Fund to reflect changes in the LSU Property Management procedures for moveable property/equipment, which now requires items valued at \$1,000 or more to be carried on the University's inventory records.

**2. Review of Business Plan**

N/A

**3. Fiscal Impact**

The terms of the Amendment would modify the financial obligations by requiring CG to expend an additional \$4,023,494 during the term of the Agreement for leasehold improvements and other renovations, remodeling, and related movable equipment, trade fixtures and signage, and other essential construction costs and fees as further described in Article VII. All other financial conditions of the Agreement would remain as stated.

#### **4. Description of Competitive Process**

CG, the operator of LSU Dining Services for a term that ends June 30, 2022, is one of the top three food service providers, domestically and internationally, for higher education institutions. The dining program at LSU continues to provide some of the best campus dining venues because of the strong partnership between LSU and CG. This partnership led CG to increase its capital investment at LSU due to their belief that scaling back the initial construction plans was not in their best interest or the best interest of the University.

#### **5. Review of Legal Documents**

Fifth Amendment to Lease Agreement is in order.

#### **6. Parties of Interest**

The Agreement is managed by University Auxiliary Services, a department administratively reporting to the Office of the Vice Chancellor for Finance and Administrative Services. Reporting line is Director of University Auxiliary Services to the Vice Chancellor for Finance and Administrative Services.

#### **7. Related Transactions**

Original Lease Agreement with Amendments 1-4.

#### **8. Conflicts of Interest**

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

#### **ATTACHMENTS:**

- Letter from Chancellor Martin
- Fifth Amendment to the Lease Agreement
- Original Lease Agreement with Amendments 1-4

#### **RECOMMENDATION**

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

**"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 Louisiana State University System, or his designee, is authorized on behalf of and in the name of the Board of Supervisors to execute the Fifth Amendment to the Lease Agreement with Compass Group USA, Inc. for the operation of LSU Dining Services.

**BE IT FURTHER RESOLVED** that John V. Lombardi, President of the LSU System, or his designee, is hereby authorized by and empowered for and on behalf of and in the name of the Board of Supervisors, in consultation with General Counsel, to include in the Lease Amendment any and all provisions and stipulations that he deems in the best interest of the Board of Supervisors."

Jim Houe II

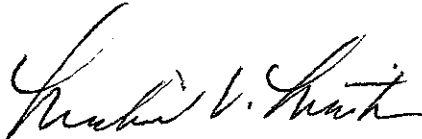
OFFICE OF THE  
PRESIDENT

MAY 04 2011

**TO:** John V. Lombardi  
President  
LSU System

**DATE:** May 4, 2011 **LSU SYSTEM**

**FROM:** Michael Martin  
Chancellor



**RE: Fifth Amendment to Lease Agreement between the Board of Supervisors  
and Compass Group, USA, Inc.**

Attached for your review is a resolution requesting approval of a proposed Fifth Amendment to the Lease Agreement between the Board of Supervisors and Compass Group, USA, Inc. (CG). The Amendment to the Lease Agreement will provide for an additional investment of four million twenty-three thousand four hundred ninety-four dollars (\$4,023,494) by CG in LSU dining capital improvements. The amendment also calls for an adjustment in the Equipment Replacement Fund to reflect changes in the LSU Property Management procedures for moveable property/equipment, which now requires items valued at \$1,000 or more to be carried on the University's inventory records.

It is requested that the resolution and the proposed lease agreement be forwarded to the Board of Supervisors for placement on the June 2011 meeting agenda.

Please let me know if you need additional information.

Attachments

**FIFTH AMENDMENT TO LEASE AGREEMENT BY AND BETWEEN THE BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE AND COMPASS GROUP, USA, INC.**

This Fifth Amendment to Lease Agreement (“Fifth Amendment”) made and entered into effective as of the 1st day of July 2011, (“Effective Date”) by and between

**THE BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional corporation organized and existing under the laws of the State of Louisiana, herein represented by John V. Lombardi, President of the Louisiana State University System, duly authorized, by virtue of a Resolution of the Board of Supervisors adopted August 17, 2007, a copy of which is attached hereto; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848), (hereinafter referred to as “LSU”, as the Lessor); and

**COMPASS GROUP USA, INC.**, by and through its Chartwells Division, a Delaware corporation organized and existing under the laws of the State of Delaware, authorized to do and doing business in the State of Louisiana, herein represented by Steven M. Sweeney, duly authorized by the Board of Directors of said corporation as evinced by a Certificate of Assistant Secretary, a notarized copy of which is attached hereto, whose address is Compass Group, Chartwells Division, 2400 Yorkmont Road, Charlotte, NC 28217 (Federal I.D. No. 56-1874931, telephone 704-329-1122, telecopy 704-329-4259; hereinafter referred to as “Lessee”);

provides as follows:

**WITNESSETH:**

**WHEREAS**, in response to a “Request for Proposals for the Lease of Space for the Operation of Dining Services” No. B7RMW0103 Lessee was selected as the lessee;

**WHEREAS**, effective February 24, 1997, LSU and Lessee entered into the “Lease from Board of Supervisors of Louisiana State University and Agricultural and Mechanical College to Compass Group USA, Inc.,” for a primary term of ten (10) years commencing February 24, 1997 (the “Lease”);

**WHEREAS**, effective December 21, 1999, LSU and Lessee entered into a “First Amendment to Lease Agreement” providing for such amendments and deletions as provided in said First Amendment;

**WHEREAS**, on December 31, 2000, LSU and Lessee entered into an “Addendum to Lease Agreement” whereby certain leased premises were deleted and added, as provided in Section 2.1 of the Lease;

**WHEREAS**, on July 1, 2002, LSU and Lessee entered into a "Second Amendment to Lease Agreement" whereby Article IV of the Lease was amended to add Section 4.1.1 addressing operating and maintenance expenses and to delete Article VIII, Section 8.13; and

**WHEREAS**, on July 1, 2005, LSU and Lessee entered into a "Third Amendment to Lease" to provide for an extension of the Term as set forth in Section 3.0 of the Lease and to provide for other matters as a result of such extension; and

**WHEREAS**, on February 1, 2010, LSU and Lessee entered into a "Fourth Amendment to Lease" to provide for additional funding by Lessee of Leasehold Improvements.

**NOW, THEREFORE**, in consideration of (1) Lessee's Agreement to construct improvements upon the Leased Premises, (2) the rental to be paid by Lessee during the Term and any extension thereof, and (3) the mutual benefits accruing to the parties under the Lease, as amended by the First Amendment thereto, the Second Amendment thereto, the Addendum thereto, the Third Amendment thereto, the Fourth Amendment thereto, and this Fifth Amendment, the parties do enter into this Fifth Amendment to Lease on the following terms and conditions:

#### **Section 4.3 of ARTICLE IV – RENT AND EQUIPMENT REPLACEMENT**

Section 4.3 is replaced with the following:

4.3 **Equipment Replacement.** Lessee is obligated to acquire and provide any and all equipment necessary to operate the facilities and fulfill Lessee's obligations pursuant to this Lease. In satisfaction of that obligation, Lessee may utilize certain University-owned dining service movable equipment, trade fixtures, and signage as agreed to by the parties. A perpetual list of the inventory so utilized by Lessee shall be kept by Lessee and University. Lessee shall determine those items which it wishes to utilize and which shall be placed on the inventory, but to the extent Lessee chooses not to utilize University-owned equipment, Lessee must purchase and provide comparable or necessary equipment. Furthermore, Lessee is obligated to replace any and all University-owned equipment which Lessee uses and which becomes obsolete or unusable. Beginning August 1, 1997, and continuing for each month until the termination of the Lease, Lessee shall set aside an amount equal to  $1/12$  of 7% of the book value of the equipment owned by University and utilized by Lessee during that month (said amount to be sometimes referred to herein as the "Equipment Replacement Fund"). As indicated above, a perpetual list of the inventory so utilized by Lessee shall be kept by Lessee and University, and the amount to be placed in the Equipment Replacement Fund for a given month shall be determined by multiplying the above-stated percentage by the value of the said inventory on the day on which the inventory value was greatest for that month. Only items having an original cost of at least \$250 before tax from August 1, 1997 to June 30, 2011 and \$1000 before tax from July 1, 2011 to the termination of the Lease, shall be included on this inventory and the items on the inventory whether originally on the inventory or on the inventory as replacement equipment shall be referred to herein as "Major Equipment." The amount required hereby to be set aside in the Equipment Replacement Fund shall be placed in a segregated account each month no later than the thirtieth (30th) day of the

immediately following Accounting Period. Said Equipment Replacement Fund may only be utilized by Lessee to replace Major Equipment which, after or during use by Lessee, becomes obsolete or unusable and the Equipment Replacement Fund shall not be used for any other purpose whatsoever. During the term of the Lease, the funds in the Equipment Replacement Fund shall belong to Lessee, but at the conclusion of the initial term of this Lease or upon early termination as provided herein, any funds remaining in that Fund shall be paid to University. If Lessee has expended the entire reserve accumulated in the Equipment Replacement Fund, and if Lessee is unable to find suitable replacement equipment among the equipment owned by University and available for substitution, then Lessee may elect: (a) to charge the cost of replacement against any outstanding capital expenditure obligations under Article VII, Section 7.0, (b) to charge the cost of replacement against accruals in the Equipment Replacement Fund for future months, or (c) to defer the replacement until such time, if any, as the Equipment Replacement Fund has attained a sufficient balance.

**Section 7.0 of ARTICLE VII – CONSTRUCTION AND OWNERSHIP OF IMPROVEMENTS**

Section 7.0 is supplemented to insert the following additional paragraph:

In addition to the Leasehold Improvements totaling \$15,113,879.00 and the construction obligation advanced pursuant to Article VII of the Lease Agreement, and the additional amount of \$3,000,000 towards Leasehold Improvements that Lessee agreed to fund in the Fourth Amendment, Lessee agrees to expend \$2,823,494 (the “2010 Expenditure”) and \$1,200,000 (the “2011 Expenditure”) towards Leasehold Improvements. The terms Leasehold Improvements and Investment are hereby amended to include the 2010 Expenditure and the 2011 Expenditure. Lessee will amortize the 2010 Expenditure on a straight line basis from October 1, 2010 through June 30, 2022, and will amortize the 2011 Expenditure on a straight line basis from October 1, 2011 through June 30, 2022.

\* \* \* \* \*

Except as amended herein, all the terms and conditions of the Lease, and the First Amendment thereto, the Second Amendment thereto, the Addendum thereto, the Third Amendment thereto, and the Fourth Amendment thereto, shall remain in full force and effect, and the Lease, as amended, shall constitute the full and complete agreement between the parties hereto. Should any provisions of the Lease, the First Amendment thereto, the Second Amendment thereto, the Addendum thereto, the Third Amendment thereto, and the Fourth Amendment thereto conflict with the provisions of this Fifth Amendment, the provisions of this Fifth Amendment shall control. The Lease, as previously amended and as amended hereby, is hereby ratified by the parties hereto.

This Fifth Amendment to Lease may be executed in multiple counterparts, all of which taken together shall constitute the original of this Fifth Amendment to Lease.



THUS DONE AND SIGNED by LSU as of the \_\_\_\_\_ day of \_\_\_\_\_, 2011, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES:

\_\_\_\_\_

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

\_\_\_\_\_

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

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

By \_\_\_\_\_

Name: John V. Lombardi

Title: President

THUS DONE AND SIGNED by Lessee as of the \_\_\_\_\_ day of \_\_\_\_\_, 2011, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES:

\_\_\_\_\_

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

\_\_\_\_\_

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

**COMPASS GROUP USA, INC. by and  
through its Chartwells Division**

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

Name: Steven M. Sweeney

Title: CEO

FIFTH AMENDMENT TO LEASE AGREEMENT

In accordance with the provisions of La. R.S. 39:13, I acknowledge a receipt of a copy of this Lease for inventory purposes.

Baton Rouge, Louisiana, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

**COMMISSIONER OF ADMINISTRATION**

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

UNITED STATES OF AMERICA  
STATE OF LOUISIANA  
PARISH OF EAST BATON ROUGE

LEASE FROM BOARD OF SUPERVISORS  
OF LOUISIANA STATE UNIVERSITY  
AND AGRICULTURAL AND MECHANICAL  
COLLEGE TO COMPASS GROUP USA, INC.

**THIS AGREEMENT** (the "Lease") made and entered into effective as of the 24th day of February, 1997, ("Effective Date") by and between

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional corporation organized and existing under the laws of the State of Louisiana, herein represented by Allen A. Copping, President of the Louisiana State University System, duly authorized, by virtue of a Resolution of the Board of Supervisors adopted January 24, 1997, a copy of which is attached hereto; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848)

(hereinafter referred to as "University" or "LSU; as the Lessor); and

**COMPASS GROUP USA, INC.**, a Delaware corporation organized and existing under the laws of the State of Delaware, authorized to do and doing business in the State of Louisiana, herein represented by Mr. Carl F. Marsalis, President, Compass Group, duly authorized by virtue of a Resolution of the Board of Directors of said corporation, a certified copy of which is attached hereto and made a part hereof, whose mailing address is Compass Group, Healthcare and Education Sector, 2400 Yorkmont Road, Charlotte, NC 28217, (Federal I.D. No. 56-1874931), telephone 704-329-1122, telecopy 704-329-4259

(hereinafter referred to as "Lessee");

provides as follows:

**W I T N E S S E T H:**

**WHEREAS**, in response to a Request for Proposals for the Lease of Space for the Operation of Dining Services, Request for Proposal No. B7RMW0103 (herein referred to as "RFP"), Lessee has been selected as the lessee;

**WHEREAS**, the University's food services provide needed services for students, faculty and staff, provide a revenue generating auxiliary for the University, contribute to the social environment of the University and play a role in the recruitment, retention and overall satisfaction of the University's students;

WHEREAS, University enters into this Lease in accordance with the authority set forth in Louisiana Revised Statutes 17:3361, et seq., which require, in particular part, construction by Lessee of improvements upon property owned by University.

NOW, THEREFORE, in consideration of (1) Lessee's obligation to construct improvements upon the Leased Premises, (2) the rental to be paid by Lessee during the term of this Lease, and (3) the mutual benefits accruing to the parties under this Lease, the parties do enter into this Lease on the following terms and conditions:

## ARTICLE I GENERAL OBLIGATIONS

**1.0 General Obligations.** Lessee shall lease from University certain property (defined herein below as the "Leased Premises") and shall conduct food service operations on said Leased Premises in accordance with the provisions of this Lease. Lessee shall construct improvements to the Leased Premises as set forth herein and shall maintain said improvements in accordance with the standards required by this Lease. In accordance with the provisions of this Lease, Lessee shall be obligated to furnish and install all leasehold improvements, movable equipment, trade fixtures, and signage necessary to fulfill its obligation to provide food services hereunder.

**1.1 Transition Period.** Both parties agree that the period from the effective date of the Lease until the beginning of the 1997-98 LSU Academic Year is a period of transition between the self operation of food services at LSU and operation by Lessee. The transition must successfully provide for the continuation of campus food services and concurrently accommodate a comprehensive program of construction and renovation within food service facilities. Further, both parties agree that Lessee will incur extraordinary expenses during this period in providing temporary food services and will generate significantly less revenues than those projected by Lessee effective with the 1997-98 Academic Year and thereafter. Accordingly, both parties agree to work cooperatively to provide for the transition period by making such mutually agreeable adjustments and decisions in writing as are consistent with the best interests of LSU, its students, faculty and staff. In addition, University agrees that Lessee's obligation to reimburse University for the following expenses will not commence until August 1, 1997:

- \* Equipment replacement obligation provided for in Paragraph 4.3.
- \* Utilities other than telecommunications installed by or on behalf of Lessee.
- \* Refuse/trash services provided by University.
- \* Pest control provided by University.
- \* Repairs to University equipment used by Lessee.

**ARTICLE II  
PREMISES**

**2.0. Leased Premises.** University hereby leases and delivers to Lessee, and Lessee hereby leases and accepts from University, in consideration of the rental hereinafter set forth and of the agreements, conditions, covenants and terms of this Lease, the following described property:

Building	Building No. On the Campus Map <sup>1</sup>	Leased Space	LSU Space Inventory Net Area Sq. Ft.	Floor Plan Exhibit No. <sup>2</sup>
1. Highland Dining Hall	507	Entire Building	17,021	2
2. Pentagon Dining Hall	95	Entire Building	27,120	3
3. Broussard Dining Hall	98	FS areas only	5,958	4
4. Laville Food Emporium	459	Entire Building	19,908	5
5. Veterinary Medicine Building	191	FS areas only	1,838	6
6. Hebert Law Center Building	519	FS areas only	843	7
7. Student Recreational Sports Complex	665	FS areas only	1,456	8
8. Faculty Club Building	516	Entire Building	20,278	9
9. Union West Mini-Mart	88	FS areas only	1,408	10
10. Foster Hall/Foster Cafe	6	FS areas only	2,256	11

<sup>1</sup>The Campus Map is attached hereto and made a part hereof as Exhibit "1."

<sup>2</sup>Each floor plan is attached hereto and made a part hereof as the indicated exhibit

11. LSU Union (first, second, and third floors)	38 First Floor	FS areas only		
		Hamburger QSR	3,190	12
		Side Pocket FS	550	
	Second Floor	Kitchen, Storage, etc.	8,120	13
		Food Court and Dining Areas	15,495	14
	Third Floor	Ball Room Servery and Coffee Shop	1,733	
		Plantation Room	5,770	
	Office Space	864		
SUBTOTAL			133,808	
12. North of CEBA Building (Freestanding Building or Renovate Old Forestry Building)	[Under Review]			15

collectively the "Leased Premises" or "Premises".

**2.1 Change in Leased Premises.** The parties acknowledge that, in the future it may be necessary to amend this Lease to add to the Leased Premises or to delete certain parts of the Leased Premises from the Lease. In the event that the parties hereto agree to amend the definition of Leased Premises to add or delete areas from the Leased Premises, any contract adjustments, such as fee increases or decreases, necessary to accommodate such addition or deletion of any part of Leased Premises shall be evaluated and agreed upon by the Lessee and the University. All additions and deletions to the Leased Premises shall be effected by

addendum to this Lease and may be approved on behalf of the University by the Chancellor or his designee; provided, however, University reserves the right at its sole discretion to delete the Faculty Club Building from the Leased Premises and from the conditions of this Lease upon sixty (60) days written notice to Lessee. In such event the parties shall reduce rent or the other amounts payable to University hereunder to compensate for the reduced return to Lessee following the loss of revenue from the Faculty Club. Furthermore, University reserves the right to substitute the location of the Leased Premises in academic buildings such as the Veterinary Medicine Building and the Hebert Law Center Building at any time during the term of this Lease upon sixty (60) days written notice to Lessee.

### ARTICLE III TERM

**3.0 Term.** This Lease is made for an initial term of ten (10) years, commencing on the Effective Date hereof (the "Commencement Date") and ending at midnight on the final day of the ten (10) year period, subject to earlier termination in accordance with the provisions of this Lease. This Lease may be extended for additional periods by mutual agreement of the parties.

### ARTICLE IV RENT AND EQUIPMENT REPLACEMENT

**4.0 Rental.** In addition to other consideration set forth in this Lease, Lessee agrees (1) to pay to University during the lease term, without any prior demand therefor and without any set offs or deductions whatsoever, the Base Rent and Percentage Rent, and (2) to set aside amounts for Equipment Replacement as set forth in this section.

**4.1 Base Rent.** Lessee agrees to pay University during the lease term the Base Rent of One Hundred Sixty-nine Thousand and no/100 Dollars (\$169,000.00) per year, which payment is guaranteed and payable in four equal payments of Forty-two Thousand Two Hundred Fifty and 00/100 (\$42,250.00) each beginning on April 1, 1997, and payable on April 1, July 1, October 1, and January 1, during each year of this Lease. Should Lessee fail to pay the Base Rent due to University under this Lease as provided herein, such unpaid sum shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

**4.2 Percentage Rent.** In addition to the Base Rent, Lessee agrees to pay to University, as additional rent ("Percentage Rent") during each lease year or partial lease year, a sum equal to commissions on Gross Sales as follows. Gross Sales are total sales of goods or food items by Lessee transacted pursuant to the rights granted by this Lease less applicable sales taxes collected by Lessee. Gross Sales also shall include gross room revenues (less applicable sales taxes) received from the rental of guest rooms in the Faculty Club. Where purchases are made with credit cards or other credit vehicles, Gross Sales shall not be reduced by any amount charged to service the credit function.

Food plans upon which Percentage Rent is paid to LSU and the percentages paid for each are as follows:

Block Meal Plan Sales	Three percent (3%)
Casual Residence Dining Meals	Three percent (3%)
Conference/Camp Sales	Three percent (3%)
Cash/Tiger Express/Flex Dollars	
Branded products	Two percent (2%)
(BrandeD food products include food products sold under retail outlet national or regional brand names under lease with or by subcontract to Lessee.)	
Nonbranded products	Four percent (4%)
(Nonbranded food products are all other food products provided by Lessee.)	
Catering	Four percent (4%)
Faculty Club Guest Rooms	Four Percent (4%)

The parties acknowledge that circumstances may warrant a revision in these percentages. Although no such change may be made without the consent of both parties, the parties will discuss any such changes in good faith, and any such changes may be made on behalf of University by the Chancellor of the Baton Rouge Campus or his designee.

**4.2.1 Payment Where Proceeds Are Collected by Lessee.** Lessee will operate on the basis of twelve (12) (8 four-week and 4 five-week) accounting periods ("Accounting Periods") which comprise its fiscal year ("Fiscal Year"). Payment of Percentage Rent to University on all sales for which the proceeds of the sale are collected by Lessee shall be made no later than thirty (30) days following the last day of the Accounting Period during which such sales were recorded. On Tiger Express sales Lessee shall pay to LSU an additional three percent (3%) on said Gross Sales amount as a fee to LSU for servicing the accounts.

**4.2.2 Payment on Meal Plan Accounts.** With respect to Meal Plan accounts wherein University collects funds on behalf of Lessee, University shall collect those amounts as agent for Lessee and shall remit such amounts to Lessee in accordance with section 9.0 herein.

**4.2.3 Payment on Tiger Express Accounts.** With respect to purchases made through Tiger Express, University shall collect those amounts as agent for Lessee and remit said amounts to Lessee in accordance with section 9.0 herein.

**4.3 Equipment Replacement.** Lessee is obligated to acquire and provide any and all equipment necessary to operate the facilities and fulfill Lessee's obligations pursuant to this Lease. In satisfaction of that obligation, Lessee may utilize certain University-owned dining service movable equipment, trade fixtures, and signage as agreed to by the parties. A perpetual list of the inventory so utilized by Lessee shall be kept by Lessee and University. Lessee shall determine those items which it wishes to utilize and which shall be placed on the inventory, but



to the extent Lessee chooses not to utilize University-owned equipment, Lessee must purchase and provide comparable or necessary equipment. Furthermore, Lessee is obligated to replace any and all University-owned equipment which Lessee uses and which becomes obsolete or unusable. Beginning August 1, 1997, and continuing for each month until the termination of the Lease, Lessee shall set aside an amount equal to 1/12 of 7% of the book value of the equipment owned by University and utilized by Lessee during that month (said amount to be sometimes referred to herein as the "Equipment Replacement Fund"). As indicated above, a perpetual list of the inventory so utilized by Lessee shall be kept by Lessee and University, and the amount to be placed in the Equipment Replacement Fund for a given month shall be determined by multiplying the above-stated percentage by the value of the said inventory on the day on which the inventory value was greatest for that month. Only items having an original cost of at least \$250 before tax shall be included on this inventory and the items on the inventory whether originally on the inventory or on the inventory as replacement equipment shall be referred to herein as "Major Equipment." The amount required hereby to be set aside in the Equipment Replacement Fund shall be placed in a segregated account each month no later than the thirtieth (30th) day of the immediately following Accounting Period. Said Equipment Replacement Fund may only be utilized by Lessee to replace Major Equipment which, after or during use by Lessee, becomes obsolete or unusable and the Equipment Replacement Fund shall not be used for any other purpose whatsoever. During the term of the Lease the funds in the Equipment Replacement Fund shall belong to Lessee, but at the conclusion of the initial term of this Lease or upon early termination as provided herein, any funds remaining in that Fund shall be paid to University. If Lessee has expended the entire reserve accumulated in the Equipment Replacement Fund, and if Lessee is unable to find suitable replacement equipment among the equipment owned by University and available for substitution, then Lessee may elect: (a) to charge the cost of replacement against any outstanding capital expenditure obligations under Section 7.0, (b) to charge the cost of replacement against accruals in the Equipment Replacement Fund for future months, or (c) to defer the replacement until such time, if any, as the Equipment Replacement Fund has attained a sufficient balance.

**4.4 Payment of Rental and Reimbursement.** Checks for Rent and other payments hereunder shall be payable to Louisiana State University c/o the Office of the Vice Chancellor for Student Services, and are to be submitted timely to:

Vice Chancellor for Student Services  
128 Johnston Hall  
Louisiana State University  
Baton Rouge, Louisiana 70803  
c/o Office of Vice Chancellor for Student Services

**4.5 Internal Transactions.** By mutual agreement of Lessee and University Lessee shall provide food services to University departments payable through University Internal Transactions (ITs).

## ARTICLE V DEPOSIT

**5.0 Security Deposit.** Upon the execution of this Lease, Lessee shall provide to University a performance and labor and materials bond securing the performance by Lessee of all of its obligations hereunder in the amount of not less than One Million and no/100 Dollars (\$1,000,000.00) drawn in favor of Louisiana State University and Agricultural and Mechanical College. Any surety bond(s) shall be written by a surety or insurance company licensed to do business in the State of Louisiana and currently on the U.S. Department of the Treasury Financial Management Service list of approved bonding companies which is published annually in the Federal Register or by a Louisiana domiciled insurance company with at least an A- rating in the latest printing of the A. M. Best's Key Rating Guide and approved to write individual bonds up to ten percent (10%) of policyholder's surplus as shown in the A. M. Best's Key Rating Guide or by an insurance company that is domiciled in Louisiana or owned by Louisiana residents and is licensed to write surety bonds.

**5.1 Letter of Credit.** Alternatively, Lessee may provide a letter of credit in the amount of One Million and 00/100 Dollars (\$1,000,000.00) drawn on a bank acceptable to University, containing terms and conditions acceptable to University, drawn in favor of University and securing Lessee's obligations hereunder.

## ARTICLE VI PREMISES

**6.0 Use of Premises.** Lessee has the exclusive right to provide food services within the Leased Premises as set forth herein and for no other purpose, unless agreed to by University. Lessee will conduct itself and cause its employees to conduct themselves in a careful and prudent manner and not permit the use of Premises for any purpose other than as set forth herein. University shall not allow any commercial use to be made of Leased Premises other than by Lessee.

## ARTICLE VII CONSTRUCTION AND OWNERSHIP OF IMPROVEMENTS

**7.0 Obligation to Construct.** Lessee shall expend no less than Three Million and 00/100 Dollars (\$3,000,000.00) (but shall have no obligation to expend more than Three Million and 00/100 Dollars (\$3,000,000.00)) for facilities improvements to the Leased Premises including but not limited to renovations, remodeling, leasehold improvements and related movable equipment, supplies, trade fixtures, signage, and essential construction costs and fees during the first five (5) years of the Lease and no less than Two Million and 00/100 Dollars (\$2,000,000.00) (but shall have no obligation to expend more than Two Million and 00/100 Dollars (\$2,000,000.00)) in like improvements during the second five (5) years of the Lease. The term "leasehold improvements," as used in this Lease shall refer to all improvements permanently affixed to the Leased Premises and made by Lessee at any time during the term of this Lease. All other improvements by Lessee not permanently affixed to the Leased Premises but for the use or benefit of the Leased Premises and purchased either pursuant to this paragraph 7.0 or paragraph 4.3 or paragraph 8.3.2 shall be referred to as "movable equipment, trade

fixtures, and signage." The initial capital improvements required hereby shall be made in accordance with Exhibit "16" unless otherwise agreed to in writing by the Lessee and appropriate University personnel in accordance with the provisions of this Lease. The capital improvement plan for the second five (5) years of the Lease shall be agreed to by the parties but must be in an amount not less than Two Million and 00/100 Dollars (\$2,000,000.00) (but Lessee shall have no obligation to expend more than Two Million and 00/100 Dollars (\$2,000,000.00)). University may terminate this Lease if a written agreement setting forth a description of and timetable for the construction of the capital improvements to be made during the second five (5) years of this Lease is not executed by the parties hereto on or before the last day of the fifth year of this Lease. In the event of such termination by University the provisions of this Lease applicable to expiration of the ten (10) year term shall apply.

#### 7.1 Construction of Leased Premises.

(a) At its sole cost and expense, Lessee shall (1) construct the above described leasehold improvements and other improvements in a good and workmanlike manner on the Leased Premises, in accordance with plans and specifications approved by the University; (2) procure all necessary permits and governmental approvals for the erection of the leasehold improvements and moveable equipment, trade fixtures, and signage; (3) provide for labor, services, materials and supplies used or furnished in construction of the leasehold improvements and moveable equipment, trade fixtures, and signage and the construction and installation of utility services or other facilities; (4) supervise and control all aspects of the construction, furnishing and equipping of the leasehold improvements and the moveable equipment, trade fixtures, and signage; and (5) during construction comply with the provisions of this 7.1 and with any other applicable provisions of this Lease. All facility improvement capital investments must be agreed upon in writing by University and Lessee prior to commencement of any work and must otherwise be made in accordance with this Article VII.

#### (b) Insurance During Construction:

Prior to commencing work, Lessee shall obtain at its own cost and expense insurance that is required by the University. Current requirements are as outlined in Exhibit "17" (Insurance and Indemnification).

#### (c) Selection of General Contractor/Bonds/Builder's Risk:

Lessee shall select and engage a general contractor or contractors duly licensed in Louisiana to perform the contemplated work, who shall be required to provide a performance and labor and materials payment bond with an acceptable corporate surety in the full amount of the applicable contract price. Lessee will carry all-risk builder's risk insurance which shall protect against any damage or loss during the construction up to the full replacement value of any work damaged or destroyed; however, Lessee shall be responsible for the \$1,000 per occurrence deductible. In addition, Lessee shall require its general contractor to provide workmen's compensation insurance and general comprehensive liability and automobile liability insurance providing Lessee and University coverage for all claims for personal injury or property

damage arising out of the construction work. Evidence of the contractor's bond and builder's risk insurance and liability insurance shall be delivered to the University prior to the commencement of any construction work.

(d) Approval of Plans and Specifications:

Lessee shall secure University's approval of all plans and specifications for the construction of the improvements prior to the commencement of any work, which approval shall not be unreasonably withheld.

(e) Change Orders and Modifications:

Lessee shall secure prior written approval of the Vice President for Institutional Services for the Louisiana State University System for all revisions to plans and specifications prior to any revisions or alterations to the improvements or the plans thereof, which approval shall not be unreasonably withheld.

(f) Inspection of Right of Access:

University at all times during construction shall have full access to the Premises in order to inspect the construction site and the progress of the construction of the improvements.

(g) Certificates; Bonds:

Lessee shall provide to the University, upon completion of construction, a clear lien certificate from the Clerk of Court for East Baton Rouge Parish; Lessee shall bond out any liens filed against the University or the Premises resulting from the construction within ten (10) days of the filing of said lien.

(h) Commencement and Completion Date of Construction:

Lessee shall use all reasonable efforts to cause the construction, furnishing and equipping of the improvements to the Leased Premises to begin within sixty (60) days of the Effective Date and shall use all reasonable efforts to complete said construction within eight (8) months of commencement of construction.

(i) Utilities, Sewerage and Telephones:

During construction, University shall provide access to public utilities, including gas, electricity, water, chilled water, heating water, sewerage and telephone lines to the perimeter of the site of the Leased Premises. Leased Premises may be individually metered for these utility services. All installation routes for utility services must be approved by the University prior to installation.

(j) Quality, Material and Workmanship:

All materials, equipment and appliances furnished by the Lessee shall be new and of the best quality as measured by the highest standard of the trade, and any defects in any material, equipment or appliances that would cause rejection in terms of strictly first-class work will be a default under this Lease.

(k) General Building Requirements:

The building exterior must conform with existing University buildings and building standards. Requirements are as provided by "Campus Design Guidelines of Louisiana State University, Baton Rouge Campus" as approved by the Louisiana State University Board of Supervisors and "Design Standards for Louisiana State University" issued by the Office of Facility Services, May, 1996. Exterior signage and lighting must be submitted to the University for approval.

**7.2 Ownership of Leasehold Improvements.** Leasehold improvements made by Lessee at any time are component parts of the Leased Premises. Upon final completion of construction of the improvements and issuance of the occupancy certificate, all leasehold improvements shall become the property of and belong to University.

**7.2.1 Ownership of Movable Equipment, Trade Fixtures, Signage, and Improvements Other Than Leasehold Improvements.**

(a) Movable equipment, trade fixtures, and signage shall belong to Lessee during the term of the Lease but at the sole discretion of University shall become the property of University at the expiration of the Lease in ten (10) years or at the termination of the Lease in accordance with the provisions of 7.0 herein concerning termination of the Lease by University at the conclusion of the initial five (5) year term. Should University choose not to take ownership, Lessee shall be required to remove movable equipment, trade fixtures, and signage, repairing any damage caused thereby.

(b) In the event of a termination of this Lease pursuant to 11.0 hereof, the provisions of said paragraph 11.0 will govern the ownership of movable equipment, trade fixtures, and signage; provided, however, that Major Equipment and replacements for the Minor Equipment and supplies obtained from the University as described in 8.3.2 (to be extent not already owned by University) shall become owned by University upon termination of Lease whether by expiration of its term or otherwise at no cost to University. Lessee agrees to execute any and all documents necessary to effectuate the provisions of this paragraph.

(c) In addition certain movable equipment, trade fixtures, and signage may be proprietary to a third party and, therefore, not subject to the obligation to transfer ownership to University. The exemption of any such items from this obligation must be agreed to by University and Lessee at the time of the execution of any such contract with a third party affected thereby. In no event shall any property bearing the name or trademark of Lessee, its affiliates or any third party become the property of University.

(d) All personal property acquired by Lessee except movable equipment, trade fixtures, and signage, shall be referred to in this Lease as "Additional Equipment." The Additional Equipment shall be and remain Lessee's sole property and may be removed from the Premises upon termination or earlier expiration of this Lease as provided in Section 11.4 for "property owned or leased by Lessee." At University's option, it may purchase from Lessee at or prior to the termination or earlier expiration of this Lease all Additional Equipment for a cash purchase price equal to the aggregate value of the Additional Equipment on Lessee's books at the date of purchase.

**7.2.2 Ownership of Freestanding Construction.** In the event that Lessee, with University approval, constructs any freestanding buildings on University property ownership of such buildings shall remain in Lessee during the term of this Lease and:

(a) If the Lease expires at the end of ten (10) years without earlier terminations having occurred or if University terminates the Lease pursuant to paragraph 7.0 or 11.1, ownership of any such building will transfer to the University upon termination of the Lease. Lessee agrees to execute any and all documents necessary to effectuate said transfer.

(b) If the Lease terminates prior to the expiration of ten (10) years pursuant to paragraph 11.0, (a) University, at its option, may purchase the building from Lessee for a price determined in accordance with the procedures of 11.0(e) for equipment, or (b) to the extent allowed by law, University may grant to Lessee a lease of the property on which the building is located at fair market value with a term, unless otherwise agreed to by the parties, equal to the remainder of the original ten (10) year term provided that Lessee abides by all the rules and regulations of University and operates the building for the purposes intended as determined by University and in accordance with the provisions of La. R.S. 17:3361 *et seq.* or (c) Lessee may lease the building to University, if mutually agreeable to both parties, at a fair market value rental and for a term, unless otherwise agreed to by the parties, equal to the remainder of the original ten (10) year term.

**7.3 University Supervisory Duties.** All work shall be performed to the approval of the University's Department of Facility Services at no cost to the University, except those costs associated with the supervisory duties of the University's Department of Facility Services. All equipment installation and removal, and utility connections where required and/or alterations of the Leased Premises will be done to the approval of the University's Department of Facility Services. University shall have no responsibility or liability for the work performed pursuant to this Lease except as provided in paragraph 13.1. All modifications necessary to implement any of Lessee's capital needs or plans will be the responsibility of the Lessee except for access to utilities otherwise provided herein.

**7.4 Future Improvements and Alterations to Leases Premises.** All proposed facility improvement capital investments, including but not limited to those improvements which satisfy Lessee's obligation to construct in the second five (5) years of this Lease pursuant to paragraph 7.0, must be agreed upon in writing by the Lessee and the Chancellor of the Baton Rouge Campus or his designee and may require approval of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. (Lessee shall abide by the provisions of PS-84, a copy of which is attached hereto as Exhibit "18.")

**7.5 Records.** Lessee must provide complete and accurate records of all costs associated with construction or renovation projects on the University's campus to the University with those costs associated with leasehold improvements separately identified and scheduled from those costs associated with movable equipment, trade fixtures, and signage.

## **ARTICLE VIII PREMISES AND OPERATION OF PREMISES**

**8.0 Access to Premises.** The Lessee shall have access to the Leased Premises throughout the term of the Lease ending upon expiration or termination of the Lease. Such access, in the form of keys, will be obtained by the Lessee through the Department of Facility Services, at the expense of the Lessee.

Any access provided to the Lessee by the University in the form of keys, electronic access cards, etc. will be the responsibility of the Lessee. Loss, damage or theft of such access materials requiring replacement of access materials or related equipment such as locks, electronic card readers, etc., shall be replaced by the University at the sole expense of the Lessee, and the cost of such replacement shall constitute rent hereunder and shall be paid by Lessee to University at the time of the next following Base Rent payment.

**8.1 Facilities Decor and Design.** Lessee shall provide high quality food products with high quality customer service, in an attractive, modern, customer friendly physical environment. The physical design and decor of both the interior and exterior of all food facilities operated on the Leased Premises by the Lessee shall complement and maintain the physical and visual integrity of the individual buildings as well as the entire University campus. Any and all designs and/or decor plans and alterations must be approved by University prior to implementation. Lessee's operations on the University's campus must not detract in any way from the University's integrity and mission and the appearance of University's Baton Rouge Campus and facilities.

**8.2 Maintenance and Repair of Leased Premises.** Lessee is responsible for the daily upkeep and maintenance of all dining room areas, including, but not limited to, busing of trays, cleaning of tables and chairs, emptying and replacing of garbage liners, sweeping, mopping and stripping, sealing and waxing of floors as needed to keep a neat and attractive appearance. Lessee is responsible for all sanitation duties for the daily operation of the service and kitchen areas as well as all storage, office, restrooms and receiving areas, and Lessee is solely responsible for insuring that sanitation standards are maintained in accordance with all federal, state and local laws or standards.

Lessee will be responsible for contracting with a qualified firm to provide periodic cleaning of hoods, ducts, plenums, and related units and fans. The cost of this service will be paid by Lessee. Lessee shall maintain, repair, and be responsible for all utilities within the and serving only the Leased Premises.

Lessee will be responsible for all costs and maintenance of insect and pest control in all assigned areas for storage, production, services, and dining. Lessee must follow the University's specifications for insect and pest control. Insect and pest control services are currently provided under contract with local vendors of such services.

Except for freestanding buildings owned by Lessee, University shall be responsible for any damage to real property covered by University's insurance and any necessary repairs to the roof, floor under structure, exterior structure, exterior walls and exterior glass, foundation of all buildings in which Leased Premises are located, pavement and for replacing any portion of the building or exterior improvements (e.g., roof, pavement or air conditioning equipment) which is beyond repair or has exceeded its useful life. University shall be responsible for all repairs and maintenance for items which are under warranty running to University, whether express or implied but only during existing warranty periods; thereafter such items if used by Lessee shall be at Lessee's expense for repairs and maintenance. Lessee shall be responsible for all repairs and maintenance for items which are under warranty running to Lessee, whether express or implied but only during existing warranty periods. Lessee shall keep the remainder of the improvements on the Premises in good condition and working order at its sole expense. Lessee shall be responsible for all maintenance and repairs, whether major or minor, interior or exterior, for any freestanding buildings which Lessee owns.

**8.3 Equipment and Supplies Provided by LSU.** University will permit Lessee to utilize certain equipment and supplies owned by University in accordance with the provisions set forth herein below. No University owned equipment will be removed from the Premises for any purpose without prior written consent from the University, except for items used for catering purposes, in which case they will be returned to the University's campus as soon as reasonable after the catered event. Lessee will provide, at its own expense, any and all necessary equipment not provided by the University. All equipment owned by Lessee shall be clearly labeled (including an identification number) in a manner which distinguishes such Lessee owned equipment from University owned equipment. Lessee will provide the University with an annually updated inventory list of all equipment owned solely by the Lessee and located on the University's campus.

All costs, except as otherwise provided herein, for repairs and maintenance of University-owned equipment considered part of the inventory of supplies and equipment utilized by the Lessee shall be borne by the Lessee. The Lessee will provide daily preventive and on-site maintenance services as scheduled by the Lessee and agreed upon by the University and as described on Exhibit "19." Any University-owned equipment, utilized by the Lessee, which the Lessee deems no longer useful will be removed from the inventory list charged to the Lessee and picked up by the University.

**8.3.1 Use of University Major Equipment.** The parties agree that Lessee shall utilize Major Equipment in the operation of the facilities on the Leased Premises. Lessee shall repair and maintain Major Equipment and, when necessary and desirable, shall replace any such Major Equipment that becomes obsolete or unusable. Upon replacement, the item of University Major Equipment so replaced shall be removed from the inventory and the new equipment (so long as it is not permanently installed in the Leased Premises) shall be the property of the Lessee during the term of the Lease. Ownership upon termination of the Lease shall be governed by



7.2.1 herein. Amounts expended by Lessee in replacement of Major Equipment in accordance with this subparagraph shall be credited toward any unfulfilled monetary obligations set forth in paragraph 7.0 herein. Expenditures out of the Equipment Replacement Fund shall not reduce Lessee's obligation in Paragraph 7.0 hereof to expend no less than Three Million and 00/100 Dollars (\$3,000,000.00) in the first five years and Two Million and 00/100 Dollars (\$2,000,000) in the second five years for the purposes set forth therein.

The inventory list of the University owned Major Equipment shall be binding upon the parties. Based thereon, Lessee will maintain current records of Major Equipment furnished for its use, indicating the addition, replacement and/or removal of University owned equipment in accordance with Louisiana Property Management Regulations. This shall include the completion of an Annual Property/Inventory report performed by personnel from the University and the Lessee.

**8.3.2 Use of University Minor Equipment and Supplies (non-food items).**

In consideration for the rent payable hereunder, Lessee may use the existing University inventory of food service related equipment and non-food supplies (herein "Minor Equipment"), other than motor vehicles and other than Major Equipment in performance of the Lease. A separate inventory of such Minor Equipment will be taken prior to commencement of the Lease term to establish equipment and supply items and levels. Said inventory will be conducted by University and Lessee's personnel in order to establish an agreed upon inventory. Items not used by Lessee may be stored or disposed of by University at its sole discretion. Equipment and/or supplies which the Lessee does not wish to utilize shall not be included in the inventory. The Minor Equipment shall remain the University's property throughout the term of this Lease, and Lessee shall maintain the inventory at that level by repairing, maintaining, purchasing, and replacing items which are lost or damaged, title to which replacement items shall be in University. The inventory shall be repeated no less than annually on an agreed upon date by the University and Lessee. Also, at the termination of the Lease, whether by expiration of its term or otherwise, inventory of said equipment and supplies shall be conducted by University and Lessee's personnel, and Lessee shall reimburse the University for missing or damaged equipment and/or supplies and shall ensure that the inventory list is the same as at the time of the inception of the Lease. Title to said inventory will be transferred to University, to the extent not already owned by University. Lessee may retain ownership of equipment described hereunder in excess of the initial inventory level. Replacement of Minor Equipment in accordance with this subparagraph shall not be counted toward the fulfillment of Lessee's monetary obligations set forth in paragraph 7.0 herein. The provisions of this section shall not apply to Additional Equipment as described in Section 8.3.3.

**8.3.3. Additional Inventory, Equipment and Supplies (Food and Disposable Service Items)** Lessee will purchase all University inventory of unspoiled food and undamaged disposable service items (plates, cups, forks, spoons, knives, napkins, etc.) located on the Leased Premises and/or at the Central Food Store.

Lessee shall pay University for such inventory items located on the Leased Premises within thirty (30) days of invoice by University at a price equal to the amount paid for such inventory by University. Lessee shall take ownership of such inventory items located on the Leased Premises at the time the Lessee takes possession of the Leased Premises.

Lessee shall purchase such inventory located at the LSU Central Food Store from University at a price equal to the amount paid for such inventory items by University. Lessee may withdraw and reimburse University for such inventory items located at the University Food Stores in a manner mutually agreed upon by Lessee and University, provided that University shall be additionally reimbursed by Lessee for any reasonable direct out of pocket costs other than utilities that University incurs thereby, and further provided that all such inventory items must be removed from the LSU Central Food Store and all payment due University paid not later than December 31, 1997. Title to such inventory located at the Central Food Store shall pass to Lessee as each item is transferred to Lessee.

At all times Lessee shall maintain a minimum level of all single service disposable wares, utensils, paper goods, and other supplies, to provide emergency service in accordance with paragraph 9.6 if needed.

**8.4 Food Service Master Plan.** Lessee shall perform in accordance with and shall fulfill the obligations set forth in the Food Service Master Plan attached hereto and made a part hereof as Exhibit "19" unless otherwise provided for in the Lease or agreed in writing by the Lessee and appropriate University personnel.

**8.5 Food Service Operating Plan.** Lessee shall perform in accordance with and shall fulfill the obligations set forth in the Food Service Operating Plan attached hereto and made a part hereof as Exhibit "20" unless otherwise provided for in the Lease or agreed in writing by Lessee and appropriate University personnel.

**8.6 Price Increases.** Requests by Lessee to increase prices for food and services offered by Lessee hereunder must be made by the Lessee to the Office of the Vice-Chancellor for Student Services. Price increase requests affecting Meal Plans must be made by an agreed upon date of each year for the following academic year and summer semester. Retail sale price increases will be reviewed as requested. Requests for price increases will be evaluated by the University on the basis of thoroughly documented need provided by the Lessee. The University reserves the right to reject price increases; however, no such rejection shall be on an arbitrary basis. No prices of foods and other items offered for sale on the Leased Premises or pursuant to this Lease may be increased without the prior written consent of the Vice Chancellor for Student Services. Some summer camps, conference groups, or other special programs occurring on the University's campus often require advance price quotes for provision of dining services.

**8.7 Advertising and Signage.** All advertisements, regardless of media used, must be approved by prior written consent of the Chancellor or his designee. Advertisements or promotions on or in the Leased Premises for products or services not specifically related to the providing of food services is forbidden. Lessee agrees it will not advertise or promote its relationship with the University or utilize any identifying marks or property of University, nor make representation, either expressed or implied, as to the University's promotional endorsement of the Lessee's company unless it has received prior written consent from the University. (See policy statement no. 93, Exhibit "21".) Signage is not permitted on the exterior glass, windows or walls of the Leased Premises without prior written consent of the University. Lessee will maintain any approved advertising and signage materials in good condition and repair at all times.

**8.8 Expense of Operations.** Lessee will contract in its own name for those goods, services and employment needed to accomplish its obligations under this Lease. Lessee shall not implicate the University as being liable either directly or by inference in any of its business transactions. It shall conduct its business in such a way as to indicate to all third parties that its operations are separate and distinct from the University's and the University is not liable for its activities.

**8.9 Safety and Sanitation.** Lessee shall provide daily housekeeping, cleaning, preventive maintenance and sanitation service for Leased Premises, and necessary commercial equipment and supplies for all assigned food service areas. These areas shall include, but not be limited to, production and serving areas, dining rooms, snack bars, delis, bakeries, refrigerators, freezers, receiving and storage, trash and garbage, employee locker areas, restrooms, offices, hallways and stairs or elevators used by the Lessee.

**8.10 Patents and Copyrights.** Lessee shall pay all costs, fees and royalties arising from or associated with the Lessee's use of copyrights, trademarks, patented materials, equipment, devices or processes used in the operation of, or incorporated in, the provision or marketing of the Lessee's dining services on the Leased Premises. Lessee shall defend, indemnify, and hold harmless University, its agents, officers, board members, employees, and anyone for whom University may be liable (collectively for purposes of this paragraph, "Indemnitees") from and against any and all claims, damages, losses, and expenses, including reasonable attorney's fees at both trial and appellate levels to or for an attorney of University's choosing, for any claims for damages arising out of or in any way relating to any allegations of antitrust violation, unfair trade practices, misappropriation of trade secrets or breach of confidentiality and/or copyright, patent, trademark, service mark and/or trade name infringement by Lessee or by anyone for whom Lessee may be responsible, including but not limited to Lessee's associates, affiliates, directors, officers, employees, sublicensees and/or assignees.

**8.11 Hours of Operation.**

**8.11.1 General Hours of Operation.** All proposed days and hours of service for the fall, spring and summer semesters, as well as holidays and academic breaks, shall be reviewed by the Office of the Vice Chancellor for Student Services at least ninety (90) days before the commencement of each fall, spring or summer semester. Changes to the schedule require the Vice Chancellor's consent.

**8.11.2 Special Events.** Lessee, at the discretion of the University, may be required occasionally to operate some or all of the cash food service operations on the University campus for special events on weekends or holidays including, but not limited to, such occasions as Family Day, Homecoming, Spring Festivals, Home Football Games, etc. Where reasonably possible, LSU will give Lessee thirty (30) days notice that an existing facility must operate for additional hours or at a different location.

**8.12 Parking.** All parking on campus by Lessee's employees, invitees, contractors, subcontractors and vendors will conform to LSU Parking and Traffic regulations. University employees assigned to Lessee shall have the same parking privileges as other University employees and shall individually pay University for any costs thereof. Lessee's employees,

other than University students, will be entitled to the same parking privileges at the same cost as University employees. Payment may be by the individual employee or by Lessee. University cannot guarantee assignment of Lessee's employees to gated protected parking lots but will work in good faith with Lessee to provide parking arrangements necessary to Lessee's food service operations.

**8.13 Utilities and Services.** The University will be responsible for providing electricity, gas, steam, water, sewer service, dumpster service for trash and garbage, and air conditioning, where applicable, to the site of the Leased Premises. After August 1, 1997, where utilities are metered solely for Lessee's operations, the cost of the metered utilities will be paid monthly, as additional rent, by Lessee, to the University, within thirty (30) days of invoice therefor. In those units without metering, a square footage charge will be assessed based upon the cost of metered units per square foot, or other such documented volume usage for a similar area or operation, and paid monthly as additional rent by Lessee to the University upon thirty (30) days of invoice therefor. Charges for other services provided by University hereunder shall be invoiced by University to Lessee and paid by Lessee within thirty (30) days thereof. The University agrees that there will be a cap on the cost of utilities for the first year of operation in the amount of Three Hundred Thousand and no/100 Dollars (\$300,000.00). University agrees that, subsequent to the first year of operation, Lessee will not be charged a rate greater than that charged to University auxiliaries, nor shall the charge exceed the University's direct cost for the purchase and/or generation of utilities and the distribution thereof. The University will make reasonable efforts to provide continuous provision of utilities and to restore service following any interruption. However, the University will not be liable for any product or revenue loss which may occur as a result of the interruption or failure of any such utility .

University will furnish and maintain fire extinguisher equipment and supplies. Lessee will notify University immediately after any fire extinguisher use or discharge. Lessee will pay for any recharge after use.

**8.14 Restrooms.** Restrooms provided by the University will be maintained by the University where their usage is not designated for the employees or customers of the Lessee's food service operations. Lessee shall maintain clean and sanitary at all times the restrooms located within, or near, the food service facilities in the Leased Premises and designated primarily for use by the Lessee's employees or customers.

**8.15 Inspection of Premises.** The University shall have the right at any time to inspect the Leased Premises and the operations thereon by Lessee including but not limited to operations with respect to the quality of food served, the method of service thereof, opening and closing hours, operation schedules, menus, portion sizes, prices, inventory control, safety, sanitation and the daily maintenance of the Leased Premises.

**8.16 University Regulations.** Lessee shall abide by all regulations of the University now in effect or adopted hereafter pertaining to Lessee's operations and activities on the University campus.

## 8.17 Employees.

**8.17.1 Classified Employees.** Existing hourly employees in current LSU food service operations are classified employees under the jurisdiction of the Louisiana State Civil Service Commission. The basic conditions of their employment are determined by Louisiana State Civil Service Rules and Regulations. University will require that the Lessee utilize these employees in its operations under the following conditions:

1. University classified employees with five (5) or more years of service as of the effective date of this Lease shall remain as University employees with all attendant employment wages, conditions and benefits but shall be supervised by Lessee which shall reimburse University for all personnel costs including fringe benefits currently computed at 18.5 percent of wages. Lessee shall have no obligation to fill these positions with University employees as such positions become vacant. University classified employees assigned to the supervision of Lessee shall be entitled to and shall receive all rights, benefits and conditions of employment provided to any other University classified employees which shall include but are not limited to:

a. Continued applicability of the rules, regulations and policies of the Civil Service Commission of the State of Louisiana.

b. Right to retain membership or become a member of Local 1784 of AFSCME-AFL/CIO which has been recognized by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical as the bargaining agent for such employees.

c. Such other rights, benefits and conditions of employment as provided by LSU policy, as described in part in the LSU Staff Handbook as referenced in the RFP.

2. University classified employees with less than five (5) years of service shall be subject to a layoff process to be conducted in accordance with Civil Service rules; however, such employees shall be considered for employment by Lessee.

3. University administrative and professional employees shall be considered for employment by Lessee except for those employees retained by LSU for the LSU food service staff.

4. Annual, Sick and Terminal Leave.

a. For classified employees with less than five (5) years of service and for administrative and professional employees who terminate University employment and enter employment with Lessee, University shall be responsible for the payment of any terminal leave benefits. Benefits thereafter shall be as provided by Lessee.

b. For classified employees with five (5) or more years of service who will remain University employees but who will be assigned to work for Lessee, the following annual and sick leave arrangements will apply.

(1) LSU shall retain responsibility for annual and sick leave balances as of the effective date of the agreement.

(2) Thereafter, employees shall accrue annual and sick leave in accordance with Civil Services rules. Such accrued leave shall be the responsibility of Lessee.

(3) Annual and sick leave used by University employees assigned to Lessee shall first be taken from leave balances accrued while assigned to Lessee. Should the annual or sick leave use by an individual employee exceed leave balances accrued while assigned to Lessee, the excess leave use shall be taken from any accrued balances for which University is responsible.

(4) Terminal leave for any University employee assigned to Lessee shall first be taken from any leave balances accrued while assigned to Lessee. Should these leave balances be less than the amount of leave for which termination pay may be received, the remainder may be taken from any leave balances for which University is responsible.

5. Work schedules that provide for "temporary layoffs" during breaks in the academic year (e.g., Christmas) have been established with the Civil Service Commission for these employees and must be followed unless changed with Civil Service approval.

Exhibit "22" lists all current classified food service employees by name, job title, years of service and hourly rate with those employees having less than five (5) years of service listed separately and so identified (see Exhibit "22").

6. The parties recognize that any Civil Service employee layoff plan is subject to the approval of the Louisiana State Civil Service Commission.

**8.17.2 Administrative and Professional Employees.** Lessee shall be required to provide all management and other personnel necessary for the provision of dining service functions at a level of quality acceptable to University, and Lessee shall be solely responsible for their payment of salaries or wages and benefits, with the exception of those who may be employed by the University itself at its own expense for the purposes of coordination, liaison and oversight of food services with the Lessee.

**8.17.3 Student Employees (Part-time).** The University attempts to utilize student employees whenever possible. Lessee shall give priority to Louisiana State University students, whenever possible, when employing part-time staff.

**8.17.4 Nonpromotional privileges.** Lessee will not provide non-promotional special privileges, relating to purchase or receipt of food, to anyone employed by the University without prior notification of the University's Office of the Vice-Chancellor for Student Services.

**8.17.5 Reimbursement for Employee Costs.** Reimbursement by Lessee to University for the costs of University employees including fringe benefits assigned to Lessee shall be made within thirty (30) days after invoicing by University.

**8.18 Beverage Contracts.** The University currently does not have an exclusive beverage rights contract with a beverage vendor company; however, it is actively exploring options to enter into an agreement which would grant exclusive campus presence to a beverage brand or family of brands. Accordingly, the University retains all rights to enter into such an agreement at its sole discretion prior to or at any time during the term of this Lease. Such agreement shall be binding upon the Lessee; however, the University agrees that it will work cooperatively with Lessee to insure that any such agreement, in and of itself, will not increase Lessee's costs for beverages Lessee sells or distributes under rights granted by the Lease. Further, the University will make this condition a part of any Request for Proposals or exclusive beverage agreement resulting therefrom. Lessee shall use its best efforts to assist University in the development of an exclusive beverage agreement that will meet the mutual objectives of Lessee and University. Notwithstanding any confidentiality or nondisclosure agreement that Lessee may have with its beverage suppliers, Lessee agrees that any assertion it makes regarding increased costs resulting from any University beverage contract must be objectively documented.

**8.19 Security.** The Lessee is responsible for and will exercise maximum security control over all Leased Premises and remote food service sites (such as catering locations) to prevent theft, vandalism, destruction or other damage to or removal by unauthorized persons of properties, facilities, equipment, supplies, inventory, files, records, receipts and/or cash, checks and other sales transactions. Lessee will have access to the camera surveillance security system currently located in the LSU Union and Faculty Club building. Lessee will utilize the University's Police Department for incidences requiring law enforcement services. University will not be held responsible in any way for any such damages, loss or theft. Lessee is solely responsible for such damages, loss or theft, and will defend, indemnify, and hold University and its agents, officers, board members, and employees harmless from and against any and all claims, damages, losses, and expenses including reasonable attorney's fees both at trial court and appellate levels to or for an attorney of University's choosing, for any claim for damages arising out of or related to Lessee's obligations assumed pursuant to this paragraph or related to Lessee's obligation to provide security.

**8.20 Communications, Computers, and Technological Installations.** Lessee shall be responsible for coordinating with the University's Office of Telecommunications and Facility Services for installation, maintenance and expenses incurred for telephone service, computers, alarms, equipment, etc. on the Leased Premises. Lessee shall make no installations or alterations of installations without the prior written consent of the Office of Telecommunications and Facility Services. Pay phones will not be permitted in any of the Lessee's operations on the University Campus.

**8.21 Campus Mail.** Campus mail is a service provided by University for its administrative departments and for non-LSU entities located on its campus. The service provides for the intra-campus delivery of mail and for the receipt and distribution of U. S. Postal Service mail. Lessee may use LSU Campus Mail for intra-campus mail in conducting business with University; however, Lessee may not use Campus Mail as a method for mass mailing for advertising, marketing or other promotional purposes.

**ARTICLE IX  
FOOD SERVICES AND PAYMENT THEREFOR**

**9.0 Customer Payment Plans.**

a. Acceptance of Payment by Lessee from Customer Food Service Sales

Lessee agrees to accept customer payments in the forms of cash, credit cards, checks, Tiger Express and Meal Plan Accounts.

b. Tiger Express

Tiger Express is the University's debit card account which is currently administered through the LSU Union. The current system utilizes Griffin Technology Systems. The University will act as the agent for Lessee and will remit monthly to the Lessee the total amount of debit card (Tiger Express) sales, less a three percent (3%) discount rate payable on said Gross Sales due to University for University's work in administering the Tiger Express accounts. Complete reconciliation of sales and discount shall be provided by the University with each remittance. Installation of telephone lines, for additional Tiger Express Card readers, must be coordinated with and approved by the University's Office of Telecommunications and Facility Services, and costs related to such installation shall be borne by Lessee.

c. Meal Plan

As agent for and on behalf of Lessee, University will collect Meal Plan fees from students and other customers participating in a Meal Plan account, and on or about the first (1st) day and fifteenth (15th) day of each Accounting Period, University will transfer to Lessee all such amounts received by University since the last such payment to Lessee, less the Percentage Rent due to University on Block Meal Plan account sales, and less the retainage by University of an amount based upon historical experience sufficient to reimburse Meal Plan account participants for refunds to which they are entitled. University will have the sole authority to determine whether to award refunds to Meal Plan account participants. No amounts shall be due and owing to Lessee with respect to any refunded amounts. Complete reconciliation of sales and commission withheld will be provided by the University with each remittance.

Uncollected debts will not diminish payments owed to the Lessee by the University for Meal Plan meals actually served. The Lessee will cooperate with the University to assure collection of fees by placing a hold on contracts for which the debt has not been paid. The University will be responsible for providing the Lessee with timely and accurate information about such matters.

At the beginning of each academic term, the University will provide the Lessee a master list of all persons authorized to be on each meal plan. The University will provide the Lessee with a weekly updated list of all current contracts, new contracts and withdrawals. Student purchases on a meal plan will be monitored using the Campus Card System.



Lessee acknowledges that some summer camps, conference groups, or other special programs occurring on the University's campus often require advance price quotes for provision of dining services for three (3) or more years.

**9.1 Reserved.**

**9.2 Catering.**

a. Lessee shall have the exclusive right to cater on or within the Leased Premises and within the entirety of the LSU Union both in leased and non-leased space; however, the LSU Union will provide all labor and equipment to set up and strike for all food events held in non-leased space in the LSU Union building. The fee to be paid by Lessee for such services provided by the LSU Union shall be determined by the parties on a case by case basis. Lessee shall have a non-exclusive right to cater within other University facilities. University events shall have priority over non-University events. Lessee hereby acknowledges its understanding of and agrees that catered events funded by University public funds must be conducted in compliance with state laws and regulations governing the expenditure of public funds and that its status in this regard is no different from that of any other caterer licensed by LSU in accordance with the provisions of PS-60, a copy of which is attached hereto and made a part hereof as Exhibit "23."

b. Lessee shall provide catering in accordance with Exhibit "19" [Master Plan Implementation Exhibit]; however, the following conditions shall additionally govern catering by Lessee.

(i) Lessee shall establish and maintain a creative, hospitable and quality oriented catering service. This includes, but is not limited to, room ambiance, adequate numbers of personnel, quality of service, quality of food, service and upkeep of equipment used, appropriateness of dress by management and employees and the "total" hospitality shown to any and all guests at University functions.

(ii) All special catering functions, large or small, must be channeled through the office designated by the University. When approved by the University, it shall be the Lessee's responsibility to provide quality food service to University approved functions. These functions may include, but are not limited to teas, receptions, Chancellor's or President's home catering, banquets, campus food and coffee deliveries or setups, picnic service, conference catering and approved off-campus service requests.

(iii) It is the Lessee's responsibility, upon receipt of the catering order, to provide an adequate, well trained, staff to follow through with the planning, ordering, production, site setup, transportation, service and facility cleanup involved with a successful catering event.

(iv) Lessee will provide all catering transport and service equipment necessary to ensure the sanitary condition, quality, temperature, taste, and appearance of all food products upon arrival at the catering site, and during service thereof.

(v) Lessee will honor all catering requests throughout break periods between semesters and during academic holidays within University semesters to ensure continuity of catering services.

(vi) Some conferences and/or groups must have menus and catering price quotes, months or years in advance. The Lessee will honor all advance catering prices and menus in effect for the next school term or longer when price quotes are given by the Lessee.

(vii) Lessee will be required to honor all existing contracts, made by the University for provision of food services, as a condition of this Lease between the University and the Lessee.

(viii) Lessee will provide appropriate catering uniforms for employees.

(ix) Lessee will provide table/centerpieces at all banquet and meal services. Fresh flower prices will be listed separately. Silk flower arrangements provided by the Lessee that can be stored and used again, will be incorporated into pricing structure.

(x) Once given the catering order Lessee will provide all necessary management, employees, equipment, food and services needed to ensure a successful catered event.

**9.3 Summer Camps and Programs.** Dining service rates for summer camps and special programs are established by negotiation between Lessee and the camp or program sponsor based upon menu selected. For the purpose of budgeting, some Camp and Program feeding price quotes are required as far as three (3) or more years in advance. Some conferences and/or groups must have menus and catering price quotes months or years in advance. Lessee hereby acknowledges and accepts that it will honor all such existing contracts in effect for the 1997-98 summer programs and subsequent summer programs in subsequent years for which University has made commitments as of the execution of this Lease.

The following examples of annual summer programs held on University's campus for which Lessee must provide food services are provided as examples only. They are not all inclusive, and they do not represent a guarantee by University that such programs will continue to be conducted at LSU.

Short Courses and Youth Programs - Several are held annually from May - August.

Graduate Banking School of the South - Annually the last two weeks in May, with approximately 700 - 750 participants.

LSYOU (youth program) - Annually from first week of June through the last week of July, with approximately 70 - 80 participants.

Boys State/Girls State - Eight day programs annually held over the first two weeks of August, with approximately 750 girls and 750 boys attending and over 100 counselors and staff attending with each group.

Cheerleader and Dance Camps - Three day programs annually held over the months of June and July. There are usually 7 groups, with attendance per group varying from 80 - 800. The groups attending in the summer of 1996 vary from 280 - 640.

Louisiana High School Athletic Association Program - Involves approximately two hundred (200) high school all star athletes and five hundred (500) members of the all star high school marching band. Food service rates have been contractually agreed to by LSU through year 2001. Rates are as provided on Exhibits "24" and "25."

**9.4 Pleasant Hall.** Pleasant Hall offers hotel style concierge services to guests in a limited number of such guest rooms and conference rooms within the building. These services are provided through the University's Department of Continuing Education and are reserved to Pleasant Hall. Such concierge services shall not be offered by Lessee unless requested to do so by Pleasant Hall. Services include coffee, juices, milk, chips, pastries, and fruit as continental breakfast for hotel guests and as break snacks for program participants.

**9.5 Policy Statement 60 "University Food Service Policy Statement".**

Policy statement 60 (Exhibit "23") sets forth the conditions and regulations, enforced by the University, for providing food services on the University's campus shall govern any provision of food services by Lessee that occurs on non-leased property.

All Fixed Location Food Services, Machine Food Services, Mobile Cart Food Services and Catered Food Services provided through the University are under the administrative responsibility of the Vice-Chancellor for Student Services, with the following exception and conditions noted:

(i) Stadia/Arena Concession Food Services is assigned to the Athletic Department and is not the subject of this Lease. This includes concession food services provided in all Athletic Department facilities, the Pete Maravich Assembly Center and the LSU Natatorium. The Stadia/Arena Concession Food Services may also cater special events sponsored by the Athletic Department in Athletic Department Facilities (excluding Broussard Hall), the Pete Maravich Assembly Center and the Natatorium.

(ii) The LSU Laboratory School Lunch Program is assigned as the administrative responsibility of the Laboratory School's administration and is not governed by the provisions of this Lease.

(iii) The Greek houses, the religious centers, and the International Culture Center are authorized to prepare and serve food to their members and guests, provided sanitary guidelines are followed, and are not governed by the provisions of this Lease.

(iv) Lod Cook Alumni Center is a privately owned facility located on the LSU Campus. It is not subject to the provisions of this Lease.

(v) The Agricultural Center is a separate campus and has a separate administrative structure from the University, despite its geographical proximity to the University. The Agricultural Center contains the Louisiana Cooperative Extension Services and the Louisiana Agricultural Extension Services. The Agriculture Center has faculty members under partial appointment with the University but does not have a student enrollment. The Agricultural Center operates food services independent of the University, and its programs and operations are not subject to this Lease. The Agricultural Center currently operates a Dairy Store located in building number two hundred eighty (280) on the campus map (Exhibit "1"). The Dairy Store is a retail outlet for products made from the LSU Dairy as well as commercial beverages, prepackaged sandwiches, etc. The Agricultural Center also sponsors Rodeos, 4-H programs, and other events at which concessions or other food service is provided. The aforementioned Agricultural Center events often arrange food service to be provided by the University; however they are not required to seek food services through the University. Lessee acknowledges that the Agricultural Center's Food Services are not included in this Lease.

(vi) Self Catered Food Events are those where the preparation and serving of food, whether purchased as raw or packaged food products, by members of an LSU department or student organization or other organization for the organization's members and guests with no involvement of LSU, non-LSU food caterers, or Lessee. A fund raising or other event where a charge is made for attendance or for food may not be conducted as a self catered event.

(vii) Professionally Catered Food Events may be conducted on the University's campus by non-LSU caterers who have provided the University with satisfactory proof that they meet all the license, health, sanitation and insurance requirements of the University. Lessee may participate in Professionally Catered Food Events on the same basis as any third-party caterer.

(viii) Despite the application of PS-60 to all University grounds and facilities, there continue to be violations which occur. The University has and will continue to support and enforce PS-60. The University will not be held financially responsible to the Lessee for any potential revenue lost due to violations of PS-60 which may occur.

**9.6 Emergency Response Plan.** During the regular feeding calendar, normal University operations including feeding of students may be disrupted partially or completely due to emergency situations beyond the control of the Chancellor or administrative staff. In the event that such an emergency situation should occur, the Lessee's provision of services will conform to PS-18, attached hereto as Exhibit "26." University shall have no liability for losses to Lessee or any other person should an emergency arise.

**9.7 Deliveries on Campus by off Campus Vendors.** Lessee acknowledges that several off-campus food service vendors make deliveries of food onto the University's campus. While total sales and types of foods delivered are not known to LSU, there is visibly a considerable traffic of pizza deliveries made to the Residence Halls and Apartments. Such deliveries are not prohibited by this Lease or by University policy. Accordingly, the University will have no responsibility or liability in any way to the Lessee for any loss of revenue by the Lessee resulting from these off-campus vendor deliveries of food to the campus and University is not under any obligation to attempt to reduce or curb such deliveries.

**9.8 Human Ecology Pre-School Kitchen and Food Laboratory.** The Department of Human Ecology operates an Experimental Foods and Introductory Foods Preparation Laboratory. These laboratory classes prepare food and conduct experiments demonstrating food properties and handling, preparation and storage techniques, in support of classroom instruction. The School of Human Ecology offers courses in Quantity Food Production which are currently coordinated with the LSU Union and Residence Food Services. These courses allow students to obtain hands-on experience by working in various food service facilities on campus as well as management experience by interacting with the food service managers and staff. The Department of Human Ecology also offers an AP4 Dietetic Internship Program. In this AP4 program, graduate students spend part of their management internship rotation in the University's food service facilities. The Lessee will be required to assist in providing services to support the academic experience students receive at the University in these programs. This will require coordinating schedules with personnel in the Department of Human Ecology for the Quantity Food Production class and the AP4 student rotations through the food service facilities and allowing for rotation of students through Lessee's food service facilities. This may also require scheduling specific activities for the students to receive quality experience during their rotation through the food service facilities operated on the University's campus by the Lessee. Lessee shall participate in such Programs in a manner consistent with the obligations assumed by Lessee in the Food Services Operating Plan, attached hereto as Exhibit "20."

**9.9 Faculty Club Guest Rooms.** University shall have the right to establish and enforce policies and procedures governing the eligibility of persons to be guests in the Faculty Club guest rooms, to establish and enforce the priorities in the assignment and reservation of such rooms, and to approve or disapprove changes in the prices charged for such rooms.

## ARTICLE X BUDGET, AUDITING AND ACCOUNTING

**10.0 Operating Budget.** Lessee will provide the Office of the Vice Chancellor for Student Services with an annual budget for each fiscal year of the University ninety (90) days prior to July 1 of each year of the lease term. The University's fiscal year is from July 1 through June 30 of the following year.

**10.1 Auditing and Accounting.** The Lessee will establish adequate internal controls and determine at such frequent intervals as may be necessary that the controls are being maintained. The Lessee will provide to the University annual financial statements audited by a Certified Public Accountant which shall be provided no later than sixty (60) days after September 15 of each year of this Lease. The University reserves the right to have its representative, including the State Legislature Auditor, audit the Lessee's books, records, and other such financial documents or desired information pertaining to Lessee's contract(s) with the University. The Lessee shall provide all financial and other data according to the University's fiscal year and the Accounting Periods defined in paragraph 4.2.1. The University is on a monthly business cycle with a fiscal year beginning July 1 and ending June 30.

If it is determined through an audit that money is owed to the University by the Lessee and was not paid on the date due, the Lessee will pay all money owed to the University, plus ten (10) percent interest on said money from the date originally due and also pay for the cost of the audit within thirty (30) days of demand.

The Lessee will take all necessary precautions to assure that all income is immediately recorded through Point of Sale (POS) devices of a type agreed upon by the University.

Lessee will furnish the University with all requested daily/weekly/monthly/annual reports to verify customer accounts, cash sales, Tiger Express sales, I.T. sales, etc. and other pertinent information so requested.

Monthly financial statements, as required by the University, will be delivered to the University on or before an agreed upon date of the following monthly Accounting Period.

Upon request by University separate and consolidated financial statements, operational reports and other supporting data will be provided to the University for each revenue generating food service unit operated on the University's campus by the Lessee for the period requested.

Upon request of the University, Lessee shall meet with the University and review operating statements, explain deviations, discuss problems and mutually agree on an appropriate course of action, if necessary, to improve services required in this Lease.

**10.2 Books and Records.** Lessee shall prepare and keep for a period of at least eight (8) years following the end of each lease year true and accurate books of accounts and records, conforming to generally sound and accepted accounting principals consistently applied, including, but not limited to, sales tax and other reports filed with other governmental agencies, all purchases and receipt of merchandise, inventories and all sales and other transactions by Lessee from which Percentage Rent at, upon, or from the Leased Premises can be determined.

## ARTICLE XI CONTRACT TERMINATION AND DEFAULT

**11.0 Lessee's Ability to Terminate Without Cause.** Lessee may terminate the Lease prior to the expiration of its term only under the following conditions:

- a. Notice of intent to terminate without cause may not be given until after April 1, 1998.
- b. After April 1, 1998, if Lessee chooses to terminate, Lessee shall give four (4) months notice of intent to terminate subject to the conditions itemized hereinafter.
- c. In the event Lessee terminates the Lease as provided in this section, no portion of any payment made by Lessee to University shall be returned to Lessee and Lessee shall remain liable for any rent due prior to the effective date of the termination (the "Termination Date"), for performance of any obligations due to be performed under this Lease prior to the Termination Date, and for indemnity obligations under this Lease arising with respect to acts or

omissions of Lessee prior to the Termination Date. Lessee shall be released from all obligations arising under this Lease after the Termination Date, including without limitation: (a) any obligations under Section 4.3 except to surrender the balance, if any, of amounts accrued but not used as provided; and (b) the obligation to expend any funds under Section 7.0 except to pay all costs for work completed through the Termination Date. In addition, as of the date Lessee provides notice of termination, and notwithstanding any prior agreement between the parties about the terms or schedule of work to be performed by Lessee, Lessee may discontinue all work in progress under section 7.0 so long as it secures all work sites, removes any safety hazard, pays for all work and materials completed through the Termination Date, and defends and indemnifies the University against liability to any third party with whom Lessee has contracted with respect to any such work.

d. If Lessee intends to exercise the right granted herein to terminate, Lessee must give written notice to University of its intent to do so. In that event, LSU and Lessee shall work together to identify an assignee who qualifies under Request for Proposal No. B7RMW0103, the RFP, who will assume the rights and obligations of Lessee pursuant to the Lease, and who will assume Lessee's remaining unamortized investment or the portion thereof agreed to by the parties. The terms and conditions of any such assignment must be acceptable to University. If at the conclusion of four (4) months from the date on which Lessee gave University notice of its intention to terminate, an assignment, acceptable to University and Lessee, has not been executed in final form, Lessee must choose to do one of the following and then within ten (10) days of the conclusion of said four (4) month period, shall give LSU notice thereof:

i. Lessee may continue to fulfill the terms and conditions of the Lease to the conclusion of its original term.

ii. Lessee may terminate the Lease no earlier than sixty (60) days after giving the ten-day notice referenced in paragraph (d) above, and remove movable equipment and supplies owned by Lessee, except as otherwise set forth herein and unless LSU gives notice of its intention to purchase the equipment, in which case the time period set forth in paragraph (e) below shall control the date on which Lessee may terminate. All leasehold improvements, title to which has passed to University pursuant to the Lease, all Major Equipment and all Minor Equipment shall remain or become upon termination the property of University and no compensation shall be paid by University to Lessee for such improvements.

e. At any time after the original notice has been given by Lessee to University that Lessee intends to terminate (as described in (a) and (b) above) University may give Lessee notice that it will exercise its option to purchase any or all of the Additional Equipment located on the Leased Premises and/or any freestanding buildings owned by Lessee and located on University property. Said purchase shall be for a price which equals the lower of (1) the appraised value of the property to be purchased as determined by an independent appraiser chosen by University or (2) the unamortized amount applicable to the property as determined by an independent certified public accountant chosen by Lessee. LSU must exercise its option to purchase within four months of its notice to Lessee that it intends to do so.

Notwithstanding anything to the contrary contained in this Lease, upon termination of this Lease whether at expiration of its term, or earlier as provided herein or elsewhere in this Lease, University shall become the owner of all equipment purchased pursuant to the provisions of paragraph 4.3 hereof as replacement of University-owned equipment or Major Equipment and all Minor Equipment. Lessee hereby agrees to transfer ownership of said equipment to University for no consideration and to execute any and all documents necessary to effectuate the transfer.

f. At all times Lessee shall continue to perform its obligations under the Lease until the final termination or assignment of the Lease. Upon University's purchase of the equipment pursuant to "e" above, the Lease shall terminate.

**11.1 Lessee Default.** At the option of University, the rent for the unexpired term of this Lease shall become due if any of the following listed events occur and Lessee fails to remedy same after having been given thirty (30) days prior written notice by University at the address herein designated:

- (a) If Lessee fails to pay the Rental Base Rent or Percentage Rent or any expenses assumed by Lessee in this Lease promptly, as stipulated, provided, however, that upon the fourth such failure to pay, University may exercise any rights granted herein or otherwise without the necessity to give Lessee such thirty (30) day notice to cure.
- (b) If Lessee fails to set aside the amounts for Equipment Replacement as set forth in paragraph 4.3 herein.
- (c) If a voluntary petition in bankruptcy is filed by Lessee or if an involuntary petition is filed to place Lessee in bankruptcy and the matter is not dismissed within ninety (90) days of the filing.
- (d) If Lessee fails to comply with any of the provisions and/or conditions contained herein.
- (e) If any part of the Leased Premises is abandoned or ceases to be actively occupied and used for business purposes for a period in excess of thirty (30) days.
- (f) If Lessee, after commencement of construction, but prior to substantially completing construction of the improvements to the Leased Premises, abandons (with no intent to continue) construction on any part of the Leased Premises for a period of thirty (30) consecutive days.

If any event listed above occurs, Lessor shall have the further option to cancel this Lease immediately, or proceed for past due installments of rent only, reserving the right to proceed for remaining installments later.



If after default Lessee fails or refuses to permit Lessor to reenter the Leased Premises, Lessor shall have the right to evict Lessee in accordance with the provisions of Louisiana law, without forfeiting any of Lessor's rights under this Lease, and Lessee hereby waives any and all notice(s) of eviction. Failure to strictly and promptly enforce any of the conditions of this Lease shall not operate as a waiver of any of Lessor's rights hereunder.

Lessor, at any time and without notice, may, but shall not be obligated to, cure any default by Lessee of any of Lessee's obligations under this lease; and whenever Lessor so elects, all costs and expenses incurred by Lessor in curing any default, including, but not limited to, reasonable attorneys' fees, together with interest on the amount of costs and expenses so incurred at the legal rate, shall be paid by Lessee to Lessor on demand, and shall be recoverable as additional rent.

**11.2 Lessor Default.** If University shall refuse, fail or be unable to perform or observe any of the terms or conditions of this Agreement for any reason other than Excused Performance (as described in paragraph 11.3, Lessee shall give the University a written notice of such breach. If, within thirty (30) days from such notice the failure has not been corrected, the Lessee may at its election either terminate this Agreement effective ten (10) days after the end of said thirty (30) day period or cure the default, and, to the extent allowed by law, all of Lessee's reasonable and documented expenses in that regard shall be paid by the University on demand or else offset against rent.

**11.3 Excused Performance.** In the event that the performance of any terms or provisions of this Lease (other than the payment of moneys) shall be delayed or prevented because of compliance with any law, decree, or order of any governmental agency or authority, either local, state, or federal, or because of riots, war, public disturbances, unavailability of materials meeting the required standards, strikes, lockouts, differences with workmen, fires, floods, Acts of God, or any other reason whatsoever which is not within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence, said party is unable to prevent (the foregoing collectively referred to as "Excused Performance"), the party so interfered with may at its option suspend, without liability, the performance of its obligations (other than the payment of moneys) during the period such cause continues, and extend any due date or deadline for performance by the period of such delay, but in no event shall such delay exceed six (6) months.

**11.4 Removal of Additional Equipment.** Upon termination of this Lease, by expiration of the term or at the end of five (5) years in accordance with the provisions of paragraph 7.0, Lessee shall have the right, within forty-five (45) days after the termination of the Lease, to remove from the Leased Premises all Additional Equipment. All property that remains after the forty-five (45) day period shall be deemed to have become the property of the University and may be disposed of by the University as the University sees fit without liability to account to the Lessee for the proceeds of any sale or other disposition thereof. At University's option, any such property remaining after said forty-five (45) days may be removed at Lessee's expense. In the event of early termination pursuant to paragraph 11.0, this provision shall apply to equipment and supplies owned by Lessee, not purchased by University but abandoned by Lessee and left on the Leased Premises.

## ARTICLE XII INSURANCE

**12.0 Insurance Required During Lease Term.** In addition to the insurance required during construction, Lessee shall procure and maintain for the duration of the Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee's operation and use of the Leased Premises. The cost of such insurance shall be borne by the Lessee.

### **12.1 Minimum Scope of Insurance**

Coverage shall be at least as broad as:

- (a) Insurance Services Office form number GL 0002 (Ed. 1/73) covering Comprehensive General Liability and Insurance Services Office; form number GL 0404 covering Broad Form Comprehensive General Liability; or Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001). "Claims Made" form is unacceptable. The "occurrence form" shall not have a "sunset clause". The following coverages shall be included:
  - i) Premises - Operations
  - (ii) Broad Form Contractual Liability
  - (iii) Products and Completed Operations Liability
  - (iv) Use of Contractors and Subcontractors
  - (v) Broad Form Property Damage
- (b) Workers' Compensation insurance as required by the Labor Code of the State of Louisiana and Employers Liability Insurance.
- (c) Property insurance for physical damage to the property of the Lessee located on the Leased Premises and to any equipment and supplies belonging to University but under the care, custody, and control of Lessee.
- (d) Automobile liability insurance with the following coverages:
  - (i) Owned automobiles
  - (ii) Hired Automobiles
  - (iii) Nonowned Automobiles
- (e) Rental Abatement Insurance

### **12.2 Minimum Limits of Insurance**

Lessee shall maintain limits no less than:

- (a) Comprehensive General Liability: \$5,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage.
- (b) Workers' Compensation and Employers Liability: Workers' Compensation Limits as required by the Labor Code of the State of Louisiana and Statutory Employers Liability limits.
- (c) Property insurance: Coverage being for 100% of the replacement cost of Lessee's property located on the Leased Premises and equipment and supplies belonging to University but under the care, custody, and control of University.
- (d) Automobile liability insurance with a minimum limit of liability per occurrence of \$3,000,000 for bodily injury and property damage.
- (e) Rental Abatement Insurance

**12.3 Deductibles and Self-Insured Retentions** Any deductibles or self-insured retentions must be declared to and approved by the University. At the option of the University, either (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to the University, its board members, officers, officials and employees; or (2) the Lessee shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

#### **12.4 Other Insurance Provisions**

The policies shall contain, or be endorsed to contain, the following provisions:

- (a) The University, its board members, officers, officials, employees and volunteers are to be covered as "additional insureds" with respect to liability arising out of Premises owned, occupied or used by the Lessee. The coverage shall contain no special limitations on the scope of protection afforded to the University, its board members, officers, officials, employees or volunteers.
- (b) Lessee's insurance coverage shall be primary insurance with respect to the University, its board members, officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the University, its officers, officials, employees or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.
- (c) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the University, its board members, officers, officials, employees or volunteers.

- (d) Coverage shall state that the Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (e) Neither University nor Lessee shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, or any resulting loss of income, or losses under workers' compensation laws and benefits, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees to the extent and only to the extent that such loss or damage is covered by insurance benefiting the party suffering such loss or damage.
- (f) Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the University.
- (g) The insurance company's issuing the policy or policies shall have no recourse against University for payment of any premiums or for assessments under any form of policy.
- (h) Any and all deductibles in the insurance policy shall be assumed by and be for the amount of, and at the sole risk of Lessee.
- (i) All losses shall be made payable to and adjusted with the University.

**12.5 Acceptability of Insurers.** Insurance is to be placed with insurers with a Best's rating of no less than A:VI. This requirement will be waived for workers' compensation coverage only for those contractors whose workers' compensation coverage is placed with companies who participate in the State of Louisiana Workers' Compensation Assigned Risk pool. If, at any time, any of the said policies shall be or become unsatisfactory to University, as to form or substance, or if a company issuing any such policy shall be or become unsatisfactory to University, Lessee shall promptly obtain a new policy, submit the same to University for approval and submit a certificate thereof as herein above provided.

**12.6 Verification of Coverage.** Lessee shall furnish University with certificates of insurance effecting coverage required by this clause. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Certificates are to be received and approved by the University before the Lease commences. The University reserves the right to require complete, certified copies of all required policies, at any time. Upon failure of Lessee to furnish, deliver and maintain said insurance as above provided, this Lease, at the election of University, may be forthwith declared suspended, discontinued, or terminated. Failure of the Lessee to take out and/or to maintain or the taking

out and/or maintenance of any required insurance shall not relieve Lessee from any liability under the Lease, nor shall the insurance requirements be construed to conflict with the obligations of the Lessee concerning indemnification.

**12.7 Payment of Insurance Premium.** If any of the Property and Casualty insurance requirements are not complied with at their renewal dates, at the option of the University, the University may pay the Renewal Premium and invoice Lessee for the cost thereof, which shall be due and owing as additional rent within ten (10) days of receipt of invoice, with interest thereon at the rate of ten percent (10%) per annum from demand until paid.

### ARTICLE XIII DAMAGE

#### **13.0. Casualty Damage.**

If any portion of the Leased Premises be damaged or destroyed by fire, windstorm, tornado, flood, vandalism or other casualty, Lessee shall proceed with due diligence to repair such damage or destruction and restore the Leased Premises to their condition immediately prior to such fire, windstorm, tornado, flood, vandalism or casualty, using the proceeds from the insurance policies specified herein to apply toward the cost of such repair and restoration. During any period in which Lessee is unable to occupy the Leased Premises on account of such damage, the Base Rent due under this Lease for said period shall be abated in proportion to the diminished utility of the Leased Premises.

Alternatively, if as a result of such damage or destruction, part or all of the Leased Premises cannot be utilized for the purposes intended herein, University, at its sole option, may remove that area from the definition of Leased Premises and reduce base rent proportionately to the diminished utility of the Leased Premises.

**13.1 Contamination and Pollution.** Upon commencement of this Lease, Lessee and their employees shall use their best efforts to keep the Leased Premises free from any and all contamination and pollution. Lessee and their employees, contractors and agents shall conform to any and all federal, state or local laws or ordinances concerning the storage, handling, transportation, sale or distribution by Lessee of all hazardous or nonhazardous or toxic substances.

University warrants that to the best of its knowledge there are no underground storage tanks, hazardous wastes or toxic contaminants, or other substances regulated by federal, state, or local laws or regulations, which are located on the Leased Premises, except that it is acknowledged that non-friable asbestos may be present on the Leased Premises. To the extent that said asbestos is found on the Leases Premises, University warrants that it is non-hazardous and requires no removal or remediation. Lessee agrees that it will not disturb or cause said asbestos to become friable by its activities on Leased Premises unless University specifically and in writing authorizes such activity. University hereby agrees to indemnify and hold Lessee harmless from any and all damages, liabilities or expenses incurred by Lessee to the extent they result from pre-existing conditions which require remediation or result from activities authorized under the Lease and consistent with this paragraph, which include, but is not limited to, alterations by Lessee to the Leased Premises which have received the prior approval of

University. University will indemnify Lessee against any damage or expense which Lessee may suffer to the extent it results from any breach of this warranty. Lessee shall indemnify and hold University harmless and shall be responsible for all other remediation or damage, including but not limited to environmental damage, arising out of or caused by the negligence or fault of Lessee in its use of the Leased Premises.

#### **ARTICLE XIV TAXES, LICENSES AND PERMITS**

**14.0 Taxes.** Lessee shall be responsible for the remission of all taxes - federal, state and local - and all license fees, or any other tax applicable to its operation under this Lease with the University. Lessee will comply with all Federal, State and local laws appertaining to its business operations and conform with general University policies and practices. Lessee agrees to comply with any and all lawful ordinances and regulations pertaining to the use of the Premises and shall obtain all necessary permits and approvals which may be required by any municipal ordinances, federal and state laws and regulations, governmental authorities, or otherwise, and shall pay all fees in connection therewith, as well as any fees imposed by reason of inspection of the Premises, or equipment installed therein, by any governmental authority.

**14.1 Licenses and Permits.** Lessee will secure and pay for all licenses, permits, fees and taxes incidental to its business operations. Lessee shall make available to the University appropriate documentation of all licenses. The handling and distribution and sale of food and beverage (including liquor) items shall conform to all regulations of the University, whether now in effect or hereafter adopted.

#### **ARTICLE XV CONDEMNATION/EXPROPRIATIONS**

**15.0 Condemnation/Expropriations.** If any portion of the Leased Premises is condemned or expropriated partially or totally, to the extent that it cannot be utilized for the purposes intended herein, University, at its sole option, may remove that area from the definition of Leased Premises and reduce base rent proportionately to the diminished utility of the Leased Premises.

#### **ARTICLE XVI TRANSFER, ASSIGNMENT AND SUBLEASE**

**16.0 Transfer, Assignment and Sublease.** Lessee shall not, without prior written consent of University, sublet any part of the Leased Premises or transfer or assign this Lease, whether by change of ownership, merger, consolidation, liquidation, or otherwise. In the event that University agrees to an assignment or transfer, the assignee or transferee shall assume and be deemed to have assumed this Lease and all obligations hereunder and shall be solely liable for the payment of all rent and for the due performance of all terms, conditions and agreements herein arising on and after the effective date of the transfer. Lessee shall remain liable for any payments due or liabilities to University or to third parties arising prior to the effective date of the transfer, but shall be released from all obligations arising under this Lease after such date.

**16.1 Subcontracting Services.** Lessee shall not, without prior written consent of University, subcontract any or all of the responsibilities and obligations of Lessee under this Lease. University reserves the sole right to reject any and all subcontractors.

The parties anticipate that Lessee shall subcontract or sublease with various third parties who have rights to branded food service operations to operate such brands on the Premises. The terms of such agreements shall be in all respects subject and subordinate to this Lease, but otherwise at the discretion of Lessee, except as set forth above. Lessee shall notify University of the identities, brand, intended product mix, location and operating hours of such operations. University shall not unreasonably withhold or delay its consent to such arrangements.

#### **ARTICLE XVII MORTGAGING OF LEASEHOLD ESTATE**

**17.0 Mortgaging of Leasehold Estate.** Lessee shall not mortgage or encumber its leasehold estate or any interest under this Lease without the prior written consent of University.

#### **ARTICLE XVII INDEMNITY**

**18.0 Indemnity.** The following Indemnification Agreement shall be, and is hereby, a provision of this Lease and shall be endorsed by appropriate reference to this provision on, or attached to, all certificates of insurance: The Lessee hereby covenants and agrees, at its sole costs and expense during the term of this Agreement, to indemnify, defend and hold harmless the University and the University's officers, agents and employees against and from any and all claims or demands by or on behalf of any person, firm, corporation or governmental authority, arising out of, attributable to or in connection with the use, occupation, possession, conduct or management of the designated food service areas and food service operations in, on or about the Leased Premises or any work done in or about the same, or transactions of the Lessee concerning the food service performed and rendered hereunder, including, but without limitation, any and all claims for injury or death to persons or damage to property, except those claims, demands and/or causes of action to the extent they arise out of the negligence of the Board, its members, agents, representatives, and employees (other than those leased to Lessee). Lessee also covenants and agrees, at its sole costs and expense, to hold harmless the University and the University's board members, officers, agents and employees from and against all judgments, costs, counsel fees, expenses and liabilities incurred in connection with any such claim and any action or proceeding brought thereon, and in case any action is brought against the University or against any of the University's board members, officers, agents or employees, by reason of any such claim, the Lessee upon notice from the University will resist and defend such action or proceeding by qualified counsel.

University agrees to indemnify and defend Lessee from and against any physical damage to tangible property, bodily injury, sickness, death or other claims to the extent caused by the negligent acts, omissions or willful misconduct of University or its agents or employees arising out of this Agreement; provided, however, that nothing contained herein shall require University to indemnify for acts or omissions arising out of the negligent acts, omissions, or willful misconduct of the Lessee, its agents, officers, or employees.

The University shall not be responsible or held liable for any injury or damage to persons or property resulting from the use, misuse, or failure of any equipment used by the Lessee or any of the Lessee's agents, servants, or employees, even if such equipment is owned by University or is furnished by the University to the Lessee. The acceptance or use of any such equipment by the Lessee shall be construed to mean that the successful Proposer accepts full responsibility for, and agrees to indemnify and to defend the University against any and all loss, liability, and claims for any injury or damage whatsoever resulting from the use, misuse, or failure of such equipment, whether such damage or injury is to an employee, agent, or servant or the property of the Lessee, or other Contractors, the University, or other persons.

#### **ARTICLE XIX INDEPENDENT CONTRACTOR STATUS**

##### **19.0 Independent Contractor Status.**

Lessee acknowledges that under this Agreement it is an independent contractor and is not operating in any fashion as the agent of the University.

#### **ARTICLE XX WARRANTIES AND REPRESENTATIONS**

##### **20.0 Warranties and Representations.**

(a) Lessee acknowledges that the University has not made and does not hereby make any warranty as to the condition of the Premises or as to the fitness or security of the Premises for any specific use or any use to which Lessee shall put the Premises.

(b) By execution of this Lease, Lessee and University each represent to each other that they are entities validly existing, duly constituted and in good standing under the laws of the jurisdiction in which they were formed and in which they presently conduct business; that all acts necessary to permit them to enter into and be bound by this Lease have been taken and performed; and that the person signing this Lease on their behalf has due authorization to do so.

#### **ARTICLE XXI NOTICES**

**21.0 Notices.** Any notice required or permitted under this Lease shall be deemed to be delivered as of the date delivered in person, when received by telecopy using the telecopy numbers shown herein, if any, or as of the fifth (5th) day following the date of the certified or registered mail receipt, when deposited in the United States mail, postage prepaid, return receipt requested, addressed to the parties shown below, and refusal to accept delivery of said notice shall be deemed delivery of said notice.



To the University:

Board of Supervisors of Louisiana State University  
and Agricultural and Mechanical College  
3810 West Lakeshore Drive  
Baton Rouge, Louisiana 70808  
Attention: President

With a copy to:

Vice Chancellor for Student Services  
Louisiana State University  
and Agricultural and Mechanical College  
128 Johnston Hall  
Baton Rouge, Louisiana 70803  
Telephone: 504-388-8607  
Telecopy: 504-388-4820

Vice Chancellor for Business Affairs and Comptroller  
Louisiana State University  
and Agricultural and Mechanical College  
330 Thomas Boyd Hall  
Baton Rouge, Louisiana 70803  
Telephone: 504-388-3386  
Telecopy: 504-388-5403

To Lessee:

Mr. Carl F. Marsalis, President  
Compass Group  
Healthcare and Education Sector  
2400 Yorkmont Road  
Charlotte, NC 28217  
Telephone: 704-329-1122  
Telecopy: 704-329-4259

With a copy to:

Ms. Mary Kercher, General Counsel  
Compass Group, USA, Inc.  
2400 Yorkmont Road  
Charlotte, NC 28217  
Telephone: 704-329-4036  
Telecopy: 704-329-4010

#### ARTICLE XXII ATTORNEY'S FEES

**22.0 Attorney's Fees.** Either party who fails to comply with its obligations under this Lease shall be bound to pay the reasonable attorney's fees of the other party in enforcing such other party's rights, which fees shall not exceed ten percent (10%) of the amount involved.

**ARTICLE XXIII  
HOLDING OVER**

**23.0 Holding Over.** At the expiration or cancellation of the Lease, should Lessee hold over for any reason, it is hereby agreed that, in the absence a written agreement to the contrary, such tenancy shall be from month to month only, and subject to all the other terms, conditions and provisions in effect with respect to this Lease.

**ARTICLE XXIV  
AMENDMENTS**

**24.0 Amendments.** Both parties acknowledge that this Lease is entered into on the basis of certain assumptions about the future based upon information provided by University in the RFP and based upon Lessee's analysis of the RFP and other factors. Although University has used its best efforts in obtaining and presenting information in the RFP, it cannot and does not guarantee the accuracy of such data. Both parties acknowledge and accept that the information upon which assumptions by Lessee have been made may become partially or wholly invalid over time resulting in a business environment for Lessee that may be more favorable or less favorable than that under which this Lease was made. These include but are not necessarily limited to the following:

- \* University student enrollment,
- \* residence hall populations,
- \* educational mission of LSU,
- \* requirement that first semester freshmen living in residence halls must participate in a meal plan,
- \* pay, benefits and other conditions of employment of University employees assigned to Lessee on a cost reimbursement basis,
- \* acts of God resulting in the reduction or suspension of University activities, either partially or wholly,
- \* costs of services provided to Lessee by University on a cost reimbursement basis,
- \* other events affecting revenues and expenditures of Lessee in carrying out activities under the Lease.

Both parties further recognize that the aforementioned factors could result in a need for remedial changes in the Lease conditions including but not limited to:

- \* increased or decreased retail and catering prices.
- \* increased or decreased meal plan prices.
- \* revised meal plan options.
- \* closure of unprofitable retail operations or opening of new retail operations.
- \* revision of operating hours and/or hours of service.
- \* adjustments to cost reimbursements paid by Lessee to LSU such as utilities and trash, equipment reimbursement, replacement of minor equipment and supplies, etc.

- \* increasing or decreasing Percentage Rental.
- \* adjustments to branding concepts.
- \* such other changes are reasonably necessary and mutually agreed.

Accordingly, each party acknowledges and accepts an affirmative obligation, when so notified in writing by the other, to use best efforts to seek mutually beneficial solutions when changes are indicated, provided, however, that in no event shall failure to reach mutually beneficial solutions constitute a default of this Agreement if both parties have used best efforts to seek mutually beneficial solutions when changes are indicated. To the extent that any such change requires an amendment to the Lease, such amendment shall be in writing executed by the appropriate representative of each party hereto.

#### **ARTICLE XXV MEMORANDUM OF LEASE**

**25.0 Memorandum of Lease.** The parties agree to enter into a Memorandum of Lease in the form attached hereto as Exhibit "27" for recordation in the records of East Baton Rouge Parish.

#### **ARTICLE XXVI ENTIRE AGREEMENT**

**26.0 Entire Agreement.** This Lease represents the entire understanding between the parties and no agreement or representation, verbal or otherwise, made by University or Lessee regarding this transaction shall be binding on either party unless incorporated in this Lease. This Lease shall be construed in accordance with the laws of the State of Louisiana; shall inure to the benefit of and shall be binding upon each of the parties hereto, their respective heirs, executors, administrators, personal representatives, successors and assigns; and shall not be modified in any manner except by an instrument in writing executed by the parties hereto.

#### **ARTICLE XXVII SEVERABILITY OF PROVISIONS AND VENUE**

**27.0 Severability of Provisions and Venue.** To the extent that any provision hereof is inconsistent with or in violation of any applicable law, rule, or regulation, such provision shall be deemed modified so as to comply with such applicable law, rule, or regulation, and shall not

## Article XXIV – AMENDMENTS

### Section 24.0 is amended to insert the following at the end of Section 24.0:

LSU and Lessee acknowledge that certain events over the passage of time may result in a business environment for Lessee that may be more favorable or less favorable than that under which the Lease of February 24, 1997, or this Third Amendment were made, including, but not necessarily limited to, those events identified in Section 24.0 of Article XXIV, as well as current considerations such as a Greek meal plan, freshman residency requirements, and other events which may affect the revenues and expenditures of Lessee in carrying out its activities under the Lease, as amended. Therefore, it is to the parties' benefit to set forth a mediation and termination provision as set forth herein.

#### A. Article XXIV is supplemented to add the following Section 24.0.1:

**Section 24.0.1 Procedures for Initiating Amendments** The following procedure shall be adhered to when seeking mutually beneficial solutions when changes arise under this Lease which the parties cannot resolve informally. Either party to this Lease may notify the other party in writing that remedial change(s) in the Lease provisions are necessitated by a change in circumstances (the "Amendment Notice"). LSU and Lessee, or their assigned representatives, shall meet within fourteen (14) calendar days of receipt of the written notification in order to reach agreement about the changes indicated. If agreement cannot be reached, the next higher level of Lessee's management and the Vice Chancellor for Finance and Administrative Services for LSU shall meet or otherwise act to reach agreement within twenty-one (21) calendar days of receipt of the written notification. If agreement cannot be reached to agree upon a written plan of adjustment within twenty-eight (28) calendar days of receipt of the written notification, Lessee and Lessor agree to submit to non-binding mediation and attempt to resolve the dispute within thirty (30) days of the first mediation session. Lessee and Lessor will choose a mutually acceptable mediator and share the cost of mediation equally. In the event the parties are unable to reach agreement after mediation, either Lessor or Lessee may terminate the Lease under the provisions of Section 24.0.2 below. Both LSU and Lessee agree to fulfill their respective obligations under this Lease, as amended, through the date of termination under this Section 24.

#### B. Article XXIV is supplemented to add the following Section 24.0.2, to read as follows:

**Section 24.0.2. Termination of Lease under Section 24.0.1.** In the event that either LSU or Lessee exercises its right to terminate under the provisions of Section 24, either party may notify the other in writing upon one hundred eighty (180) calendar days of the Amendment Notice of this election (the "Election Notice"), and Lessor shall issue a request for proposal for a food service contractor who will agree to reimburse Lessee its unamortized balance of the Investment. In the event that:

- a. A successor contractor has been identified and a contract has been executed between the successor contractor and LSU, upon payment to Lessee of its remaining unamortized cost of the Investment, ownership of the Minor Equipment,

otherwise affect any other provision of this Lease. The State of Louisiana shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding between the parties that may be brought or arise out of or in connection with or by reason of this Lease.

THUS DONE AND SIGNED by University in triplicate originals as of the 20<sup>th</sup> day of February, 1997, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES AS TO UNIVERSITY:

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

Jarvis M. Williams  
D. B. Dricke

BY:

Allen A. Copping  
Allen A. Copping, President,  
Louisiana State University  
System

THUS DONE AND SIGNED by Lessee in triplicate originals as of the 24th day of February, 1997, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES AS TO LESSEE:

COMPASS GROUP USA, INC.

Emily C. Fleming  
Amanda A. DeLoach

By:

Carl F. Marsalis  
Carl F. Marsalis, President  
Bateman Division

In accordance with the provisions of La. R.S. 39:13, I acknowledge a receipt of a copy of this Lease for inventory purposes.

COMMISSIONER OF ADMINISTRATION

By: [Signature]

**LESSEE'S ACKNOWLEDGMENT**

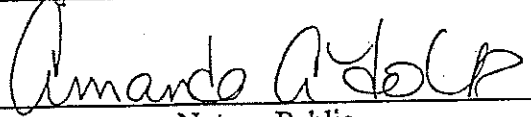
STATE OF ~~LOUISIANA~~ NORTH CAROLINA  
~~PARISH OF EAST BAYOU BOULDER~~ COUNTY OF MECKLENBURG

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the aforesaid parish and state, personally appeared Carl F. Marsalis who being by me first duly sworn, did depose and say that he is the President-Bateran Div. of Lessee, and by authority of its Board of Directors, he signed and executed the above instrument as the free and voluntary act of said corporation, for the uses, purposes and consideration therein expressed.



Carl F. Marsalis

SWORN TO AND SUBSCRIBED before me in Charlotte, North Carolina,  
this 17th day of February, 1997.



Notary Public

Amanda A. Folk

My Commission Expires: 12-29-99

## FIRST AMENDMENT TO LEASE AGREEMENT

THIS AMENDMENT is made effective as of the 21st day of December, 1999, by and between **The Board of Supervisors of LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE** ("University"), and **COMPASS GROUP USA, INC.** by and through its **CHARTWELLS** Division ("Compass").

Client and Compass are parties to that certain lease agreement effective the 24<sup>th</sup> of February 1997, (the "Agreement"), pursuant to which Compass manages and operates the food service program on the University's premises. The parties now desire to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties, intending to be legally bound, agree as follows:

1. The following sentence is added to the end of Section 4.3: "Title to all Major Equipment acquired by Compass shall be vested in University as of the date acquired by Compass and all warranty rights thereto shall run to the benefit of the University.."
2. Article VIII, Section 7.2.1(a) is hereby deleted and replaced with the following: "Title to moveable equipment, trade fixtures and signage now owned by Compass and acquired by Compass (excepting any and all property containing proprietary marks of the Lessee or its affiliated companies and/or subsidiaries) shall be vested in the University as of the date of this Amendment or the date of its subsequent acquisition by Compass, as applicable and warranties thereto shall run to the benefit of the University. Compass agrees to execute any and all documents necessary to vest title in University."
3. Article VII, Section 7.2.2 is hereby deleted and replaced with the following: "In the event that Lessee, with University approval and subject to provisions of 7.1 constructs any freestanding buildings on University property, ownership of such buildings shall vest in University and Lessee agrees to execute any and all documents necessary to effectuate said transfer upon acceptance by University."
3. Article VI, Section 7.2.1 (b) is hereby deleted in its entirety.
4. Article VII, Section 7.2.2 is hereby deleted and replaced with the following: "In the event that Lessee, with University approval and subject to provisions of 7.1 constructs any freestanding buildings on University property, ownership of such buildings shall vest in University and Lessee agrees to execute any and all documents necessary to effectuate said transfer upon acceptance by University."
5. Article VII, Section 7.2.2 (a) is hereby deleted in its entirety.
6. Article VII, Section 7.2.2 (b) is hereby deleted in its entirety.
7. Article X, Section 11.0(d) (ii) is hereby deleted and replaced with the following: "Lessee may terminate the Lease no earlier than sixty (60) days after giving the ten-day notice referenced in paragraph (d) above, and remove property and supplies owned by Lessee, except as otherwise set forth herein and unless LSU gives notice of its intention to purchase property, as provided for herein, in which case the time period set forth in paragraph (e) below shall control the date on which Lessee may terminate. All leasehold improvements, title to which is passed to

University pursuant to the Lease, or Major Equipment, or Minor Equipment and all movable equipment, trade fixtures and signage shall remain or become upon termination the property of University and no compensation shall be paid by University to Lessee for such improvements, equipment and other property."

8. The following is deleted from the beginning of the third paragraph of Section 8.2 as follows: "Except for freestanding buildings owned by the Lessee,".

9. Article XI, Section 11 (e) is hereby deleted and replaced with the following: "At any time after the original notice has been given by Lessee to University that Lessee intends to terminate (as described in (a) and (b) above) University may give Lessee notice that it will exercise its option to purchase any or all of the Additional Equipment located on the Leased Premises in accordance with 7.2.1 (d)."

"Notwithstanding anything to the contrary contained in this Lease, upon termination of this Lease whether at expiration of its term, or earlier as provided herein or elsewhere in this Lease, University shall remain or become the owner of all equipment purchased pursuant to the provisions of paragraph 4.3 hereof as replacement of University-owned equipment or Major Equipment and all Minor Equipment. Lessee hereby agrees to transfer ownership of said equipment to University for no consideration and to execute any and all documents necessary to effectuate the transfer."

10. Article XI, Section 11 (f), last sentence, is hereby deleted in its entirety.

11. Except as expressly modified herein, the terms and conditions of the Agreement shall remain in full force and effect and are ratified and affirmed by the parties. In the event of a conflict between the provisions of the Agreement and this Amendment, the provisions of this Amendment shall be controlling as to the matters set forth herein.

IN WITNESS WHEREOF, Client and Compass have duly executed this Amendment as of the dates indicated below.

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

By: 

Name: William L. Jenkins

Title: President, LSU System

Date: 2/24/00

COMPASS GROUP USA, INC. by and  
through its CHARTWELLS Division

By: 

Name: JOHN M. GUTILLO

Title: UP FINANCE

Date: 2/24/00



## ADDENDUM TO LEASE AGREEMENT

THIS ADDENDUM is made this 31st day of Dec, 2000, by and between The Board of Supervisors of LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE ("University"), and COMPASS GROUP USA, INC. by and through its CHARTWELLS Division ("Compass").

University and Compass are parties to a lease agreement effective the 24th of February, 1997, as amended effective the 21st day of December, 1999 (collectively the "Agreement"), pursuant to which Compass leases certain premises and manages and operates the food service program on the University's premises. As contemplated in the Agreement, the parties have mutually agreed to certain additions and deletions to the Leased Premises.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Agreement and this Addendum thereto, the parties, agree as follows:

1. Effective September 1, 1997, an addition to the **Old Forestry Building** consisting of 4,229 sq. ft. known as "Pierre's Landing" and described by the cross hatched area of the floor plan of the Old Forestry Building made a part hereof as Attachment I, is added to the Leased Premises.
2. Effective January 1, 2000, **Broussard Dining Hall**, consisting of approximately 5,958 sq. ft. is deleted from the Leased Premises.
3. Effective May 4, 2000, an area of the **LSU Bookstore** in the LSU Union Building consisting of approximately 2,160 sq. ft. and described as the cross hatched area of the floor plan of the LSU Bookstore made a part hereof as Attachment II is added to the Leased Premises.
4. Effective July 31, 2000, the south east dining room of **Pentagon Dining Hall** consisting of approximately 3,338 sq. ft. and described as the cross hatched area of the floor plan of Pentagon Dining Hall made a part hereof as Attachment III is deleted from the Leased Premises.
5. Effective July 31, 2000, an area of the ground floor of the **French House** consisting of approximately 1,346 sq. ft. and described by the cross hatched area of the floor plan of the French House made a part hereof as Attachment IV is added to the Leased Premises.

For all such deletions and additions, **Base Rent**, as defined in the Agreement, shall be reduced or increased by the amount of One Dollar and Twenty-two Cents per square foot (\$1.22 sq. ft.) added to or deleted from the Leased Premises as of the date of such deletion or addition as set forth herein above. The parties understand and agree that although the Agreement contemplates that Base Rent will be paid "in four equal payments," the amount of each payment in the year 2000 may vary as Base Rent changes pursuant to the additions to and deletions from the Leased Premises as

138,037  
169,070


set forth above.

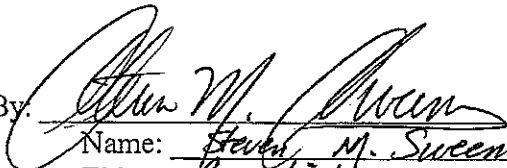
This Addendum shall not alter or diminish any rights or obligations of the parties pursuant to the Agreement except as specifically set forth herein above. In the event of conflict between the provisions of the Agreement and this Addendum, the provisions of this Addendum shall be controlling as to the matters set forth herein.

IN WITNESS WHEREOF, University and Compass have duly executed this Addendum as of the dates indicated below:

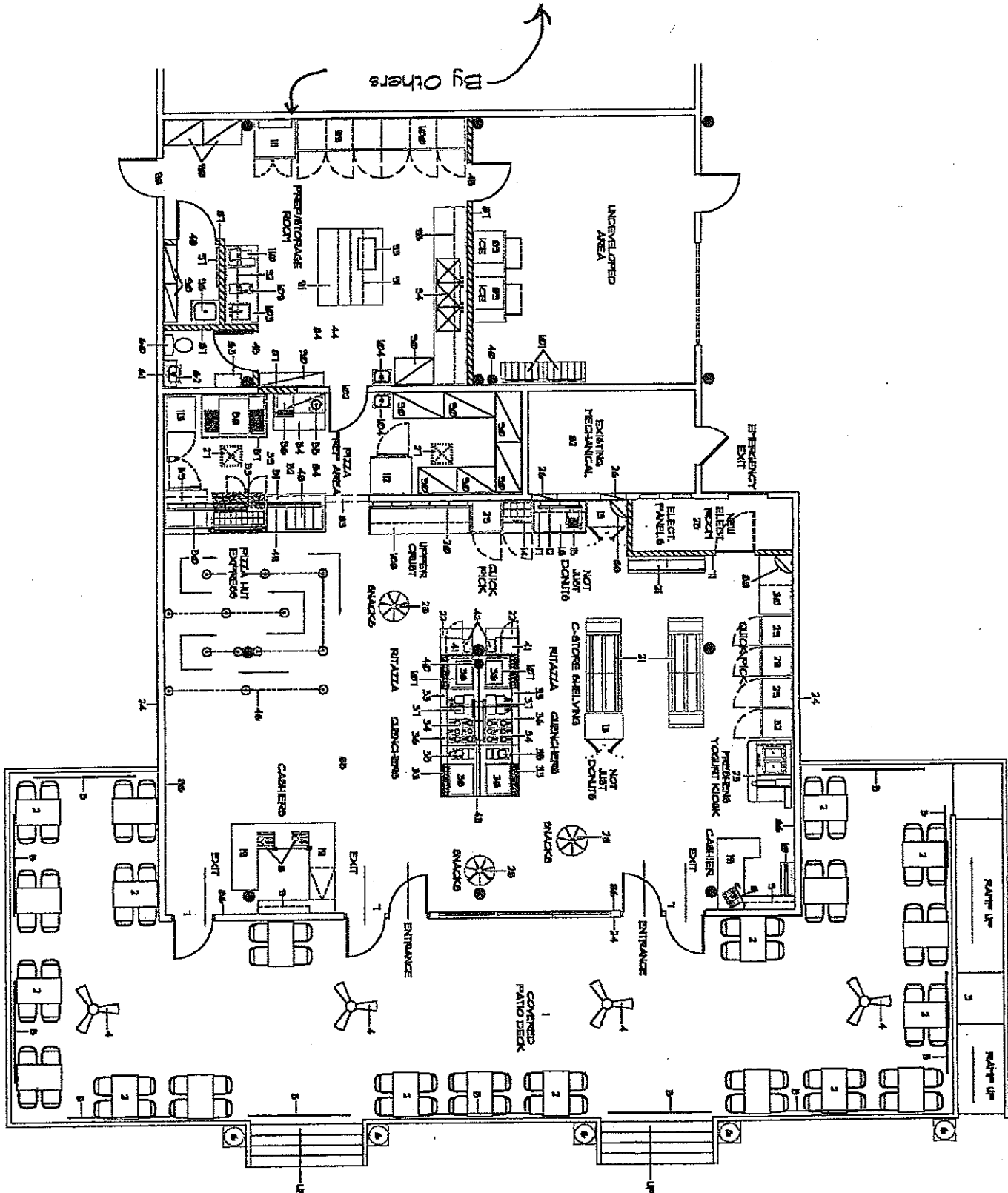
BOARD OF SUPERVISORS OF  
LOUISIANA STATE UNIVERSITY  
AND AGRICULTURAL AND  
MECHANICAL COLLEGE

COMPASS GROUP USA, INC. by and  
through its CHARTWELLS Division

By:   
Name: Mark Emmert  
Title: Chancellor

By:   
Name: Steven M. Sweeney  
Title: President

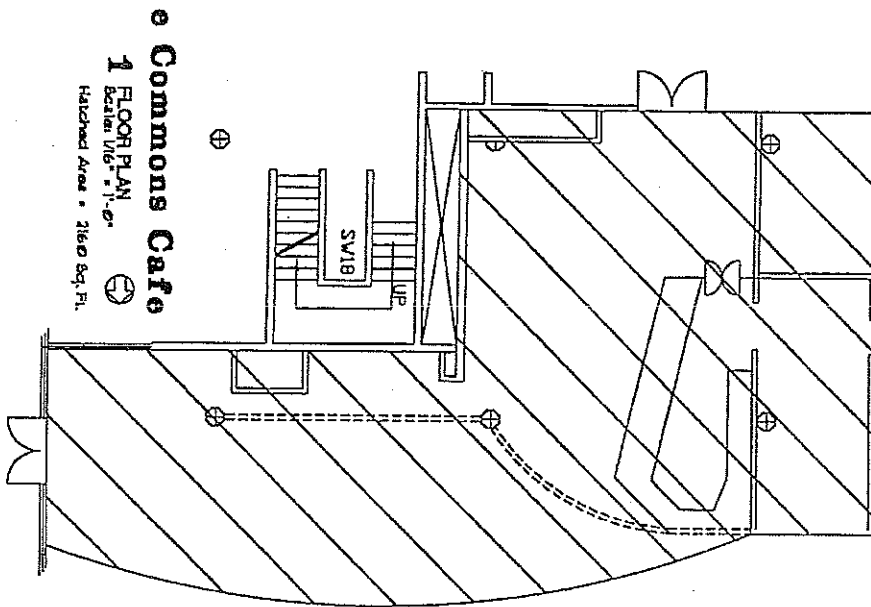
ATTACHMENT I



Total Square Feet  
4,229'  
Scale: 3/32" = 1'-0"

PIERRE'S LANDING

ATTACHMENT II  
PART A

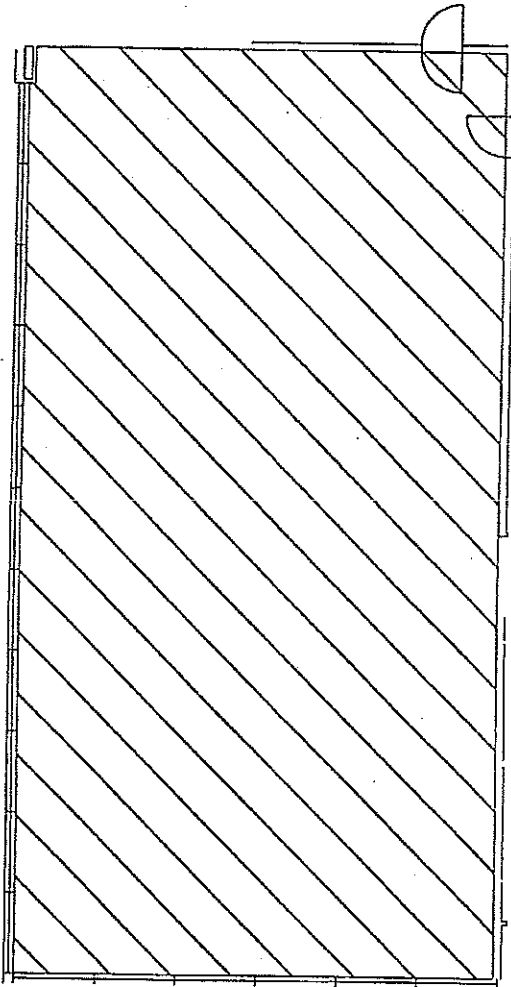


**Commons Cafe**  
**1 FLOOR PLAN**  
Section V18 - 1-0  
Hatched Area = 2160 Sq. Ft.

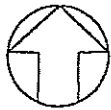
*2,160 square feet*



ATTACHMENT III  
PART A

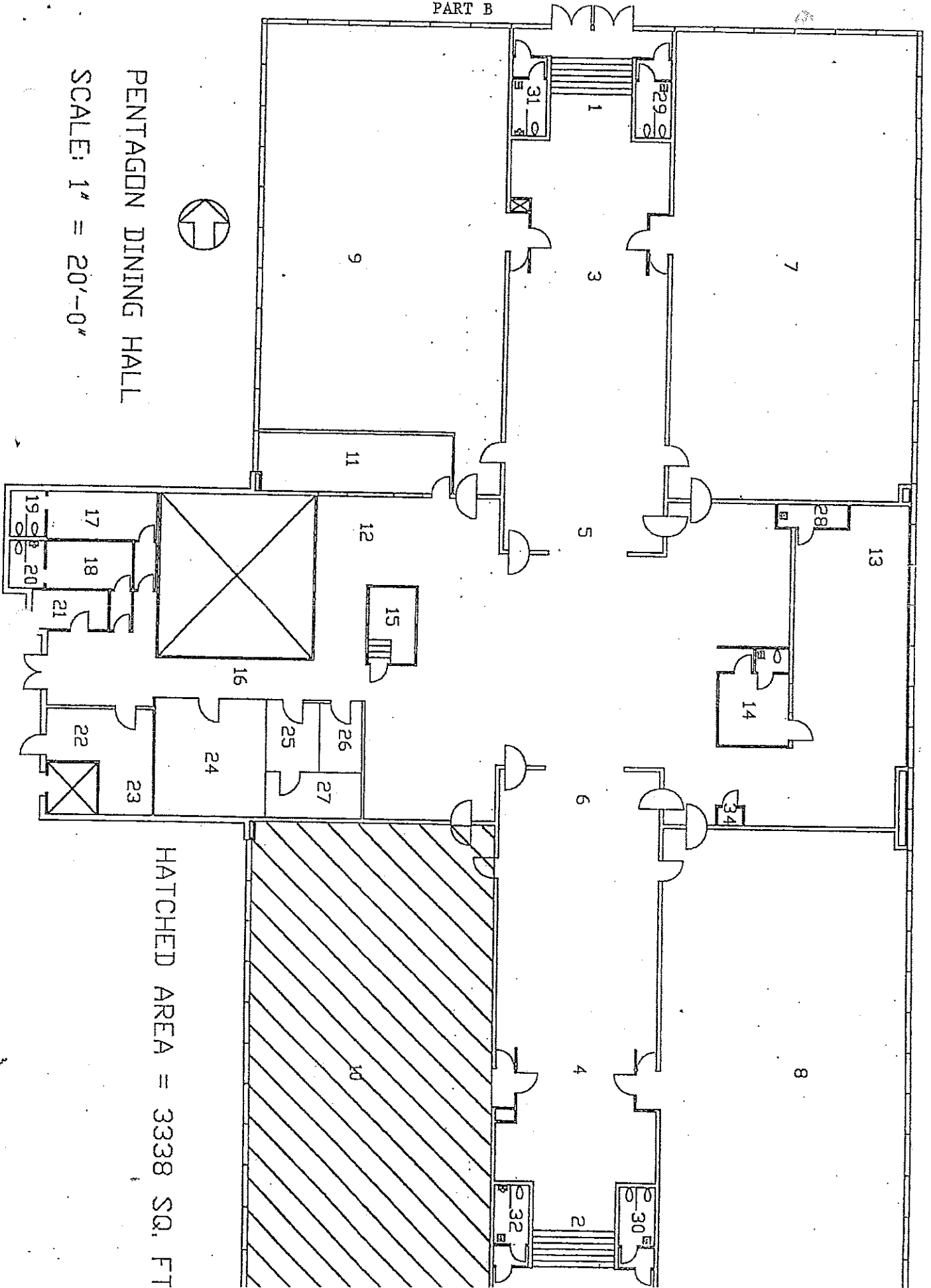


PENTAGON DINING HALL  
SCALE: 1" = 16'-0"



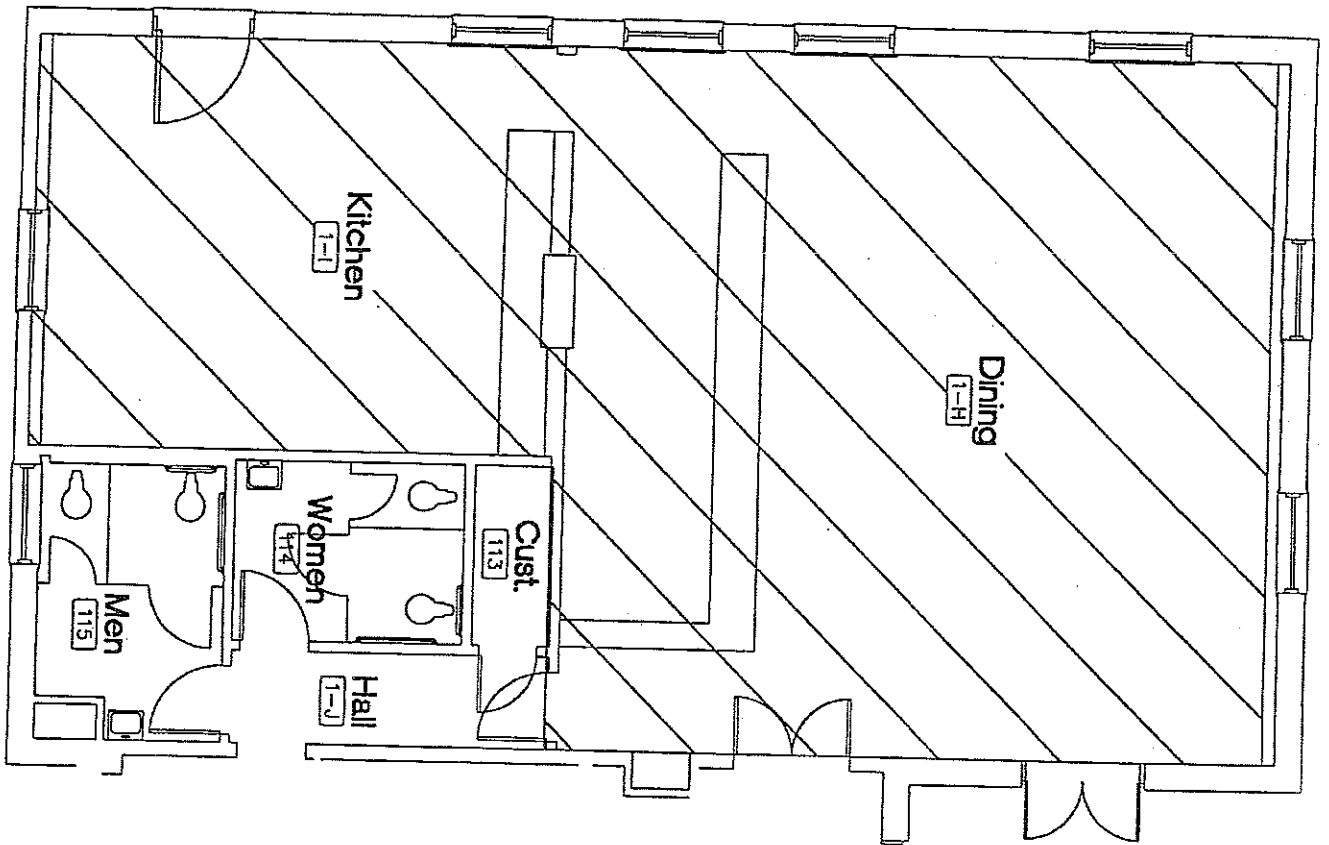
ATTACHMENT III  
PART B

PENTAGON DINING HALL  
SCALE: 1" = 20'-0"



HATCHED AREA = 3338 SQ. FT

ATTACHMENT IV  
PART A

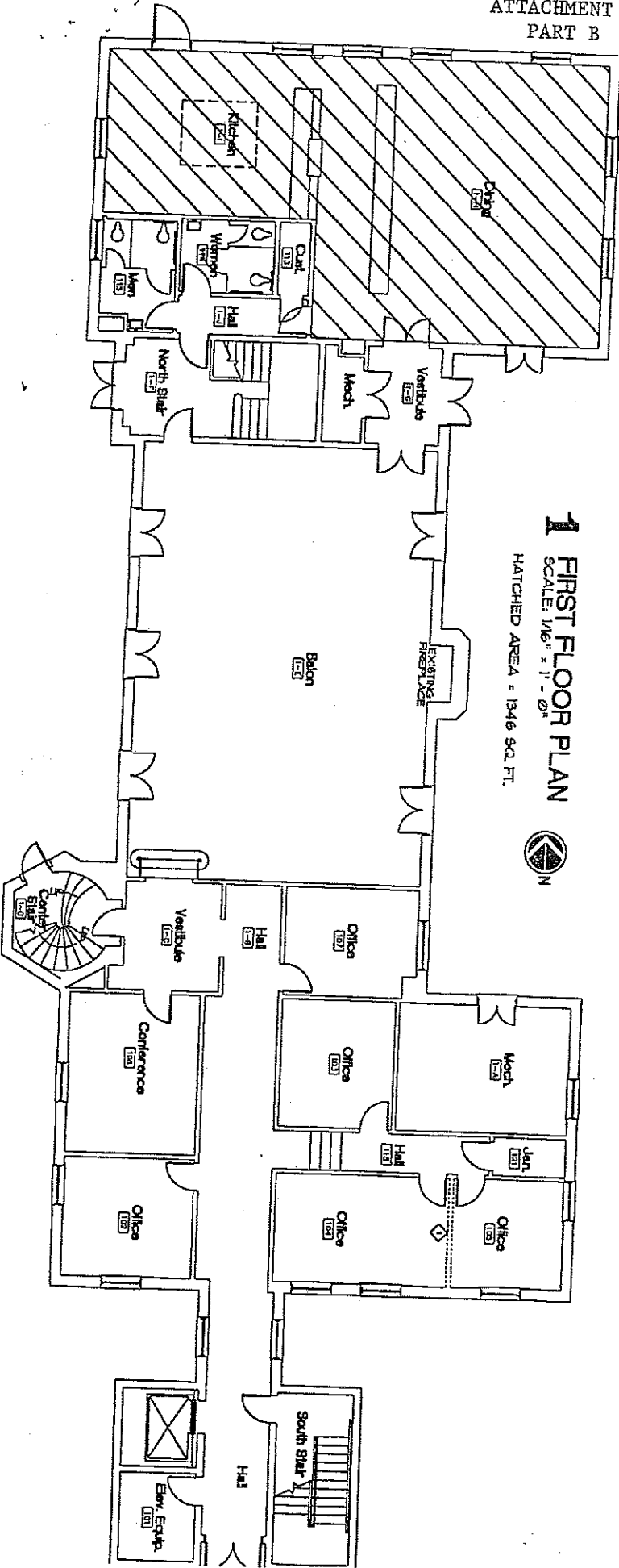


**2** CAFE FLOOR PLAN  
SCALE: 1/8" = 1'-0"





ATTACHMENT IV  
PART B



**1** FIRST FLOOR PLAN

SCALE: 1/16" = 1' - 0"

HATCHED AREA = 1346 SQ. FT.



## SECOND AMENDMENT TO LEASE AGREEMENT

**THIS AMENDMENT** is made effective as of the 1st day of July, 2002, by and between the **BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE** ("University"), and **COMPASS GROUP USA, INC.** by and through its Chartwells Division ("Compass").

University and Compass are parties to that certain lease agreement effective the 24<sup>th</sup> of February 1997, (the "Agreement"), pursuant to which Compass manages and operates the food service program on the University's premises at the Baton Rouge Campus. The parties now desire to amend the Agreement as set forth herein.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, the parties, intending to be legally bound, agree as follows:

1. Article IV "Rent and Equipment Replacement" is hereby amended to add a section "4.1.1," to read as follows:

**4.1.1 Operating and Maintenance Expenses.** As a component of the Base Rent, University will provide utilities, dumpster service for trash and garbage, air conditioning, certain telecommunication services, certain security services, and such other services as may be mutually agreed (herein "Lessor Services"), where applicable, to the Leased Premises, and Compass shall pay University, as "**Additional Rent**" due under this Lease, all costs of operation and maintenance attributable to the Leased Premises in order to fairly and accurately cover the costs of operation and maintenance thereof. No later than February 1 during each year of this Lease, University shall meet with Lessee, review costs of Lessor Services and provide Lessee with the amount of Additional Rent for Lessor Services applicable to the next 12-month accounting year of Lessee. Additional Rent for such Lessor Services provided by University hereunder shall be invoiced by University to Lessee on the basis of One-Twelfth (1/12) of the annual amount and paid by Lessee within thirty (30) days of invoicing by University thereof. Lessee will not be charged for Lessor Services at a rate greater than that charged to University auxiliaries. The University will make reasonable efforts to provide continuous provision of Lessor Services and to restore Services following any interruption. However, the University will not be liable for any product or revenue loss which may occur as a result of the interruption or failure of any such Service. University will furnish and maintain fire extinguisher equipment and supplies as Lessor Services. However, Lessee will notify University immediately after any fire extinguisher use or discharge, and Lessee will pay for any recharge after use."

2. Article VIII, Section 8.13 is hereby deleted in its entirety.

Except as expressly modified herein, the terms and conditions of the Agreement shall remain in full force and effect and are ratified and affirmed by the parties. In the event of a conflict between

the provisions of the Agreement and this Amendment, the provisions of this Amendment shall be controlling as to the matters set forth herein.

IN WITNESS WHEREOF, University and Compass have duly executed this Amendment as of the dates indicated below.

WITNESSES:

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

Oelie Richards

Lisa Hailey

BY: Sean O'Keefe  
Sean O'Keefe  
Chancellor  
Date: June 10, 2005

COMPASS GROUP USA, INC. by and through  
Its CHARTWELLS Division

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

BY: Mark J. Simkins  
Name: Mark J. Simkins  
Title: President - Higher Ed  
Date: 6/1/05

*Biden*

### THIRD AMENDMENT TO LEASE AGREEMENT

This Third Amendment to Lease ("Third Amendment") made and entered into effective as of the 1st day of July, 2005 ("Effective Date") by and between

**THE BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional corporation organized and existing under the laws of the State of Louisiana, herein represented by William L. Jenkins, President of the Louisiana State University System, duly authorized, by virtue of a Resolution of the Board of Supervisors adopted July 7, 2005, a copy of which is attached hereto; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848), (hereinafter referred to as "LSU", as the Lessor); and

**COMPASS GROUP USA, INC.**, by and through its Chartwells Division, a Delaware corporation organized and existing under the laws of the State of Delaware, authorized to do and doing business in the State of Louisiana, herein represented by Steven M. Sweeney, duly authorized by the Board of Directors of said corporation as evinced by a Certificate of Assistant Secretary, a notarized copy of which is attached hereto, whose address is Compass Group, Chartwells Division, 2400 Yorkmont Road, Charlotte, NC 28217 (Federal I.D. No. 56-1874931, telephone 704-329-1122, telecopy 704-329-4259; hereinafter referred to as "Lessee");

provides as follows:

#### WITNESSETH:

**WHEREAS**, in response to a "Request for Proposals for the Lease of Space for the Operation of Dining Services" No. B7RMW0103 Lessee was selected as the lessee;

**WHEREAS**, effective February 24, 1997, LSU and Lessee entered into the "Lease from Board of Supervisors of Louisiana State University and Agricultural and Mechanical College to Compass Group USA, Inc.," for a primary term of ten (10) years commencing February 24, 1997 (the "Lease");

**WHEREAS**, effective December 21, 1999, LSU and Lessee entered into a "First Amendment to Lease Agreement" providing for such amendments and deletions as provided in said First Amendment;

**WHEREAS**, on December 31, 2000, LSU and Lessee entered into an "Addendum to Lease Agreement" whereby certain leased premises were deleted and added, as provided in Section 2.1 of the Lease;

**WHEREAS**, on July 1, 2002, LSU and Lessee entered into a "Second Amendment to Lease Agreement" whereby Article IV of the Lease was amended to add Section 4.1.1 addressing operating and maintenance expenses and to delete Article VIII, Section 8.13; and

**WHEREAS**, LSU and Lessee wish to enter into this Third Amendment to Lease to provide for an extension of the Term as set forth in Section 3.0 of the Lease and to provide for other matters as a result of such extension.

**NOW, THEREFORE**, in consideration of (1) LSU's agreement to the extension of the Term through June 30, 2022, (2) Lessee's obligation to construct improvements upon the Leased Premises, (3) the rental to be paid by Lessee during the Term and any extension thereof, and (4) the mutual benefits accruing to the parties under the Lease, as amended by the First Amendment thereto, the Second Amendment thereto, the Addendum thereto, and this Third Amendment, the parties do enter into this Third Amendment to Lease on the following terms and conditions:

**ARTICLE II - PREMISES**

Section 2.0 of Article II-Premises is supplemented, as shown on Exhibit "A," to add additional square footage which LSU leases to Lessee and Lessee leases and accepts from LSU, according to the timeline as presented in Exhibit "A," it being understood that the Premises occupied by Lessee will vary in accordance with the timeline set forth in Exhibit "A."

A summary of those properties added to or deleted from the Leased Premises from the Effective Date of the Lease on February 24, 1997, as modified by the Addendum to Lease Agreement, is set forth on the chart attached hereto as Exhibit "A."

**ARTICLE III - TERM OF THE LEASE**

Article III is amended to read:

The Lease commenced February 24, 1997, for an initial term of ten (10) years, ending February 23, 2007. In consideration of the obligations of Lessee under this Third Amendment to construct improvements upon the Leased Premises, pursuant to the construction schedule shown on Exhibit "B," the rental to be paid by Lessee, and the mutual benefits accruing to the parties under this Third Amendment, Lessee and Lessor agree to an extension of the term for fifteen (15) years and four (4) months, to end on June 30, 2022 ("Extended Term"), unless sooner terminated as provided in the Lease, as amended. This Lease may be extended for additional periods by mutual agreement of the parties and approval of the LSU Board of Supervisors.

**Section 4.1 of ARTICLE IV - RENT AND EQUIPMENT REPLACEMENT OF THE LEASE**

**Section 4.1 is amended to read as follows:** Under Section 4.1 of the Lease effective February 24, 1997, Lessee agreed to pay University during the Lease Term the Base Rent of \$169,000.00 per year, which at the commencement of the Lease equaled \$1.22 per square foot. During the balance of the initial term of ten (10) years and during the Extended Term, Lessee agrees to pay LSU the Base Rent of \$1.22 per square foot for each year of the term, as extended, but not less than \$106,000.00 per year, for all Leased Premises under lease as of February 1 of each year of the term, as extended, and as reflected in the time line included in

Exhibit "A", which payment is guaranteed and payable in four equal payments and payable on April 1, July 1, October 1 and January 1, during each year of this Lease. Should Lessee fail to pay the Base Rent due to LSU under this Lease, such unpaid sum shall bear interest at the rate of twelve (12%) percent per annum from date due until paid.

**Section 4.1 is further amended to insert the following as Section 4.1.2:**

**4.1.2 LSU Union Construction Period.** Both parties agree that the period from the Effective Date of the Third Amendment until the beginning of the 2008-09 LSU Academic Year is a period of construction at the LSU Union by the Lessor and operation therein by Lessee. During this period Lessee must successfully provide for the continuation of LSU Union dining services and concurrently accommodate a comprehensive program of construction and renovation within LSU Union dining service facilities. Further, both parties agree that Lessee will incur extraordinary expenses during this period in providing temporary LSU Union dining services and will generate significantly less revenues than those projected by Lessee, effective with the 2005-06 Academic Year and thereafter. Accordingly, both parties agree to work cooperatively to provide for adjustments during the construction period by making such mutually agreeable adjustments and decisions in writing as are consistent with the best interests of LSU, its students, faculty and staff. The minimum LSU Union Percentage Rent shall not apply during period of construction in the LSU Union and shall commence again upon written notice to Lessee that LSU has accepted as substantially complete the Union renovations.

**Section 4.2 is amended and supplemented to read as follows:**

**Percentage Rent.** In addition to the Base Rent, Lessee agrees to pay to University, as additional rent ("Percentage Rent" or "LSU Union Percentage Rent") during each lease year or partial lease year, a sum equal to commissions on Gross Sales as follows. Gross Sales are total sales of goods or food items by Lessee transacted pursuant to the rights granted by this Lease less applicable sales taxes collected by Lessee. Gross Sales also shall include gross room revenues (less applicable sales taxes) received from the rental of guest rooms in the Faculty Club. Where purchases are made with credit cards or other credit vehicles, Gross Sales shall not be reduced by any amount charged to service the credit function.

Food plans upon which Percentage Rent is paid to LSU and the percentages paid for each are as follows:

**Non-Union Locations (Percentage Rent Owning):**

Block Meal Plan Sales	Three percent (3%)
Casual Residence Dining Meals	Three percent (3%)
Conference/Camp Sales	Three percent (3%)

Cash/TigerCash /Paw Point  
 Branded products Two percent (2%)  
 (Branded food products include food products sold under retail outlet national or regional brand names under lease with, subcontracted to, or licensed to Lessee.)

Nonbranded products Four percent (4%)  
 (Nonbranded food products are all other food products provided by Lessee.)

Catering at the Premises Four percent (4%)  
 Catering off the Premises Zero percent (0%)  
 Faculty Club Guest Rooms Four Percent (4%)

SCA / Destination Restaurant Percentage Rent  
 Calendar Year 2005: 2.6% of Gross Sales (with a minimum of \$25,246 and a maximum of \$75,246).

Calendar Year 2006 and succeeding years: 2.7% of Gross Sales (with a minimum of \$43,246 and maximum of \$75,246)

Notwithstanding the foregoing, no Percentage Rent shall be due with respect to a SCA/Destination Restaurant if a SCA/Destination Restaurant ceases continuous operations for a period of at least thirty (30) days. At LSU's request, Lessee shall release the SCA Destination Restaurant from the Lease.

LSU Union Locations (LSU Union Percentage Rent Owning):

Block Meal Plan Sales N/A  
 Casual Residence Dining Meals N/A  
 Conference/Camp Sales (12.5%)  
 Cash/TigerCash /Paw Point

Sub Contracted products Two percent (2%)  
 (Sub Contracted food products include food products sold under retail outlet national or regional brand names by parties under subcontract with Lessee.)

Self operated brands and products (12.5%)

(Self operated brands and food products include food products sold directly by Lessee under retail outlet national or regional brand names, and all other food products provided by Lessee.)

Catering at the Premises (12.5%)  
 Catering off the Premises (0%)

LSU Union Percentage Rent obligation for sales in the LSU Union shall be the larger of the minimum LSU Union Percentage Rent of \$340,000.00 or the actual LSU Union Percentage Rent as calculated using the above Union location percentages.

The minimum LSU Union Percentage Rent will be recalculated each year using the following escalator methodology: The Original Sum \$340,000.00, determined for July 1, 2004, will be multiplied against the Annual (July – June) movement of the Department of Labor Statistics CPI, Food and Beverage, Southern index.

Example for determination of increase/decrease of the index

CPI for current period	136.0
Less CPI for previous period	129.9
Equals index point change	6.1
Divided by previous period CPI	129.9
Equals	0.047
Result multiplied by 100	0.047 x 100
Equals percent change	4.7

Beginning Number \* 1.047 equals the new LSU Union Percentage Rent, each year the Beginning Number will be the Last Year's LSU Union Percentage Rent.

#### **Section 7.0 of ARTICLE VII – CONSTRUCTION AND OWNERSHIP OF IMPROVEMENTS**

Section 7.0 is supplemented to add the following:

Lessor and Lessee acknowledge that Lessee has met its construction obligation for the first five years of the Lease (1997, 1998, 1999, 2000, and 2001) and that \$1,620,135.00 is remaining of its \$2 Million Dollar construction obligation during the second five years of the Lease (2002 to February 23, 2007), which Lessee acknowledges must be spent before February 23, 2007. Lessee agrees that it shall expend no less than an additional \$13,493,744.00 (and no less than \$12,000,000.00 of the \$13,493,744.00 must be spent by the December 30, 2012), for leasehold improvements to the Leased Premises, including but not limited to renovations, remodeling, leasehold improvements and related movable equipment, supplies, trade fixtures, signage and essential construction costs and fees during the calendar years 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012, as consideration for the extension of the term to June 30, 2022. Therefore, the total construction obligation is \$15,113,879.00 in Leasehold Improvements to be expended in accordance with Exhibit "B" to this Third Amendment to Lease. In no event shall Lessee pay more than 13.1% of the total construction obligation of \$15,113,879.00 in construction design or other soft costs. The Leasehold Improvements totaling \$15,113,879.00 and made pursuant to this amended



Section 7.0 must be amortized on a straight-line basis and be fully amortized by June 30, 2022. The Leasehold Improvements totaling \$15,113,879.00 and the construction obligation advanced pursuant to Article VII of the Lease Agreement are collectively referred to as the "Investment." If the "Investment" is not fully expended by June 30, 2022, Lessee will pay Lessor the amount by which \$15,113,879.00 exceeds the amount actually spent for Leasehold Improvements.

The unamortized portion of the expenditures made by Lessee under the initial five years of this Lease (1997-2001) and the unamortized portion of the expenditures made during the second five years (2002-2007) as of the Effective Date shall be included in the Investment only for the purpose of calculating the total Investment under the reimbursement provisions pertaining to the Investment under Sections 11.1.1, 11.2 and 24.01 hereof, it being understood that the unamortized balance of such sums as of the Effective Date shall be amortized on a straight-line basis from the Effective Date through June 30, 2022.

**Section 7.2 1(a), as amended by the First Amendment to Lease Agreement effective December 21, 1999, is further supplemented to add the following sentence.**

Lessee agrees to competitively bid contracts for all Leasehold Improvements and all movable equipment or replacement equipment with three quotes from vendors and obtain Lessor's prior written approval of the contracts for Leasehold Improvements and acquisition of any movable equipment.

#### **Article XI - CONTRACT TERMINATION AND DEFAULT**

- A. Article XI is amended to delete in its entirety Section 11.0.1, as amended.
- B. Section 11.1 is amended to provide the following sentence, at the end of paragraph 11.1.

Notwithstanding the foregoing, Lessor's remedies in the event of Lessee default, other than a monetary default under Section 11.1(a) hereof, are set forth in Section 11.1.1 hereof.

- C. Article XI is supplemented to add a Section 11.1.1 to read as follows:

**Section 11.1.1 Termination of Lease under Section 11.1 Lessee Default.** In the event Lessor seeks termination of this Lease as a result of Lessee default, and Lessee does not cure said default within the applicable timeframe set forth in Section 11.1, Lessor shall notify Lessee in writing ("Lessee Default Notice"), and LSU shall issue a request for proposals for a food service contractor who will agree to reimburse Lessee its unamortized balance of the Investment. In the event that:

- a. A successor contractor has been identified and a contract has been executed, upon payment to Lessee of its remaining unamortized cost of the Investment, less any part of the Investment not spent by Lessee, ownership of the

Minor Equipment, Major Equipment, and the leasehold improvements shall be governed by the terms of the Lease, as amended; or

- b. If at the conclusion of six (6) months from the Lessee Default Notice, LSU has not entered into a contract with a successor contractor, Lessor may terminate this Lease upon sixty (60) days notice to Lessee, and Lessee may remove its personal property, repairing any damage occasioned thereby, and the ownership of the Major Equipment, Minor Equipment, and Leasehold Improvements shall be owned by LSU, and no additional compensation shall be paid by LSU to Lessee for such Leasehold Improvements, Major Equipment, Minor Equipment or other property. Lessee agrees (i) to execute any and all documents necessary to effect such transfer of ownership, whether to a successor contractor or to LSU, and (ii) should termination due to Lessee default occur at any time after December 31, 2012, Lessee agrees to pay LSU upon demand the amount, if any, by which the \$12 million that Lessee is obligated to expend by December 31, 2012 under Section 7.0 above exceeds the amount actual expended by Lessee.
- c. Lessor agrees that its termination rights under this paragraph are Lessor's sole and exclusive remedy in the event of default by Lessee, other than a monetary default under Section 11.1(a); provided however, Lessee agrees to pay LSU upon demand the amount, if any, by which the \$12 million that Lessee is obligated to expend by December 31, 2012 under Section 7.0 above exceeds the amount actual expended by Lessee, should the Lessee Default Notice be given at any time after December 31, 2012.
- d. Both LSU and Lessee agree to fulfill their respective obligations under this Lease, as amended, including but not limited to Lessee's obligations to timely pay the Base Rent, Percentage Rent, and LSU Union Percentage Rent through the date of termination of the Lease pursuant to this Section 11.1.1.

**D. Article XI is supplemented to add a Section 11.2.1 to read as follows:**

**Section 11.2.1 Termination of Lease under Section 11.2 Lessor Default.** In the event Lessee seeks termination of this Lease as a result of Lessor default and Lessor does not cure said default within the applicable time frame set forth in Section 11.2, Lessee shall notify Lessor in writing ("Lessor Default Notice"), and LSU shall issue a request for proposal for a food service

contractor who will agree to reimburse Lessee its unamortized balance of the Investment. In the event that:

- a. A successor contractor has been identified and a contract has been executed between the successor contractor and LSU, upon payment to Lessee of its remaining unamortized cost of the Investment, ownership of the Minor Equipment, Major Equipment, and the leasehold improvements shall be governed by the terms of the Lease, as amended; or
- b. At the conclusion of six (6) months from the Lessor Default Notice, a contract acceptable to LSU has not been executed in final form, Lessee may elect to terminate this Lease at the conclusion of one hundred eighty (180) days from such notice and LSU shall reimburse Lessee for the unamortized balance of the Investment, less any part of the Investment not spent by Lessee, as a termination penalty for Lessor's default, and Lessee hereby agrees that the same is Lessee's sole and exclusive remedy in the event of Lessor default and is in full satisfaction of Lessee's damages for such a default; and Lessee may remove its personal property, repairing any damage occasioned thereby. Ownership of the Major Equipment, Minor Equipment, and the leasehold improvements shall be owned by LSU.
- c. Lessee agrees to execute any and all documents necessary to effect such transfer of ownership, whether to a successor contractor or to LSU.
- d. As a condition precedent to the obligation of Lessee to continue to perform this Agreement for six (6) months from the Lessor Default Notice, LSU shall substantially perform its obligations under the Agreement, including but not limited to its obligation to timely pay Lessee for services provided under the Agreement.

**E. Article XI is supplemented to add a Section 11.2.1.0 to read as follows:**

**Section 11.2.1.0 Payment of Termination Penalty.** Lessee hereby acknowledges that Lessor is legally obligated to comply with all applicable laws regulating capital outlay for acquiring lands and buildings and fixtures for the State of Louisiana, La. R.S. 39:101, et seq., as amended, and payment to Lessee of any of the unamortized balance of the Investment shall be made only from appropriated monies authorized by the Legislature of Louisiana. In the event of action against the Board to enforce the provisions of the Lease, Louisiana law provides that a judgment against a public body such as the Board may not be enforced by the seizure and sale of property of the Board, but any judgment shall be paid only if a special appropriation is enacted by the Louisiana Legislature. Lessor agrees to use its best efforts to seek appropriations from the Legislature of Louisiana to repay the unamortized balance of the Investment, which obligation shall continue until such amount is repaid in full.

Major Equipment, and Leasehold Improvements shall be governed by the terms of this Lease, as amended;

- b. A successor contractor has not been identified and a contract between a food service contractor and LSU has not been executed for food services, and the mediator finds Lessor at fault for failure to select a successor contractor or to agree to a written plan of adjustment under Section 24.0.1, LSU shall reimburse Lessee the unamortized balance of the Investment ("Lessor Investment Reimbursement") and Lessor shall become the owner of all Minor Equipment, Major Equipment and leasehold improvements, and Lessee may remove its trade fixtures and signage and other Lessee property, repairing any damage occasioned thereby;
- c. A successor contractor has not been identified and a contract between a food service contractor and LSU has not been executed, and the mediator either finds Lessee at fault for Lessee's failure to agree to a written plan of adjustment under Section 24.0.1 or if the mediator does not find either party to have been at fault for failing to so agree, LSU shall reimburse Lessee only one-half of the unamortized balance of the Investment ("Lessee Investment Reimbursement") and Lessor shall become the owner of all Minor Equipment, Major Equipment and leasehold improvements, and Lessee may remove its trade fixtures and signage and other Lessee property, repairing any damage occasioned thereby.
- d. Lessee agrees to execute any and all documents necessary to effect such transfer of ownership, whether to a successor contractor or to LSU.
- e. Both LSU and Lessee agree to fulfill their respective obligations under this Lease, as amended, through the date of termination of the Lease under this Section 24.0.2.
- f. Lessee acknowledges that Lessor must comply with the laws regulating capital outlay for acquiring lands, buildings and fixtures for the State of Louisiana, La. R.S. 39:101, et seq., as amended. After compliance with said law, Lessor shall provide written notice to Lessee of the closing date of such transfer of ownership and shall pay the "Lessor Investment Reimbursement" in cash at such closing. Lessor agrees to use its best efforts to seek appropriations from the Legislature of Louisiana to repay the unamortized

balance of the Investment, which obligation shall continue until such amount is repaid in full.

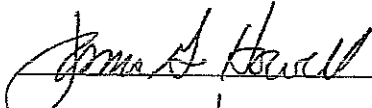
\*\*\*\*\*


Except as amended herein, all the terms and conditions of the Lease, and the First Amendment thereto, the Second Amendment thereto, and the Addendum thereto, shall remain in full force and effect, and the Lease, as amended, shall constitute the full and complete agreement between the parties hereto. Should any provisions of the Lease, the First Amendment thereto, the Second Amendment thereto, and the Addendum thereto, conflict with the provisions of this Third Amendment, the provisions of this Third Amendment shall control. The Lease, as previously amended and as amended hereby, is hereby ratified by the parties hereto.

This Third Amendment to Lease may be executed in multiple counterparts, all of which taken together shall constitute the original of this Third Amendment to Lease.

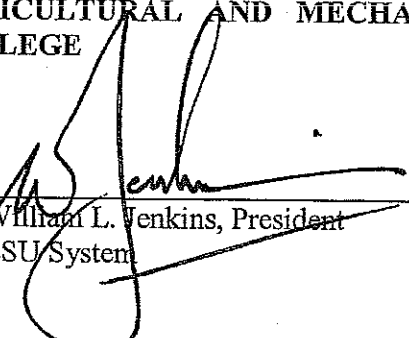
THUS DONE AND SIGNED by LSU as of the 26 day of OCTOBER, 2005, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES:

  
Print Name: JAMES G. HOWELL

  
Print Name: DANNY MAHAFFEY

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

BY:   
William L. Jenkins, President  
LSU System

THUS DONE AND SIGNED by Lessee as of the 6<sup>th</sup> day of July, 2005, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES:

COMPASS GROUP USA, INC. by and through its Chartwells Division

Steve Nachim

Print Name: Steven G. Nachimson

David P. Lindemeyer

Print Name: David P. Lindemeyer

By: Steven M. Sweeney

Name: Steven M. Sweeney

Title: CEO

THIRD AMENDMENT TO LEASE AGREEMENT

In accordance with the provisions of La. R.S. 39:13, I acknowledge a receipt of a copy of this Lease for inventory purposes.

Baton Rouge, Louisiana, this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

COMMISSIONER OF ADMINISTRATION

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

**EXHIBIT "B" OF THE THIRD AMENDMENT**

**Investment 2005, 2006, 2007 and Construction Schedule**

<b>Facility</b>	<b>Investment</b>	<b>Construction Schedule</b>
<b>1. Lavoie Dining Hall</b>	<b>\$5,461,156</b>	<b>01/06 - 12/06</b>
<b>2. Pentagon Dining Hall</b>	<b>\$4,840,388</b>	<b>01/07 - 08/07</b>
<b>3. LSU Union</b>	<b>\$3,282,320</b>	<b>01/07 - 07/08</b>
<b>4. Middleton Library Coffee Shop</b>	<b>\$371,831</b>	<b>08/05 - 10/05</b>
<b>5. New Design Coffee Shop</b>	<b>\$342,662</b>	<b>08/05 - 09/05</b>
<b>6. Johnston Hall Café</b>	<b>\$261,831</b>	<b>08/05 - 10/05</b>
<b>7. Foster Café</b>	<b>\$241,735</b>	<b>05/06 - 08/06</b>
<b>8. CEBA</b>	<b>\$311,956</b>	<b>05/06 - 08/06</b>
<b>TOTAL</b>	<b>\$15,113,879</b>	

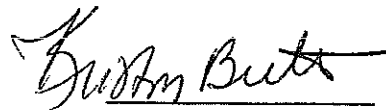
**CERTIFICATE OF ASSISTANT SECRETARY**

**THE UNDERSIGNED, KRISTIN E. BRIOTTE**, the duly elected and acting Assistant Secretary of Compass Group USA, Inc., a Delaware corporation (the "Corporation"), **DOES HEREBY CERTIFY** as follows:

Steven M. Sweeney, CEO of Chartwells, a division of the Corporation, is authorized to execute contracts and bonds on behalf of the Corporation.

**IN WITNESS WHEREOF**, the undersigned has authorized the execution of this certificate and affixed the corporate seal this 22nd day of April, 2004.

[CORPORATE SEAL]

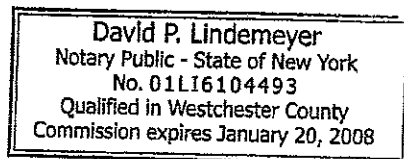


Kristin E. Briotte  
Assistant Secretary

Subscribed and sworn to before me  
this 6th day of July, 2005.



Notary Public





**FOURTH ADMENDMENT TO THE LEASE AGREEMENT BY AND BETWEEN THE BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE AND COMPASS GROUP USA, INC**

This Amendment to Lease Agreement ("Amendment") is made and entered into this 1<sup>st</sup> day of February 2010, by and between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College ("University") and Compass Group USA, Inc. by and through its Chartwells Division ("Compass" or "Lessee").

University and Compass are parties to that certain lease agreement effective the 24<sup>th</sup> day of February 1997, (the "Agreement"), pursuant to which Compass manages and operates the food service program on the University's premises. The parties now desire to amend the Agreement as set forth herein.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, the parties, intending to be legally bound, agree as follows:

1. Article VII "Construction and Ownership of Improvements" as amended by the Third Amendment to Lease Agreement effective July 1, 2005, is further supplemented to add the following:

Lessee agrees to increase the amount designated for Leasehold Improvements by three million dollars (\$3,000,000) to fund the projected construction obligation deficit for the projects listed in Exhibit "B". Therefore, Leasehold Improvements shall be \$18,113,879.00.

Except as expressly modified herein, the terms and conditions of the Agreement shall remain in full force and effect and are ratified and affirmed by the parties. In the event of a conflict between the provisions of the Agreement and this Amendment, the provisions of this Amendment shall be controlling as to the matters set forth herein.

IN WITNESS WHEREOF, University and Compass have duly executed this Amendment as of the dates indicated below.

COMPASS GROUP, USA, INC. by and through its CHARTWELLS Division

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

BY: \_\_\_\_\_  
Steven M. Sweeney  
President, Chartwells

BY: \_\_\_\_\_  
John V. Lombardi  
President, LSU System

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

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

WITNESSES:



**RECOMMENDATION TO NAME  
THE LSU CAREER CENTER  
THE "LSU OLINDE CAREER CENTER"**

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

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

D.5(c) Such other matters that are not expressly delegated herein or hereafter by the Board ...

**1. Summary of Matter**

Louisiana State University is recommending that the LSU Career Center be named the LSU Olinde Career Center. The University is preparing to build a new career center in the LSU Student Union. The new center will occupy 17,400 square feet on two levels in space currently occupied by the LSU Bookstore. The new facility will unify programs and services provided by Career Services staff presently split between Patrick F. Taylor Hall and basement of Coates Hall. Slated to open in Fall 2012, renovations are anticipated to begin in January 2012. The Division of Student Life & Enrollment has been charged with raising \$3.3 million for the project.

Career preparation is the leading reason students attend college, and competitive programs that support professional growth are highly regarded by today's top students. The new LSU Career Center will serve all students, as well as alumni, by providing them with sound preparation for success in the next phase of and throughout their lives. Career Services staff in the Center will offer the tools, resources, assistance, and guidance students need in coupling academic course work with their individual passions, a critical element in developing the lifelong career skills needed to be successful.

The new Center will provide LSU students with a premier, centrally located, state-of-the-art career center. LSU Career Services currently hosts thousands of one-on-one visits with students, employers, and alumni each year. Sessions are tailored to provide guidance that aligns with each individual's goals and interests.

The Career Center will provide one central location to serve students and alumni at every stage of career development — from the early stages of identifying a career and degree program that best complements individual strengths; to gaining work-related experience through internships and co-ops; to developing the job search skills necessary to be successful in securing full-time employment upon graduation from LSU; or in gaining admission to graduate and professional schools. These services and programs enhance the value of an LSU education.

The Career Center Project Fund has received a generous \$1.5 million gift from Humphrey T. Olinde, Jr. The Olinde's have shown their LSU Tiger spirit by supporting LSU Athletics for over the past thirty-plus years as season ticket holders. They have also supported booster clubs for individual teams at LSU, such as football's Touchdown & Gridiron Clubs, men's basketball and the 6th Man Club, along with baseball's Coaches Committee, collectively donating to TAF since 1983. They have supported the LSU Alumni Association and now with this generous gift, the LSU Foundation.

We believe in and are grateful to the Olinde Family — as leaders in business, as well as entrepreneurs, philanthropists, and graduates of LSU — can set a strong example for future generations of students at LSU.

The Division of Student Life & Enrollment would like to honor Mr. Humphrey Theodore Olinde, Jr. and the Olinde Family for their commitment to LSU, its students, graduates, alumni, and Career Services

for his most generous gift of \$1.5 million to the new LSU Career Center project. We respectfully request that the LSU Career Center be named the "LSU Olinde Career Center".

**2. Review of Business Plan**

Not applicable.

**3. Fiscal Impact**

Not applicable.

**4. Description of Competitive Process**

Not applicable

**5. Review of Legal Documents**

Not applicable

**6. Parties of Interest**

None

**7. Related Transactions**

None

**8. Conflicts of Interest**

None

**ATTACHMENTS:**

- Memorandum from Chancellor Michael Martin
- Email from Paul E. Hoffman, Chair of Naming University Facilities Committee
- Memo from Vice Chancellor – Division of Student Life and Enrollment, Kurt Keppler

**RECOMMENDATION**

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

**"NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby approve naming the LSU Career Center the "LSU Olinde Career Center"."



RECEIVED

MAY 4 2011

LSU SYSTEM  
ROOM 124

Ray Lammica

OFFICE OF THE  
PRESIDENT

MAY 04 2011

LSU SYSTEM

**MEMORANDUM**  
*Office of the Chancellor*

To: John V. Lombardi  
President, LSU System

Date: April 29, 2011

From: Michael Martin  
Chancellor

Re: LSU Olinde Career Center

The Committee on Naming University Facilities has recommended that the LSU Career Center be named the LSU Olinde Career Center in honor of the Olinde Family. I enthusiastically concur in this recommendation and request that in accordance with PS-70 you forward this proposal to the Board of Supervisors for inclusion on the June 2011 meeting agenda.

Attachments

cc: Vice Chancellor Kurt Keppler

RECEIVED

MAY 09 2011

PROPERTY & FACILITIES

## James G Howell

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**From:** Bunnie R Cannon  
**Sent:** Thursday, May 19, 2011 3:06 PM  
**To:** James G Howell; Betsy Reeves  
**Cc:** D'Ann Y Morris  
**Subject:** FW: LSU Olinde Career Center, Proposal 2011-01 Revised  
**Attachments:** 2011-01A Olinde Family Career Center.docx

See Below for Paul Hoffman's correspondence and Original Naming Request

### **Bunnie R. Cannon**

Executive Director, Institutional Advancement  
Louisiana State University  
124 – D Himes Hall  
Baton Rouge, LA 70803  
(O) 225.578.0302  
[bcannon@lsu.edu](mailto:bcannon@lsu.edu)

---

**From:** Paul E Hoffman  
**Sent:** Wednesday, April 06, 2011 3:04 PM  
**To:** Michael V Martin  
**Cc:** Bunnie R Cannon; Jane W Cassidy  
**Subject:** LSU Olinde Career Center, Proposal 2011-01 Revised

Chancellor Michael V. Martin  
Louisiana State University  
Baton Rouge, LA

Re: Naming University Facilities Proposal 2001-01A

Dear Chancellor,

As you may recall, on 9 February 2011 your Naming University Facilities Committee forwarded a proposal (2011-01) that would have named the proposed career center in the LSU Student Union for Mr. Humphrey T. Olinde, Jr. Subsequently, the Olinde family asked that the center be named for the family, not just Mr. Olinde. This also seemed to avoid the problems of the prohibitions in PM-2 (against naming for a living individual). FYI, that proposal and this revision of it fall under the legal opinion that the Revised Statutes 42:267 requirements do not apply because what is to be named is a part of but not the whole of a building.

Your Naming University Facilities Committee has reviewed the attached proposal to name the proposed career center in the Student Union the "LSU Olinde Career Center" and recommends it for your approval and forwarding to the System President and through him to the Board of Supervisors. As you will note, this proposal speaks to the LSU and community connections of several members of the family, each of whom would satisfy the criteria for a naming involving an individual.

So far as the Committee is aware, this proposal naming the facility *for a family of living individuals* as well as some who may be deceased does not violate PM-2, but you may wish to discuss the matter with President Lombardi, should you decide to forward the proposal. This is the first of what will likely be several proposals of a similar sort, that is, using a family name rather than that of a specific living individual. It will be helpful to the Committee in the future to have a

memo of guidance on this matter. At a later date, language covering this sort of naming will be suggested for inclusion in PS-70.

Sincerely,

Paul E. Hoffman, Chair  
Naming University Facilities Committee

Paul W. and Nancy W. Murrill Distinguished Professor  
And Professor of History  
Department of History  
Louisiana State University  
Baton Rouge, LA 70803-3601  
Phone: 225-578-4459  
Fax: 225-578-4909

## Proposal 2011-01 Revised

**To:** Michael Martin, Chancellor

**From:** Kurt Keppler, Vice Chancellor—Division Student Life & Enrollment

**cc:** Bunnie Cannon, Institutional Advancement  
Mary Feduccia, LSU Career Services  
Jamie Segar, Division of Student Life & Enrollment

**Date:** March 11, 2011

**Re:** Request to Name the LSU Career Center

---

The University is preparing to build a new LSU Career Center in the LSU Student Union. The new center will be located in the LSU Student Union and occupy 17,400 square feet on two levels in space currently occupied by the LSU Bookstore. The new facility will unify programs and services provided by Career Services staff presently split between Patrick F. Taylor Hall and basement of Coates Hall. Slated to open in Fall 2012, renovations are anticipated to begin in January 2012. The Division of Student Life & Enrollment has been charged with raising \$3.3 million for the project.

Career preparation is the leading reason students attend college, and competitive programs that support professional growth are highly regarded by today's top students. The new LSU Career Center will serve all students, as well as alumni, by providing them with sound preparation for success in the next phase of and throughout their lives. Career Services staff in the Center will offer the tools, resources, assistance, and guidance students need in coupling academic course work with their individual passions, a critical element in developing the lifelong career skills needed to be successful.

The new Center will provide LSU students with a premier, centrally located, state-of-the-art career center. LSU Career Services currently hosts thousands of one-on-one visits with students, employers, and alumni each year. Sessions are tailored to provide guidance that aligns with each individual's goals and interests.

The Career Center will provide a one-stop shop to serve students and alumni at every stage of career development — from the early stages of identifying a career and degree program that best complements individual strengths; to gaining work-related experience through internships and co-ops; to developing the job search skills necessary to be successful in securing full-time employment upon graduation from LSU; or in gaining admission to graduate and professional schools. These services and programs enhance the value of an LSU education.

The Career Center Project Fund has received a generous \$1.5 million gift from Humphrey T. Olinde, Jr.

March 11, 2011  
Chancellor Michael Martin  
Request to Name the LSU Career Center  
Page Two

Humphrey Theodore Olinde, Jr., was born in New Roads, Louisiana, in Pointe Coupee Parish. His primary education was obtained at Poydras High School in New Roads. In 1945, he enrolled at LSU, where he was a member of Sigma Chi Fraternity, and earned a B.S. degree in business in 1948. He is one of seven siblings to proudly graduate from LSU. After enrolling in the National Guard, he joined his father working full-time in the family furniture business, B. Olinde & Sons Co., Inc., where he has worked since childhood. His brother, J.B., joined the business after serving in WWII and earned a law degree from LSU. Under their management, the business grew from three stores in the Baton Rouge/New Roads area to the present eight stores throughout south and southwest Louisiana, while also acquiring the local Miller Beer distributorship, the Baton Rouge Beer Agency.

As a business entrepreneur, Mr. Olinde ventured into the banking industry again with his brother, J.B. They founded Guaranty Bank & Trust Company based in their hometown of New Roads with branches expanding in Port Allen, Zachary, and Livonia. He is also involved in real estate development and historic preservation, where he is especially proud of the restoration of the Poydras High School building in New Roads where he graduated. Mr. Olinde has played a major part in organizing, planning, and financing its conversion to The Julien Poydras Museum and Arts Center which serves the New Roads community today.

As a philanthropist Mr. Olinde has financed the education of high school and college students who otherwise would not have had the opportunity to obtain an education, and has donated generously to other community organizations. He was an organizer of the New Roads Rotary Club and served as its president. He is a devout catholic, a member of the Knights of Columbus and the Order of the Holy Sepulchre, and has supported improvement in church buildings in Louisiana and in Puerto Rico. Nearly four years ago, the Humphrey T. Olinde, Jr. Family Foundation was created to help fund and sustain his philanthropies.

The relationship between LSU and the Olinde Family dates back to the early 1920's with Henry Heck, grandfather of H.T. Olinde, Jr., who began a 30-year career as shop manager in the LSU College of Engineering. Family ties in the LSU community deepened with the marriage of Henry Heck's daughter, Lila Mae Heck to legendary LSU track and field coach, Al Moreau, Sr. Together the couple would go on to produce All-American LSU football standout Doug Moreau, '67, '69, a first cousin of the Olinde Family.

With one of Louisiana's oldest family-owned companies in B. Olinde & Sons, the Olinde family name has enjoyed a solid reputation in the Baton Rouge area for over 127 years. Of the five sons and two daughters of Mr. & Mrs. Humphrey Theodore Olinde, Sr., six are proud LSU Alumni. Two are graduates of the LSU Medical School, Henry D.H. "Heck" in '54 and is a former "Top 100" honoree, while Alfred graduated in '57. The eldest J.B., graduated top of his class from the LSU Law Center in '49. Three were actively involved in Greek life at LSU -- H.T., a '48 graduate in the College of Business being very involved in Sigma Chi; and sisters, Betty and Patricia, '48 as members of Beta Sigma Omicron.



March 11, 2011  
Chancellor Michael Martin  
Request to Name the LSU Career Center  
Page Three

The Olinde's have shown their LSU Tiger spirit by supporting LSU Athletics for over the past thirty-plus years as season ticket holders. They have also supported booster clubs for individual teams at LSU, such as football's Touchdown & Gridiron Clubs, men's basketball and the 6<sup>th</sup> Man Club, along with baseball's Coaches Committee, collectively donating to TAF since 1983. They have supported the LSU Alumni Association and now with this generous gift, the LSU Foundation.

We believe in and are grateful to the Olinde Family – as leaders in business, as well as entrepreneurs, philanthropists, and graduates of LSU -- can set a strong example for future generations of students at LSU.

The Division of Student Life & Enrollment would like to honor Mr. Humphrey Theodore Olinde, Jr. and the Olinde Family for their commitment to LSU, its students, graduates, alumni, and Career Services for his most generous gift of \$1.5 million to the new LSU Career Center project. We respectfully request that the LSU Career Center be named the "**LSU Olinde Career Center**".

Please let me know if you have questions or need additional information to consider this request. Thank you in advance for your consideration.



**RECOMMENDATION TO NAME  
THE LSU CAREER CENTER'S WELCOME  
AND INFORMATION CENTER THE  
"MARY AGNES HARDY delaHOUSSAYE BELLEAU  
WELCOME AND INFORMATION CENTER"**

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

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

D.5(c) Such other matters that are not expressly delegated herein or hereafter by the Board ...

**1. Summary of Matter**

Louisiana State University is recommending naming the LSU Career Center's Welcome and Information Center the LSU Career Center "Mary Agnes Hardy delaHoussaye Belleau Welcome and Information Center

The University is preparing to build a new career center in the LSU Student Union. The new center will occupy 17,400 square feet on two levels in space currently occupied by the LSU Bookstore. The new facility will unify programs and services provided by Career Services staff presently split between Patrick F. Taylor Hall and basement of Coates Hall. Slated to open in Fall 2012, renovations are anticipated to begin in January 2012. The Division of Student Life & Enrollment has been charged with raising \$3.3 million for the project.

Career preparation is the leading reason students attend college, and competitive programs that support professional growth are highly regarded by today's top students. The new LSU Career Center will serve all students, as well as alumni, by providing them with sound preparation for success in the next phase of and throughout their lives. Career Services staff in the Center will offer the tools, resources, assistance, and guidance students need in coupling academic course work with their individual passions, a critical element in developing the lifelong career skills needed to be successful.

The new Center will provide LSU students with a premier, centrally located, state-of-the-art career center. LSU Career Services currently hosts thousands of one-on-one visits with students, employers, and alumni each year. Sessions are tailored to provide guidance that aligns with each individual's goals and interests.

The Career Center will provide one central location to serve students and alumni at every stage of career development — from the early stages of identifying a career and degree program that best complements individual strengths; to gaining work-related experience through internships and co-ops; to developing the job search skills necessary to be successful in securing full-time employment upon graduation from LSU; or in gaining admission to graduate and professional schools. These services and programs enhance the value of an LSU education.

The Career Center Project Fund has received a generous \$100,000 pledged gift from Dr. Charles Belleau and Family on behalf of Mary Agnes Hardy delaHoussaye Belleau.

Mary Agnes Hardy delaHoussaye Belleau was born in Lafayette, Louisiana in 1941, reared in rural St. Martin Parish and graduated as Outstanding Senior Girl from Cecilia, Louisiana High School in 1959. She enrolled at the University of Southwestern Louisiana, receiving the Outstanding Student Teacher Award upon graduating with a degree in business education in 1962. She was employed by Mobil Oil Company as a secretary and Ballard & Cordell as an executive secretary until her marriage in 1965 to Captain Arthur Joseph delaHoussaye, USMC, an F-4 Fighter Pilot, who was killed in Vietnam in 1968 during the Tet Offensive.

In 1973, when their two children Arthur Joseph delaHoussaye and Monique Angelle delaHoussaye were both in school, Mary moved to Baton Rouge to work for then Secretary of State Wade Martin. In 1975, she coordinated her brother, Paul Hardy's statewide campaign for Secretary of State. In 1979, she coordinated his gubernatorial campaign. In January 1981, after an eight year career working in state government, Mary began working at LSU as Head of the Career Opportunity Center which served students from the College of Arts and Sciences and the General College. In 1985 she became involved in the centralization of Career Planning, Placement, and Co-op Services, now LSU Career Services, serving all students in all colleges. In 1993, she was married to Charles D. Belleau, MD, a graduate of LSU and LSU Medical School. Their blended family consists of eight children and many grandchildren. In 2004, the year prior to her retirement from LSU, she received the LSU Foundation Outstanding Service Award.

Mary's work performance at LSU Career Services in event planning, instructing, community service, public relations, program development and administration can best be described as dedicated, enthusiastic and extraordinary. In her 24 plus years at LSU, she directed 49 Career Days held each semester, attended by some 75,000 students and alumni directly resulting in countless employment opportunities for Louisiana's flagship university community. For 19 years, she compiled the LSU Placement Manual which was provided to over 72,000 students who often returned to campus as alumni with tattered copies still being used. She also edited the LSU Career Services newsletter, Cover Letter, which was disseminated to faculty, to staff, and to those employers who recruited on campus.

She continuously promoted LSU's mission of community service through efforts that reached far beyond the LSU System campuses. She and then President and Interim Chancellor William Jenkins invited all students from each of the campuses within the LSU System to participate in LSU's Career Days. Additionally, she conceptualized Career Month in Louisiana, an educational outreach program which created a partnership consisting of Louisiana employers and educators to inform Louisianians in schools, colleges and universities of the ever-changing workplace.

Mary consistently demonstrated superior work performance in carrying out her responsibilities. She conducted hundreds of individual appointments, taught Job Search Skills Workshops, made over 100 presentations to classes and student groups... affecting thousands of students annually. She worked cooperatively with the LSU Office of Computing Services to develop the Résumé Tutorial and Builder and with knowledgeable experts in the LSU Office of Intellectual Property to acquire a copyright for this phenomenal tool used by over 7,000 students at LSU to create their résumés. Through her tireless networking efforts, this valuable resource was subsequently made available to students at all LSU System campuses. Having been referred to by her colleagues as the "résumé expert," she has been quoted in numerous prestigious publications.

As head of LSU Career Services' Job Search Division since 1985, Mary continuously promoted efficiency and economy while keeping pace with advancing technology. In instructing students to utilize the LSU On-Campus Interviewing Program, she first used a slide tape presentation, then PowerPoint, followed by a computer-based demonstration of the interview system as well as online tutorials to reinforce instruction.

She continually migrated the instructions for utilizing the LSU On-Campus Interviewing Procedures from paper to paperless... from signing up for interviews on paper schedules; then by phone; then by going directly online to submit resumes, sign up for interviews and prepare for interviews.

Even with a limited staff, she maintained "high touch" by incorporating "high tech," with the development of online job search tutorials as a more efficient and effective delivery of information. This reduced individual appointment times and allowed staff to see more students and to spend additional time in formulating other needed services such as mock video interviewing.

Mary developed excellent public relations programs for Career Services that resulted in her being recognized by the Southern Public Relations Federation as Senior Practitioner of the Year in 2003. She received awards and recognition from national, state, regional and local associations derived from her genuine interest in promoting Career Services focused on helping "her" students in planning their careers

and securing employment. Additionally, as a leader in her field, she held leadership positions in local, state, regional, and national organizations.

At the beginning of the 21st Century, 2,800 universities were using MonsterTRAK to help students find jobs. Mary created the companion TigerTRAK campaign to get students registered on MonsterTRAK. Over half of the LSU undergraduate enrollment, approximately 12,300 students, soon became TigerTRAK members. During this time, only one other university nationwide had more students than LSU who were members of MonsterTRAK.

As an administrator of the career planning, job search, and cooperative education divisions of Career Services, she continuously evaluated operations and programs to ensure the most efficient methods for staff to work smarter, not harder. Her recommendations, supervision, creation of training manuals and training of employees streamlined Career Services operations.

In program management, she created a step-by-step timeline including every detail vital to its successful implementation. As an exceptionally hands-on team player, Mary voluntarily spent countless extra hours at work to fulfill her own responsibilities often delayed due to her concern to help her valued and unexpected patrons throughout the day.

She was referred to as "the heartbeat" of Career Services as exemplified by one recruiter who had not been on campus for several years. He returned to LSU for Career Day and commented on how things had changed. When he entered the Assembly Center for Career Day and saw Mary delaHoussaye Belleau, he said, "Well, I know one thing has not changed at LSU and that is Mrs. Belleau's welcoming smile and words "May I help you?" Mary enthusiastically exemplifies the consummate professional in every sense of the word.

It is most appropriate that the LSU Career Center's Welcome & Information Center be named in her honor. This distinction ensures that her dedicated efforts will be forever remembered as a truly exceptional ambassador for LSU and LSU Career Services.

The Division of Student Life & Enrollment would like to honor Mrs. Mary Agnes Hardy delaHoussaye Belleau for her commitment to LSU, its students, graduates, alumni, and Career Services. We are grateful for her family's most generous gift of \$100,000 to the new LSU Career Center Project Fund. We respectfully request that the LSU Career Center's Welcome & Information Center be named the LSU Career Center "Mary Agnes Hardy delaHoussaye Belleau Welcome & Information Center"

#### **ATTACHMENTS:**

- Memorandum from Chancellor Michael Martin
- Email from Paul E. Hoffman, Chair of Naming University Facilities Committee
- Memo from Vice Chancellor- Division of Student Life and Enrollment, Kurt Keppler

#### **RECOMMENDATION**

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

**"NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby approve naming the Career Center's Welcome & Information Center the "Mary Agnes Hardy delaHoussaye Belleau Welcome and Information Center"."



**MEMORANDUM**  
*Office of the Chancellor*

To: John V. Lombardi  
President, LSU System

Date: April 14, 2011

From: Michael Martin  
Chancellor

Re: LSU Career Center Mary Agnes Hardy delaHoussaye Belleau Welcome and Information Center

The Committee on Naming University Facilities has recommended that the Welcome and Information Center within the LSU Career Center be named the Mary Agnes Hardy delaHoussaye Belleau Welcome and Information Center. The naming is requested for her families generous contribution, but more important, her longstanding commitment to LSU Career Services.

Therefore, I enthusiastically concur in this recommendation and request that in accordance with PS-70 you forward this proposal to the Board of Supervisors for inclusion on the June 2011

Attachments

cc: Vice Chancellor Kurt Keppler

*Ray Lamonica*

**RECEIVED**

MAY 04 2011

LSU SYSTEM  
ROOM 124

OFFICE OF THE  
PRESIDENT

MAY 04 2011

LSU SYSTEM

**RECEIVED**

MAY 09 2011

PROPERTY & FACILITIES

## **Bunnie R Cannon**

---

**From:** Paul E Hoffman  
**Sent:** Thursday, April 14, 2011 1:57 PM  
**To:** Michael V Martin  
**Cc:** Bunnie R Cannon; Jane W Cassidy  
**Subject:** Naming Proposal 2011-04, Belleau Welcome and Information Center  
**Attachments:** 2011-04 Belleau Welcome and Information Center.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Dear Chancellor:

Attached please find a copy of the proposal to name the proposed welcoming center in the new Career Center at the LSU Student Union for Mary Agnes Hardy delaHoussaye Belleau, a long time staff member of the LSU Career Services.

Your Naming University Facilities Committee has reviewed this proposal and recommends it for your approval and forwarding to the System President for his approval and forwarding to the Board of Supervisors for its disposition.

For the Committee,

Paul E. Hoffman, Chair  
Naming University Facilities Committee  
Paul W. and Nancy W. Murrill Distinguished Professor  
And Professor of History  
Department of History  
Louisiana State University  
Baton Rouge, LA 70803-3601  
Phone: 225-578-4459  
Fax: 225-578-4909



**Student Life**

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128 Johnston Hall  
Baton Rouge, LA 70803

O 225-578-8607  
F 225-578-4820  
[www.lsu.edu/studentlife](http://www.lsu.edu/studentlife)

**To:** Michael Martin, Chancellor

**From:** Kurt Keppler, Vice Chancellor for Student Life & Enrollment

**cc:** Bunnie Cannon, Institutional Advancement  
Mary Feduccia, LSU Career Services  
Jamie Segar, Division of Student Life & Enrollment

**Date:** February 28, 2011

**Re:** Request to Name -- Welcome & Information Center in New LSU Career Center

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As you know, the University is preparing to build a new Career Center in the LSU Student Union. The new center will be located in the LSU Student Union and occupy 17,400 square feet on two levels in space currently occupied by the LSU Bookstore. The new facility will unify programs and services provided by Career Services staff presently split between Patrick F. Taylor Hall and basement of Coates Hall. Stated to open in fall 2012, renovations are anticipated to begin in January 2012. The Division of Student Life & Enrollment has been charged with raising \$3.3 million for the project.

Career preparation is the leading reason students attend college and competitive programs that support professional growth are sought by today's top students. The new LSU Career Center will serve all students, as well as alumni, by providing solid preparation for success in the next phase of and throughout their lives. Career Services staff in the Center will offer the tools, resources, assistance, and guidance students need for coupling academic course work with individual passions -- a critical element in developing the lifelong career skills needed to be successful.

The new Center will provide LSU students with a premier, centrally located, state-of-the-art facility. LSU Career Services currently hosts thousands of one-on-one visits with students, employers, and alumni each year. Sessions are tailored to provide guidance that aligns with each individual's goals and interests.

The Career Center will provide a one-stop shop for serving students and alumni at every stage of career development -- from the early stages of identifying a career and degree program that best complements individual strengths; to gaining work-related experience through internships and co-ops; to developing job search skills necessary for success in securing full-time employment upon graduation from LSU; or in gaining admission to graduate and professional schools. Each of these services and programs enhance the value of an LSU education.

Our Career Center Project Fund has received a generous \$100,000 pledged gift from Dr. Charles Belleau and Family on behalf of Mary Agnes Hardy de la Houssaye Belleau.

February 29, 2011

Chancellor Michael Martin

Request to Name -- LSU Career Center Welcome & Information Center

Page Two

Mary Agnes Hardy delaHoussaye Belleau was born in Lafayette, Louisiana in 1941. She was reared in rural St. Martin Parish, and graduated in 1959 from Cecilia High School as Outstanding Senior Girl. She enrolled at the University of Southwestern Louisiana and received the Outstanding Student Teacher Award upon graduating with a degree in business education in 1962. She was employed by Mobil Oil Company as a secretary and at Ballard & Cordell as an executive secretary until her marriage in 1965 to Captain Arthur Joseph delaHoussaye, USMC, an F-4 Fighter Pilot killed in Vietnam in 1968 during the Tet Offensive.

In 1973, when their two children, Arthur Joseph delaHoussaye and Monique Angelle delaHoussaye, were in school, Mary moved to Baton Rouge to work for then-Secretary of State Wade Martin. In 1975, she coordinated her brother, Paul Hardy's statewide campaign for Secretary of State. In 1979, she coordinated his gubernatorial campaign. In January 1981, after an eight-year career working in state government, Mary began working at LSU as Head of the Career Opportunity Center, which served students from both the College of Arts & Sciences and General College. In 1985, she became involved in the centralization of Career Planning, Placement, and Co-op Services, now known as LSU Career Services, designed to serve all students in all colleges.

In 1993, she was married to Charles D. Belleau, MD, a graduate of LSU and LSU Medical School. Their blended family consists of eight children and many grandchildren.

She received the LSU Foundation's Outstanding Service Award in 2004, the year prior to her retirement from LSU. Mary's work performance at LSU Career Services in event planning, instructing, community service, public relations, program development and administration can best be described as dedicated, enthusiastic and extraordinary. In her 24 plus years at LSU, she directed 49 Career Days held each semester, attended by some 75,000 students and alumni directly resulting in countless employment opportunities for Louisiana's flagship university community. For 19 years, she compiled the *LSU Placement Manual* which was provided to over 72,000 students who often returned to campus as alumni with tattered copies still being used. She also edited the LSU Career Services newsletter, *Cover Letter*, which was disseminated to faculty, to staff, and to those employers who recruited on-campus.

She continuously promoted LSU's mission of *community service* through efforts that reached far beyond the LSU System campuses. She and then President and Interim Chancellor William Jenkins invited all students from each of the campuses within the LSU System to participate in *LSU's Career Days*. Additionally, she conceptualized *Career Month in Louisiana*, an educational outreach program which created a partnership consisting of Louisiana employers and educators to inform Louisianians in schools, colleges and universities of the ever-changing workplace.

Mary consistently demonstrated superior work performance in carrying out her responsibilities. She conducted hundreds of individual appointments, taught Job Search Skills Workshops, made over 100 presentations to classes and student groups... impacting thousands of students annually. She worked cooperatively with the LSU Office of Computing Services to develop the *Résumé Tutorial and Builder* and with knowledgeable experts in the LSU Office of Intellectual Property to acquire a copyright for this phenomenal tool used by over 7,000 students at LSU to create their résumés. Through her tireless networking efforts, this valuable resource was subsequently made available to



February 28, 2011  
Chancellor Michael Martin  
Request to Name -- LSU Career Center Welcome & Information Center  
Page Three

students at all LSU System campuses. Having been referred to by her colleagues as the "résumé expert," she has been quoted in numerous prestigious publications.

As head of LSU Career Services' Job Search Division since 1985, Mary continuously promoted efficiency and economy while keeping pace with advancing technology. In instructing students to utilize the LSU On-Campus Interviewing Program, she first used a slide tape presentation, then PowerPoint, followed by a computer-based demonstration of the interview system, as well as online tutorials to reinforce instruction.

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Even with a limited staff, she maintained "high touch" by incorporating "high tech," with the development of *online job search tutorials* as a more efficient and effective delivery of information. This reduced individual appointment times and allowed staff to see more students and to spend additional time in formulating other needed services such as *mock video interviewing*.

Mary developed excellent *public relations programs* for Career Services that resulted in her being recognized by the Southern Public Relations Federation as Senior Practitioner of the Year in 2003. She received awards and recognition from national, state, regional, and local associations derived from her genuine interest in promoting Career Services focused on helping "her" students in planning their careers and securing employment. Additionally, as a leader in her field, she held leadership positions in local, state, regional, and national organizations.

At the beginning of the 21<sup>st</sup> century, 2,800 universities were using *MonsterTRAK* to help students find jobs. Mary created the companion *TigerTRAK* campaign to get students registered on *MonsterTRAK*. Over half of the LSU undergraduate enrollment, approximately 12,300 students, soon became *TigerTRAK* members. During this time, only one other university nationwide had more students than LSU who were members of *MonsterTRAK*.

As an *administrator* of the career planning, job search, and cooperative education service areas of Career Services, she continuously evaluated operations and programs to ensure the most efficient methods for staff to work smarter, not harder. Her recommendations, supervision, creation of training manuals and training of employees streamlined Career Services operations.

In *program management*, she created a step-by-step timeline including every detail vital to its successful implementation. As an exceptionally hands-on team player, Mary voluntarily spent countless extra hours at work to fulfill her own responsibilities often delayed due to her concern to help her valued and unexpected patrons throughout the day.

She was referred to as "the heartbeat" of Career Services as exemplified by one recruiter who had not been on campus for several years. He returned to LSU for Career Day and commented on how things had changed. When he entered the Assembly Center for Career Day and saw Mary de la Houssaye Belleau, he said, "Well, I know one thing has not changed at LSU and that is Mrs. Belleau's welcoming smile and words "May I help

February 28, 2011  
Chancellor Michael Martin  
Request to Name -- LSU Career Center Welcome & Information Center  
Page Four

you?" Mary enthusiastically exemplifies the consummate professional in every sense of the word.

It is most appropriate that the LSU Career Center's Welcome & Information Center be named in her honor. This distinction ensures that her dedicated efforts will be forever remembered as a truly exceptional ambassador for LSU and LSU Career Services.

The Division of Student Life & Enrollment would like to honor Mrs. Mary Agnes Hardy deLaHoussaye Belleau for her commitment to LSU, its students, graduates, alumni, and Career Services. We are grateful for her family's most generous pledged gift of \$100,000 to the new LSU Career Center Project Fund and respectfully request that the LSU Career Center's Welcome & Information Center be named the **"Mary Agnes Hardy deLaHoussaye Belleau Welcome & Information Center."**

Please let me know if you have questions or need additional information to consider this request. Thank you in advance for your consideration.



**RECOMMENDATION TO NAME  
THE LSU CAREER CENTER'S WORKFORCE  
DEVELOPMENT CENTER  
THE LSU CAREER CENTER'S  
"CHEVRON WORKFORCE DEVELOPMENT CENTER"**

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

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

D.5(c) Such other matters that are not expressly delegated herein or hereafter by the Board to the President or Chancellor....

**1. Summary of Matter**

Louisiana State University is recommending naming the LSU Career Center's Workforce Development Center the LSU Career Center's "Chevron Workforce Development Center".

The University is preparing to build a new career center in the LSU Student Union. The new center will occupy 17,400 square feet on two levels in space currently occupied by the LSU Bookstore. The new facility will unify programs and services provided by Career Services staff presently split between Patrick F. Taylor Hall and basement of Coates Hall. Slated to open in Fall 2012, renovations are anticipated to begin in January 2012. The Division of Student Life & Enrollment has been charged with raising \$3.3 million for the project.

Career preparation is the leading reason students attend college, and competitive programs that support professional growth are highly regarded by today's top students. The new LSU Career Center will serve all students, as well as alumni, by providing them with sound preparation for success in the next phase of and throughout their lives. Career Services staff in the Center will offer the tools, resources, assistance, and guidance students need in coupling academic course work with their individual passions, a critical element in developing the lifelong career skills needed to be successful.

The new Center will provide LSU students with a premier, centrally located, state-of-the-art career center. LSU Career Services currently hosts thousands of one-on-one visits with students, employers, and alumni each year. Sessions are tailored to provide guidance that aligns with each individual's goals and interests.

The Career Center will provide one central location to serve students and alumni at every stage of career development — from the early stages of identifying a career and degree program that best complements individual strengths; to gaining work-related experience through internships and co-ops; to developing the job search skills necessary to be successful in securing full-time employment upon graduation from LSU; or in gaining admission to graduate and professional schools. These services and programs enhance the value of an LSU education.

Chevron is one of the world's largest integrated energy companies. Headquartered in San Ramon, Calif., they conduct business worldwide. Chevron is engaged in every aspect of the crude oil and natural gas industry, including exploration and production, manufacturing, marketing and transportation, chemicals manufacturing and sales, geothermal energy, and power generation. They are also investing in renewable and advanced technologies. Their diverse and highly skilled global workforce consists of approximately 60,000 employees and about 4,000 service station employees. Chevron's five U.S. refineries have the capacity to process more than 941,000 barrels of oil per day. Chevron-branded products are sold in more

than 7,500 retail locations in the United States, primarily on the West Coast and in the South. They also supply more than 2,000 service stations in southern and eastern states with Texaco-branded fuel.

Chevron has maintained a strong recruiting effort through Career Services' on campus program every fall semester since 2000, with occasional on-campus interviews during spring semesters. Chevron has also been a regular attendee at the Career Expos held each fall, and has attended both the College of Engineering and E. J. Ourso College of Business Networking Receptions in the past. Their majors of interest regularly include all engineering majors, geology, ISDS and computer science, with irregular recruiting for other business majors and occasional other majors. They have hired numerous LSU students as interns and co-ops, and hire high numbers of LSU graduates for full-time employment.

The Division of Student Life & Enrollment would like to honor Chevron for their continued commitment to LSU, its students, graduates, alumni, and Career Services. LSU is grateful for the corporation's most generous gift of \$200,000 to the new LSU Career Center Project Fund. This naming will be in effect for five years, beginning at the time construction is complete. The Division respectfully requests that the LSU Career Center's Workforce Development Center be named the LSU Career Center "Chevron Workforce Development Center".

**ATTACHMENTS:**

- Memorandum from Chancellor Michael Martin
- Email from Paul E. Hoffman, Chair of Naming University Facilities Committee

**Recommendation**

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

**"NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby approve naming the LSU Career Center's Workforce Development Center the "Chevron Workforce Development Center"."



**MEMORANDUM**  
*Office of the Chancellor*

**RECEIVED**

MAY 04 2011

LSU SYSTEM  
ROOM 124

OFFICE OF THE  
PRESIDENT

MAY 04 2011

LSU SYSTEM

*Ray Lamonica*

To: John V. Lombardi  
President, LSU System

Date: April 14, 2011

From: Michael Martin  
Chancellor

Re: LSU Career Center Chevron Work Force Development Center

The Committee on Naming University Facilities has recommended that the Work Force Development Center within the LSU Career Center be named the Chevron Work Force Development Center. It is requested for their generous contribution to the center as well as their longstanding recruitment of LSU students.

Therefore, I enthusiastically concur in this recommendation and request that in accordance with PS-70 you forward this proposal to the Board of Supervisors for inclusion on the June 2011

Attachments

cc: Vice Chancellor Kurt Keppler

## **Bunnie R Cannon**

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**From:** Paul E Hoffman  
**Sent:** Thursday, April 14, 2011 1:52 PM  
**To:** Michael V Martin  
**Cc:** Bunnie R Cannon; Jane W Cassidy  
**Subject:** Naming Proposal 2011-03: Chevron Work Force Development Center  
**Attachments:** 2011-03 Chevron Work Force Development Center.pdf

**Importance:** High

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Dear Chancellor:

Attached please find a copy of Proposal 2011-03: the Chevron Work Force Development Center for the new Career Center to be built in the Student Union.

Your committee has reviewed the proposal and recommends it for your approval and forwarding to the System President for his approval and forwarding to the Board of Supervisors for their disposition.

As you might expect, some members of the Committee had reservations because Chevron, like all petrochemical companies, does not have the best environmental record. Too, when the Exxon Plaza was approved it touched off a small storm of negative publicity.

That said, the opinion of the majority of the Committee is to recommend this naming, which we understand will be time limited in line with the (still pending) revision of PS-70.

For the Committee,

Paul E. Hoffman, Chair  
Naming University Facilities Committee  
Paul W. and Nancy W. Murrill Distinguished Professor  
And Professor of History  
Department of History  
Louisiana State University  
Baton Rouge, LA 70803-3601  
Phone: 225-578-4459  
Fax: 225-578-4909



Student Life

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Baton Rouge, LA 70803

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F 225-578-4820  
www.lsu.edu/studentlife

**To:** Michael Martin, Chancellor

**From:** Kurt Keppler, Vice Chancellor for Division Student Life & Enrollment

**cc:** Bunnie Cannon, Institutional Advancement  
Mary Feduccia, LSU Career Services  
Jamie Segar, Division of Student Life & Enrollment

**Date:** February 28, 2011

**Re:** Request to Name -- Workforce Development Center in LSU Career Center

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As you know, the University is preparing to build a new Career Center in the LSU Student Union. The new center will be located in the LSU Student Union and occupy 17,400 square feet on two levels in space currently occupied by the LSU Bookstore. The new facility will unify programs and services provided by Career Services staff presently split between Patrick F. Taylor Hall and basement of Coates Hall. Slated to open in fall 2012, renovations are anticipated to begin in January 2012. The Division of Student Life & Enrollment has been charged with raising \$3.3 million for the project.

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The Career Center will provide a one-stop shop for serving students and alumni at every stage of career development -- from the early stages of identifying a career and degree program that best complements individual strengths; to gaining work-related experience through internships and co-ops; to developing job search skills necessary for success in securing full-time employment upon graduation from LSU; or in gaining admission to graduate and professional schools. Each of these services and programs enhance the value of an LSU education.

February 28, 2011  
Chancellor Michael Marlin  
Request to Name - Workforce Development Center in LSU Career Center  
Page Two

Our Career Center Project Fund has received a generous \$200,000 from Chevron.

One of the world's largest integrated energy companies, Chevron is headquartered in San Ramon, California, and conducts business worldwide. They are engaged in every aspect of the crude oil and natural gas industry, including exploration and production, manufacturing, marketing and transportation, chemicals manufacturing and sales, geothermal energy, and power generation. Investing in renewable and advanced technologies, their diverse and highly skilled global workforce consists of approximately 60,000 employees and about 4,000 service station employees. Chevron's five U.S. refineries have the capacity to process more than 941,000 barrels of oil per day. Chevron-branded products are sold in more than 7,500 retail locations in the United States, primarily on the West Coast and in the South. They also supply more than 2,000 service stations in southern and eastern states with Texaco-branded fuel.

Chevron has maintained a strong on-campus recruiting presence through Career Services every fall since 2000 and interviewed on an as-needed basis during spring semesters. They have also regularly participated in Career Expo each fall, as well as both Networking Receptions for both College of Engineering and E. J. Ourso College of Business. While they regularly recruit from major including (all) engineering, geology, information systems and decision sciences (ISDS), and computer science, they also have periodic openings for business and other majors. They have hired numerous LSU students for internship and co-op opportunities and LSU graduates for full-time employment.

The Division of Student Life & Enrollment would like to honor Chevron for the continued commitment to LSU, its students, graduates, alumni, and Career Services. We are grateful for the corporation's most generous gift of \$200,000 to the new LSU Career Center Project Fund and respectfully request that the LSU Career Center's Workforce Development Center be named the "**Chevron Workforce Development Center**".

Please let me know if you have questions or need additional information to consider this request. Thank you in advance for your consideration.





**ASSIGNMENTS OF OIL, GAS & MINERAL INTERESTS BY  
WOODSON OIL & GAS, L.P. TO AZALEA PROPERTIES, LTD. AND  
BY AZALEA PROPERTIES, LTD. TO RCWI, L.P. AT  
THE CENTRAL RESEARCH STATION**

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

Pursuant to Article VII, Section 8, D.2(a) of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter".

D.2(a) The assignment, lease, transfer, encumbrance or sale of land, mineral rights, right-of-ways, servitudes...

**1. Summary of the Matter**

The following lease requires the Board of Supervisors consent to assignment. Woodson Oil & Gas, L.P. (Assignor) requests consent to the assignment of 17.5% of the right, title and interest of the Assignor's interest in two (2) leases located in East Baton Rouge Parish, to Azalea Properties, LTD. and the assignment by Azalea Properties, LTD. of this interest to RCWI, L.P. (Assignee):

Lease 1: The LSU Board of Supervisors and Edward P. Allis, IV dated July 3, 1968, recorded in Volume 2034, Page 0642, East Baton Rouge, Louisiana.

Lease 2: The LSU Board of Supervisors and Edward P. Allis, IV dated July 7, 1968, recorded in Volume 2055, Page 0192, East Baton Rouge, Louisiana.

**2. Review of Business Plan**

Not applicable.

**3. Fiscal Impact**

None.

**4. Description of Competitive Process**

Not applicable.

**5. Review of Legal Documents**

Conditions of Assignment are attached and in order.

**6. Parties of Interest**

None.

**7. Related Transactions**

- Assignments, Conveyance, and Bill of Sale dated January 10, 2003
- Correction Assignment, Conveyance and Bill of Sale dated December 1, 2009

**8. Conflicts of Interest**

None.

**ATTACHMENTS**

- Email from Mr. Clay Johnson dated April 4<sup>th</sup>, 2011 regarding assignments.
- Recommendation letter from Mr. Clay Johnson dated April 28, 2011.
- Email from Tres Fife dated April 28, 2011
- Assignment, Conveyance, and Bill of Sale (effective July 1, 2002)
- Correction Assignment, Conveyance and Bill of Sale (effective December 1, 2009)
- Conditions of Assignment (2)
- Documents which provide financial information on Reef Exploration companies, including RCWI, L.P.
- Email from Tres Fife dated April 21, 2011 with list of Reef operated wells in Louisiana and attachments which provide more information on assignees.

**RECOMMENDATION**

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

**“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 Louisiana State University System, or his designee, be and he is hereby authorized by and empowered for and on behalf of and in the name of the Board of Supervisors, to consent to and approve the Assignment of Oil, Gas and Mineral Leases by Woodson Oil & Gas, L.P. to Azalea Properties, Ltd. and the Assignment of that interest by Azalea Properties, Ltd. to RCWI, L.P.

**BE IT FURTHER RESOLVED** that said John V. Lombardi, President, or his designee, be and he is hereby authorized and empowered to sign and execute and Act of Consent for and on behalf of and in the name of the Board of Supervisors, which said Act may contain any and all provisions and stipulations as the said John V. Lombardi, or his designee, may deem is in the best interest of the Board of Supervisors, but which Act shall provide that the assignor is not relieved of their obligations or liabilities under the above described lease and that any notice required or allowed by the Board of Supervisors to assignor of said lease shall be considered notice to said assignor when such notice has been properly made to Woodson Oil & Gas, L.P., Azalea Properties, Ltd. and/or RCWI, L.P. or their assignees.”

# TAYLOR PORTER

ATTORNEYS AT LAW

Founded 1912

J. CLAYTON JOHNSON  
Partner

(225) 381-0245 TELEPHONE  
(225) 346-8049 FACSIMILE  
(225) 215-8718 DIRECT FAX  
clay.johnson@taylorporter.com

April 28, 2011

**RECEIVED**

APR 29 2011

**PROPERTY & FACILITIES**

Mr. James G. Howell  
Louisiana State University  
Vice President for Property,  
Facilities & Administration  
109 System Building  
Baton Rouge, LA 70803

Re: Consents to Assignment of Undivided Mineral Interests in Ben Hur Mineral Leases Dated July 3, 1968 and August 19, 1968 by Woodson Oil & Gas, L.P. to Azalea Properties, Ltd. and by Azalea Properties, Ltd. to RCWI, L.P.

Dear Jim:

On march 30, 2011, we advised you that we would be forwarding Conditions of Assignment forms to support a request that LSU consent to assignments of undivided interests in minerals by Woodson Oil & Gas, L.P. to Azalea Properties, Ltd. and by Azalea Properties, Ltd. of the same interests to RCWI, L.P. In connection therewith, we enclosed duplicate originals of each of those Conditions of Assignment.

Also in support of the request for LSU to consent to the assignments, we enclose the following:

An April 28, 2011 email from Tres Fife indicating that RCWI acquired 17.5% of Woodson's interest in the leases or a .04180758 WI in the LSU #1D Well (Serial 128700/API 17-033-20004) and the LSU #2 Well (Serial 128701/API 17-033-20005).

An April 4, 2011 email from Renee Renfroe, with Ewing & Jones, attorneys in Houston, counsel for RCWI, L.P., indicating the relationship between RCWI and Reef Exploration, Inc.

Also enclosed are government documents which provide financial information on Reef Exploration companies, including RCWI, L.P.

Finally, we enclose an April 21, 2011 email from Tres Fife, with Reef Oil & Gas Companies, together with attachments to that letter, which provide more information on the assignees.

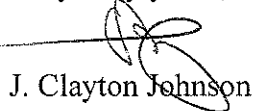
570817.1

Page 2

With the above information, we feel it is appropriate to present the requests to the LSU Board of Supervisors to consent to both the assignment by/Woodson Oil & Gas, L.P. to Azalea Properties, Ltd. and by Azalea Properties, Ltd. to RCWI, L.P. of the same interest.

Call with questions.

Very truly yours,



J. Clayton Johnson

JCJ/km

Enclosures

**Clayton Johnson**

---

**From:** Clayton Johnson  
**Sent:** Monday, April 04, 2011 11:06 AM  
**To:** 'Renee Renfroe'  
**Subject:** RE: LSU Oil & Gas Leases

Renee, what we will need is both assignments being approved (you forwarded one) and a packet of information on RCWI, L.P. which we can show board members who want to make certain that an under-capitalized and inexperienced organization does not end up as an LSU lessee.

Thanks, Clay

---

roe@ewingjones.com]  
**Sent:** Monday, April 04, 2011 10:32 AM  
**To:** Clayton Johnson  
**Cc:** Kerry McKay  
**Subject:** FW: LSU Oil & Gas Leases

Clay:

Good morning. Kerry forwarded your email requesting the Assignment from Azalea to RCWI, which is attached. It was filed before RCWI realized they needed to have LSU's consent.

Regarding RCWI - it is an indirect subsidiary of Reef Exploration, Inc., which is based in Richardson, Texas and has been around since about 1987 I believe.

Reef is fairly large and has numerous subsidiaries – their website is [www.reefexploration.com](http://www.reefexploration.com).

Please let me know if you need additional information.

Thank you,  
Renee



Renee Renfroe  
Transaction Specialist  
EWING & JONES, PLLC  
6363 Woodway, Suite 1000  
Houston, Texas 77057  
713.590.9669 - Direct  
713.590.9601 - Fax  
713.516.0636 - Cell  
[www.ewingjones.com](http://www.ewingjones.com)

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4/4/2011

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---

**From:** Clayton Johnson [mailto:Clayton.Johnson@taylorporter.com]  
**Sent:** Wednesday, March 30, 2011 5:07 PM  
**To:** Kerry McKay  
**Subject:** RE: LSU Oil & Gas Leases

Kerry, I am in receipt of the executed Conditions of Assignment forms and they are in order. Please also send me copies of the actual executed assignments, unless the assignment to RCWI, L.P. has not been executed, in which case, please send the unexecuted assignment. Also, please send some information on RCWI, L.P., so that if a board member asks about the company and its size, viability, and stability, we will have an answer.

Thanks,

Clay Johnson

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**Kim Martin**

---

**From:** Tres Fife [tres@reefogc.com]  
**Sent:** Thursday, April 28, 2011 8:36 AM  
**To:** Clayton Johnson  
**Cc:** Walt Dunagin; 'Camille Covington'; Lee Hayden, Jr.  
**Subject:** RE: Information on RCWI, L.P. and Reef Exploration

Clayton:

RCWI acquired 17.5% of Woodson's interest in the leases or a .04180758 WI in the LSU #1D Well (Serial 128700/API 17-033-20004) and the LSU #2 Well (Serial 128701/API 17-033-20005).

Tres

---

**From:** Clayton Johnson [mailto:Clayton.Johnson@taylorporter.com]  
**Sent:** Tuesday, April 26, 2011 4:34 PM  
**To:** Tres Fife  
**Subject:** RE: Information on RCWI, L.P. and Reef Exploration

Tres, one more thing - what interest in the two LSU leases is RCWI, L.P. acquiring? Thanks, Clay

---

**From:** Tres Fife [mailto:tres@reefogc.com]  
**Sent:** Thursday, April 21, 2011 4:36 PM  
**To:** Clayton Johnson  
**Cc:** 'Renee Renfro'; Lee Hayden, Jr.; 'Camille Covington'; Walt Dunagin; Tehan, Tim  
**Subject:** Information on RCWI, L.P. and Reef Exploration

Clayton:

We spoke a couple of weeks ago regarding RCWI, L.P.'s request for LSU's consent to the assignment of one of its leases in the Manchac Pointe Field in East Baton Rouge Parish. See the attached information regarding RCWI. The way our company is structured, Reef Exploration, L.P. acts as the operator, and RCWI, L.P. holds title to both our operated and non – operated properties. I have included a list of the wells that Reef operates or has operated in Louisiana and a copy of the Purchase and Sale Agreement wherein RCWI purchased the LSU lease. If you have any further questions, you may, of course, email me or call at (972) 437 – 6792. I appreciate you attention to this matter.

Thank you

Tres Fife

---

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Reef Oil and Gas Companies

4/28/2011

Reef Oil & Gas Partners, L.P.  
Reef Exploration, L.P.

Please visit our new website @ <http://www.reefogc.com>.

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---

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Reef Oil and Gas Companies  
Reef Oil & Gas Partners, L.P.  
Reef Exploration, L.P.

Please visit our new website @ <http://www.reefogc.com>.



ASSIGNMENT, CONVEYANCE, AND BILL OF SALE

STATE OF LOUISIANA

PARISH OF PARISH OF EAST BATON ROUGE & WEST BATON ROUGE

This Assignment, Conveyance and Bill of Sale (this "Assignment") is made on January 10, 2003, but effective July 1, 2002 from Woodson Oil & Gas, L. P., a Texas Limited Partnership ("Assignor") 301 Commerce Street, Suite 1830, Fort Worth, TX 76102, to Azalea Properties, Ltd, a Texas Limited Partnership, 8117 Preston Road, Suite 300, Dallas, TX 75225 ("Assignee").

By that certain Assignment, Conveyance, and Bill of Sale ("the Bellwether et al. Assignment") dated June 27, 1997, recorded in ORIG 826, BNDL 10827, Official Records of East Baton Rouge Parish, Louisiana and in Book 378, Page 48 of the Conveyance Records of West Baton Rouge Parish, Louisiana, Bellwether Exploration Company conveyed Assignor certain interests in the oil and gas leases ("the Assets") more particularly described in ("Exhibit "A").

By that certain Assignment, Conveyance, and Bill of Sale ("the Lett Assignment") dated July 7, 1997, recorded in ORIG 824, BNDL 10827, Official Records of East Baton Rouge Parish, Louisiana and in Book 378, Page 47 of the Conveyance Records of West Baton Rouge Parish, Louisiana, Lett Oil & Gas, L. P. conveyed Assignor certain interests in the oil and gas leases ("the Assets") more particularly described in ("Exhibit "B")

Now, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor transfers, assigns, and conveys to Assignee seventeen and one half percent (17.5%) of the interest conveyed to Assignor by the Lett Assignment and the Bellwether et al. Assignment.

This Assignment is subject to all terms, provision and conditions contained in the Lett Assignment and the Bellwether et al. Assignment, and Assignee assumes and agrees to be bound by and perform its proportionate part of all obligations imposed upon Assignor by the Lett Assignment and the Bellwether et al. Assignment.

Assignor warrants title to the interest conveyed to the interest conveyed by this Assignment against the claims of all parties by, through and under but not otherwise.

ALL PERSONAL PROPERTY AND EQUIPMENT CONVEYED BY THIS ASSIGNMENT IS SLOD BY ASSIGNOR AND ACCEPTED BY ASSIGNEE ON AN "AS IS" BASIS WITH ALL FAULTS. ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATE ANY IMPLIED OR EXPRESS WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PRUPOSE.

To have and to hold the interests herein assigned unto assignee, its heirs, personal representatives, successors and assigns, subject to the terms and conditions set forth herein and in the Lett Assignment and the Bellwether et al. Assignment.

Executed as of the date first written above.

WITNESSES:

*[Handwritten signatures of witnesses]*

ASSIGNOR:

Woodson Oil & Gas, L. P., a Texas Limited Partnership

*[Handwritten signature of Duer Wagner III]*

Duer Wagner III - President of Duer Wagner III, Inc. It's General Partner

ASSIGNEE:

Azalea Properties, Ltd., a Texas Limited Partnership

*[Handwritten signature of David B. Talbot III]*

David B. Talbot III - President of Maple Ridge Property Company, It's General Partner

WITNESSES:

*[Handwritten signatures of witnesses]*

Approved subject to attached Resolution No. 12, 2003  
STATE MINERAL BOARD

By: *[Handwritten signature]*  
Secretary

THE STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on January 10, 2003, by Duer Wagner III, in his capacity as President of Duer Wagner III, Inc., on behalf of such Corporation as General Partner for Woodson Oil & Gas, L.P.



*Betty Jean Merchant*  
Notary Public in and for the State of Texas

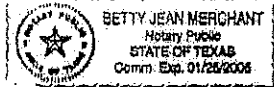
Printed Name Betty Jean Merchant

My Commission Expires 01/25/2005

THE STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on January 10, 2003, by David B. Talbot, III, in his capacity as President of Maple Ridge Property Company, on behalf of such Corporation as General Partner for and Azalea Properties, Ltd.



*Betty Jean Merchant*  
Notary Public in and for the State of Texas

Printed Name Betty Jean Merchant

My Commission Expires 01/25/2005

EXHIBIT "A"

MANCHAC POINT

Lease 1

Date: July 3, 1968  
Lessor: Louisiana State University  
Lessee: Edward P. Allis, IV  
Recorded: Volume 2034, Page 0642, East Baton Rouge, Louisiana  
Description: T 8S R 1W  
Sec 65: That certain tract of land cont 62.5 acs, mol being all that part of Ben Hur Plantation, bounded on E by the estate of A.P. Landry, N by LDS of L.S.U W by Robert L Taylor, and S by the Mississippi River the said tract being situated in portions of secs 65, 66, 67, 68, 69, 70, 71 and 72, T8S-R1W.  
Sec 66: Same as above  
Sec 67: Same as above  
Sec 68: Same as above  
Sec 69: Same as above  
Sec 70: Same as above  
Sec 71: Same as above  
Sec 72: Same as above

Lease 2

Date: August 19, 1968  
Lessor: G. W. Landry, et al  
Lessee: Despot, Inc.  
Recorded: Volume 203B, Page 0470, East Baton Rouge, Louisiana  
Description: T 8S R 1W  
Sec 73: 12.01 AC out of a tract known as the A.P. Landry Estate  
T 8S R 1E  
Sec 79: See Above - Marg Vag Fieldwide unit

Lease 3

Date: August 19, 1968  
Lessor: Marie Landry Fousse  
Lessee: Deepat, Inc.  
Recorded: Volume 2039, Volume 0482  
Description: T 8S R 1W  
Sec 73: 12.01 AC out of a tract known as the A.P. Landry Estate  
T 8S R 1E  
Sec 79: See Above

Lease 4

Date: July 11, 1968  
Lessor: Beverly L. East, et vir  
Lessee: Edward P. Allis, IV  
Recorded: Volume 2028, Page 0423, East Baton Rouge, Louisiana  
Description:

Tract 1 T 8S R 1W

Sec 73: Tract 1 - 150 acres, MDL, lying in sections 73, 78, & 79, said tract appears on the official map of East Baton Rouge Parish by Kaiser & Swenson, and being further described in lease.

T 8S R 1E

Sec 78: Being a portion of land as described above in Sec 73, Tract 1

Sec 79: Being a portion of lands as described above in Sec 73, Tract 1

Sec 78: Tract 2 - All that certain parcel on the East Bank of the Mississippi river adjoining Mississippi Valley RR & Containing 1.5 acres, and being further described in lease

Sec 79: Being a portion of lands as described above in Sec 78, Tract 2

Note: Correction of lease description DTD 9/10/88, Volume 2039, Page 488.

Tract 2 T 8S R 1E

Sec 78 & 79:

14.40 ACS W/IN MV RA SU Marg Veg Fieldwide unit.

Lease 5

Date: June 1, 1968  
Lessor: Rosa L. Hornsby  
Lessee: Edward Page Aills, IV  
Recorded: Volume 2023, Page 0006, East Baton Rouge, Louisiana

Description:

Tract 1 T 8S R 1E - Tract 1

Sec 78: Portion of Chataworth Plantation S of Ill Central RR  
Sec 77: Same as above  
Sec 40: Same as above

Tract 2

Sec 41: Strip in River RD & Levee area Marg Vag Fieldwide Unit

Lease 6

Date: June 1, 1968  
Lessor: W.L. Albritton et al  
Lessee: Allied Chemical Corporation  
Recorded: Volume 2038, Page 0478, East Baton Rouge, Louisiana

Description:

T 8S R 1E

Sec 78: Portion of Chataworth Plantation S of Ill Central RR  
Sec 77: Same as above

Sec 77: Same as above

Sec 40: Same as above

Marg Vag Fieldwide unit

Lease 7

Date: December 7, 1968  
Lessor: Louisiana State University  
Lessee: Edward P. Aills IV  
Recorded: Volume 2055, Page 0192, East Baton Rouge, Louisiana

Description:

Tract 1 T 8S R 1W

Sec 65: Tract on left depending Bank Mississippi River

Sec 66: Same as Sec. 65

Sec 68: Same as Sec. 65

Sec 69: Same as Sec. 65

Sec 70: Same as Sec. 65

Sec 71: Same as Sec. 65

Sec 72: Same as Sec. 65

Marg Vag Fieldwide Unit

Lease 7 (cont.)

Tract 2 T85 R 1W

Sec 65: Tract on left descending Bank Mississippi River as to lands not included in Marg Vag FWU

Sec 66: Same as Sec. 65

Sec 68: Same as Sec. 65

Sec 69: Same as Sec. 65

Sec 70: Same as Sec. 65

Sec 71: Same as Sec. 65

Sec 72: Same as Sec. 65

Lease 8

Date: December 18, 1967

Lessor: State Louisiana 5024

Lessee: Allied Chemical Corporation

Recorded: Volume 2000, Page 0215, East Baton Rouge, Louisiana

Description:

Tract 1 T85 R 1W

Sec 72: St Helena Meridian

T 85 R 1E

Sec 72: St Helena Meridian

T 85 R 13E

Sec 72: Louisiana Meridian

Tract 10530-Miss. River also W Baton Rouge PH recorded Volume 103, Page 70

Lands not included in Marg Vag FWU

Tract 2 T85 R 1W

Sec 72: St Helena Meridian

T 85 R 1E

Sec 72: St Helena Meridian

T 85 R 13E

Sec 72: Louisiana Meridian

Tract 10530-Miss River also W Baton Rouge PH recorded Volume 103, Page 70

Marg Vag Fieldwide unit

Lease 9

Date: June 13, 1966  
Lessor: State Louisiana 4748  
Lessee: Daspot, Inc.  
Recorded: Volume 1988, Page 0009, East Baton Rouge, Louisiana  
Description: T 8S R 1W  
Sec 72: St Helena Meridian-Part tract 9899-Miss River also in  
West Baton Rouge PH & REC Volume 98, Volume 318  
SL 5021 1 (MPT 3rd CH RA SUA)  
SL 5021 2 (MPT 2nd CH RA SUA)

Lease 10

Date: December 18, 1967  
Lessor: State Louisiana 5021  
Lessee: Burton, Roberts, & Hard Partnerships  
Recorded: Volume 2018, Page 0588, East Baton Rouge, Louisiana  
Description: T 8S R 1W  
T 8S R 1E  
Sec 72: St Helena Meridian Tract 10527 Miss River also in  
West Baton Rouge PH, Recorded Volume 104, Page 224  
Marg Vag Fieldwide Unit  
SL 5021 1 (MPT 3rd CH RA SUA)  
SL 5021 2 (MPT 2nd CH RA SUA)

Lease 11

Date: November 08, 1973  
Lessor: George W. Landry  
Lessee: Allied Chemical Corporation  
Recorded: Volume 2384, Page 0184, East Baton Rouge, Louisiana  
Description: T 8S R 1W  
Sec 73: Tract Approx. 1,357 AC  
T 8S R 1E  
Sec 79: Marg Vag Fieldwide Unit

**Lease 12**

**Date:** April 7, 1965  
**Lessor:** Australia Planting  
**Lessee:** W. B. Middleton, Jr.  
**Recorded:** Volume 95, Page 239, West Baton Rouge, Louisiana  
**Description:** T8S R13E

**Sec. 3:** 300 acres, more or less, out of Sections 3, 4, 5, 6, 7 & 8, T8S R13W and Sections 1, 2, 3, 4 & 5, T9S R13E and being further described in lease.  
**Sec. 4:** See above  
**Sec. 5:** See above  
**Sec. 6:** See above  
**Sec. 7:** See above  
Marg Vag Fieldwide Unit

**THE WELLS**

<u>Well and/or Unit</u>	<u>Unit Working Interest</u> <u>Unit Revenue Interest</u>
1. S/L 5021 #1-D MPT CIB HAZ3-RA SUA	0.125000000 0.089535460
2. S/L 5021 #2 MPT Marg Howel Stray RA SUA	0.125000000 0.089572330
3. S/L 5024 #2 MPT CIB HAZ4-RA SUA	0.125000000 0.089618630
4. LSU #2 MPT Marg Vag RA SUA	0.119450224 0.088160900
5. S/L 5024 #2-D Marg Vag RA SUA	0.119450224 0.088160900
6. LSU #1 BWD	0.124243081
7. S/L 4746 #3 BWD	0.124243081
8. Manchac Pt SWD #2	0.124243081
9. Manchac Pt SWD #3	0.124243081

Foregoing quantities of interests are set forth for the purpose of warranty and not for the purpose of limiting the conveyance of all of Assignor's right, title and interest in the foregoing properties to Assignee.



## LEASES

1. Oil and Gas Mineral Lease dated August 12, 1974, but effective November 6, 1973, by and between George W. Landry, et al, as Lessors, and Allied Chemical Corporation, as Lessee, comprising 1.357 acres in Section 73, T8S-R1W, East Baton Rouge Parish, Louisiana; said lease being recorded in Book 2384, Page 184 under File Number 95 in Bundle 8862, East Baton Rouge Parish, Louisiana.
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#### WELLS

#### MANCHAC POINT FIELD EAST & WEST BATON ROUGE PARISHES, LOUISIANA

	Well and/or Unit	WI %	NRI %
1.	S/L 5021 #1-D MPT CIB HAZ3-RA SUA	12.5000000	8.9535460
2.	S/L 5021 #2 MPT Marg Howel Stray RA SUA	12.5000000	8.9572330
3.	S/L 5024 #2 MPT CIB HAZ4-RA SUA	12.5000000	8.9618630
4.	LSU #2 MPT Marg Vas RA SUA	11.9450224	8.8160900
5.	S/L 5024 #2-D Marg Vag RA SUA	11.9450224	8.8160900
6.	LSU #1 SWD	12.5000000	
7.	S/L 4746 #3 SWD	12.5000000	
8.	Manchac Pt SWD #2	12.4243081	
9.	Manchac Pt SWD #3	12.4243081	

SURFACE LEASES

MANCHAC POINT FIELD  
EAST & WEST BATON ROUGE PARISHES, LOUISIANA

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DOUG WELBORN

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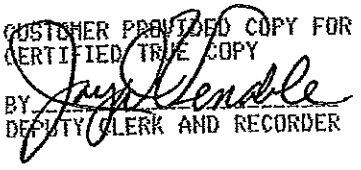
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DEPUTY CLERK & RECORDER

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EAST BATON ROUGE PARISH, LA  
DOUG WELBORN  
CLERK OF COURT AND RECORDER

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CERTIFIED TRUE COPY

BY   
DEPUTY CLERK AND RECORDER

Document Prepared By:

Ewing & Jones, PLLC  
6363 Woodway, Suite 1000  
Houston, TX 77057  
713-590-9669

Assignor:

Azalea Properties, Ltd.  
8117 Preston Road, Suite 300  
Dallas, TX 75225  
713-426-9001

Assignee:

RCWI, L.P.  
1901 N. Central Expressway, Suite 300  
Richardson, TX 75080  
800-422-1606

Recording Requested By  
And Please Return To:

Covington Land Services  
14257 Dedeaux Road, Suite B  
Gulfport, MS 39503  
228-396-0486



(d) The contracts and contractual rights, obligations and interest, including all farmout agreements, farmin agreements, drilling contracts, operating agreements, sales contracts, saltwater disposal agreements, division orders and transfer orders and other contracts or agreements covering or affecting any or all of the Leases, Fee, Fee Mineral, Fee Royalty, Wells and/or Lands. In the event there are other agreements or contracts necessary or desirable with respect to the operations being conducted on the Leases, Fee, Fee Mineral, Fee Royalty, Wells and Lands, at its option, Buyer shall be entitled to the benefits of such contracts or agreements.

(e) The easements, licenses, authorizations, permits and similar rights and interests applicable to, or pertinent to, the ownership and operation of the Leases, Fee, Fee Mineral, Fee Royalty, Wells and Lands.

(f) All inventories, oil, gas and production in tanks, in storage below the pipeline connection in tanks or upstream of the sales meter ("line fill") and inventory attributable to the Leases, Fee, Fee Mineral, Fee Royalty, Wells and Lands.

(g) All original files, records, documentation and data of Assignor relating to (or evidencing) Assignor's ownership or rights in the Leases, Fee, Fee Mineral, Fee Royalty, Wells, Lands, production, rights-of-way or other rights and interests described herein, including but not limited to lease files, land files, well files, accounting files, production sales agreements files, division and transfer order files, written contracts, title opinions and abstracts, legal records, governmental filings, geological data, seismic data, information and analysis, production reports, production logs, core sample reports and maps as such data is assembled in the normal course of business.

The properties listed under (a), (b), (c), (d), (e), (f), and (g) are hereinafter referred to as the "Interests".

Assignee shall assume all of Assignor's plugging, replugging, abandonment, removal, disposal and restoration obligations associated with the Interests acquired hereunder. Such obligations being assumed shall include, but not be limited to, all necessary and proper plugging and abandonment and/or removal and disposal of all of the wells, whether pre-existing or drilled by Assignor, and all structures, personal property, and equipment located on or associated with the Leases listed on Exhibit A, the necessary and proper capping and burying of all associated flow lines, and any necessary disposal of naturally occurring radioactive material (NORM) or asbestos. All plugging, replugging, abandonment, removal, disposal and restoration operations shall be in compliance with applicable laws and regulations and conducted in a good and workmanlike manner.

Assignor and Assignee shall indemnify each other as follows:

(1) Including any "Environmental Claim" as defined herein, Assignee shall defend, indemnify and save and hold harmless Assignor against any and all costs, expenses, claims, demands and causes of action of whatsoever kind or character, including court costs and attorneys' fees, arising out of any operations conducted, commitment made or any action taken or omitted with respect to the Interests, which accrue or relate to times on and after the Closing Date, as that term is defined in the Purchase and Sale Agreement. "Environmental Claim" shall

mean any claim, demand or cause of action asserted by any governmental agency or any person, corporation or other entity for personal injury (including sickness, disease or death), property damage or damage to the environment resulting from the discharge or release of any chemical, material or emission into one or more of the environmental media at or in the vicinity of the Interests.

(2) Excluding any Environmental Claim, Assignor shall defend, indemnify and save and hold harmless Assignee against any and all costs, expenses, claims, demands and causes of action of whatsoever kind or character, including court costs and attorneys' fees, arising out of any operations conducted, commitment made or any action taken or omitted with respect to the Interests, which accrue or relate to times prior to the Closing Date, as that term is defined in the Purchase and Sale Agreement.

(3) THE INDEMNIFICATION, RELEASE AND ASSUMPTION PROVISIONS PROVIDED FOR IN THIS AGREEMENT SHALL BE APPLICABLE WHETHER OR NOT THE LOSSES, COSTS, EXPENSES AND DAMAGES IN QUESTION AROSE SOLELY OR IN PART FROM THE ACTIVE, PASSIVE OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, BREACH OF DUTY (STATUTORY OR OTHERWISE), OR OTHER FAULT OF ANY INDEMNIFIED PARTY, PROVIDED THAT NO SUCH INDEMNIFICATION SHALL BE APPLICABLE TO THE EXTENT OF ANY GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY. ASSIGNEE AND ASSIGNOR ACKNOWLEDGE THAT THIS STATEMENT COMPLIES WITH THE EXPRESS NEGLIGENCE RULE AND IS CONSPICUOUS.

EXCEPT FOR THE SPECIAL WARRANTY SET FORTH BELOW AND AS PROVIDED IN THE PURCHASE AND SALE AGREEMENT, THE EXPRESS REPRESENTATIONS AND WARRANTIES OF ASSIGNOR CONTAINED IN THIS ASSIGNMENT ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE AND ASSIGNOR EXPRESSLY DISCLAIMS ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES. SUBJECT TO THE FOREGOING, THE INTERESTS SHALL BE CONVEYED PURSUANT HERETO WITHOUT ANY WARRANTY OR REPRESENTATION, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE RELATING TO THE CONDITION, QUANTITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO THE MODELS OR SAMPLES OF MATERIALS, OR MERCHANTABILITY OF ANY EQUIPMENT OR ITS FITNESS FOR ANY PURPOSE, AND WITHOUT ANY OTHER EXPRESS, IMPLIED, STATUTORY, OR OTHER WARRANTY OR REPRESENTATION WHATSOEVER. ASSIGNEE SHALL, EXCEPT AS PROVIDED OTHERWISE HEREIN, ACCEPT ALL OF THE SAME "AS IS, WHERE IS". WITHOUT LIMITATION OF THE FOREGOING, EXCEPT TO THE EXTENT EXPRESSLY PROVIDED IN THE PURCHASE AND SALE AGREEMENT, ASSIGNOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, REPORTS, RECORDS, PROJECTIONS, INFORMATION, OR MATERIALS NOW HERETOFORE, OR HEREAFTER FURNISHED OR MADE AVAILABLE TO ASSIGNEE IN CONNECTION WITH THIS ASSIGNMENT, INCLUDING, WITHOUT LIMITATION, PRICING ASSUMPTIONS OR QUALITY OR QUANTITY OF HYDROCARBON

RESERVES (IF ANY) ATTRIBUTABLE TO THE INTERESTS OR THE ABILITY OR POTENTIAL OF THE INTERESTS TO PRODUCE HYDROCARBONS OR THE ENVIRONMENTAL CONDITION OF THE INTERESTS OR ANY OTHER MATERIALS FURNISHED OR MADE AVAILABLE TO ASSIGNEE BY ASSIGNOR, OR BY ASSIGNOR'S AGENTS OR REPRESENTATIVES. EXCEPT TO THE EXTENT EXPRESSLY PROVIDED IN THE PURCHASE AND SALE AGREEMENT, ANY AND ALL SUCH DATA, RECORDS, REPORTS, PROJECTIONS, INFORMATION, AND OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED BY ASSIGNOR OR OTHERWISE MADE AVAILABLE OR DISCLOSED TO ASSIGNEE ARE PROVIDED TO ASSIGNEE AS A CONVENIENCE AND SHALL NOT CREATE OR GIVE RISE TO ANY LIABILITY OF OR AGAINST ASSIGNOR, AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT ASSIGNEE'S SOLE RISK TO THE MAXIMUM EXTENT PERMITTED BY LAW.

This assignment is made by Assignor without warranty of title, either expressed or implied, except that Assignor binds itself to defend title to the interests herein conveyed, as such interests are specifically set forth in the Purchase and Sale Agreement, against persons claiming by, through or under Assignor, but no further, and is made with full substitution and subrogation in and to all rights and actions of warranty which Assignor may have against other parties. This instrument is made expressly subject to that certain Purchase and Sale Agreement (the "Purchase and Sale Agreement") dated December 18, 2009, by and between Assignor and Assignee.

This instrument shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and all terms, provisions and reservations contained in this Assignment shall be deemed as covenants running with the land.

*SIGNATURE PAGES FOLLOW*



EXECUTED this 30<sup>th</sup> day of July, 2010, but EFFECTIVE as of December 1, 2009 (the "Effective Time").

Charles M. Fife, III  
Charles M. Fife, III

Debra Hernandez  
Debra Hernandez

ASSIGNOR:

Azalea Properties, Ltd.

By: Maple Ridge Property Company  
Its sole general partner

By: Frances Marianne Talbot, President  
Frances Marianne Talbot, President

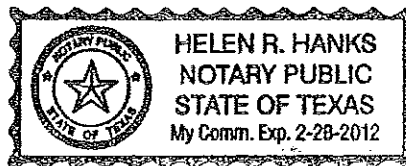
STATE OF TEXAS

COUNTY OF DALLAS

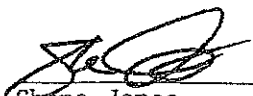
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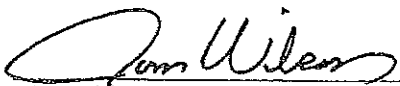
This instrument was acknowledged before me on the 30<sup>th</sup> day of July, 2010 by Frances Marianne Talbot in her capacity as President of Maple Ridge Property Company.

Helen R. Hanks  
Notary Public in and for  
the State of Texas



EXECUTED this 10 day of August, 2010 but EFFECTIVE as of December 1, 2009 (the "Effective Time").

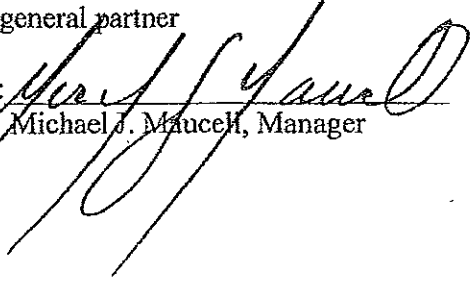
  
\_\_\_\_\_  
Shane Jones

  
\_\_\_\_\_  
Jim Wilson

ASSIGNEE:

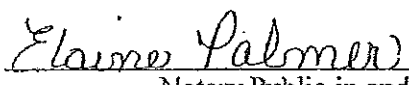
RCWI, L.P.

By: RCWI GP, LLC  
Its general partner

By:   
\_\_\_\_\_  
Michael J. Mauceli, Manager

STATE OF TEXAS     §  
                                  §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on the 10th day of August, 2010 by Michael J. Mauceli in his capacity as Manager of RCWI GP, LLC.

  
\_\_\_\_\_  
Notary Public in and for  
the State of Texas

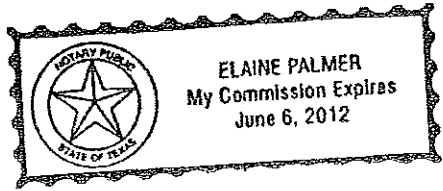


EXHIBIT A

WELLS

- SL 5021 #3 MPT CIB3 HAZ 3
- LSU #2
- SL 5024 #2 (MPT MV RA SU)
- SL 5021 #2; MARG H STRAY RA SUA
- LSU 1D
- SL 5024 2D
- SL 5021 4 MARG VAG RA SU
- CIB HAZ 3 SL 5021 4
- SL 5021 #1-D
- SL 5021 #2; MARG HOWEI B RA SUA
- MANCHAC E 003 SWD

EXHIBIT "A"

MANCHAC POINT

Lease 1

Date: July 3, 1968  
Lessor: Louisiana State University  
Lessee: Edward P. Aills, IV  
Recorded: Volume 2034, Page 0842, East Baton Rouge, Louisiana

Lease 2

Date: August 19, 1968  
Lessor: G. W. Landry, et al  
Lessee: Despot, Inc.  
Recorded: Volume 2039, Page 0470, East Baton Rouge, Louisiana

Lease 3

Date: August 19, 1968  
Lessor: Marie Landry Fousse  
Lessee: Despot, Inc.  
Recorded: Volume 2039, Volume 0482

Lease 4

Date: July 11, 1968  
Lessor: Beverly L. East, et vir  
Lessee: Edward P. Aills, IV  
Recorded: Volume 2028, Page 0423, East Baton Rouge, Louisiana

Lease 5

Date: June 1, 1968  
Lessor: Rosa L. Hornsby  
Lessee: Edward Page Aills, IV  
Recorded: Volume 2023, Page 0006, East Baton Rouge, Louisiana

Lease 6

Date: June 1, 1968  
Lessor: W.L. Albritton et al  
Lessee: Allied Chemical Corporation  
Recorded: Volume 2039, Page 0478, East Baton Rouge, Louisiana

Lease 7

Date: December 7, 1968  
Lessor: Louisiana State University  
Lessee: Edward P. Aills IV  
Recorded: Volume 2055, Page 0192, East Baton Rouge, Louisiana

Lease 8

Date: December 18, 1967  
Lessor: State Louisiana 5024  
Lessee: Allied Chemical Corporation  
Recorded: Volume 2000, Page 0215, East Baton Rouge, Louisiana

Lease 9

Date: June 13, 1966  
Lessor: State Louisiana 4746  
Lessee: Despot, Inc.  
Recorded: Volume 1988, Page 0009, East Baton Rouge, Louisiana

Lease 10

Date: December 18, 1967  
Lessor: State Louisiana 6021  
Lessee: Burton, Roberts, & Hard Partnerships  
Recorded: Volume 2018, Page 0588, East Baton Rouge, Louisiana

Lease 11

Date: November 08, 1973  
Lessor: George W. Landry  
Lessee: Allied Chemical Corporation  
Recorded: Volume 2384, Page 0184, East Baton Rouge, Louisiana

Lease 12

Date: April 7, 1965  
Lessor: Australia Planting  
Lessee: W. B. Middleton, Jr.  
Recorded: Volume 95, Page 239, West Baton Rouge, Louisiana

## LEASES

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SURFACE LEASES

MANCHAC POINT FIELD  
EAST & WEST BATON ROUGE PARISHES, LOUISIANA

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FILED AND RECORDED  
EAST BATON ROUGE PARISH, LA  
DOUG WELBORN  
CLERK OF COURT AND RECORDER

CUSTOMER PROVIDED COPY FOR  
CERTIFIED TRUE COPY

BY   
DEPUTY CLERK AND RECORDER

Document Prepared By:

Ewing & Jones, PLLC  
6363 Woodway, Suite 1000  
Houston, TX 77057  
713-590-9669

Assignor:

Azalea Properties, Ltd.  
8117 Preston Road, Suite 300  
Dallas, TX 75225  
713-426-9001

Assignee:

RCWI, L.P.  
1901 N. Central Expressway, Suite 300  
Richardson, TX 75080  
800-422-1606

Recording Requested By  
And Please Return To:

Covington Land Services  
14257 Dedeaux Road, Suite B  
Gulfport, MS 39503  
228-396-0486



NOW, THEREFORE, the Assignor and Assignee do hereby and by these presents agree to the following conditions of assignment: (1) the Assignor is not relieved of its obligations or liabilities under the above described leases; and (2) any notice required or allowed by the Lessor to Assignor under said leases shall be considered notice to Assignor when such notice has been properly made to Assignee or its assigns.

*[Signature Page to Follow]*

IN WITNESS WHEREOF, this instrument is executed this 10<sup>th</sup> day of March, 2011, but to be effective as of December 1, 2009.

**WITNESSES:**

Henry Jones  
John M. Hill

**ASSIGNOR:**

**Woodson Oil & Gas, L.P.**

By: Duer Wagner III & Partners, LLC  
Its Sole General Partner

By: Boye E. Guinnup  
Name: BOYE E. GUINNUP  
Title: VICE PRESIDENT

**ASSIGNEE:**

**Azalea Properties, Ltd.**

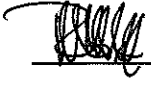
By: Maple Ridge Property Company  
Its Sole General Partner

By: \_\_\_\_\_  
Frances Marianne Talbot  
President

\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, this instrument is executed this 10<sup>th</sup> day of March, 2011, but to be effective as of December 1, 2009.

WITNESSES:

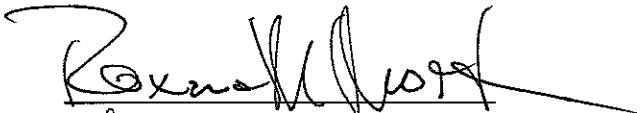
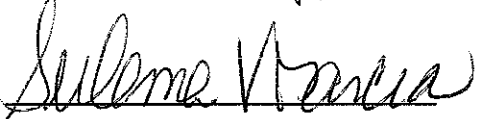
  
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\_\_\_\_\_

**ASSIGNOR:**

**Woodson Oil & Gas, L.P.**

By: Duer Wagner III & Partners, LLC  
Its Sole General Partner

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

  
\_\_\_\_\_  
  
  
\_\_\_\_\_

**ASSIGNEE:**

**Azalea Properties, Ltd.**

By: Maple Ridge Property Company  
Its Sole General Partner

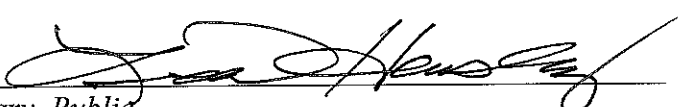
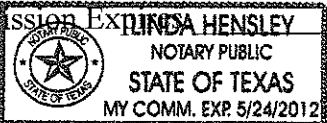
By: Frances Marianne Talbot, President  
Frances Marianne Talbot  
President

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS

PARISH/COUNTY OF TARRANT

ON THIS 10th day of MARCH, 2011, before me, appeared ROY E. GUINNUP, to me personally known, who being by me duly sworn, did say that he is the VICE PRESIDENT of Duer Wagner III & Partners, LLC, the sole general partner of Woodson Oil & Gas, L.P. and that the foregoing instrument was signed on behalf of said partnership.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires JINDA HENSLEY  
  
NOTARY PUBLIC  
STATE OF TEXAS  
MY COMM. EXP. 5/24/2012

STATE OF \_\_\_\_\_

PARISH/COUNTY OF \_\_\_\_\_

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 2011, before me, appeared Frances Marianne Talbot, to me personally known, who being by me duly sworn, did say that she is the President of Maple Ridge Property Company, the sole general partner of Azalea Properties, Ltd. and that the foregoing instrument was signed on behalf of said partnership.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

CORPORATE ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

PARISH/COUNTY OF \_\_\_\_\_

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 2011, before me, appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, did say that he is the \_\_\_\_\_ of Duer Wagner III & Partners, LLC, the sole general partner of Woodson Oil & Gas, L.P. and that the foregoing instrument was signed on behalf of said partnership.

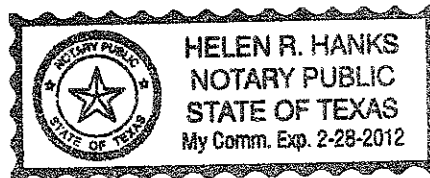
\_\_\_\_\_  
*Notary Public*  
My Commission Expires: \_\_\_\_\_

STATE OF TEXAS

PARISH/COUNTY OF DALLAS

ON THIS 10th day of March, 2011, before me, appeared Frances Marianne Talbot, to me personally known, who being by me duly sworn, did say that she is the President of Maple Ridge Property Company, the sole general partner of Azalea Properties, Ltd. and that the foregoing instrument was signed on behalf of said partnership.

Helen R. Hanks  
*Notary Public*  
My Commission Expires: 02-28-2012





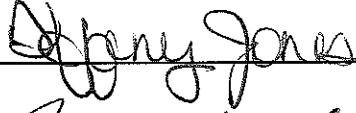


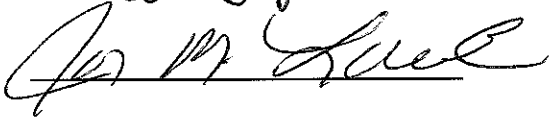
NOW, THEREFORE, the Assignor and Assignee do hereby and by these presents agree to the following conditions of assignment: (1) the Assignor is not relieved of its obligations or liabilities under the above described leases; and (2) any notice required or allowed by the Lessor to Assignor under said leases shall be considered notice to Assignor when such notice has been properly made to Assignee or its assigns.

*[Signature Page to Follow]*

IN WITNESS WHEREOF, this instrument is executed this 16<sup>th</sup> day of March, 2011, but to be effective as of December 1, 2009.

**WITNESSES:**



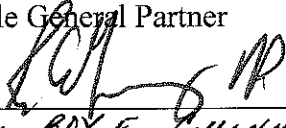


\_\_\_\_\_  
\_\_\_\_\_

**ASSIGNOR:**

**Woodson Oil & Gas, L.P.**

By: Duer Wagner III & Partners, LLC  
Its Sole General Partner

By:   
Name: ROY E. GUINNOP  
Title: VICE PRESIDENT

**ASSIGNEE:**

**Azalea Properties, Ltd.**

By: Maple Ridge Property Company  
Its Sole General Partner

By: \_\_\_\_\_  
Frances Marianne Talbot  
President

IN WITNESS WHEREOF, this instrument is executed this 10<sup>th</sup> day of March, 2011, but to be effective as of December 1, 2009.

WITNESSES:

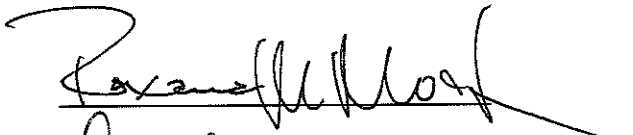
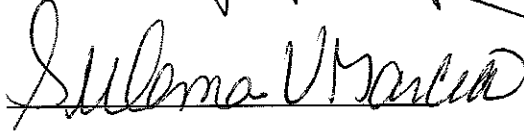
\_\_\_\_\_  
\_\_\_\_\_

**ASSIGNOR:**

**Woodson Oil & Gas, L.P.**

By: Duer Wagner III & Partners, LLC  
Its Sole General Partner

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

**ASSIGNEE:**

**Azalea Properties, Ltd.**

By: Maple Ridge Property Company  
Its Sole General Partner

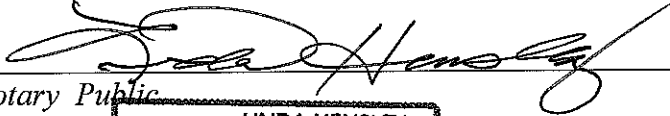
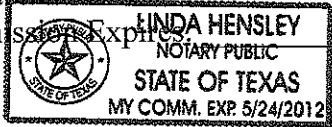
By: Frances Marianne Talbot, President  
Frances Marianne Talbot  
President

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS

PARISH/COUNTY OF TARRANT

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\_\_\_\_\_  
*Notary Public*  
My Commission Expires: \_\_\_\_\_  


STATE OF \_\_\_\_\_

PARISH/COUNTY OF \_\_\_\_\_

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 2011, before me, appeared Frances Marianne Talbot, to me personally known, who being by me duly sworn, did say that she is the President of Maple Ridge Property Company, the sole general partner of Azalea Properties, Ltd. and that the foregoing instrument was signed on behalf of said partnership.

\_\_\_\_\_  
*Notary Public*  
My Commission Expires: \_\_\_\_\_

CORPORATE ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

PARISH/COUNTY OF \_\_\_\_\_

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 2011, before me, appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, did say that he is the \_\_\_\_\_ of Duer Wagner III & Partners, LLC, the sole general partner of Woodson Oil & Gas, L.P. and that the foregoing instrument was signed on behalf of said partnership.

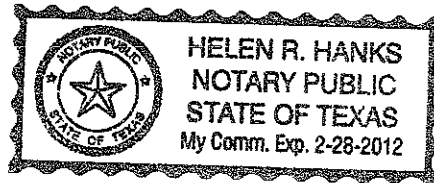
\_\_\_\_\_  
*Notary Public*  
My Commission Expires: \_\_\_\_\_

STATE OF TEXAS

PARISH/COUNTY OF DALLAS

ON THIS 10th day of March, 2011, before me, appeared Frances Marianne Talbot, to me personally known, who being by me duly sworn, did say that she is the President of Maple Ridge Property Company, the sole general partner of Azalea Properties, Ltd. and that the foregoing instrument was signed on behalf of said partnership.

Helen R. Hanks  
*Notary Public*  
My Commission Expires: 02-28-2012





MIDDLE EAST NORTH AFRICA • FINANCIAL NETWORK

DEMAND MORE®

**10-K: REEF OIL & GAS INCOME & DEVELOPMENT FUND III LP**

MENAFN - Edgar Online - (EDG = 10Q, 10K) - Monday, April 18, 2011

**10-K: REEF OIL & GAS INCOME & DEVELOPMENT FUND III LP**

(EDGAR Online via COMTEX) -- ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion will assist you in understanding the Partnership's financial position, liquidity, and results of operations. The information should be read in conjunction with the audited financial statements and notes to financial statements contained herein. The discussion contains historical and forward-looking information.

For a discussion of risk factors that could impact the Partnership's financial results, please see Item 1A of this Annual Report.

## Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that can affect the reporting of assets, liabilities, equity, revenues, and expenses. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We are also required to select among alternative acceptable accounting policies. See Note 2 to the financial statements for a complete list of significant accounting policies.

## Oil and Gas Properties

The Partnership follows the full cost method of accounting for oil and gas properties. Under this method, all direct costs and certain indirect costs associated with acquisition of properties and successful as well as unsuccessful exploration and development activities are capitalized. Depreciation, depletion, and amortization of capitalized oil and gas properties and estimated future development costs, excluding unproved properties, are based on the unit-of-production method using estimated proved reserves. For these purposes, proved natural gas reserves are converted to equivalent barrels of crude oil at a rate of 6 Mcf to 1 Bbl.

In applying the full cost method at December 31, 2010, we perform a quarterly ceiling test on the capitalized costs

## Table of Contents

of oil and gas properties, whereby the capitalized costs of oil and gas properties are limited to the sum of the estimated future net revenues from proved reserves using prices that are the 12-month un-weighted arithmetic average of the first-day-of-the-month price for crude oil and natural gas held constant and discounted at 10%, plus the lower of cost or estimated fair value of unproved properties, if any, for 2010. If capitalized costs exceed the ceiling, an impairment loss is recognized for the amount by which the capitalized costs exceed the ceiling, and is shown as a reduction of oil and gas properties and as property impairment expense on the Partnership's statement of operations. No gain or loss is recognized upon sale or disposition of oil and gas properties, unless such a sale would significantly alter the rate of depletion and amortization. During the years ended December 31, 2010, 2009 and 2008, the Partnership recognized property impairment expense of proved properties totaling \$4,777,151, \$668,430 and \$0, respectively.

Unproved property consists primarily of the capitalized costs associated with the development and enhancement of waterflood operations in the Slaughter Dean Project. In addition, the Partnership recorded \$2,486,463 of unproved properties during the year ended December 31, 2010 related to the Azalea Acquired Properties. Investments in unproved properties are not depleted pending determination of the existence of proved reserves. Unproved properties are assessed for impairment quarterly as of the balance sheet date by considering the data obtained from the operations of the Slaughter Dean Project and relevant activity in the Azalea Acquired

Properties. Any impairment resulting from this quarterly assessment is reported as property impairment expense in the current period, as appropriate. During the year ended December 31, 2010, the Partnership recognized property impairment expense of unproved properties totaling \$53,166,873 related to the Slaughter Dean Project. During the years ended December 31, 2009 and 2008, the Partnership recognized no property impairment expense of unproved properties.

The estimate of proved crude oil and natural gas reserves used to determine property impairment expense, and also utilized in the Partnership's disclosures of supplemental information regarding oil and gas producing activities, including the standardized measure of discounted cash flows, was prepared by an independent petroleum engineer at December 31, 2010, 2009 and 2008, utilizing prices and costs as promulgated by the SEC. Reservoir engineering is a subjective and inexact process of estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner, and is based upon assumptions that may vary considerably from actual results. Accordingly, reserve estimates may be subject to upward or downward adjustments. Actual production, revenues and expenditures with respect to reserves will likely vary from estimates, and such variances could be material.

The determination of depreciation, depletion and amortization expense recognized in the financial statements is also dependent upon the estimates of proved crude oil and natural gas reserves and is computed using the units-of-production method based upon this estimate of proved reserves. During the years ended December 31, 2010, 2009 and 2008, the Partnership had depreciation, depletion, and amortization expense totaling \$1,933,948, \$306,507 and \$232,436, respectively.

Asset retirement costs and liabilities associated with future site restoration and abandonment of long-lived assets are initially measured at fair value which approximates the cost a third party would incur in performing the tasks necessary to retire such assets. The fair value is recognized in the financial statements as the present value of expected future cash expenditures for site restoration and abandonment. Subsequent to the initial measurement, the effect of the passage of time on the liability for the net asset retirement obligation (accretion expense) and the amortization of the asset retirement cost are recognized in the results of operations. During the years ended December 31, 2010, 2009 and 2008, the Partnership recognized \$668,800, \$0, and \$213,365 of asset retirement obligations and additional capitalized cost in connection with properties acquired by the Partnership and successful wells drilled by the Partnership.

#### Recognition of Revenue

The Partnership has entered into sales contracts for disposition of its share of crude oil and natural gas production from productive wells. Revenue is recognized based upon the metered volumes delivered to those purchasers each month. Any significant over or under balanced gas positions are disclosed in the financial statements. As of December 31, 2010, 2009 and 2008, the Partnership had no material gas imbalance positions.

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##### Recently Adopted Accounting Pronouncements

##### Modernization of Oil and Gas Reporting

In January 2009, the SEC adopted a new rule related to modernizing reserve calculation and disclosure requirements for oil and gas companies, which became effective prospectively for annual reporting periods ending on or after December 31, 2009. In addition to expanding the definition and disclosure requirements for crude oil and natural gas reserves, the new rule changes the requirements for determining quantities of crude oil and natural gas reserves. The new rule requires disclosure of crude oil and natural gas proved reserves by geographical area, using the unweighted arithmetic average of first-day-of-the-month commodity prices over the preceding 12-month period, rather than end-of-period prices, and allows the use of reliable technologies to estimate proved crude oil and natural gas reserves, if those technologies have been demonstrated to result in reliable conclusions about reserve volumes. In addition, in January 2010, the Financial Accounting Standards Board ("FASB") issued guidance relating to crude oil and natural gas reserve estimation and disclosures to provide consistency with the new SEC rules. The Partnership adopted the new standards effective December 31, 2009. The new standards are applied prospectively as a change in estimate. In April 2010, the FASB issued a further accounting standards update regarding extractive oil and gas industries to incorporate in accounting standards the revisions to Rule 4-10 of the SEC's Regulation S-X. The amendment primarily consists of the addition and deletion of definitions of terms related to fossil fuel exploration and production arising from technology changes over the past several decades. The accounting guidance in Rule 4-10 did not change.

#### Overview

Reef Oil & Gas Income and Development Fund III, L.P. is a Texas limited partnership. The primary objectives of the Partnership are to purchase working interests in oil and gas properties with the purposes of (i) growing the

value of properties through the development of proved undeveloped reserves,

On properties purchased by the Partnership, the Partnership plans to produce existing proved reserves and develop any proved undeveloped reserves, but does not expect to engage in exploratory drilling for unproved reserves, should acreage purchased by the Partnership be deemed to contain unproved drilling locations. Drilling locations for unproved reserves, if any, may be farmed out or sold to third parties or other partnerships formed by Reef.

The Partnership purchased an initial 41% working interest in a producing oil property located in the Slaughter Field in Cochran County, Texas, approximately 50 miles southwest of Lubbock, Texas (the "Slaughter Dean Project"), in January 2008 from Sierra-Dean Production Company, L.P. ("Sierra Dean"). Under the terms of the acquisition agreement, each month thereafter additional working interests are purchased based on the amount the Partnership spends developing the project through January 2013. Under the acquisition agreement the Partnership generally pays 82% of all drilling, development and repair costs (including amounts allocable to the working interest initially retained by Sierra Dean), and Sierra Dean conveys additional working interests to the Partnership each month in payment of its share of such costs. In a separate transaction in May 2008, the Partnership purchased 11% of the 18% working interest in the Slaughter Dean Project owned by Davric Corporation ("Davric").

The management of the operations and other business of the Partnership is the responsibility of Reef. Reef Exploration, L.P. ("REL"), an affiliate of Reef, serves as the operator of the Slaughter Dean Project. This relationship with the Partnership is governed by two operating agreements. One operating agreement (the "Sierra-Dean Operating Agreement") is between the Partnership, REL and Sierra Dean. The other operating agreement is between the Partnership, REL, and Davric (the "Davric Operating Agreement").

The Partnership has been advised that Davric, who is unrelated to Reef and owns a 7% working interest in the Dean Unit and the Dean "B" unit, was unable to pay \$538,443 of its share of costs incurred subsequent to February 28, 2009. Pursuant to the Davric Operating Agreement, the Partnership assumed the 7% working interest of Davric and Davric is now a non-consenting working interest owner. The unpaid costs have been recorded as property additions and operating costs on the books of the Partnership, and the Partnership will retain the Davric 7% working interest until the net revenues related to this interest exceed the unpaid costs, plus penalties ranging from 300% to 450% of the amount in default.

#### Table of Contents

On January 19, 2010, RCWI, an affiliate of the Partnership, completed the acquisition of certain working interests in oil and gas properties from Azalea Properties Ltd. for a purchase price of \$21,610,116 pursuant to the Azalea Purchase Agreement. The Azalea Purchase Agreement was subject to three Side Letter Agreements regarding the post-closing acquisition of proven undeveloped properties, the post-closing resolution of properties with title defects, and the post-closing resolution of third-party consents for certain properties.

Subsequently, RCWI entered into a Purchase and Sale Agreement with the Partnership, dated January 19, 2010, to sell portions of the working interests acquired from Azalea Properties Ltd. to the Partnership. The Partnership acquired 61% of the working interests initially acquired by RCWI from Azalea Properties Ltd. for a purchase price of \$13,182,171 in cash subject to post-closing adjustments. RCWI also assigned portions of the acquired working interests to other affiliates of RCWI and the Partnership on the same terms. The Azalea Acquired Properties cover more than 400 properties, including more than 1,400 wells, located in Texas, California, New Mexico, Louisiana, Oklahoma, North Dakota, Mississippi, Alabama, Kansas, Montana, Colorado, and Arkansas, and include undrilled infill and offset locations. The acquired working interests represent minority non-operated interests. The properties are operated by more than 100 different operators, none of which are affiliates of the Partnership or Reef. Approximately \$10.7 million of the purchase price is associated with proved developed reserves.

On June 15, 2010, Income Fund IV, an affiliate of Reef, paid \$1,252,844 to Azalea Properties Ltd. for the post closing settlement related to the Side Letter Agreements which were a part of the original Azalea Purchase Agreement. The Partnership reimbursed Income Fund IV \$764,235 for its 61% of the post closing settlement amount. There was no additional payment for undeveloped properties; the entire post closing settlement is associated with proved developed reserves related to seventeen properties that were not included in the January 19, 2010 closing as a result of title issues and preferential purchase rights held by other parties that were unresolved at January 19, 2010.

On June 23, 2010, RCWI entered into the Lett Purchase Agreement for certain oil and gas property interests owned by Lett Oil & Gas, L.P. for a purchase price of \$6,000,000. The Lett Acquired Properties are located in the Thums Long Beach Unit and include approximately 870 producing wells and 485 injection wells. The entire \$6,000,000 purchase price is associated with proved developed reserves. The Thums Long Beach Unit is a long-lived waterflood project in the Wilmington Field, located underneath the Long Beach Harbor in southern California. The Lett Purchase Agreement acknowledged two \$500,000 deposits which were refundable to RCWI only upon certain terms set forth in the agreement and which were credited towards the purchase price at closing. The



Partnership advanced the two \$500,000 deposits as well as the remaining \$5,000,000 of the purchase price payable at closing by RCWI under the Lett Purchase Agreement. The oil and gas properties included in the purchase transaction were acquired by RCWI for benefit of the Partnership and were assigned directly to the Partnership at closing pursuant to an Assignment, Conveyance and Bill of Sale dated June 30, 2010, but effective June 1, 2010. Revenues and expenses related to June 2010 are treated as a purchase price adjustment.

In December 2010, the Partnership sold its interests in certain oil and gas properties in the Granite Wash formation located in Wheeler County, Texas and Roger Mills County, Oklahoma, to Reef 2010 Drilling Fund, L.P., a Reef affiliate. These interests were sold primarily due to the intended or actual drilling of exploratory wells on the acreage involved. In accordance with its stated objectives, the Partnership will not participate in exploratory drilling activities. The sale included the Partnership's interests in nine existing wells, as well as the undeveloped acreage on which additional wells are intended to be drilled. The Partnership received a cash payment of \$933,300 during December 2010 in exchange for these interests.

In December 2010, the Partnership sold its interests in certain oil and gas properties in the Lusk Field in Lea County, New Mexico, to Reef 2010 Drilling Fund, L.P., a Reef affiliate. These interests were sold primarily due to the planned or actual drilling of exploratory wells on the acreage involved. In accordance with its stated objectives, the Partnership will not participate in exploratory drilling activities. The sale included the Partnership's interests in five existing wells, as well as the undeveloped acreage upon which an exploratory well is intended to be drilled. The Partnership received \$59,455 in exchange for these interests, which is included in accounts receivable from affiliates on the balance sheet as of December 31, 2010. This amount has been paid in cash to the Partnership during the first quarter of 2011.

The Partnership has borrowed funds from a bank in connection with the purchase of the Lett Acquired Properties,

#### Table of Contents

and is subject to the interest rate risk inherent in borrowing activities. The Partnership currently has no hedges in place, and therefore is subject to commodity price risk. See "Item 7A - Quantitative and Qualitative Disclosure About Market Risk."

#### Liquidity and Capital Resources

##### Capital Contributions

The Partnership was funded with initial capital contributions totaling \$89,410,519 from both non-Reef partners and Reef, net of adjustments for sales to brokers for their own accounts, who were permitted to buy Units at a price net of the commission that they would normally earn on sales of Units. Non-Reef partners purchased 490.9827 general partner units and 397.0173 limited partner units for \$88,648,094, net of adjustments for sales to brokers for their own accounts, who were permitted to buy Units at a price net of the commission that they would normally earn on sales of Units. Reef contributed \$762,425 for the purchase of 8.9697 general partner units at a price of \$85,000 per unit, which is net of all offering costs. Organization and offering costs totaled \$13,168,094, leaving capital contributions of \$76,242,425 available for Partnership activities. As of December 31, 2010, the Partnership had expended \$56,525,553 on property acquisition and development costs related to the Slaughter Dean Project, \$13,944,929 on the acquisition and development of the Azalea Acquired Properties, and \$6,096,727 on the acquisition of the Lett Acquired Properties. Expenditures in excess of available capital have been financed through debt or recovered from cash flows by reducing Partnership distributions.

##### Credit Agreement

On June 30, 2010, the Partnership and Texas Capital Bank, N.A. ("TCB") entered into a Credit Agreement (the "Credit Agreement") which currently has a \$5,000,000 borrowing base, and a related promissory note and security agreement for purposes of funding the acquisition of oil and gas properties purchased from Lett by RCWI and assigned to the Partnership under the Assignment, Conveyance and Bill of Sale described in the overview above. The per annum interest rate is equal to the U.S. prime rate as published by the Wall Street Journal's "Monday Rates" plus 0.5%, with a minimum interest rate of 5%, payable monthly. The obligations of TCB to the Partnership under the Credit Agreement expire on June 30, 2013, at which point the promissory note matures, and any unpaid principal and interest becomes due and payable. The Credit Agreement is a reducing revolving credit facility, and is subject to semi-annual redetermination of the borrowing base in accordance with the TCB's customary practices for oil and gas loans. At December 31, 2010, the borrowing base was equal to \$5,000,000. The Partnership borrowed \$5,000,000 from TCB under the Credit Agreement which was paid directly to Lett to satisfy the closing obligations of RCWI under the Lett Purchase Agreement described in the overview above. The principal and accrued interest thereon may generally be prepaid by the Partnership in whole or in part at any time and without premium or penalty. In December 2010, the Partnership prepaid \$250,000 of principal to TCB.

Under the terms of the Credit Agreement, on June 30, 2010 the Partnership paid TCB a facility fee of \$50,000

(one percent (1.00%) of the initial borrowing base) and is obligated to further pay, upon each determination of an increase in the borrowing base, a facility fee in the amount of one percent (1.00%) of the amount by which the borrowing base is increased over that in effect on the date of determination. On June 30, 2010, the Partnership also paid TCB an engineering fee in the amount of \$5,000, and is obligated to further pay additional engineering fees in the amount of \$5,000 if TCB's internal engineers perform the engineering review of the collateral; or the actual fees and expenses of any third-party engineers retained by TCB to prepare an engineering report, payable at the time of a redetermination of the borrowing base.

The Credit Agreement is guaranteed by RCWI and RCWI GP LLC. Borrowings under the Credit Agreement are secured by a first priority lien on no less than 90% of the oil and gas properties utilized in determining the borrowing base, based on the net present value of the crude oil and natural gas to be produced from the oil and gas properties calculated using a discount rate of nine percent (9.00%) per annum.

The Credit Agreement contains various covenants, including among others restrictions on liens, incurring other indebtedness, and distributions, as well as the maintenance of a certain current ratio and interest coverage ratio. The Partnership was not in compliance with certain non-financial covenants under the Credit Agreement, for which it obtained a waiver from the lender.

#### Table of Contents

Please see Item 1A of this Registration Statement for a list of risk factors that could impact the Partnership.

Capital ExpendituresThe table below summarizes Partnership expenditures for property purchases, development, and waterflood enhancement by type and classification of well as of December 31, 2010:

Drilling and Leasehold Costs	Facilities Costs	Workovers	Total Costs	Purchase Existing Wells
\$35,150,152	\$-	\$-	\$35,150,152	New Wells
\$7427,464	\$452,274	\$64,526	\$7,944,210	Waterflood Injector Wells
\$5,149,620	\$5,149,620	\$-	\$10,299,240	Facilities
\$1,795,397	\$-	\$-	\$1,795,397	Existing Wells
\$7,007,513	\$137,007	\$513	\$7,145,033	
\$35,150,226	\$34,409,469	\$7,007,513	\$76,567,208	

The table below summarizes Partnership expenditures for property purchases, development, and waterflood enhancement by type and classification of well as of December 31, 2009:

Drilling and Leasehold Costs	Facilities Costs	Workovers	Total Costs	Purchase Existing Wells
\$15,817,019	\$-	\$-	\$15,817,019	New Wells
\$7426,889	\$237,268	\$89,311	\$7,753,468	Waterflood Injector Wells
\$5,149,620	\$-	\$-	\$5,149,620	Facilities
\$1,495,913	\$-	\$-	\$1,495,913	Existing Wells
\$6,017,545	\$6,017,545	\$-	\$12,035,090	
\$15,817,093	\$33,534,770	\$6,017,545	\$55,369,408	

The unproved properties owned by the Partnership at December 31, 2010 and 2009 consist primarily of the capitalized costs associated with the development and enhancement of waterflood operations in the Slaughter Dean Project. During the year ended December 31, 2010, the Partnership recorded property impairment costs of unproved properties totaling \$53,166,873 based on its evaluation of the data obtained from the waterflood operations of the Slaughter Dean Project.

In addition to the unproved properties related to the Slaughter Dean Project, the Partnership acquired \$2,486,463 of unproved properties during the year ended December 31, 2010 related to the Azalea Acquired Properties, portions of which were sold during December 2010 due to intended or in-process exploratory drilling activities. In addition, the Partnership transferred portions of unproved properties to proved properties as the related wells from the unproved

#### Table of Contents

properties began to be drilled.

The table below summarizes Partnership activity related to unproved properties by project during the year ended December 31, 2010:

Azalea	Slaughter	Acquired	Dean Project	Properties	Total Costs	Beginning balance
\$52,010,728	\$-	\$-	\$-	\$52,010,728	Additions due to development	\$1,156,145
\$1,156,145	\$-	\$-	\$-	\$1,156,145	Additions due to acquisitions	\$2,486,462
\$2,486,462	\$-	\$-	\$-	\$2,486,462	Sales of unproved properties	\$(480,781)
\$(480,781)	\$(480,781)	\$(36,248)	\$(36,248)	\$(957,770)	Impairment of unproved properties	\$(53,166,873)
\$(53,166,873)	\$(53,166,873)	\$(36,248)	\$(36,248)	\$(146,414,194)	Ending balance	\$1,969,433

The table below summarizes Partnership activity related to unproved properties by project during the year ended December 31, 2009:

Azalea	Slaughter	Acquired	Dean Project	Properties	Total Costs	Beginning balance
\$38,582,968	\$-	\$-	\$-	\$38,582,968	Additions	

due to development 13,427,760-13,427,760 Ending balance \$52,010,728-\$ 52,010,728

The Partnership had working capital of \$2,064,381 and \$19,440,250 at December 31, 2010 and 2009, respectively. The Partnership has expended \$76,567,208 on the property acquisitions and development costs detailed above. Expenditures in excess of available capital have been financed through debt as discussed above, or recovered from cash flows by reducing Partnership distributions. Subsequent to expending the initial available Partnership capital contributions on property acquisitions and development, the Partnership working capital consists primarily of cash flows from productive properties utilized to . . .

Apr 18, 2011

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## Form 8-K/A for REEF OIL & GAS INCOME & DEVELOPMENT FUND III LP

17-Sep-2010

### Completion of Acquisition or Disposition of Ass

#### Item 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

As described on the Current Report on Form 8-K of Reef Oil & Gas Income and Development Fund III, L.P. (the "Partnership") filed on July 9, 2010, (the "Original 8-K"), on June 23, 2010, RCWI, L.P. ("RCWI") entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Lett Oil & Gas, L.P. ("Lett") for certain oil and gas property interests owned by Lett (the "Lett Acquired Properties") for a purchase price of \$6,000,000. The oil and gas property interests specified in the Purchase Agreement were acquired by RCWI on June 30, 2010, and assigned directly to the Partnership upon closing pursuant to an Assignment, Conveyance and Bill of Sale dated June 30, 2010, but effective June 1, 2010.

The Partnership advanced two \$500,000 deposits as well as the remaining \$5,000,000 of the purchase price payable at closing by RCWI under the Purchase Agreement. On June 30, the Partnership and Texas Capital Bank, N.A. ("TCB") executed a Credit Agreement (the "Credit Agreement") which currently has a \$5,000,000 borrowing base, and a related promissory note and security agreement for purposes of funding the acquisition of oil and gas property interests purchased from Lett by RCWI and assigned to the Partnership under the Assignment, Conveyance and Bill of Sale dated June 30, 2010. The Partnership borrowed \$5,000,000 from TCB under the Credit Agreement which was paid directly to Lett on June 30, 2010 to satisfy the closing obligations of RCWI under the Purchase Agreement.

The purpose of this amendment to the Original 8-K is to file certain financial statements relating to the acquisition.

#### Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) Statements of Revenues and Direct Operating Expenses of business acquired (unaudited) for the year ended December 31, 2009 and the six months ended June 30, 2010 and 2009.

(b) Pro Forma Financial Statements

(1) Unaudited Pro Forma Condensed Consolidated Statements of Operations for the year ended December 31, 2009 and the period ended June 30, 2010.

(c) Shell Company Transactions. Not applicable.

(d) Exhibits. None

#### ACQUIRED PROPERTIES

#### STATEMENT OF REVENUES AND DIRECT OPERATING EXPENSES (UNAUDITED)

(In thousands)

Year Ended

	December 31, 2009	
Revenues:		
Oil revenues	\$	670
Gas revenues		14
Total Revenues		684
Direct operating expenses:		
Lease operating expenses		254
Production taxes		18
Total operating expenses		272
Revenues in excess of direct operating expenses	\$	412

See accompanying notes to the statement of revenues and direct operating expenses

---

#### ACQUIRED PROPERTIES

##### STATEMENT OF REVENUES AND DIRECT OPERATING EXPENSES (UNAUDITED)

(In thousands)

	Six Months Ended June 30, 2010		Six Months Ended June 30, 2009	
Revenues:				
Oil revenues	\$	410	\$	277
Gas revenues		9		8
Total Revenues		419		285
Direct operating expenses:				
Lease operating expenses		131		121
Production taxes		11		12
Total operating expenses		142		133
Revenues in excess of direct operating expenses	\$	277	\$	152

See accompanying notes to the statement of revenues and direct operating expenses

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#### (1) Basis of Presentation (Unaudited)

On June 30, 2010, RCWI completed the acquisition of certain oil and gas property interests from Lett for a purchase price of \$6,000,000 pursuant to a Purchase Agreement between RCWI and Lett dated June 23, 2010. The oil and gas property interests included in the purchase transaction were acquired by RCWI and assigned directly to the Partnership upon closing pursuant to an Assignment, Conveyance and Bill of Sale dated June 30, 2010, but effective June 1, 2010.

The Lett Acquired Properties are located in the Thums Long Beach Unit and include approximately 870 producing wells and 485 injection wells. The Thums Long Beach Unit is a long-lived waterflood project in the Wilmington Field, located underneath the Long Beach Harbor in Southern California.

The Partnership has been unable to obtain all materials necessary for the Partnership's independent auditors to complete an audit of the accompanying statement of revenues and direct operating expenses. As a result, the accompanying statement of revenues and direct operating expenses is unaudited. The accompanying statement of revenues and direct operating expenses contain all adjustments which the Partnership believes to be necessary for them to be fairly presented in accordance with the rules of the Securities and Exchange Commission.

Oil and gas production revenues in the accompanying statement of revenues and direct operating expenses are recognized on the sales method. Under this method, revenues are recognized based on actual volumes of oil and gas sold to purchasers. Direct operating expenses are recognized on the accrual method.

During the period presented, the Lett Acquired Properties were not accounted for or operated as a separate division by the former owners. Accordingly, full separate financial statements prepared in accordance with generally accepted accounting principles do not exist and are not practicable to obtain in these circumstances.

The statement of revenues and direct operating expenses of the Lett Acquired Properties was derived from the historical accounting records of Lett and vary from a statement of operations in that they do not show certain expenses, which were incurred in connection with the ownership of the properties, such as general and administrative expense, interest expense, income taxes, or other expenses of an indirect nature. These expenses were not separately allocated to the Lett Acquired Properties by Lett in their historical financial records, so any pro forma allocation and presentation of these

expenses as if the Lett Acquired Properties had been operated on a stand alone basis would not be reliable. In addition, these allocations, if made using historical general and administrative structures and tax burdens, would not produce allocations that would be indicative of the historical performance of the Lett Acquired Properties had they been assets of the buyer, due to the greatly varying size, structure, and operations between the Partnership and Lett. The statement also does not include provisions for depletion, depreciation, amortization, and asset retirement obligation liability accretion as such amounts would not be indicative of future costs of those expenses which would be incurred by the Partnership upon allocation of the purchase price. Accordingly, the financial statement and other information presented are not indicative of the financial condition and results of operations of the Lett Acquired Properties, but rather simply represent the historical operating results associated with the direct operations of the Lett Acquired Properties.

Historical financial statements representing financial position, results of operations and cash flows required by generally accepted accounting principles are not presented as such information is not readily available. Accordingly, the statement of revenues and direct operating expenses is presented in accordance with Staff Accounting Bulletin Topic 2-D, Financial Statements of Oil and Gas Exchange Offers.

(2) Use of Estimates in the Preparation of the Statement of Revenues and Direct Operating Expenses (Unaudited)

Preparation of the accompanying Statement of Revenues and Direct Operating Expenses in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Oil and Gas Reserve Quantities (Unaudited)

In January 2009, the SEC adopted new rules related to modernizing reserve calculation and disclosure requirements for oil and gas companies, which became effective prospectively for annual reporting periods ending on or after December 31, 2009. In addition to expanding the definition and disclosure requirements for crude oil and natural gas reserves, the new rule changes the requirements for determining quantities of crude oil and natural gas reserves. The new rule requires disclosure of crude oil and natural gas proved reserves by significant geographic area, using the un-weighted arithmetic average of the first-day-of-the-month commodity prices over the preceding 12-month period, rather than end-of-period prices, and allows the use of reliable technologies to estimate proved crude oil and natural gas reserves, if those technologies have been demonstrated to result in reliable conclusions about reserves volumes. Reserve and related information for 2009 is presented consistent with the requirements of the new rule. The new rule does not allow prior-year reserve information to be restated, so all information related to periods prior to 2009 is presented consistent with prior SEC rules for the estimation of proved reserves. The effect of applying the new definition of reliable technology and other non-price related aspects of the updated rules did not significantly impact 2009 net proved reserve volumes. All of the Lett Acquired Properties' reserves are classified as proved developed reserves and are located in the United States.

The reserve information presented below is based upon estimates of net proved reserves that were prepared by Reef Exploration, L.P.'s internal staff of engineers. Proved crude oil and natural gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be economically recoverable in future years from known reservoirs under existing economic conditions, operating methods and governmental regulations (i.e. prices and costs as of the date the estimate is made). Proved developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. At December 31, 2009, all of the Lett Acquired Properties' reserves are classified as proved developed reserves.

The following table sets forth changes in estimated net proved developed crude oil and natural gas reserves as of December 31, 2009.

	Oil (BBL) (1)	Gas (MCF)	BOE (2)
Reserves at December 31, 2008	222,129	92,610	237,564
Revisions of previous estimates (3)	30,426	4,300	31,143
Production	(11,894)	(5,225)	(12,765)
Reserves at December 31, 2009	240,661	91,685	255,942

(1) Oil includes both oil and natural gas liquids

(2) BOE (barrels of oil equivalent) is calculated by converting 6 MCF of natural gas to 1 BBL of oil. A BBL (barrel) of oil is one stock tank barrel, or 42 U.S. gallons liquid volume, of crude oil or other liquid hydrocarbons

(3) Revisions of previous estimates includes revisions due to pricing and economics

(4) Standardized Measure of Discounted Future Net Cash Flows (Unaudited)

Certain information concerning the assumptions used in computing the valuation of proved reserves and their inherent limitations are discussed below. The Partnership believes such information is essential for a proper understanding and assessment of the data presented.

For the year ended December 31, 2009, future cash inflows are computed by applying the new rules SEC pricing, which holds constant the un-weighted arithmetic average of the first-day-of-the-month commodity prices over the preceding 12-month period as the basis for estimating the Lett Acquired Properties' proved reserves. For the year ending December 31, 2008, future cash inflows were computed by applying the former SEC pricing rules, which hold constant the end-of-year commodity prices as the basis for estimating the Lett Acquired Properties' proved reserves.

A 10% annual discount rate is used to reflect the timing of the future net cash flows relating to proved reserves. Future income taxes are not considered as the Lett Acquired Properties are not a tax paying entity.

The assumptions used to compute estimated future cash inflows do not necessarily reflect the Partnership's expectations of the Lett Acquired Properties' actual revenues or costs, nor their present worth. Further, actual future net cash flows will be affected by factors such as the amount and timing of actual production, supply and demand for crude oil and natural gas, changes in governmental regulations and tax rates, and actual sales prices of both crude oil and natural gas, which have fluctuated significantly in recent years. Reef Oil & Gas Partners, L.P. ("Reef"), the managing general partner of the Partnership, does not rely upon the following information in making investment and operating decisions for the Partnership.

The following average prices as adjusted for transportation, quality, and basis differentials were used in the calculation of the standardized measure:

	As of December 31, 2009	
Gas (per Mcf)	\$	3.42
Oil (per Bbl)	\$	56.08

The following summary sets forth the estimated standardized measure of discounted future net cash flows relating to the Lett Acquired Properties based on the methodologies described above:

	As of December 31, 2009	
Future cash inflows	\$	13,808,860
Future production costs		(7,803,140)
Future development costs		--
Future net cash flows		6,005,720
Effect of discounting net cash flows at 10%		(3,473,238)
Standardized measure of discounted future net cash flows	\$	2,532,482

Changes in the Standardized Measure of Discounted Future Net Cash flows Relating  
to Proved Crude Oil and Natural Gas Reserves

	As of December 31, 2009	
Standard measure, beginning of year	\$	1,255,080
Sales of oil and gas produced, net of production costs		(412,294)
Net change in sales price, net of production costs		1,272,551
Revisions of quantity estimates		141,330
Accretion of discount		125,508
Changes in production timing rates and other		150,307
Standardized measure, end of year	\$	2,532,482

(b) Pro Forma Financial Statements

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

On January 19, 2010, RCWI completed the acquisition of certain working interests in oil and gas properties from Azalea Properties Ltd. (the "Azalea Acquired Properties") for a purchase price of \$21,610,116 pursuant to a Purchase and Sale Agreement between RCWI and Azalea Properties Ltd. ("Azalea") dated December 18, 2009 (the "Azalea Purchase Agreement"). The Azalea Purchase Agreement is subject to three side letter agreements regarding the post-closing acquisition of proven undeveloped properties, the post-closing resolution of properties with title defects, and the post-closing resolution of third-party consents for certain properties (collectively, the "Side Letter Agreements").

RCWI entered into a purchase and sale agreement with the Partnership dated January 19, 2010, to sell a portion of the working interests acquired from Azalea to the Partnership. The Partnership acquired approximately 61% of the working interests initially acquired by RCWI from Azalea for a purchase price of approximately \$13,182,171 in cash subject to post-closing adjustments. RCWI assigned the remaining approximate 39% working interest in the Azalea Acquired Properties to other Reef affiliates on the same terms.

Beginning with January 2010, all revenues and expenses related to the Azalea Acquired Properties are included in the Partnership's results of operations. The purchase of the Azalea Acquired Properties is reflected in the Partnership's balance sheet beginning with the balance sheet filed on Form 10-Q for the period ended March 31, 2010.

On June 23, 2010, RCWI entered into a Purchase Agreement with Lett Oil & Gas, L.P. ("Lett") for certain oil and gas property interests owned by Lett for a purchase price of \$6,000,000. The oil and gas property interests specified in the Purchase Agreement were acquired by RCWI on June 30, 2010, and assigned directly to the Partnership at closing pursuant to an Assignment, Conveyance and Bill of Sale dated June 30, 2010, but effective June 1, 2010.

The purchase of the Lett Acquired Properties is reflected in the Partnership's balance sheet beginning with the balance sheet filed on Form 10-Q for the period ended June 30, 2010. Revenues and expenses related to the Lett Acquired Properties are included in the Partnership's results of operations

beginning July 1, 2010.

The following unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2009 and the period ended June 30, 2010 are derived from the historical financial records of the Partnership and give effect to the two acquisitions described above and also in the Form 8-K filed January 22, 2010 and the Form 8-K/A filed April 2, 2010 for the Azalea Acquired Properties, and in the Form 8-K filed July 9, 2010 for the Lett Acquired Properties. The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2009 and the period ended June 30, 2010 are presented as if the acquisitions had occurred on January 1, 2009. No unaudited pro forma condensed consolidated balance sheet is presented as the two transactions have already been reflected in the Condensed Consolidated Balance Sheet included in form 10-Q for the period ended June 30, 2010.

The unaudited pro forma condensed consolidated statements of operations should be read in conjunction with the notes thereto, the Financial Statements of the Partnership filed on Form 10-K for the year ended December 31, 2009 and the notes thereto, and the statements of revenues and direct operating expenses of the Azalea Acquired Properties contained in the Form 8-K/A filed April 2, 2010 and the notes thereto.

The unaudited pro forma condensed consolidated financial information is not indicative of our financial position or the results of our operations that might have actually occurred if acquisition of the Azalea Acquired Properties and the Lett Acquired Properties had occurred at the dates presented or of our future financial position or results of operations. In addition, the results may vary significantly from the results reflected in such statements due to normal crude oil and natural gas production declines, changes in sales prices paid for crude oil and natural gas, future acquisitions and other factors.

REEF OIL & GAS INCOME & DEVELOPMENT FUND III, L.P.  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
DECEMBER 31, 2009  
(in thousands except per unit data)

	Historical	Azalea Acquisition	Lett Acquisition	Pro Forma Adjustments	Pro Forma
Revenues	\$ 1,656	\$ 2,565	\$ 684	\$ --	\$ 4,905
Costs and expenses:					
Lease operating expenses	1,298	549	254	--	2,101
Production taxes	78	154	18	--	250
Depreciation, depletion and amortization	307	--	--	1,503 (a)	1,810
Accretion of asset retirement obligation	18	--	--	47 (b)	65
Property impairment	668	--	--	--	668
General and administrative	974	--	--	--	974
Total costs and expenses	3,343	703	272	1,550	5,868
Income (loss) from operations	(1,687 )	1,862	412	(1,550 )	(963 )
Interest expense	--	--	--	(250 ) (c)	(250 )
Interest income	140	--	--	--	140
Net Income (loss)	\$ (1,547 )	\$ 1,862	\$ 412	\$ (1,800 )	\$ (1,073 )
Net loss per general partner unit	\$ (1,662.43 )				\$ (1,354.47 )
Net loss per limited partner unit	\$ (1,662.43 )				\$ (1,354.47 )
Net income (loss) per managing general partner unit	\$ (7,897.79 )				\$ 14,467.60

See Notes to unaudited pro forma condensed consolidated statements of operations

REEF OIL & GAS INCOME & DEVELOPMENT FUND III, L.P.  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
June 30, 2010  
(in thousands except per unit data)



	Historical	Let Acquisition	Pro Forma Adjustments	Pro Forma
Revenues	\$ 2,703	\$ 419	\$ --	\$ 3,122
Costs and expenses:				
Lease operating expenses	1,228	131	--	1,359
Production taxes	166	11	--	177
Depreciation, depletion and amortization	1,150	--	(358 ) (a)	792
Accretion of asset retirement obligation	33	--	(8 ) (b)	25
Property impairment	3,524	--	--	3,524
General and administrative	1,792	--	--	1,792
Total costs and expenses	7,893	142	(366 )	7,669
Income (loss) from operations	(5,190 )	277	366	(4,547 )
Miscellaneous income	9	--	--	9
Interest expense	--	--	(125 ) (c)	(125 )
Interest income	3	--	--	3
Total other income (expense)	12	--	(125 )	(113 )
Net income (loss)	\$ (5,178 )	\$ 277	\$ 241	\$ (4,660 )
Net loss per general partner unit	\$ (5,719.93 )			\$ (5,156.53 )
Net loss per limited partner unit	\$ (5,719.93 )			\$ (5,156.53 )
Net loss per managing general partner unit	\$ (11,024.16 )			\$ (9,030.40 )

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities and Exchange Act of 1934

Date of report (Date of earliest event reported): January 19, 2010

**REEF OIL & GAS INCOME AND DEVELOPMENT FUND III, L.P.**

(Exact name of registrant as specified in its charter)

Texas  
(State or other jurisdiction  
of incorporation)

000-53795  
(Commission  
File Number)

26-0805120  
(IRS Employer  
Identification No.)

1901 N. Central Expressway, Suite 300, Richardson, Texas 75080  
(Address of principal executive offices)

(972) 437-6792  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 1.01 Entry in a Material Definitive Agreement**

The disclosures set forth under Item 2.01 are incorporated by reference into this Item 1.01.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On January 19, 2010, RCWI, L.P. ("RCWI"), an affiliate of Reef Oil & Gas Partners, L.P., the managing general partner of Reef Oil & Gas Income and Development Fund III, L.P (the "Registrant"), completed the acquisition of certain working interests in oil and gas properties from Azalea Properties Ltd. ("Seller") for a purchase price of \$ 21,610,116 pursuant to a Purchase and Sale Agreement between RCWI and the Seller dated December 18, 2009 (the "Azalea Purchase Agreement"). The Azalea Purchase Agreement is subject to three side letter agreements regarding the post-closing acquisition of proven undeveloped properties, the post-closing resolution of properties with title defects, and the post-closing resolution of third-party consents for certain properties (collectively, the "Side Letter Agreements").

RCWI entered into a Purchase and Sale Agreement (the "RCWI Agreement"), dated January 19, 2010, to sell portions of the working interests acquired from the Seller to the Registrant. The Registrant acquired approximately 61.00% of the working interests initially acquired by RCWI from the Seller for a purchase price of approximately \$13,182,171 in cash subject to post-closing adjustments. RCWI is also assigning portions of the acquired working interests to other Reef affiliates on the same terms .

The oil and gas working interests acquired by the Registrant are represented by leases and cover more than 400 properties, including more than 1,400 wells, located in Texas, California, New Mexico, Louisiana, Oklahoma, North Dakota, Mississippi, Alabama, Kansas, Montana, Colorado, and Arkansas. The acquired working interests represent a minority interest in each of the properties and are operated by more than 100 different operators, none of which are affiliates of Reef Oil & Gas Partners, L.P.

The Seller has no material relationship with the Registrant, Reef Oil & Gas Partners, L.P., or its affiliates, other than through the related purchase contracts mentioned above. RCWI and the Registrant are under the indirect common control of Michael Mauceli.

The foregoing descriptions of the Azalea Purchase Agreement, the RCWI Agreement, and Side Letter Agreements are qualified entirely by reference to the copies of said agreements attached as Exhibits 10.1 through 10.5 to this current report on Form 8-K.

**Section 9 – Financial Statements and Exhibits****Item 9.01 Financial Statements and Exhibits.**

(a) **Financial statements:** The financial statements required by Item 9.01(a) of Form 8-K will be filed by amendment no later than 71 calendar days after the date of this Form 8-K.

(b) **Pro forma financial information:** The pro forma financial information required by Item 9.01(b) of Form 8-K will be filed by amendment no later than 71 calendar days after the date of this Form 8-K.

(c) **Shell company transaction:** This section does not apply.

**(d) Exhibits:**

- 10.1 Purchase and Sale Agreement, dated January 19, 2010, by and between Azalea Properties Ltd. And RCWI, L.P.
- 10.2 Purchase and Sale Agreement, dated January 19, 2010, by and between RCWI, L.P., and Reef Oil & Gas Income and Development Fund III, L.P.
- 10.3 Side Letter Agreement, dated January 19, 2010 between RCWI, L.P. and Azalea Properties Ltd. regarding Post Closing PUDs.
- 10.4 Side Letter Agreement, dated January 19, 2010 between RCWI, L.P. and Azalea Properties Ltd. Regarding Post Closing Properties/Title Defect Notice.

- 10.5 Side Letter Agreement, dated January 19, 2010 between RCWI, L.P. and Azalea Properties Ltd. Regarding Third Party Consents.

**SIGNATURES**

Pursuant to the requirement of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 22, 2010

Reef Oil & Gas Income and  
Development Fund III, L.P.  
(Registrant)

By: Reef Oil & Gas Partners, L.P.  
A Nevada Limited Partnership

By: Reef Oil & Gas Partners, GP, LLC  
Its general partner

By: /s/ Michael J. Mauceli  
Michael J. Mauceli  
Manager

## Kim Martin

---

**From:** Tres Fife [tres@reefogc.com]  
**Sent:** Thursday, April 21, 2011 4:36 PM  
**To:** Clayton Johnson  
**Cc:** 'Renee Renfroe'; Lee Hayden, Jr.; 'Camille Covington'; Walt Dunagin; Tehan, Tim  
**Subject:** Information on RCWI, L.P. and Reef Exploration  
**Attachments:** Reef Operated Wells in LA.XLSX; Purchase and Sale Agreement-Executed.pdf

Clayton:

We spoke a couple of weeks ago regarding RCWI, L.P.'s request for LSU's consent to the assignment of one of its leases in the Manchac Pointe Field in East Baton Rouge Parish. See the attached information regarding RCWI. The way our company is structured, Reef Exploration, L.P. acts as the operator, and RCWI, L.P. holds title to both our operated and non – operated properties. I have included a list of the wells that Reef operates or has operated in Louisiana and a copy of the Purchase and Sale Agreement wherein RCWI purchased the LSU lease. If you have any further questions, you may, of course, email me or call at (972) 437 – 6792. I appreciate you attention to this matter.

Thank you

Tres Fife

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Reef Oil and Gas Companies  
Reef Oil & Gas Partners, L.P.  
Reef Exploration, L.P.

Please visit our new website @ <http://www.reefogc.com>.

LA Well/Serial Number	API#	Company	Current Lease Name	Well Name	Well#	Perth	Legal	Depth - Status	Well Type	Spud Date	Cum. Oil	Cum. Gas	Average Oil/Gal	Average Gas/Gal
215508	17-001-21916	REEF EXPLORATION	CIB HAZ RA SUA; RICHARDSON	W E LAWSON	1	Acadia	S-7, T-9S, R-1E	11656 DRY AND PLUGGED	U	4/24/1995				
226530	17-005-20254	REEF EXPLORATION, INC.	CIB HAZ RA SUA; RICHARDSON	CIB HAZ RA SUA; RICHARDSON	1	Ascension	S-17, T-10S, R-3E	13500 DRY AND PLUGGED	U	12/27/2001				
214576	17-007-20450	REEF EXPLORATION	ARMELISE PLANTATION	ARMELISE PLANTATION	1	Assumption	S-143, T-12S, R-14E	8344 DRY AND PLUGGED	U	7/8/1992				
233131	17-011-20998	REEF EXPLORATION, INC.	RICE LAND LUMBER CO.	RICE LAND LUMBER CO.	1	Beausiegar	S-26, T-4S, R-11W	7300 DRY AND PLUGGED	U	5/29/2006				
222845	17-019-21849	REEF EXPLORATION LP	11000 RA SUA; L&H PARTNERSHIP	11000 RA SUA; L&H PARTNERSHIP	1	Calcasieu	S-36, T-10S, R-6W	11890 PLUGGED AND	U	2/11/1999	305,591	6,617,305	0	2.71
228283	17-019-21990	REEF EXPLORATION, INC.	BERTHA D MORGAN SWD	BERTHA D MORGAN SWD	2	Calcasieu	S-2, T-11S, R-6W	12500 ACTIVE-INJECTION	U	7/22/2003	9,408	18,502	0.53	0
228669	17-113-22225	REEF EXPLORATION LP	CAM 2 RF SUA; LUCY THOMAS ETAL	CAM 2 RF SUA; LUCY THOMAS ETAL	1	Vermillion	S-15, T-11S, R-2E	14405 ABANDONED	U	9/27/2003	17,356	2,568,752	4.1	872.5
233811	17-113-22323	REEF EXPLORATION LP	CAM 2 RJ SUA; L B THOMAS ETAL	CAM 2 RJ SUA; L B THOMAS ETAL	2	Vermillion	S-15, T-11S, R-2E	14000 DRY AND PLUGGED	U	10/2/2006				
236448	17-113-22368	REEF EXPLORATION LP	CAM MT RA SUA; JOSEPH S ADAMS	CAM MT RA SUA; JOSEPH S ADAMS	1	Vermillion	S-26, T-11S, R-1E	18251 DRY AND PLUGGED	U	11/5/2007				
228588	17-019-21865	REEF EXPLORATION, INC.	NORTH AMERICAN LAND CO INC	CIB H RA SUB; JONFENT ET AL	1	Calcasieu	S-36, T-10S, R-6W	12121 PLUGGED AND	U	10/8/1999	24,525	1,013,898	6.07	343.1
222640	17-019-21843	REEF EXPLORATION, INC.	RID-CAL LAND INC	CIB HAZ VUA; DEROUJEN ET AL	1	Calcasieu	S-35, T-10S, R-6W	12600 PLUGGED AND	U	10/10/1998	15,489	29,528	0.65	0
221738	17-019-21830	REEF EXPLORATION, INC.	EARL E COBLE ET AL	EARL E COBLE ET AL	1	Calcasieu	S-26, T-10S, R-6W	12500 DRY AND PLUGGED	U	3/4/1998				
228904	17-023-22885	REEF EXPLORATION, INC.	HENRY EST ETAL ZB	ER & CF HENRY EST ETAL ZB	1	Cameron	S-28, T-14S, R-9W	13975 PLUGGED AND	U	12/24/2003				
221324	17-019-21823	REEF EXPLORATION, INC.	EXCALUBER LAND CO	EXCALUBER LAND CO	1	Calcasieu	S-9, T-10S, R-7W	13500 DRY AND PLUGGED	U	11/15/1997				
220790	17-019-21814	REEF EXPLORATION LP	HAYES RA SUA; BERTHA D MORGAN	HAYES RA SUA; BERTHA D MORGAN	1	Calcasieu	S-2, T-11S, R-6W	14500 ACTIVE - PRODUCING	G	9/9/1997	854,067	16,099,881	66.84	###
230059	17-019-22023	REEF EXPLORATION, INC.	J LAWTON ETAL	J LAWTON ETAL	1	Calcasieu	S-35, T-9S, R-12W	10086 DRY AND PLUGGED	U	10/20/2004				
216655	17-019-21759	REEF EXPLORATION, INC.	MERMETAU MINERALS	LABOKAY CORP	1	Calcasieu	S-5, T-9S, R-11W	8850 DRY AND PLUGGED	U	5/21/1994				
230303	17-023-22905	REEF EXPLORATION LP	MERMETAU MINERALS	MERMETAU MINERALS	1	Cameron	S-20, T-14S, R-5W	10604 PLUGGED AND	U	11/27/2004	1,204	183,324	0	147.2
219089	17-053-21193	REEF EXPLORATION, INC.	MT 1 RB SUA; JACK L FONTENOT	MT 1 RB SUA; JACK L FONTENOT	1	Davis	S-23, T-10S, R-6W	10950 ABANDONED	U	6/4/1996	56,865	1,988,318	0.68	
220430	17-019-21805	REEF EXPLORATION, INC.	MT RA SUA; NOLIA D GREEN ETAL	MT RA SUA; NOLIA D GREEN ETAL	1	Calcasieu	S-31, T-10S, R-5W	11837 PLUGGED AND	G	5/1/1997	11,242	161,167	22.64	726.2
224942	17-019-21917	REEF EXPLORATION, INC.	MT RA SUB; SLOC 3	MT RA SUB; SLOC 3	1	Calcasieu	S-3, T-11S, R-6W	DRY AND PLUGGED	U	11/15/2000				
219011	17-019-21785	REEF EXPLORATION LP	MT RC SUA; R M SAVOIE ET UX	MT RC SUA; R M SAVOIE ET UX	1	Calcasieu	S-26, T-10S, R-6W	11200 ACTIVE - PRODUCING	G	5/6/1995	202,107	9,225,131	0	2
220079	17-053-21206	REEF EXPLORATION, INC.	MT RD SUA; THIBODEAUX	MT RD SUA; THIBODEAUX	1	Davis	S-15, T-10S, R-6W	10912 ABANDONED	G	3/4/1997	1,332	68,769	2.84	1.1
230940	17-051-20935	REEF EXPLORATION LP	OPIRC RA SUA; SL 17470	OPIRC RA SUA; SL 17470	1	Jefferson	S-25, T-13S, R-22E	14400 PLUGGED AND	U	3/15/2005				
232871	17-019-21898	REEF EXPLORATION, INC.	PHILLIP EDWARDS	PHILLIP EDWARDS	1	Calcasieu	S-8, T-11S, R-6W	13762 DRY AND PLUGGED	U	4/4/2006				
230774	17-075-24186	REEF EXPLORATION, INC.	BRADISH-JOHNSON	BRADISH-JOHNSON	1	Plaquemines	S-21, T-18S, R-26E	12570 DRY AND PLUGGED	U	2/10/2005				
224350	17-087-20282	REEF EXPLORATION, INC.	BILOXI MARSH LANDS 35	BILOXI MARSH LANDS 35	1	St. Bernard	S-35, T-13S, R-16E	DRY AND PLUGGED	U	6/27/2000				
230941	17-089-20624	REEF EXPLORATION, INC.	LEVERT	LEVERT	1	St. Charles	S-27, T-13S, R-21E	11249 DRY AND PLUGGED	U	3/29/2005				
217077	17-101-21950	REEF EXPLORATION, INC.	SL 14624	SL 14624	1	St. Mary	S-1, T-10S, R-6W	14500 PERMIT EXPIRED	U	7/1/1983				
217652	17-101-21950	REEF EXPLORATION, INC.	SWEET LAKE LAND & OIL CO INC	SWEET LAKE LAND & OIL CO INC	1	St. Mary	S-31, T-10S, R-6W	14640 DRY AND PLUGGED	U	2/8/1995				
222247	17-019-21899	REEF EXPLORATION, INC.	VUA; ANNA HEBERT ETAL	VUA; ANNA HEBERT ETAL	1	Calcasieu	S-34, T-10S, R-3E	13082 DRY AND PLUGGED	U	7/20/1998				
224827	17-055-20475	REEF EXPLORATION, INC.	VUA; MARRERO LAND & IMP ASSOC	VUA; ANNA HEBERT ETAL	1	Lafayette	S-34, T-10S, R-3E	18800 PLUGGED AND	U	11/17/2000	2,972	173,643	0	0.11
230776	17-051-20953	REEF EXPLORATION LP	VUA; MARRERO LAND & IMP ASSOC	VUA; MARRERO LAND & IMP ASSOC	1	Jefferson	S-25, T-13S, R-22E	PLUGGED AND	U	2/7/2005	0	14,128	0	52.93
215333	17-113-21901	REEF EXPLORATION, INC.	A WILBERTS SONS LLC	ZENON	1	Vermillion	S-13, T-12S, R-4E	10004 ABANDONED	U	1/31/1993				
232093	17-121-20191	REEF EXPLORATION, INC.	A WILBERTS SONS LLC	A WILBERTS SONS LLC	2	Rouge	S-4, T-7S, R-11E	12581 DRY AND PLUGGED	U	11/15/2005				
231985	17-121-20190	REEF EXPLORATION, INC.	A WILBERTS SONS LLC	A WILBERTS SONS LLC	1	Rouge	S-32, T-7S, R-11E	10700 DRY AND PLUGGED	U	10/9/2005				

December 18, 2009

Mr. H. Walt Dunagin  
Executive Vice President  
Reef Oil & Gas Partners Partners, L.P.  
Reef Exploration, L.P.  
1901 North Central Expressway, Suite 300  
Richardson, Texas 75080

Re: Escrow Funds

Dear Walt:

Reference is made to that certain Asset Purchase Agreement executed of even date herewith by and between RCWI, L.P. ("Buyer") and Azalea Properties, Ltd. ("Seller") providing for the purchase by Buyer of certain assets of Seller (the "Purchase Agreement"). All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Purchase Agreement.

On or before Dec. 21, 2009, Buyer shall deposit the Earnest Money in an account at Texas Capital Bank of which Buyer and Seller shall both be signatories (the "Escrow Fund"). No disbursements shall be made from the Escrow Fund, except (i) by a joint notice of direction and payment signed by both Buyer and Seller, or (ii) in the event of a dispute regarding the terms of Section 9.02 of the Purchase Agreement governing the disposition of the Escrow Fund, a certified copy of a final, non-appealable judgment of the American Arbitration Association, or if applicable, a court of competent jurisdiction.


Please indicate your acceptance of the terms hereof by executing this Letter below.

Very truly yours,

Azalea Properties, Ltd.

By: Maple Ridge Property Company  
Its sole general partner

By: Frances Marianne Talbot  
Frances Marianne Talbot  
President

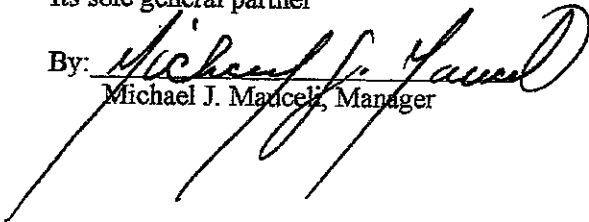
  
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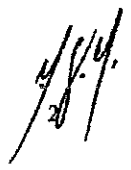


Accepted and Agreed to  
this 18 day of December, 2009:

RCWI, L.P.

By: RCWI, GP, LLC  
Its sole general partner

By:   
Michael J. Marcelle, Manager



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**PURCHASE AND SALE AGREEMENT**

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") dated as of December 18, 2009 (the "Execution Date"), but effective as of December 1, 2009, is by and between Azalea Properties, Ltd., a Texas limited partnership ("Seller"), and RCWI, L.P., a Texas limited partnership ("Buyer"), relative to the "Interests" (as hereinafter defined).

In consideration of the mutual promises contained herein, the benefits to be derived by each party hereunder and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

ARTICLE I

PURCHASE AND SALE

1.01 Purchase and Sale. Seller agrees to sell and convey and Buyer agrees to purchase and pay for the Interests subject to the terms and conditions of this Agreement.

1.02 Interests. All of the following shall be referred to as the "Interests":

(a) The undivided interests described in Exhibit A hereto, in and to the entire estates created by the leases, licenses, permits and other agreements described in Exhibit A (the "Leases") insofar as the Leases cover and relate to the lands described in Exhibit A (the "Lands"), together with (i) all rights, privileges, benefits and powers conferred upon the holder of the Leases with respect to the use and occupation of the surface of the Lands that may be necessary, convenient or incidental to the possession and enjoyment of the Leases, (ii) all rights in respect of any pooled or unitized acreage located in whole or in part within the Lands by virtue of the Leases, including rights to production from the pool or unit allocated to any Lease being a part thereof, regardless of whether such production is from the Lands, (iii) all rights, options, titles and interests of Seller granting Seller the right to obtain, or otherwise earn interests within the Lands no matter how earned, and (iv) all tenements, hereditaments and appurtenances belonging to any of the foregoing;

(b) All of Seller's right, title and interest in and to the Fee, Fee Mineral and Fee Royalty Interests described in Exhibit A;

(c) Identical undivided interests in and to all of the oil and gas wells, saltwater disposal and water wells and injection wells (whether or not currently producing) (the "Wells") associated or located on the properties listed on Exhibit B (the "Properties"), all pipelines, flowlines, plants, gathering and processing systems, platforms, buildings, compressors, meters, tanks, machinery, tools, pulling machines, utility lines, and all of the personal property, equipment, fixtures and improvements now or as of the Effective Time (as defined in Section 1.03 below) in or on the Lands, appurtenant thereto or used in connection therewith or with the production, treatment, sale or disposal of hydrocarbons or water produced therefrom or attributable thereto and all other appurtenances thereunto belonging, whether or not located on the Leases;

(d) The contracts and contractual rights, obligations and interest, including all farmout agreements, farmin agreements, drilling contracts, operating agreements, sales contracts, saltwater disposal agreements, division orders and transfer orders and other contracts or agreements set forth on Exhibit C attached hereto covering or affecting any or all of the Leases and/or Lands. In the event there are other agreements or contracts necessary or desirable with respect to the operations being conducted on the Leases, Fee Interests, Wells and Lands, at its option, Buyer shall be entitled to the benefits of such contracts or agreements;

(e) The easements, licenses, authorizations, permits and similar rights and interests applicable to, or pertinent to, the ownership and operation of Leases, Fee Interests, Wells and the Wells;

(f) All inventories, oil, gas and production in tanks, in storage below the pipeline connection in tanks or upstream of the sales meter ("line fill") and inventory attributable to the Leases Fee Interests, Lands and Wells;

(g) All other right and interests in, to or under or derived from the Interests, even though same may be improperly described or omitted from the exhibits. It is the express intent of the Seller and Buyer that all of Seller's right, title and interest in any of the properties described on Exhibit A and Exhibit B and those on Exhibit C, subject to the qualifications set forth in Article 1.02(d), and the interests appurtenant thereto, be assigned to Buyer hereunder; and

(h) All original files, records, documentation and data in Seller's possession relating to (or evidencing) Seller's ownership or rights in the Leases Fee Interests, Lands and Wells, production, rights-of-way or other rights and interests described herein, including but not limited to lease files, land files, well files, accounting files, production sales agreements files, division and transfer order files, written contracts, title opinions and abstracts, legal records, governmental filings, geological data, seismic data, information and analysis, production reports, production logs, core sample reports and maps as such data is assembled in the normal course of business but exclusive of (A) any such records, data or information where the transfer of same is prohibited by third party agreements or applicable law, as to which Seller is unable to secure a waiver, or (B) the work product of Seller's legal counsel, excluding title opinions.

The respective values allocated to Seller's interest in each of the Interests (the "Allocated Values") are as set forth in Exhibit B hereto.

1.03 Effective Time. The purchase and sale of the Interests shall be effective for all purposes as of December 1, 2009 at 7:00 a.m., local time at the location of the Interests (the "Effective Time").

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ARTICLE II

PURCHASE PRICE

2.01 Purchase Price. The purchase price for the Interests shall be Twenty Two Million and No/100 (\$22,000,000) (the "Purchase Price"), which shall be adjusted as set forth in Section 2.02 below. Upon the execution hereof, Buyer shall pay to Seller by wire transfer the sum of One Million One Hundred Thousand and No/100 (\$1,100,000) (the "Earnest Money") which shall be governed by the terms hereof.

2.02 Adjustments to Purchase Price. The Purchase Price to be paid at Closing shall be *minus* the Earnest Money and further adjusted as follows and the resulting amount shall be referred to as the "Adjusted Purchase Price":

(a) The Purchase Price shall be adjusted upward by an amount up to the total Allocated Value of the Proven Undeveloped ("PUD's") opportunities set forth on Exhibit D, which Exhibit D shall be generated after the Execution Date in accordance with the provisions of this Article 2.02(a) and delivered at Closing, and which total amount shall be no more than Two Million Five Hundred Thousand Dollars (\$2,500,000.00). Buyer and Seller shall enter into good faith negotiations to reach agreement on the increase to the Purchase Price allocated pursuant to this Section 2.02(a). Seller shall use commercially reasonable best efforts to provide Buyer with all land maps necessary for Buyer to evaluate the PUD's at least seven (7) days prior to Closing. Buyer shall provide Seller with Exhibit D as soon as reasonably possible after Seller's delivery to Buyer of all maps it obtains. Between the Execution Date and Closing, Seller will use commercially reasonable best efforts to obtain documentation evidencing Seller's ownership in those leaseholds where the individual PUD's are located. Provided such PUD documentation is obtained, the Purchase Price will be increased by those amounts of the Allocated Value attributable to the PUDs.

(b) The Purchase Price shall be adjusted upward for any cash expenditures actually made by Seller relating to the Interests from the Effective Time to the Closing Date;

(c) The Purchase Price shall be adjusted downward for any cash actually received by Seller relating to the Interests from the Effective Time to the Closing Date.

(d) The Purchase Price shall be adjusted downward for the exercise of any Preferential Rights (as defined in Section 5.06) or the failure to obtain any Consents (as defined in Section 5.06) prior to the Closing pursuant to Section 5.06(b).

(e) The Purchase Price shall be adjusted downward for any Title Defect Amount pursuant to Section 5.05(e) and Environmental Defect Amount pursuant to Section 5.07(f).

(f) The Purchase Price shall be adjusted downward for 11/12ths of any ad valorem, property, production, severance and similar taxes and assessments on the Interests for

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the calendar year 2009, which have not been paid prior to the Effective Time. It is the intent of this provision that Seller shall bear its proportionate part of any unpaid ad valorem, property, production, severance and similar taxes and assessments for the tax year 2009.

(g) The Purchase Price shall be adjusted downward by any amount attributable to contracts, liens, judgments, encumbrances or other material liabilities and/or obligations of Seller related to the Interests, but excluding the PUDs, under any contracts or binding obligations which are disclosed by Seller or discovered by Buyer after the Execution Date, and which remain ongoing obligations affecting the Interests as of the Effective Date (collectively, the "Post Execution Liabilities"). The amount of any adjustment shall be equal to the amount by which such Post Execution Liabilities reduces the value of the Interests below the Allocated Value.

(h) Seller and Buyer agree that no adjustments other than those set forth from (a) to (e) above shall be made to the Purchase Price.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties of Seller. Seller represents and warrants to Buyer as follows:

(a) Seller is a Texas limited partnership duly organized, validly existing and in good standing under the laws of its state of organization.

(b) Seller has the requisite power and authority to carry on its business as presently conducted, to enter into this Agreement, to sell the Interests on the terms described in this Agreement and to perform its obligations under this Agreement. The consummation of the transactions contemplated by this Agreement will not violate, nor be in conflict with, (i) any provision of Seller's governing documents, (ii) any agreement or instrument to which Seller is a party or is bound, except those as to which consents have been or will be obtained prior to the Closing, or (iii) any judgment, decree, order, statute, rule or regulation applicable to Seller.

(c) The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite action on the part of Seller.

(d) This Agreement has been duly executed and delivered on behalf of Seller, and at the Closing all documents and instruments required hereunder to be executed and delivered by Seller shall have been duly executed and delivered. This Agreement does, and such documents and instruments shall, constitute legal and valid obligations of Seller enforceable against it in accordance with its and their respective terms.

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(e) Seller has incurred no liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which Buyer shall have any responsibility whatsoever.

(f) Schedule 3.01(f) describes (i) all of the unit agreements, farmout and farmin agreements, pooling agreements, pooling designations, unit operating agreements and operating agreements, exploration agreements, participation agreements, transportation and gathering agreements, rig contracts, pipe and other supply contracts and area of mutual interest agreements included in the Interests, (ii) all of the production sales, marketing and processing agreements included in the Interests, other than such agreements which are terminable by Seller without penalty on 30 or fewer days' notice, (iii) any contracts or agreements (other than contracts for utility services) included in or burdening the Interests that could reasonably be expected to obligate Seller to expend or pursuant to which Seller may receive in excess of Twenty Five Thousand and NO/100 Dollars (\$25,000) in any calendar year, (iv) any contract or agreement included in or related to the Interests that is with any affiliate of Seller, and (v) any contract or agreement that evidences an obligation to pay the deferred purchase price of property or services ((i) - (v) collectively, the "Material Contracts"). Seller has not received written notice of any default under any of the Material Contracts or the Leases. The Contracts and the Leases are in full force and effect and have not been modified or amended in any material respect, and Seller is not in default thereunder. Prior to the execution of this Agreement, Seller furnished to Buyer true and complete copies of each Material Contract and all amendments thereto.

(g) No claim, demand, filing, hearing, notice of violation, proceeding, notice or demand letter, investigation, administrative proceeding, civil, criminal or other action, suit or other legal proceeding is pending or, to the best of Seller's knowledge, threatened against Seller or any third party which operates an Interest relating to, resulting from or affecting the ownership or operation of the Interests. No notice from any governmental authority or any other person (including employees) has been received by Seller or, to the best of Seller's knowledge, any third party which operates any Interest as to any claim, demand, filing, hearing, notice of violation, proceeding, notice or demand letter, relating to, resulting from or affecting the ownership or operation of the Interests and the Material Contracts, claiming any violation of any law, statute, rule, regulation, ordinance, order, decision or decree of any governmental authority (including, without limitation, any such law, rule, regulation, ordinance, order, decision or decree concerning the conservation of natural resources) or claiming any breach of contract or agreement with any third party.

(h) Seller does not operate and has not operated any of the Interests.

(i) All royalties, rentals, and other payments due pursuant to or with respect to the Interests, which are payable by Seller have been properly and timely paid, and if payable by third parties, have been properly and timely paid. There are no royalty suspense accounts maintained by Seller with respect to the Interests. Neither Seller, nor, to the knowledge of Seller, any other party is in default under any Lease or oil and gas lease not listed on Exhibit A as of the

Execution Date, and to which Seller is a party, and the Leases identified on Exhibit A are valid and subsisting oil and gas leases and are currently in full force and effect.

(j) Seller has obtained and is in compliance with all licenses, permits, contracts, easements and agreements relating to the Interests that are required to be obtained by Seller. To the knowledge of Seller, each third party operator of the Interests has obtained and is in compliance with all licenses, permits, contracts, easements and agreements relating to the Interests that are required to be obtained by it. To the knowledge of Seller, all such licenses, permits, contracts, easements and agreements are set forth in Schedule 3.01(j) and are in full force and effect; and no violations exist under such licenses, permits, contracts and agreements. Seller is in compliance with all laws, rules and regulations of federal, state or local entities, which have jurisdiction over Seller, or the Interests to be sold hereunder, including but not limited to all environmental regulations and laws. Seller has been and is in material compliance, and to the knowledge of Seller, each third party operator of the Interests is in material compliance, under all environmental laws.

(k) To the knowledge of Seller, gas imbalances identified on Schedule 3.01(k) are the only gas imbalances that exist with respect to the Interests.

(l) Except as provided on Schedule 3.01(l), all requisite third-party consents to assign or third-party waivers to the assignment have been secured by Seller, or will have been secured by the Closing Date. Only the Interests identified on Schedule 3.01(l) are subject to any third party preferential rights to purchase.

(m) There are no Wells included in the Interests that (i) Seller, or, to the knowledge of Seller, a third party operator, is obligated by law or contract to currently plug and abandon, or (ii) are subject to exceptions to a requirement to plug and abandon issued by a governmental authority. Seller has not installed any underground storage tanks or constructed any unlined production pits in, on or underlying any of the Interests, and to the knowledge of Seller, no underground storage tanks or unlined production pits have been installed or constructed by anyone else in, on or underlying any of the Interests.

(n) Schedule 3.01(n) contains a true and complete list of (i) all authorizations for expenditures for all drilling operations applicable to the Interests in excess of Five Thousand and NO/100 Dollars (\$5,000) or for capital expenditures with respect to such Interests in excess of Five Thousand and NO/100 Dollars (\$5,000) that have been proposed by any person on or after the Effective Time, whether or not accepted by Seller or any other person, and (ii) all authorizations for expenditure in excess of Five Thousand and NO/100 Dollars (\$5,000) and written commitments for all drilling operations in excess of Five Thousand and NO/100 Dollars (\$5,000) applicable to such Interests or for other capital expenditures with respect to such Interests in excess of Five Thousand and NO/100 Dollars (\$5,000) for which all of the activities anticipated in such authorizations for expenditures or commitments have not been completed by the Effective Time.

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(o) All property, ad valorem, production, severance and other taxes of a similar nature that are due have been timely paid or are being contested in good faith. Seller has timely filed or caused to be timely filed all tax returns, reports, statements and similar filings required by applicable laws, statutes, rules or regulations with respect to the Interests due on or prior to the Closing Date. There are no extensions or waivers of any statute of limitations with respect to such taxes or tax liens burdening the Interests except for liens for current taxes not yet due and payable.

(p) The Interests are not subject to any tax partnership agreement or provisions requiring a partnership income tax return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended.

(q) Schedule 3.01(q) lists all bonds, letters of credit, guarantees and other similar commitments held by Seller that are required by third parties in order for Seller to own the Interests.

(r) Seller is not a "foreign person" within the meaning of §1445 of the Internal Revenue Code of 1986, as amended.

(s) There are no bankruptcy or receivership proceedings pending against, being contemplated by, or threatened against Seller.

(t) Seller is an experienced and knowledgeable investor in the oil and gas business. Seller has been advised by and has relied solely on its own expertise and legal, tax, reservoir engineering, environmental and other professional counsel concerning this transaction, the Interests and value thereof.

(u) Seller is not obligated by virtue of a hedging contract to deliver hydrocarbons produced from the Wells at any time after the Closing Date without then or thereafter receiving full payment therefor.

(v) Schedule 3.01(v) contains a list of all outstanding and unpaid obligations of the Seller pertaining to the Interests which are not otherwise set forth in this Agreement.

**3.02 Representations and Warranties of Buyer.** Buyer represents and warrants to Seller as follows:

(a) Buyer is a Texas limited partnership and is duly organized, validly existing and in good standing under the laws of its state of organization.

(b) Buyer has all requisite power and authority to carry on its business as presently conducted, to enter into this Agreement, to purchase the Interests on the terms described in this Agreement and to perform its other obligations under this Agreement. The consummation of the transactions contemplated by this Agreement will not violate, nor be in conflict with, any provision of Buyer's governing documents, or any agreement or instrument to

which Buyer is a party or is bound, or any judgment, decree, order, statute, rule or regulation applicable to Buyer.

(c) The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite action on the part of Buyer.

(d) This Agreement has been duly executed and delivered on behalf of Buyer, and at the Closing all documents and instruments required hereunder to be executed and delivered by Buyer shall have been duly executed and delivered. This Agreement does, and such documents and instruments shall, constitute legal and valid obligations of Buyer enforceable against it in accordance with its and their respective terms.

(e) Buyer has incurred no liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which Seller shall have any responsibility whatsoever.

(f) Prior to executing this Agreement, Buyer has been afforded an opportunity to (i) examine the Interests and such materials as it has requested to be provided to it by Seller, and (ii) discuss with representatives of Seller such materials and the nature and operation of the Interests. In entering into this Agreement, Buyer has relied solely on the express representations and covenants of Seller in this Agreement, its independent investigation of, and judgment with respect to, the Interests and the advice of its own legal, tax, economic, environmental, engineering, geological and geophysical advisors and not on any comments or statements of any representatives of, or consultants or advisors engaged by, Seller or its representatives.

(g) Prior to the Closing, Buyer will use its commercially reasonable efforts to satisfy all bonding requirements of all state and federal governmental authorities so that Buyer is qualified to own the Interests. The consummation of the transactions contemplated hereby will not cause Buyer to be disqualified as an owner of state or federal oil, gas and mineral leases, or to exceed any acreage limitation imposed by any law, statute, rule or regulation.

(h) Buyer is an experienced and knowledgeable investor and operator in the oil and gas business. Buyer is acquiring the Interests for its own account and not with a view to, or for offer of resale in connection with, a distribution thereof, within the meaning of the Securities Act of 1933, 15 U.S.C. §77a et seq., and any other rules, regulations and laws pertaining to the distribution of securities.

(i) Buyer has arranged to have available by the Closing Date sufficient funds to enable the payment to Seller by wire transfer the Adjusted Purchase Price in accordance with Section 7.03 hereof and to otherwise perform Buyer's obligations under this Agreement.

*[Handwritten signature]*  
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*[Handwritten initials]*

ARTICLE IV

COVENANTS

4.01 Covenants of Seller. Seller covenants and agrees with Buyer that from the date hereof to the Closing Date, except (i) as provided herein, or (ii) as otherwise consented to in writing by Buyer, Seller shall:

(a) Give Buyer and its representatives access to, and the right to copy, at Buyer's expense, all information in its possession relating to the Interests which shall include, without limitation, the Material Contracts, title opinions, abstracts of title, land records, accounting records, production records, operating expense records, engineering, geological and geophysical data, development plans and permits, and any other information of whatsoever kind relating to the production and operation of the Interests but shall not include (A) any such records, data or information where the transfer of same is prohibited by third party agreements or applicable law, as to which Seller is unable to secure a waiver or (B) the work product of Seller's legal counsel, excluding title opinions. All such information shall be open to inspection and photocopying at Seller's offices at any reasonable time during the term of this Agreement, but until subsequent to the Closing shall remain confidential and shall not be disclosed to any third party other than Buyer's employees and agents.

(b) On and after the Effective Time until the Closing Date, Seller (i) will operate its business in the ordinary course consistent with past practice, (ii) will not, without prior written consent of Buyer, which consent will not be unreasonably withheld, commit to any operation, or services of related operations, reasonably anticipated by Seller to require future capital expenditures by Seller in excess of Five Thousand and NO/100 Dollars (\$5,000), or make any capital expenditures in excess of Five Thousand and NO/100 Dollars (\$5,000) or subject to (v) below, terminate, amend, assign or extend any Material Contracts, (iii) will not incur liabilities or encumbrances with respect to the Interests for which Buyer would be responsible after Closing, in an amount (not to exceed Five Thousand and NO/100 Dollars (\$5,000)) consistent with past practices employed by Seller with respect to the Interests, (iv) not cancel any indebtedness owed to Seller in respect of the Interests, which has a value, individually or in the aggregate, in excess of Five Thousand and NO/100 Dollars (\$5,000), (v) notwithstanding (ii) above, will terminate or cause its respective affiliates to terminate, effective as of the Closing Date, any contracts or agreements between Seller and its respective affiliates that relate to or bind the Interests, (vi) will use commercially reasonable efforts to preserve relationships with all third parties having business dealings with respect to the Interests, (vii) will maintain general insurance coverage on the Interests presently furnished by nonaffiliated third parties in the amounts and of the types presently in force, (viii) will use commercially reasonable efforts to maintain in full force and effect all Leases, (ix) will maintain, or use commercially reasonable efforts to obtain, all material governmental permits and approvals affecting the Interests, (x) will pay all taxes and assessments with respect to the Interests that become due and payable prior to the Closing Date, (xi) will not transfer, farmout, sell, hypothecate, encumber or otherwise dispose of any Interest except for sales and dispositions of oil and gas production made in the

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ordinary course of business consistent with past practices, (xii) will not enter into, assign, terminate or amend, in any material respect, any contract or any other agreement by which the Interests are bound and which would be a Material Contract, (xiii) and will not commit to do any of the foregoing described in clause (ii), (iii), (iv), (xi) or (xii).

(c) Take or cause to be taken all such actions as may be necessary or advisable to consummate and make effective the sale of the Interests and the transactions contemplated by this Agreement and to assure that as of the Closing Date it will not be under any organizational, legal or contractual restriction that would prohibit or delay the timely consummation of such transactions.

(d) Not itself or through any investment banker, broker, agent, representative or affiliate, directly or indirectly, (i) offer to sell, or solicit, negotiate or seek in any other way offers or proposals to purchase, all or any portion of the Interests, (ii) provide any third parties, other than Buyer and its representatives, with access to data concerning the purchase of all or any portion of the Interests, or (iii) take any similar actions with respect to a sale of the partnership interests or other equity interest in Seller or any merger, consolidation or business combination involving Seller.

(e) Cause all the representations and warranties of Seller contained in this Agreement to be true and correct on and as of the Closing Date.

(f) Notify Buyer (i) if any representation or warranty of Seller contained in this Agreement is discovered to be or becomes untrue, or (ii) if Seller fails to perform or comply with any covenant or agreement contained in this Agreement or it is reasonably anticipated that Seller will be unable to perform or comply with any covenant or agreement contained in this Agreement.

(g) Deliver to Buyer updated and complete Schedules and Exhibits to this Agreement.

(h) Notify Buyer of any Post Execution Liabilities it discovers.

4.02 Covenants of Buyer. Buyer covenants and agrees with Seller that from the date hereof to the Closing Date, except (i) as provided herein, or (ii) as otherwise consented to in writing by Seller, Buyer shall:

(a) Take or cause to be taken all such actions as may be necessary or advisable to consummate and make effective the purchase of the Interests and the transactions contemplated by this Agreement and to assure that as of the Closing Date it will not be under any material organizational, legal or contractual restriction that would prohibit or delay the timely consummation of such transactions.

(b) Cause all the representations and warranties of Buyer contained in this Agreement to be true and correct on and as of the Closing Date.

(c) Promptly notify Seller (i) if any representation or warranty of Buyer contained in this Agreement is discovered to be or becomes untrue, or (ii) if Buyer fails to perform or comply with any covenant or agreement contained in this Agreement or it is reasonably anticipated that Buyer will be unable to perform or comply with any covenant or agreement contained in this Agreement.

(d) Notify Seller of any Post Execution Liabilities it discovers.

## ARTICLE V

### TITLE MATTERS, ENVIRONMENTAL MATTERS, CASUALTY LOSS AND ABANDONMENT

5.01 Seller's Title. Seller represents to Buyer that Seller's title to the Interests as of the Effective Time is (and as of the Closing shall be) "Marketable Title" as defined in Section 5.02 hereinbelow.

5.02 Definition of Marketable Title. As used in this Agreement, the term "Marketable Title" shall mean, as to each of the Interests, that the title acquired by Buyer:

(a) Will entitle Buyer to receive and retain, the percentage set forth in Exhibit A as Seller's "Net Revenue Interest" of all hydrocarbons produced, saved and marketed from each Property as set forth in Exhibit B, all without reduction, suspension or termination of such interest throughout the productive life of such Wells on each Property, except for any reduction, suspension or termination caused by Permitted Encumbrances.

(b) Will obligate Buyer to bear not more than the percentage set forth in Exhibit A as Seller's "Working Interest" of the costs and expenses relating to the maintenance, development and operation of each Property as set forth in Exhibit B, all without increase throughout the productive life of such Wells on each Property, except for any increase caused by Permitted Encumbrances.

(c) Is free and clear of all liens, mortgages, security interests, encumbrances, burdens and claims of any kind, except for Permitted Encumbrances.

(d) Is set forth in documents, which have been properly recorded in the County or Parish in which they are located and/or in such other place as required by state law in the state wherein the Interest is located, such that Buyer's recordation of an Assignment or Deed from Seller shall not be made ineffective by a prior recordation by a third party of an instrument conveying such Interest to a third party.

5.03 Definition of Permitted Encumbrances. As used herein, the term "Permitted Encumbrances" shall mean:

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(a) Lessors' royalties, overriding royalties, reversionary interests and similar burdens, whether recorded or unrecorded, that do not operate to reduce Seller's Net Revenue Interests set forth in Exhibit B or increase Seller's Working Interests set forth in Exhibit B.

(b) Division orders and sales contracts terminable without penalty upon no more than thirty (30) days' notice to the purchaser.

(c) Except as provided in Section 5.06 below, preferential rights to purchase and required third-party consents and similar agreements with respect to which waivers or consents are obtained under this Agreement prior to the Closing from the appropriate parties or the appropriate time period for asserting the right has expired prior to the Closing without an exercise of the rights.

(d) Encumbrances relating to the Interests that arise under operating agreements to secure payment of amounts not yet delinquent and are of a type and nature customary in the oil and gas industry.

(e) Encumbrances relating to the Interests securing payments to mechanics and materialmen and encumbrances securing payment of taxes or assessments that are, in either case, not yet delinquent or, if delinquent, are being contested in good faith in the normal course of business consistent with past practice, and of which Buyer is notified in writing before Closing and for which Seller indemnifies Buyer subsequent to Closing.

(f) All rights to consent by, required notices to, filings with, or other actions by governmental entities in connection with the sale or conveyance of oil and gas leases or interests therein if they are customarily obtained subsequent to the sale or conveyance and have been properly obtained in connection with all prior sales and conveyances.

(g) Conventional rights of reassignment obligating Seller to reassign its interest in any portion of the Interests to a third party in the event it intends to release or abandon such Interests prior to the expiration of the primary term or other termination of such Interests.

(h) Easements, rights of way, servitudes, permits, surface leases, surface use restrictions and other surface uses and impediments on, over or in respect to any of the Interests that do not, taken as a whole, materially interfere with the operation, value or use of the Interests.

(i) All rights reserved to or vested in any governmental, statutory or public authority to control or regulate any of the Interests in any manner, and all applicable laws, rules and orders of governmental authority, so long as the foregoing do not interfere in any material respect with the operation of the portion of the Interests burdened thereby.

(j) Such Title Defects which Buyer fails to deliver to Seller in writing as provided in Section 5.05(b) below.

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5.04 Definition of Title Defect. As used in this Agreement the term "Title Defect" shall mean any defect which renders the title to an Interest to be less than Marketable Title.

5.05 Title Procedure.

(a) As used herein, Title Defect Amount means the value attributable to the portion of the Interests affected by such Title Defect, multiplied by a fraction (i) the numerator of which is the difference between (x) the Net Revenue Interest for the affected Interest set forth on Exhibit A minus (y) the Net Revenue Interest for the affected Interest agreed or determined to be owned by Seller; and (ii) the denominator of which is the Net Revenue Interest for that Interest set forth on Exhibit A.

(b) If Buyer discovers any Title Defect, Buyer shall give Seller notice of such Title Defect no later than five (5) days prior to the Closing Date. Such notice shall be in writing and shall include (i) a description of the Title Defect, and (ii) the Title Defect Amount therefor. Buyer shall be deemed to have waived all Title Defects of which Buyer has not given timely notice to Seller thereof.

(c) Seller, at its option, shall have the right and opportunity, but not the obligation, to cure any Title Defect so that the title to be acquired by Buyer shall become Marketable Title.

(d) If Seller decides not to or cannot cure a Title Defect and Seller does not agree with any claimed Title Defect Amount or any proposed value for the affected Interest, Seller shall so notify Buyer within two (2) days of its receipt of the notice from Buyer under Section 5.05(b), and the parties shall promptly enter into good faith negotiations and attempt to agree on those matters. The value agreed by the parties with respect to a Title Defect will be the Title Defect Amount for that Title Defect.

(e) If the parties cannot reach agreement concerning the existence of a Title Defect or a Title Defect Amount by the Closing Date, then Buyer may (i) delete the portion of the Interest affected by such Title Defect from the Interests to be conveyed by Seller at Closing and adjust the Purchase Price downward by the value applicable to such Interest, or (ii) acquire such Interest at Closing with no adjustment to the Purchase Price.

(f) Notwithstanding any terms contained in this Agreement to the contrary, in the event the aggregate amount of the Title Defects, the value of the Interests subject to unobtained consents to assignment set forth in Article 5.06(a) hereinbelow, the value of the Interests subject to Preferential Rights set forth in Article 5.06(b) hereinbelow, the Environmental Defects set forth in Article 5.07, the Casualty Loss set forth in Article 5.08 hereinbelow and the value of the Interests subject to Diminution set forth in Article 5.09 hereinbelow which Buyer timely asserts exceeds Two Million Two Hundred Thousand and NO/100 Dollars (\$2,200,000), either Seller or Buyer may elect to terminate this Agreement.

5.06 Consents and Preferential Rights.

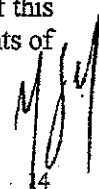
(a) If any third party consent ("Consents") to the sale and transfer of the Interests is not obtained prior to the Closing, Buyer shall not add that portion of the Interests subject to such consent requirement to the aggregate under Articles 5.05(f), 5.06(c), 5.07(g) or 5.08 or 5.09(a) if such consent is customarily secured after the Closing or such consent does not materially affect the value of the affected Interest if such consent were withheld.

(b) After execution hereof, if an Interest is subject to preferential purchase rights, rights of first refusal, or similar rights (collectively "Preferential Rights"), Seller shall notify the holders thereof of its intention to sell such Interest and of the value attributable thereto based upon the mutual agreement of Seller and Buyer. Seller will not be liable to Buyer if any Preferential Rights are exercised, or any Consents are denied, prior to the Closing Date, provided that the Purchase Price shall be reduced by the value attributable to the portion of the Interests that is subject to such Preferential Rights or Consents. However, if Seller is unable to obtain the required waivers of Preferential Rights or Consents prior to the Closing Date (other than Consents from governmental agencies ordinarily obtained after Closing), the portion of the Interest affected will, at the option of Buyer (i) be deleted from this sale and the Purchase Price decreased by the value attributable thereto; or (ii) be sold to Buyer, in which event Buyer shall be entitled to receive any amounts paid upon exercise of the Preferential Rights applicable thereto. If the holder of a Preferential Right on an Interest that has been deleted from the sale to Buyer fails to consummate the purchase of the Interest covered by such right within the time required (in no event shall such time period extend beyond thirty (30) days after the Closing Date), then Seller shall so notify Buyer and within thirty (30) days after Buyer's receipt of such notice from Seller, Seller shall sell to Buyer and Buyer shall purchase from Seller for the value attributable thereto, and upon other terms of this Agreement, the Interest to which the Preferential Right applied, provided no material adverse change has occurred in the Interest.

(c) Notwithstanding any terms contained in this Agreement to the contrary, in the event the aggregate amount of the Title Defects set forth in Article 5.05 above, the value of the Interests subject to unobtained consents to assignment set forth in Article 5.05(a), the value of the Interests subject to Preferential Rights set forth in Article 5.06(b), the Environmental Defects set forth in Article 5.07 hereinbelow, the Casualty Loss set forth in Article 5.08 hereinbelow and the value of the Interests subject to Diminution set forth in Article 5.09 hereinbelow and which Buyer timely asserts exceeds Two Million Two Hundred Thousand and NO/100 Dollars (\$2,200,000), either Seller or Buyer may elect to terminate this Agreement.

5.07 Environmental Procedure.

(a) Prior to the Closing Date, Buyer may conduct a field inspection of the Interests and Buyer may further secure, at its sole risk, cost and expense, an environmental audit of all or any of the Interests. At Buyer's request, Seller will make arrangements with the operators of the Interests for Buyer, or Buyer's representatives, to conduct the inspection or audit. If Buyer makes use of said audit to assert an Environmental Defect under the terms of this Agreement, Buyer shall furnish a copy of such environmental audit to Seller, and the contents of



such environmental audit shall remain confidential unless required to be disclosed by any rule, order or governmental proceeding.

(b) As used herein, Environmental Defect shall mean any material environmental defect relating to the Interests in the nature of environmental pollution or contamination, including pollution of the soil, ground water or the air; underground injection activities and waste disposal on site or offsite; failure to comply with applicable land use, surface disturbance, licensing or notification requirements; or violations of environmental or land use rules, regulations, demands or orders of appropriate state or federal regulatory agencies.

(c) As used herein, Environmental Defect Amount means the cost to remediate such Environmental Defect in accordance with applicable environmental laws.

(d) If Buyer discovers any Environmental Defect, Buyer shall give Seller notice of such Environmental Defect no later than five (5) days prior to the Closing Date. Such notice shall be in writing and shall include (i) a description of the Environmental Defect, and (ii) the Environmental Defect Amount therefor. Buyer shall be deemed to have waived all Environmental Defects of which Buyer has not given timely notice to Seller thereof.

(e) If Seller does not agree with any claimed Environmental Defect or any proposed Environmental Defect Amount, Seller shall so notify Buyer within two (2) days of its receipt of the notice from Buyer under Section 5.07(d), and the parties shall promptly enter into good faith negotiations and attempt to agree on those matters. The value agreed by the parties with respect to an Environmental Defect will be the Environmental Defect Amount for that Environmental Defect.

(f) If the parties cannot reach agreement concerning either the existence of an Environmental Defect or an Environmental Defect Amount therefor with respect to any Interest by the Closing Date, then Buyer may (i) delete the portion of the Interest affected by such Environmental Defect from the Interests to be conveyed by Seller at Closing and adjust the Purchase Price downward by the value applicable to such Interest, or (ii) acquire such Interest at Closing with no adjustment to the Purchase Price.

(g) Notwithstanding any terms contained in this Agreement to the contrary, in the event the aggregate amount of the Title Defects set forth in Article 5.05 above, the value of the Interests subject to unobtained consents to assignment set forth in Article 5.05(a) above, the value of the Interests subject to Preferential Rights set forth in Article 5.06(b) above, the Casualty Loss set forth in Article 5.08 hereinbelow, the Diminution Amount set forth in Article 5.09 hereinbelow and the Environmental Defects which Buyer timely asserts exceeds Two Million Two Hundred Thousand and NO/100 Dollars (\$2,200,000), either Seller or Buyer may elect to terminate this Agreement.

5.08 Casualty Loss. If, prior to the Closing, all or any portion of the Interests shall be destroyed by fire or other casualty, or if any portion of the Interests shall be taken in condemnation or under the right of eminent domain or if proceedings for such purposes shall be

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pending or threatened, Seller shall promptly notify Buyer of each instance of such casualty loss to the Interests. In addition, Seller shall assign, transfer and set over unto Buyer all of the right, title and interest of Seller in and to any unpaid awards or other payments arising out of such destruction or taking. Seller shall not voluntarily compromise, settle or adjust any amounts payable by reason of such destruction or taking without first obtaining the written consent of Buyer. This Agreement shall remain in full force and effect notwithstanding any such destruction or taking, and Seller shall at Closing pay to Buyer all sums paid to Seller by reason of such destruction or taking, provided that, in the event the aggregate amount of the Title Defects set forth in Article 5.05, the Environmental Defects set forth in Article the value of the Interests subject to unobtained consents to assignment set forth in Article 5.05(a) above, the value of the Interests subject to Preferential Rights set forth in Article 5.06(b) above the value of the Interests subject to Diminution set forth in Article 5.09 hereinbelow and any Casualty loss, individually or in the aggregate, exceeds Two Million Two Hundred Thousand and NO/100 Dollars (\$2,200,000), either party shall have the right to terminate this Agreement by delivery of a written notice to the other.

5.09 Diminution in Value of the Interests.

(a) If Buyer discovers or is made aware of any Post Execution Liabilities, Buyer shall give Seller notice of such discovery no later than five (5) days prior to the Closing Date. Such notice shall be in writing and shall include (i) a description of the Post Execution Liability, and (ii) the diminution in the value of the Interests ("Diminution Amount") therefor. Buyer shall be deemed to have waived all discoveries under this Article or Article 2.02(g) of which Buyer has not given timely notice to Seller thereof.

(b) If Seller does not agree with any claimed Diminution Amount or any proposed value for the affected Interest, Seller shall so notify Buyer within two (2) days of its receipt of the notice from Buyer under Section 5.095.05(b), and the parties shall promptly enter into good faith negotiations and attempt to agree on those matters. The value agreed by the parties with respect to a Diminution Amount will be the Diminution Amount for that Post Execution Liability.

(c) If the parties cannot reach agreement concerning the existence of a Diminution Amount by the Closing Date, then Buyer may (i) delete the portion of the Interest affected by such Post Execution Liability from the Interests to be conveyed by Seller at Closing and adjust the Purchase Price downward by the value applicable to such Interest, or (ii) acquire such Interest at Closing with no adjustment to the Purchase Price.

(d) Notwithstanding any terms contained in this Agreement to the contrary, in the event the aggregate amount of the Title Defects set forth in Article 5.05, the value of the Interests subject to unobtained consents to assignment set forth in Article 5.06(a), the value of the Interests subject to Preferential Rights set forth in Article 5.06(b), the Environmental Defects set forth in Article 5.07, the Casualty Loss set forth in Article 5.08 and the value of the Interests subject to a Diminution Amount set forth in this Article 5.09 which Buyer timely asserts exceeds

Two Million Two Hundred Thousand and NO/100 Dollars (\$2,200,000), either Seller or Buyer may elect to terminate this Agreement.

5.10 Plugging and Abandonment. Upon Closing, Buyer shall assume all of Seller's plugging, replugging, abandonment, removal, disposal and restoration obligations associated with the Interests acquired hereunder. Such obligations being assumed shall include, but not be limited to, all necessary and proper plugging and abandonment and/or removal and disposal of all of the Wells, whether pre-existing or drilled by Seller, and all structures, personal property and equipment located on or associated with the Leases listed on Exhibit A, the necessary and proper capping and burying of all associated flow lines, and any necessary disposal of naturally occurring radioactive material (NORM) or asbestos. All plugging, replugging, abandonment, removal, disposal and restoration operations shall be in compliance with applicable laws and regulations and conducted in a good and workmanlike manner.

5.11 Disclaimer of Warranties. EXCEPT FOR THE SPECIAL WARRANTY OF TITLE IN THE ASSIGNMENT, THE EXPRESS REPRESENTATIONS AND WARRANTIES OF SELLER CONTAINED IN THIS AGREEMENT (OR IN THE ASSIGNMENT TO BE EXECUTED PURSUANT TO THIS AGREEMENT) ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, AND SELLER EXPRESSLY DISCLAIMS ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES. SUBJECT TO THE FOREGOING, THE INTERESTS SHALL BE CONVEYED PURSUANT HERETO WITHOUT ANY WARRANTY OR REPRESENTATION, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE RELATING TO THE CONDITION, QUANTITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO THE MODELS OR SAMPLES OF MATERIALS, OR MERCHANTABILITY OF ANY EQUIPMENT OR ITS FITNESS FOR ANY PURPOSE, AND WITHOUT ANY OTHER EXPRESS, IMPLIED, STATUTORY, OR OTHER WARRANTY OR REPRESENTATION WHATSOEVER. BUYER SHALL, EXCEPT AS PROVIDED OTHERWISE HEREIN, ACCEPT ALL OF THE SAME "AS IS, WHERE IS". WITHOUT LIMITATION OF THE FOREGOING, EXCEPT TO THE EXTENT EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, REPORTS, RECORDS, PROJECTIONS, INFORMATION, OR MATERIALS NOW HERETOFORE, OR HEREAFTER FURNISHED OR MADE AVAILABLE TO BUYER IN CONNECTION WITH THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, PRICING ASSUMPTIONS OR QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE INTERESTS OR THE ABILITY OR POTENTIAL OF THE INTERESTS TO PRODUCE HYDROCARBONS OR THE ENVIRONMENTAL CONDITION OF THE INTERESTS OR ANY OTHER MATERIALS FURNISHED OR MADE AVAILABLE TO BUYER BY SELLER, OR BY SELLER'S AGENTS OR REPRESENTATIVES. EXCEPT TO THE EXTENT EXPRESSLY PROVIDED IN THIS AGREEMENT, ANY AND ALL SUCH DATA, RECORDS, REPORTS, PROJECTIONS, INFORMATION, AND OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED BY



SELLER OR OTHERWISE MADE AVAILABLE OR DISCLOSED TO BUYER ARE PROVIDED TO BUYER AS A CONVENIENCE AND SHALL NOT CREATE OR GIVE RISE TO ANY LIABILITY OF OR AGAINST SELLER, AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT BUYER'S SOLE RISK TO THE MAXIMUM EXTENT PERMITTED BY LAW.

## ARTICLE VI

### CONDITIONS TO CLOSING

6.01 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to (i) the satisfaction, or waiver by Seller, of the condition that all representations and warranties of Buyer contained in this Agreement shall be true in all material respects (or true in all respects as to such representations and warranties that are qualified by materiality) at and as of the Closing as if such representations and warranties were made at and as of the Closing, (ii) Buyer shall have performed and satisfied all covenants and agreements required by this Agreement to be performed and satisfied by Buyer at or prior to the Closing, (iii) there being no suits, actions or other proceedings pending or threatened to restrain or prohibit the consummation of the transactions contemplated by this Agreement, and (iv) neither party having exercised its right to terminate this Agreement pursuant to Section 9.01.

6.02 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to (i) the satisfaction, or waiver by Buyer, of the condition that all representations and warranties of Seller contained in this Agreement shall be true in all material respects (or true in all respects as to such representations and warranties that are qualified by materiality) at and as of the Closing as if such representations and warranties were made at and as of the Closing, (ii) Seller shall have performed and satisfied all covenants and agreements required by this Agreement to be performed and satisfied by Seller at or prior to the Closing, (iii) there being no suits, actions or other proceedings pending or threatened to restrain or prohibit the consummation of the transactions contemplated by this Agreement, (iv) neither party having exercised its right to terminate this Agreement pursuant to Section 9.01, and (v) all Consents (except for Consents customarily obtained subsequent to transfer of title) having been obtained.

## ARTICLE VII

### CLOSING

7.01 Date of Closing. Subject to the conditions stated in this Agreement, the consummation of the transactions contemplated by this Agreement (the "Closing") shall be held at 10:00 AM on or before January 19, 2010. Said date shall be referred to as the "Closing Date".

7.02 Place of Closing. The Closing shall be held at \_\_\_\_\_, or at such other place as Buyer and Seller may agree upon in writing.

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7.03 Preliminary Closing Settlement Statement. Seller shall provide Buyer a "Preliminary Closing Settlement Statement" two (2) days prior to Closing respecting adjustments to the Purchase Price.

7.04 Closing Obligations. At the Closing the following events shall occur, each being a condition precedent to the others and each being deemed to have occurred simultaneously with the others:

(a) Seller shall execute, acknowledge and deliver (in sufficient counterparts to facilitate recording) the Assignment, Conveyance and Bill of Sale ("Assignment") conveying the Leases to Buyer in substantially the form attached as Exhibit D hereto and the Mineral Deed ("Deed") conveying the Fee Minerals to Buyer in substantially the form attached as Exhibit E hereto. As appropriate, Seller shall also execute, acknowledge and deliver separate assignments of the Interests on officially approved forms, in sufficient counterparts, to satisfy applicable statutory and regulatory requirements.

(b) Buyer and Seller shall agree upon and execute a "Closing Settlement Statement," that shall set forth the Preliminary Amount (as hereinafter defined) and each adjustment and the calculation of such adjustments used to determine such amount. The term "Preliminary Amount" shall mean the Purchase Price adjusted as provided in Section 2.02 using for such adjustments the best information then available.

(c) Seller shall deliver to Buyer a payoff letter from Texas Capital Bank (the "Bank") evidencing the payoff amount, as of the Closing Date, of the mortgage set forth on Schedule 3.01(v) (the "Payoff Amount").

(d) Buyer shall deliver to Seller a cashier's check or wire transfer for the Preliminary Amount, less the Payoff Amount, which shall be paid directly by Buyer to the Bank.

(e) Buyer and Seller shall execute the joint instructions to disburse the Earnest Money (the "Joint Instruction Letter").

(f) Seller shall deliver to Buyer exclusive possession of the Interests.

(g) Buyer shall deliver transfer orders or letters in lieu thereof directing all purchasers of production to make payment of proceeds attributable to production from the Interests after the Effective Time to Buyer; and Seller shall execute and deliver to Buyer Seller's affidavit of non-foreign status.

(h) Seller shall deliver to Buyer copies of all original land, legal, accounting, engineering, geological and geophysical records in its possession relating to the Interests, including without limitation, all information and material referred to in Section 4.01(a).

(i) Seller shall deliver to Buyer fully executed originals in recordable form of Releases of Liens and releases of security interests encumbering the Interests in favor of the Bank.

(j) Seller and Buyer shall deliver to each other a certificate, dated as of the Closing Date, and executed by their respective authorized officer that the conditions set forth in Sections 6.02 and 6.01 have been fulfilled.

ARTICLE VIII  
OBLIGATIONS AFTER CLOSING

8.01 Post-Closing Adjustments. After the Closing, Seller shall make available to Buyer all accounting records necessary for Seller to prepare, in accordance with this Agreement, a statement (the "Final Settlement Statement") setting forth each adjustment or payment which was not finally determined as of the Closing or finally determined pursuant to the last sentence of this Section 8.01 and showing the calculation of such adjustments. As soon as practicable after receipt of the Final Settlement Statement, Buyer shall deliver to Seller a written report containing any changes which Buyer proposes be made to the Final Settlement Statement. The parties shall undertake to agree with respect to the amounts due pursuant to such post-closing adjustment no later than ninety (90) days after the Closing. If such post-closing adjustment has not been agreed to within ninety (90) days after the Closing, either party may seek to enforce any rights it claims hereunder. The date upon which such agreement is reached or upon which the Adjusted Purchase Price is established, shall be referred to as the "Final Settlement Date." In the event that (i) the Adjusted Purchase Price is more than the Preliminary Amount, Buyer shall deliver to Seller or to Seller's account the amount of such difference in immediately available funds, or (ii) the Adjusted Purchase Price is less than the Preliminary Amount, Seller shall deliver to Buyer or to Buyer's account the amount of such difference in immediately available funds. Payment by Buyer or Seller shall be made within five (5) days of the Final Settlement Date. To the extent not accounted for in the computation of the Adjusted Purchase Price, all uncollected accounts receivable attributable to the Interests on or after the Effective Time shall be assigned to Buyer. Notwithstanding the foregoing, if after the Closing either party shall receive any payment belonging to the other party, the party receiving the payment due to the other party shall remit within five (5) business days the same to such other party.

8.02 Sales Taxes and Recording Fees. Seller will determine, with Buyer's assistance, what sales tax, if any, is due in connection with the sale of the Interests. Seller and Buyer agree to use commercially reasonable efforts and cooperate in good faith to exempt the sale, conveyance, assignments and transfers to be made to Buyer from any sales, use, stamp, real estate transfer, documentary, registration, recording and other similar taxes (each a "Transfer Tax"). If a determination is made that a Transfer Tax applies, Buyer shall be liable for such tax occasioned by the sale of the Interests.



8.03 Indemnification. After the Closing, Buyer and Seller shall indemnify each other as follows:

(a) Including any "Environmental Claim" as defined herein, Buyer shall defend, indemnify and save and hold harmless Seller against any and all costs, expenses, claims, demands and causes of action of whatsoever kind or character, including court costs and attorneys' fees, arising out of any operations conducted, commitment made or any action taken or omitted with respect to the Interests, which accrue or relate to times on and after the Closing Date. "Environmental Claim" shall mean any claim, demand or cause of action asserted by any governmental agency or any person, corporation or other entity for personal injury (including sickness, disease or death), property damage or damage to the environment resulting from the discharge or release of any chemical, material or emission into one or more of the environmental media at or in the vicinity of the Interests.

(b) Excluding any Environmental Claim, Seller shall defend, indemnify and save and hold harmless Buyer against any and all costs, expenses, claims, demands and causes of action of whatsoever kind or character, including court costs and attorneys' fees, arising out of any operations conducted, commitment made or any action taken or omitted with respect to the Interests, which accrue or relate to times prior to the Closing Date.

(c) THE INDEMNIFICATION, RELEASE AND ASSUMPTION PROVISIONS PROVIDED FOR IN THIS AGREEMENT SHALL BE APPLICABLE WHETHER OR NOT THE LOSSES, COSTS, EXPENSES AND DAMAGES IN QUESTION AROSE SOLELY OR IN PART FROM THE ACTIVE, PASSIVE OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, BREACH OF DUTY (STATUTORY OR OTHERWISE), OR OTHER FAULT OF ANY INDEMNIFIED PARTY, PROVIDED THAT NO SUCH INDEMNIFICATION SHALL BE APPLICABLE TO THE EXTENT OF ANY GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY. BUYER AND SELLER ACKNOWLEDGE THAT THIS STATEMENT COMPLIES WITH THE EXPRESS NEGLIGENCE RULE AND IS CONSPICUOUS.

8.04 Further Assurances. Seller and Buyer shall execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such instruments and take such other action as may be necessary or advisable to carry out their obligations under this Agreement and under any exhibit, document, certificate or other instrument delivered pursuant hereto.

8.05 Survival. Except for the Special Warranty of Title, the representations, warranties, covenants, agreements and indemnities contained in this Agreement shall survive for a period of six (6) months following the Closing Date.



ARTICLE IX  
TERMINATION OF AGREEMENT

9.01 Termination. This Agreement and the transactions contemplated hereby may be terminated in the following instances:

- (a) By Buyer if any condition set forth in Section 6.02 above shall not be satisfied on or before the Closing;
- (b) By Seller if any condition set forth in Section 6.01 above shall not be satisfied on or before the Closing;
- (c) By Buyer or Seller pursuant to Section 5.05, 5.06, 5.07, 5.08 or 5.09; or
- (d) By the mutual written agreement of Buyer and Seller.

9.02 Disposition of Earnest Money. In the event this Agreement is terminated, the Earnest Money shall be treated as follows:

(a) If this Agreement is terminated by Buyer pursuant to Section 9.01(a), Buyer shall be entitled to a refund of the Earnest Money, and Seller shall execute and deliver the Joint Instruction Letter instructing the disbursement of the Earnest Money to Buyer.

(b) Except as set forth below, if this Agreement is terminated by Seller pursuant to Section 9.01(b), Seller shall be entitled to receive the Earnest Money, and Buyer shall execute and deliver the Joint Instruction Letter instructing the disbursement of the Earnest Money to Seller. If this Agreement is terminated by Seller pursuant to Section 9.01(b) and that termination is based on the occurrence of the circumstances set forth in Section 6.01(iii) which involve Seller only, or Buyer and Seller, together, Seller shall execute and deliver the Joint Instruction Letter instructing the disbursement of the Earnest Money to Buyer.

(c) If this Agreement is terminated by Buyer or Seller pursuant to Section 9.01(c), Buyer shall be entitled to a refund of the Earnest Money, and Seller shall execute and deliver the Joint Instruction Letter instructing the disbursement of the Earnest Money to Buyer.

(d) If this Agreement is terminated by Buyer and Seller pursuant to Section 9.01(d), Buyer shall be entitled to a refund of the Earnest Money, and Seller shall execute and deliver the Joint Instruction Letter instructing the disbursement of the Earnest Money to Buyer.

9.03 Liabilities upon Termination. If this Agreement is terminated for any reason or is breached, nothing contained herein shall be construed to limit Seller's or Buyer's legal or equitable remedies including, without limitation, damages for the breach or failure of any representation, warranty, covenant or agreement contained herein and the right to enforce specific performance of this Agreement.

ARTICLE X

MISCELLANEOUS

10.01 Expenses. Except as otherwise specifically provided in this Agreement, all fees, costs and expenses incurred by Buyer or Seller in negotiating this Agreement or in consummating the transactions contemplated by this Agreement shall be paid by the party incurring the same, including without limitation, legal and accounting fees, costs and expenses.

10.02 Notices. All notices and communications required or permitted under this Agreement shall be in writing and shall be effective when received by mail, telecopy or hand delivery as follows:

If to Seller:

Azalea Properties, Ltd.  
c/o Maple Ridge Property Company  
its general partner

\_\_\_\_\_  
\_\_\_\_\_  
Attn: Frances Marianne Talbot  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_

If to Buyer:

RCWI, L.P.  
1901 North Central Expressway  
Suite 300  
Richardson, Texas 75080  
Attn: H. Walt Dunagin  
Phone: (972) 437 - 6792  
Fax: (972) 994 - 0369

Either party may, by written notice so delivered to the other, change the address to which notice shall thereafter be made.

10.03 Amendment. This Agreement may not be altered or amended, nor any rights hereunder be waived, except by an instrument in writing executed by the party or parties to be charged with such amendment or waiver. No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any other term, provision or condition of this Agreement.

10.04 Assignment. Neither Seller nor Buyer may assign any portion of its rights or delegate any portion of its duties or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned.

10.05 Announcements. Seller and Buyer shall consult with each other with regard to all press releases and other announcements concerning this Agreement or the transaction contemplated hereby and, except as may be required by applicable laws or regulations of any governmental agency, neither Buyer nor Seller shall issue any such press release or make any other announcement without the prior written consent of the other party until the transactions contemplated herein have been consummated.

10.06 Generality of Provisions. The specificity of any representation, warranty, covenant, agreement or indemnity included or provided in this Agreement, or in any exhibit, document, certificate or other instrument delivered pursuant hereto, shall in no way limit the generality of any other representation, warranty, covenant, agreement or indemnity included or provided in this Agreement, or in any exhibit, document, certificate or other instrument delivered pursuant hereto.

10.07 Headings. The headings of the articles and sections of this Agreement are for guidance and convenience of reference only and shall not limit or otherwise affect any of the terms or provisions of this Agreement.

10.08 Counterparts. This Agreement may be executed by Buyer and Seller in any number of counterparts. Each of the counterparts shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument.

10.09 References. References made in this Agreement, including use of a pronoun, shall be deemed to include where applicable, masculine, feminine, singular or plural, individuals, partnerships or corporations. As used in this Agreement, "person" shall mean any natural person, corporation, partnership, trust, estate or other entity. As used in this Agreement, "affiliate" of a person shall mean any partnership, joint venture, corporation or other entity in which such person has an interest or which controls, is controlled by or is under common control of such person.

10.10 Governing Law. This Agreement, and the transactions contemplated hereby, shall be construed in accordance with, and governed by, the laws of the State of Texas without regard to its conflict of laws principles, and venue shall be in Dallas County, Texas.

10.11 Entire Agreement. This Agreement (including the exhibits hereto) constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all negotiations, prior discussions and prior agreements and understandings relating to such subject matter. No material representation, warranty, covenant, agreement, promise, inducement or statement, whether oral or written, has been made by Seller or Buyer and relied upon by the other that is not set forth in this Agreement or in the instruments referred to herein, and neither Seller nor Buyer shall be bound by or liable for any alleged representation, warranty, covenant, agreement, promise, inducement or statement not so set forth.



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10.12 Severability. If any term or provision of this Agreement shall be determined to be illegal or unenforceable, all other terms and provisions of this Agreement shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable law.

10.13 Parties in Interest. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns. Nothing contained in this Agreement, express or implied, is intended to confer upon any other person or entity any benefits, rights or remedies.

***SIGNATURE PAGE FOLLOWS***

A handwritten signature in black ink, appearing to be 'M. J.', located in the lower right quadrant of the page.Handwritten initials 'M.J.' in black ink, located in the bottom right corner of the page.

EXECUTED as of the date first written above.

SELLER: AZALEA PROPERTIES, LTD.

By: Maple Ridge Property Company  
Its sole general partner

By: Frances Marianne Talbot, President  
Frances Marianne Talbot, President

BUYER: RCWI, L.P.

By: RCWI, GP, LLC  
Its general partner

By: Michael J. Mauceli  
Michael J. Mauceli, Manager

*MJM*

*FMT*

EXHIBIT A

The Leases

MSA  
TMT

EXHIBIT B

The Properties

MT



EXHIBIT C

Contracts and Obligations

AMT

EXHIBIT D.

PUDS

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EXHIBIT E

Assignment, Conveyance and Bill of Sale

7/11/17

EXHIBIT F

Mineral Deed

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**EXHIBIT B**

Attached to and part of that certain Purchase and Sale Agreement by and between  
 Anala Properties, Ltd., Seller, and RCWV, L.P., Buyer, dated December 18, 2009.

Case Name	FIELD	Operator	COUNTY	STATE	Wf %	Rf %	Adjusted Final Value
THUMS LONG BEACH UNIT	WILMINGTON	THUMS LONG BEACH COMPANY	LOS ANGELES	CA	0.186580	0.186580	8684,986
NONION STRUMIA SAND UNIT - 1	LOTA	HEADINGTON OIL COMPANY LIMITED	ACADIA	LA	3.297923	2.665318	975,576
CL & F #1 (RAC RC SU) - 1	BAVOY PENCHANT	CHAPARRAL ENERGY INC	TERREBONNE	LA	6.013680	4.179700	957,942
WEST DOLLARHIDE DEVONIAN UNIT	DOLLARHIDE	OXY USA, INC.	LEA	NM	4.477660	3.629120	709,280
TIGER 495 #1	WASSON	GLUNGSOL CARL E EXPLORATION LLC	GAINES	TX	3.000000	2.160000	498,062
GRISSOM SEC 2 #2-2	MAVERICK	ZEPHYR OPERATING LLC	WHEELER	TX	8.000000	6.240000	384,637
DOBSON SEC1 #4-1	MAVERICK	ZEPHYR OPERATING LLC	WHEELER	TX	8.000000	6.023625	346,583
SKINNER UNIT 30-10 #1 - 1	CHOCTAW RIDGE NORTH	PRUET PRODUCTION CO	CHOCTAW	TX	1.115860	0.927350	344,467
LSU #2 & SL 5024 #2 (MPT MV RA SU) - 002D	MANCHAC POINT	HILCORP ENERGY CO INC	E BTR RG	LA	4.180760	3.085630	264,389
EDEN 1-5H	Colony Wash	CHESSAPEAKE OPERATING INC.	HEMPHILL	TX	1.209680	0.946450	263,530
DUNAL COUNTY RANCH -J-- MULTI	DEAY	KARPER OIL & GAS CORPORATION	DUVAL	TX	2.428570	1.821430	209,338
WINGINTON 2-5H	ALEDO SOUTHWEST	DUNCAN OIL PROPERTIES, INC.	CUSTER	OK	6.964285	6.093756	216,320
ARMSTRONG #20-10	ZEPHYR-STILES RANCH	ZEPHYR OPERATING LLC	WHEELER	TX	7.100000	5.325000	205,892
HOLLINGSWORTH #1-TU UNIT - 001T	LOGANSPORT	BP AMERICA PRODUCTION CO	DESOTO	LA	2.535714	1.901791	166,805
RED HILLS UNIT #2 - 2	LUSK	CIMAREX ENERGY CO	LEA	NM	1.445820	1.244640	162,463
MEADOWS 4-01 - 1	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	3.000000	2.287500	161,657
CENTRAL DRINKARD UNIT	DRINKARD	CHEVRONTEVACO	LEA	NM	0.559240	0.471480	158,750
COLLINS EAST UPPER CV UNIT	COLLINS EAST	MOSBACHER ENERGY COMPANY	COVINGTON	MS	1.044700	0.796860	155,992
MORRISON #1 - 1	AMROW NDRTH	TEXLAND PETROLEUM LP	GAINES	TX	8.104690	6.269930	148,817
J B TUBB B LEASE	SAND HILLS	APACHE CORP	CRANE	TX	0.909180	0.795510	133,723
COOT MOORE 1	ZEPHYR-VICI	MOSBACHER ENERGY COMPANY	COVINGTON	MS	1.875000	1.500000	131,074
Turner 1-34	SLASH RANCH	ZEPHYR OPERATING LLC	WOODWARD	OK	4.764710	3.811760	115,478
JOHNSON 40 1 - 1	MAVERICK	ZEPHYR OPERATING LLC	WHEELER	TX	1.609900	1.327700	116,374
DOBSON SEC 1 #3-1	SAND HILLS	FOREST OIL CORPORATION	LOVING	TX	5.242970	4.089520	109,281
MCKNIGHT, MIB A&F LEASE	FULLERTON	ZEPHYR OPERATING LLC	CRANE	TX	2.309010	1.731770	107,063
BRYANT-LINK CO. 1 - MULTI	ZEPHYR-STILES RANCH	TEXLAND PETROLEUM LP	ANDREWS	TX	9.071429	6.803571	103,590
ARMSTRONG #09	LOVINGTON	PECOS OPERATING COMPANY	WHEELER	TX	2.474240	1.856000	102,263
HIGGINS TRUST INC - 1	WILEY	ENCORE OPERATING, LP	LEA	NM	2.348500	1.761980	98,078
WILEY GLENNBURN UNIT	MUSTANG & YUKON	PREMIER ENERGY LLC	BOTTINEAU	ND	0.658380	0.000000	94,177
WIEDMAN #1-4	BUCKTAL-HELTON	PREMIER ENERGY LLC	CANADIAN	OK	5.375000	3.970100	93,080
BUCKTAL #2-25 - 225	SPELLUNKER & WALSH	ENERGY ALLIANCE CO INCOR	HEMPHILL	TX	2.062500	1.553750	90,150
KEYSTONE #1-13 KEYS - 1	MUSTANG & YUKON	PREMIER ENERGY LLC	BACA	CO	6.659260	5.343490	89,989
CHARLES 1-24 (Skinner)	HOSLETTER	CABOT OIL & GAS CORP	KINGSHISHER	OK	4.441760	3.441180	87,982
LINDHOLM GAS UNIT 1 - 1	QUITO	SEABOARD OIL COMPANY	MCWILLEN	TX	8.296720	4.729200	74,279
HILL P.C.-D-- 8	FULLERTON	ORNEAL DRILLING INC	WARD	TX	0.000001	0.111720	73,567
SUMERLIN, C. E. - MULTI	SAND HILLS	BURNETT OIL CO INC	ANDREWS	TX	9.071429	6.803571	71,660
MCKNIGHT, MIB C LEASE	CADDO	ZEPHYR OPERATING LLC	CRANE	TX	2.309010	1.731770	71,153
SMITH #8 - 8	MAVERICK	ZEPHYR OPERATING LLC	CARTER	OK	2.500000	1.875000	69,458
FRANCES SEC9 #9-1 - 1	Zephyr-Winter	ZEPHYR OPERATING LLC	ROGER HILLS	OK	5.302180	4.203350	69,215
CLARK #1-3 - 1-3	CAPRITO	CHEVRONTEVACO	BLAINE	OK	2.625000	2.100000	68,149
STATE AM LEASE 1, 2, & 3 - 3			WARD	TX	4.062500	3.385420	67,903

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**EXHIBIT B**

Attached to and part of that certain Purchase and Sale Agreement by and between Azalea Properties, Ltd., Seller, and RCWJ, L.P., Buyer, dated December 18, 2009.

Case Name	FIELD	Operator	COUNTY	STATE	WI %	RI %	Adjusted Final Value
HEFLEY 4-2 - 2	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	3.000000	2.325000	67,546
BREEDLOVE B-DEVONIAN MANY (1-24)	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.222490	0.195810	65,462
ARMSTRONG #05 - 5	ZEPHYR-STILES RANCH	ZEPHYR OPERATING LLC	WHEELER	TX	2,474,240	1,837,910	65,336
JENNINGS A FEDERAL #4 - 4	LUSK	HENDRIX JOHN H CORPORATION	LEA	NM	4,678,570	3,906,610	65,211
STROUD-POLK UNIT #2 - 1	JANESVILLE	MOSBACHER ENERGY COMPANY	COVINGTON	MS	0,970,370	0,744,080	64,757
BREEDLOVE B-43	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0,225,490	0,195,810	64,298
MCKNIGHT, M8 LEASE	SAND HILLS	BURNETT OIL CO INC	CHANE	TX	2,309,010	1,876,086	63,502
WEDMAN #1-3 - 1-3	MUSTANG & YUKON	PREMIER ENERGY LLC	CANADIAN	OK	5,375,000	3,970,160	63,402
7502 JV S R.O.C. #1 U - 1U	R.O.C	BYA OIL PRODUCERS	WARD	MI	0,767,650	0,580,750	63,402
GRAND CANYON B1-32 - A2-5	GRAND CANYON	BARCOCK & BROWN ENERGY	OTSEGO	TX	3,812,270	3,812,260	59,707
HOORLE (CLEAR FORK) UNIT W 13 - W 13	HOORLE	GUNGGOL CARL E EXPLORATION LLC	CROSBY	TX	1,417,690	1,085,380	58,753
FLATHEAD 27-1 - 271	WALKER-CARTER	KEITH F WALKER	CARTER	OK	1,250,000	0,923,400	58,168
RESLING 1 - 1	VINTAGE	TELLUS OPERATING GROUP LLC	JEFFERSON DAVIS	MS	0,241,150	0,184,780	57,430
COMSTOCK #9-2	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1,552,500	1,175,720	57,365
EZEL UNIT 29-05 #1 - 1	CHOCTAW RIDGE NORTH	ESCAMBIA OPERATING CO, LLC	CHOCTAW	AL	1,296,900	1,151,060	57,332
VARIOUS LEASES	PHYLLIS SONORA	BYRD OPERATING CO	SUTTON	TX	2,276,600	1,834,650	56,800
STRONG FED COM #4-E - 1	WHITE CITY	MURCHISON OIL & GAS INCORPORAT	EDDY	NM	4,904,790	4,291,690	55,882
CLEVELAND 2-84	WHITE CITY	ZEPHYR OPERATING LLC	HEMPHILL	TX	4,200,000	4,987,010	54,438
WOODS, IMA 1 - 1	KEY (MORROW, UP)	ZEPHYR OPERATING LLC	Wheeler	TX	2,250,000	1,750,000	52,294
STRONG FED COM #1 - 1	WHITE CITY	MURCHISON OIL & GAS INCORPORAT	EDDY	NM	3,828,130	3,349,610	51,855
MEADOWS 4-02 - 2	BUFFALO WALLOW	APACHE CORP	PECOS	TX	1,373,600	1,071,120	51,193
SCHLOSSER FRED ESTATE -B - 13	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	2,550,000	2,015,690	49,475
MEADOWS 4-02 - 2	MAVERICK	CROWN ENERGY COMPANY	ROGER MILLS	OK	5,935,330	4,629,930	49,101
HENSLEY MORRIS SEC 9 #9-1 - 9-1	CHEROKITA TREND	DAVON DRILLING CO	GRANT	OK	7,812,590	6,825,770	48,806
JOHNSON #1 - 1	BUCKTHAL-HELTON	FOREST OIL CORPORATION	HEMPHILL	TX	2,062,500	1,553,750	48,236
BUCKTHAL #1-25 - 1025	BUCKTHAL-HELTON	ELAND ENERGY	HEMPHILL	TX	2,968,250	2,337,100	46,920
MEADOWS 4-08 - 8	BUFFALO WALLOW	BURNETT OIL CO INC	CHANE	TX	2,309,010	1,912,170	44,590
MCKNIGHT, M8 D-1 - MULTI	SAND HILLS	GUNGGOL CARL E EXPLORATION LLC	GAINES	TX	3,000,000	2,160,000	44,305
TIGER 493 #1	MANCHAC POINT	HILCORP ENERGY CO INC	E BTRN RG	LA	4,375,000	3,046,940	44,305
SL 5021 #2; MARG H STRAY RA SUA - 002	WASSON	KEITH F WALKER	MEADE	KS	3,750,000	2,812,500	44,038
COILING 9-1	WALKER-POSSUM SHOAL	CHESSAWEAKE OPERATING INC.	DENTON	TX	4,156,250	2,784,690	42,974
DERBY 1-4H	NEWARK EAST	ENCANA OIL & GAS (USA) INC.	WASHTITA	OK	0,259,670	0,217,720	42,655
UNIVERSITY 18-29 #2, 3, 5, 7	WAR-WINK, S	ANADARKO PETROLEUM CORPORATION	WARD	TX	0,518,620	0,443,540	42,304
SAVRE RANCH SEC 5 #4-5 - 1	MAVERICK	CROWN ENERGY COMPANY	WARD	TX	7,083,910	5,314,400	41,385
ARMSTRONG #04 - 4020	ZEPHYR-STILES RANCH	ZEPHYR OPERATING LLC	ROGER MILLS	TX	0,349,380	2,651,910	40,989
EAST PACHUTA CREEK OIL UN	PACHUTA CREEK EAST	BENGMAN COMPANIES	WHEELER	MS	0,318,570	0,262,940	40,207
STINGER 41-12 #1 - 41-12	BLUE MOUNTAIN	ABRAXAS PETROLEUM CORPORATION	CLARKE	MT	3,241,880	2,588,740	38,276
MAHOTA #1-26 - 26-1	CHEROKIE	B&W OPERATING LLC	WIBAUX	OK	2,500,000	1,875,000	37,410
FOWLER #2 - 003AL	MIDDLEFORK	F W RAABALAS	LINCOLN	LA	1,593,750	1,195,310	36,478
GL GAUDET ET AL 3 - 3	HESTER	KEY ENERGY OF CO INC	ST JAMES	LA	0,727,000	0,551,240	36,172
SEVENY-SIX RANCH 1 1R	WALKER-CHESTERFIELD	KEITH F WALKER	MEADE	KS	3,750,000	2,812,500	35,629

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**EXHIBIT B**

Attached to and part of that certain Purchase and Sale Agreement by and between  
Asalea Properties, Ltd., Seller, and RCWJ, L.P., Buyer, dated December 18, 2009.

Case Name	FIELD	Operator	COUNTY	STATE	WI %	RI %	Adjusted Final Value
ALEXANDER #2-2	ZEPHYR-WASHITA CREEK Granite Wash	ZEPHYR OPERATING LLC	HEMPHILL	TX	1.500000	1.248390	35,530
WILLIAM TAYLOR 29 #3 H - 1	WALKER-CLEVELAND	KEITH F WALKER	ELLIS	OK	1.234380	0.896140	35,051
FERRILL A-14 - 14A	RAMIRENA	MOSBACHER ENERGY COMPANY	LIVE OAK	TX	3.694450	2.828360	34,698
LEWIS 2U - 1	RUSTON	DEVON ENERGY PRODUCTION CO.	LINCOLN	LA	0.621950	0.544430	34,099
DELLA COLVIN 1-18 - 1	RUSTON	DEVON ENERGY PRODUCTION CO.	LINCOLN	LA	0.855280	0.748960	33,870
WEATHERBY NY B 3-3	ROJO CABALLOS	CHEVRONTERRACO	PECOS	TX	0.409380	0.332620	33,847
MARUVN 1-5 - 1-5	KELTON EAST	APACHE CORP	WHEELER	TX	0.524900	0.407470	33,518
BALLOU #1-30 - 1-30	DEMPEY	B&W OPERATING LLC	ROGER MILLS	OK	3.856800	2.875240	32,017
SANDER #1 - 1-11	ZEPHYR-MAGNESS	ZEPHYR OPERATING LLC	MAJOR	OK	4.250000	3.315000	31,997
HEFLEY 4-5 - 5	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	3.000000	2.325000	31,756
HEFLEY 4-3 - 3	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	3.000000	2.325000	31,721
DOBSON RANCHO SEC 2 #4-2	MAVERICK	ZEPHYR OPERATING LLC	WHEELER	TX	6.014060	4.690960	31,440
LOUISIANA FURS #5 DISC - 005	ESTHER SW	MOSBACHER ENERGY COMPANY	VERMILION	LA	3.815440	2.887350	31,353
AMASTRONG #02 - 2020	ZEPHYR-STILES RANCHO	ZEPHYR OPERATING LLC	WHEELER	TX	2.693510	2.158330	31,293
JUANITA EMMETT #1-1 - 1-1	DEMPEY	SOUTHERN BAY OPERATING, LLC	ROGER MILLS	OK	1.250000	0.968750	30,852
HANEK #2-17	WATONGA WEST	CONTINENTAL RESOURCES INC	BLAINE	OK	1.280000	1.000000	30,678
CURTNER, S H, A- 1 - 1	SMR ABEA	SABRE OPERATING INCORPORATED	WISE	TX	4.375000	3.708500	30,166
DOBSON SEC 1 #2-1 - 201	MAVERICK	ZEPHYR OPERATING LLC	WHEELER	TX	9.401980	7.213980	28,039
WAYNICK A-1	NEWARK EAST	THE CUMMINGS CO, INC.	ERATH	TX	6.250000	4.687500	27,755
WAYNICK 1	NEWARK EAST	ENERGY ALLIANCE CO INCOR	BACA	CO	4.166410	3.333110	27,570
REDSTONE 2-18 - 2-18	SPELUNKER & WALSH	ELAND ENERGY	HEMPHILL	TX	2.550000	2.002500	27,073
MEADOWS 4-05 - 5	BUFFALO WALLOW	ZEPHYR OPERATING LLC	WHEELER	TX	2.998380	2.305310	26,824
AMASTRONG #03 - 3020	WHITE CITY	MURKINSON OIL & GAS INCORPORAT	EDDY	NM	4.912280	4.252190	26,511
STRONG FED COM #3 - 3	WALKER-CLEVELAND	KEITH F WALKER	ELLIS	OK	1.234380	0.896140	26,051
WILLIAM 29 #4 H - 29-4H	NEWARK EAST	ENCANA OIL & GAS (USA) INC.	DENTON	TX	4.156250	2.794690	25,408
COLE TRUST A #2 - 2	KELTON EAST	SANGUINE GAS EXPLORATION	WHEELER	TX	0.524900	0.377930	25,389
SALLIE 505	CABEZA CREEK	MOSBACHER ENERGY COMPANY	GOLAD	TX	2.500000	1.812500	25,278
REED, DW #5 - 5	NETA-MINNIELUSA	RESOLUTE WYOMING	Campbell	WY	1.010420	0.833600	25,224
SIMPSON 27-2 - 27-2	NEWARK EAST	ENCANA OIL & GAS (USA) INC.	DENTON	TX	4.156250	2.794690	25,203
COLE TRUST A #3 - 3	RANKEN	DEVON ENERGY PRODUCTION CO.	LINCOLN	LA	0.855280	0.748960	24,390
DELLA COLVIN 3-18 - 3	RANKEN-KIM	RANKEN ENERGY CORPORATION	MCCLELLAN	OK	2.000000	1.560000	24,337
DULIN #1-27 - 1-27	KELTON EAST	SANGUINE GAS EXPLORATION	WHEELER	TX	0.524900	0.377930	23,010
HINK 106	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.084820	22,953
VIRGINIA CITY #17-1 - 1-17	BOKOSHE S	SOUTHERN BAY OPERATING, LLC	LEFLORE	OK	1.294270	0.970700	22,838
SL 501A #3 MPT CIB3 HAZ 3 - 3	MANCHAC POINT	HILCORP ENERGY CO INC	E BTRN RG	LA	4.375000	3.181260	22,820
BASS 3-59 - 3-59	KELTON EAST	APACHE CORP	WHEELER	TX	0.374000	0.291330	22,573
CAMPBELL #2H - 2H	NEWARK EAST	HARDING COMPANY	PARKER	TX	1.250000	0.937500	22,549
DOBSON SEC 4 #1-4	MAVERICK	ZEPHYR OPERATING LLC	ROGER MILLS	OK	8.875000	6.922500	22,484
BURGINUDY 1-1	VINTAGE	TELUUS OPERATING GROUP LLC	JEFFERSON DAVIS	MS	0.241150	0.184780	22,193
Hatfield 1-6R	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	22,117

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**EXHIBIT B**

Attached to and part of that certain Purchase and Sale Agreement by and between Azalea Properties, Ltd., Seller, and RCWL, L.P., Buyer, dated December 18, 2009.

Case Name	FIELD	Operator	COUNTY	STATE	WI %	RI %	Adjusted Final Value
WALSER 206 - 1-5	KELTON EAST	SANGUINE GAS EXPLORATION	WHEELER	TX	0.524900	0.410790	21.955
ARMSTRONG #06 - 6020	ZEPHYR-STILES RANCH	ZEPHYR OPERATING LLC	WHEELER	TX	1.971740	1.464640	21.880
LODE 16-2 - 16-2	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	20.965
LUNNIA J 1-18 - 1-18	ZEPHYR-CHAIN RANCH	ZEPHYR OPERATING LLC	DEWEY	OK	4.175320	3.296750	20.874
BREEDLOVE B-26	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.229490	0.195810	20.831
TRIGGER #1-35 - 1-35	WATONGA WEST	CONTINENTAL RESOURCES INC	BLAINE	OK	2.256590	1.805270	20.749
SUSAN LATHAM #1	NEWARK EAST	THE CLUMMINGS CO, INC.	BLAINE	TX	3.750000	2.812500	20.221
INDIANOLA #5	NEWARK EAST	THE CLUMMINGS CO, INC.	ERATH	TX	3.750000	2.812500	20.180
INDIANOLA #6	NEWARK EAST	THE CLUMMINGS CO, INC.	ERATH	TX	3.750000	2.812500	20.180
BIG CHIEF #8	BIG CHIEF	DINERO OPERATING CO	EDDY	NM	1.042980	0.782240	20.147
SHOOK #A-5 - 5	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.248820	0.212080	19.991
HERLEY 4-7 - 7	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	3.000000	2.325000	19.753
COWAN #2-2	WATONGA WEST	ZEPHYR OPERATING LLC	BLAINE	OK	2.588580	1.944160	19.753
GATLIN 3-01 - 1	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	2.77630	2.311080	19.515
UNIVERSITY 18-29 #6, 8, 10 - 10	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	2.77630	2.311080	19.265
PLAINS UNIT FEDERAL #2 - 2	QUITO	ANADARKO PETROLEUM CORPORATION	WARD	TX	0.519670	0.454710	19.067
DREAM 6-1	LUSK	CIMAREX ENERGY CO	LEA	NM	0.000001	0.584820	19.045
JENNINGS FEDERAL COMM #1 - 1	WALKER-DREAMWEAVER	KEITH F WALKER	MEADE	KS	1.562500	1.175220	18.446
WEDMANN #2-1	MUSTANG & YUKON	RAYA ENERGY CORP.	LEA	NM	2.339290	1.953310	17.900
TUCKER 1-9-35-129-23317 1-9 - 1-9	MAVERICK	PREMIER ENERGY LLC	CANADIAN	OK	5.375000	4.079160	17.855
BRADFORD #1-28A	WATONGA WEST	MAVERICK-ZEPHYR OPERATING	Robert Mills	OK	7.142000	5.625000	17.658
ENTZ #1 - 1-20	ENTZ	CONTINENTAL RESOURCES INC	BLAINE	OK	1.220410	0.915380	17.512
COOKSEY #17-15	CHISWILLE	BLAKE PRODUCTION COMPANY	CADDO	OK	0.468750	0.380860	17.265
SCHLOSSER, F ET AL 2 - 3	ROLD CABALLOS	FOREST OIL CORPORATION	LOGAN	AR	1.486690	1.168480	17.182
CHAMPT 1 - 1	VINTAGE	CHEVRONTTEACO	PECCOS	TX	0.409380	0.332620	17.139
JENNER #1-22 - 1-22	EL BENO	TELLUS OPERATING GROUP LLC	JEFFERSON DAVIS	MS	0.429600	0.402180	16.552
LORNE 8-4	WALKER-FANGTASTIC	CHESSAPEAKE OPERATING INC.	CANADIAN	OK	1.864190	1.398160	16.510
UMPHRESS, C, F, ET #1, 2, 3 - 4	MER-MAX	KEITH F WALKER	MEADE	KS	1.562500	1.175220	16.314
BIG CHIEF #7 - 7	BIG CHIEF	CIMAREX ENERGY CO	HOWARD	TX	2.265630	1.840820	16.082
ARMSTRONG #07 - 7020	ZEPHYR-STILES RANCH	DINERO OPERATING CO	EDDY	NM	1.050000	0.851150	15.637
GODFREY 1-19 - 1	SPELUNNER & WALSH	ZEPHYR OPERATING LLC	WHEELER	TX	2.474240	1.837910	15.519
RYALS #1-33 - 1-33	MORGANTOWN EAST	ENERGY ALLIANCE CO INCOR	WHEELER	TX	4.279740	3.423780	15.300
MEADOWS 89-01 - 1	BUFFALO WALLOW	GINGUOL CANL E EXPLORATION LLC	BACA	CO	2.724610	2.043460	15.113
WEAVER 29 1R	WALKER-DREAMWEAVER	ELAND ENERGY	JEFFERSON DAVIS	MS	2.407810	1.866650	15.113
ALEXANDER #2-1 - 1	WASHITA CREEK	KEITH F WALKER	HEMPHILL	TX	1.562900	1.175220	14.762
BASS-CALCOTE 3-59 - 1-5	KELTON EAST	APACHE CORP	HEMPHILL	TX	0.350000	0.281910	14.452
DUNN A #3 H - 3H	NEWARK EAST	ENCANA OIL & GAS (USA) INC.	WHEELER	TX	5.829140	4.371860	14.277
BERNETT #1-22 - 1-22	EL BENO	CHESSAPEAKE OPERATING INC.	DENTON	TX	1.875000	1.406250	14.200
SALLIE 4-5	KELTON EAST	APACHE CORP	WHEELER	TX	0.529900	0.410730	14.077
HERLEY 4-6 - 6	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	3.000000	2.325000	13.905
BEN 16 1R - 16-1R	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	13.642

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Attached to and part of that certain Purchase and Sale Agreement by and between Azalea Properties, Ltd., Seller, and RCWV, L.P., Buyer, dated December 18, 2009.

**EXHIBIT B**

Case Name	FIELD	Operator	COUNTY	STATE	WI %	RI %	Adjusted Final Value
KOLE #1 - 1-2	ST ANNES	SOUTHERN BAY OPERATING, LLC	SEMINOLE	OK	1.770230	1.327670	13,086
FERRILL, MRS. ISABEL R. A-08 - MULTI	RAMIRENA	MOSBACHER ENERGY COMPANY	LIVE OAK	TX	3.694450	2.828560	12,994
CLEVELAND 1-84	ZEPHYR-TIMBER CREEK	ZEPHYR OPERATING LLC	HEMPHILL	TX	4.200000	3.860000	12,899
BEV ZAN #2 - 2	CABEZA CREEK	MOSBACHER ENERGY COMPANY	GOLIAD	TX	2.500000	1.812500	12,898
PATSY MELL #1 - 108	ZEPHYR LAKE GEORGE	ZEPHYR OPERATING LLC	HEMPHILL	TX	2.500000	2.000000	12,746
RED MOON #1-13 - 1-13	REYDON	THE GIK COMPANY	ROGER MILLS	OK	0.625000	0.437500	12,645
AYCOCK M C 1, 5, 7 - 7	HOORLE	GUNSGOL CARL E EXPLORATION LLC	CROSBY	TX	1.471040	1.174890	12,557
FLYING 13-9 - 12-9	DRL CITY	GUNSGOL CARL E EXPLORATION LLC	CROSBY	TX	1.471040	1.174910	12,557
AYCOCK D W A 2-2	HOORLE	CONOCOPHILLIPS	WASHTA	OK	1.275000	0.905250	12,184
BOARD OF SUPERVISORS 16-04 #1 - 1	JANESVILLE	MOSBACHER ENERGY COMPANY	CROSBY	MS	0.951220	0.713410	11,944
RIVERBEND #1-27 - 1-27	RANKEN-KIM	RANKEN ENERGY CORPORATION	COVINGTON	OK	2.000000	1.560000	11,907
LUCKY DOG 1, 2, 4 - 2	RANKEN-KIM	TEKON OIL COMPANY, INC.	GARVIN	OK	0.000001	0.511720	11,902
CARTWRIGHT 20-1	QUINTO	KEITH F WALKER	WARD	TX	1.562500	1.175220	11,842
MICHAEL 8-2	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	11,842
UNIVERSITY 18-30 #2 - 2	WALKER-FANGTASTIC	ANADARRO PETROLEUM CORPORATION	WARD	TX	0.5191670	0.454710	11,360
EDWIN 1-1 - 1-1	QUINTO	PREMIER ENERGY LLC	WARD	OK	4.735290	3.551470	11,349
COOKSEY #12-15 - 12-15	MUSTANG & YUKON	FOREST OIL CORPORATION	CANADIAN	AR	1.454790	1.071250	11,310
BROWN 4-59	CHISMILLE	APACHE CORP	LOGAN	TX	0.425000	0.331060	11,243
UNIT 25-4-1-1	KELTON EAST	RANGE RESOURCES	WHEELER	TX	0.121150	0.090650	11,240
SNEEL, IRVIN 1 & 3E - MULTI	VINTAGE	ROFF OPERATING COMPANY	JEFFERSON DAVIS	MS	0.227060	0.193680	11,222
FILUNGM 88-12 - 12	BREEDLOVE	ROFF OPERATING INC.	MARTIN	TX	0.963410	0.761090	11,020
SAVRE RANCH SEC 5 #3-5 - 1	BUFFALO WALLOW	CROWN ENERGY COMPANY	HEMPHILL	TX	7.088980	5.319720	10,601
MCKINLEY 2-20 - 2	MAVERICK	ENERGY ALLIANCE CO INCOR	ROGER MILLS	OK	4.038990	3.231730	10,566
TURNBOW, E. L. 3 - MULTI	SPELLUNKER & WALSH	ROFF OPERATING COMPANY	BACA	CO	0.232810	0.198710	10,544
GLEICHMAN #1	BREEDLOVE	NEW DOMINION	MARTIN	TX	0.000001	0.715000	10,470
ROBINSON/FERRILL - 1	HUNTON	MOSBACHER ENERGY COMPANY	SEMINOLE	OK	3.694460	2.862500	10,318
FILLINGIM 88-06 - 6	RAMIRENA	LINN OPERATING INC.	LIVE OAK	TX	0.963410	0.761090	9,924
GATLIN 3-02 - 2	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	2.357430	1.868070	9,883
HEFLEY 4-4 - 4	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	2.357430	1.868070	9,883
HOLLINGSWORTH #8 - 3	LOGANSPOUT	BP AMERICA PRODUCTION CO	DESDOTO	LA	2.535714	1.901791	9,545
PONDEROSA #33-01	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	9,367
SALIE 2-5 - 2-5	KELTON EAST	APACHE CORP	WHEELER	TX	0.524900	0.410730	9,100
HOP SING #1	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	9,074
MARCUM #1-28 - 1-28	DEMPSEY	RANKEN ENERGY CORPORATION	MCCLAIN	OK	2.000000	1.560000	9,007
ROWEN #1-6 - 1-6	CHOCITAW RIDGE NORTH	SOUTHERN BAY OPERATING, LLC	ROGER MILLS	OK	1.437500	1.078180	8,899
TRICE UNIT 35-04	MIDDLEFORK	PRUET PRODUCTION CO	CHOCITAW	AL	0.443940	0.332420	8,835
FOWLER #3 - 003AL	CHISMILLE	F W RAFAELIS	LINCOLN	LA	1.593760	1.195310	8,624
COOKSEY #16-15	BIG CHIEF	FOREST OIL CORPORATION	LOGAN	AR	1.486030	1.169480	8,366
DINERO 16-STATE-4-4	RANKEN-KIM	DINERO OPERATING CO	EDDY	NM	0.524630	0.399490	8,328
WEAVER #2-27	WALKER-FANGTASTIC	RANKEN ENERGY CORPORATION	MCCLAIN	OK	2.000000	1.560000	8,244
HOBART 9A1R	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	8,196

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**EXHIBIT B**

Case Name	FIELD	Operator	COUNTY	STATE	WI %	RI %	Adjusted Final Value
BRUCE #1-15 -1-15	PRUE SPRINGER	CONTINENTAL RESOURCES INC	BLAINE	OK	1.150000	0.911790	8,093
OFUTU L D. 1 & 2 -MULTI	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.148760	0.123890	8,058
CHAMPAGNE 1-1-1	VINTAGE	TELLUS OPERATING GROUP LLC	JEFFERSON DAVIS	MS	0.129600	0.102180	7,798
MORRIS #1-6 -1-6	DEMPSEY	SOUTHERN BAY OPERATING, LLC	ROGER MILLS	OK	1.067220	0.800420	7,791
GATLIN 3-03 - 3	BUFFALO WALLOW	ELAND ENERGY	HEMPHILL	TX	2.964260	2.454050	7,790
AGNES 1-15H	COLOWY WASH	CHEAPEAKE OPERATING INC.	WASHINGTON	OK	0.033480	0.025110	7,730
PUEF ROYALTY WELLS	VARIOUS ORRI	WAPITI OPERATING, LLC	VARIOUS	TX	21.212120	21.212120	7,691
TRICE UNIT 35-02	CHOCTAW RIDGE NORTH	PRUET PRODUCTION CO	CHOCTAW	AL	0.443940	0.352420	7,669
AYCOCK M CA 1A, 2A, & 4A - 4A	HOOPRE	ANADARKO PETROLEUM CORPORATION	CROSBY	TX	1.471040	1.1274910	7,605
UNIVERSITY 18-29 #1 - 1	QUITO	GUNGOIL CARL E EXPLORATION LLC	WARD	TX	0.654710	0.566620	7,248
WILKINSON 1-11	Zephyr-Wylder	ZEPHYR OPERATING LLC	BLAINE	OK	2.117060	1.693650	7,248
HARPER 1-20 - 1	DEMPSEY	ENERGY ALLIANCE CO INCOR	BAKA	CO	4.040030	3.231760	7,296
CAROLYN #1-36	SPELUNKER & WALSH	ENERGY ALLIANCE CO INCOR	ROGER MILLS	OK	3.750000	2.812500	7,296
HARTMAN #1-9 -1-9	SWEETWATER DRAGON	B&W OPERATING LLC	ROGER MILLS	OK	1.500000	1.155500	7,271
COOK NMD 1-13 - 1	SPELUNKER & WALSH	QUESTAR EXPL & PROD CO	BAKA	CO	6.469390	5.201310	7,248
MEADOWS 4-07 - 7	BUFFALO WALLOW	ENERGY ALLIANCE CO INCOR	BAKA	CO	3.400000	2.682500	6,883
BREEDLOVE B-40	BREEDLOVE	ROFF OPERATING COMPANY	HEMPHILL	TX	0.229490	0.195840	6,776
BRYANS MILL UNIT PF RECORD 1 - 1	BRYANS MILL	ROFF OPERATING COMPANY	MARTIN	TX	1.165339	1.019671	6,730
RED HILLS UNIT #4-4	LUCK	SULPHUR RIVER EXPLORATION INC	CASS	NM	0.000001	0.285920	6,710
NEVLANO HERS 1-37 - 1-37	SAINT PATRICK	GUNGOIL CARL E EXPLORATION LLC	AMITE	MS	3.375000	2.577790	6,680
MONCRIEF #1 - 1	MIDDLEFORK	F W BABALAS	LINCOLN	LA	1.246880	0.949010	6,592
BUCKINGHAM 105 - 1-5	KELTON EAST	APACHE CORP	WHEELER	TX	0.524900	0.410730	6,589
MCDONALD #1 - 1	MIDDLEFORK	FOREST OIL CORPORATION	LINCOLN	LA	1.593750	1.195310	6,268
COOKSEY #04-22 - 4-22	CHISMVILLE	FOREST OIL CORPORATION	LOGAN	AR	1.438890	1.060170	6,164
LEE #4-2 - 2	LEE	CHEAPEAKE OPERATING INC.	WHEELER	TX	1.312500	0.984980	6,105
GINGER KAY 28-3	WALKER-FANGLASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	6,071
COOKSEY #05-15 - 5-15	CHISMVILLE	FOREST OIL CORPORATION	LOGAN	AR	1.438890	1.060170	5,996
COOKSEY #03 - 3-C	CHISMVILLE	FOREST OIL CORPORATION	LOGAN	AR	1.444310	1.062100	5,889
FEDERAL #1-27 - 1-27	RANKEN-KIM	RANKEN ENERGY CORPORATION	MCCLEAIN	OK	2.000000	1.560000	5,813
ALLEY 2-17 - 2	SPELUNKER & WALSH	ENERGY ALLIANCE CO INCOR	BAKA	CO	3.827250	3.061780	5,707
SAVRE RANICH SEC 5 #5-5 - 1	MAVERICK	ENERGY ALLIANCE CO INCOR	BAKA	OK	8.472780	6.354650	5,678
MEADOWS 4-04 - 4	BUFFALO WALLOW	ELAND ENERGY	ROGER MILLS	OK	1.590000	1.162500	5,669
FILLINGIM 88-02 - 2	SAND HILLS	LINN OPERATING INC.	HEMPHILL	TX	0.963410	0.761090	5,510
MCKINIGHT, MB E-2 - 2	MUSTANG & YUSON	BURNETT OIL CO INC	CRANE	TX	2.309010	1.876080	5,431
BASSETT 13-02 - 2	SPELUNKER & WALSH	LINN OPERATING INC.	CANADIAN	OK	0.000001	0.165950	5,422
GAS FARM 1-17 - 1-17	KELTON EAST	ENERGY ALLIANCE CO INCOR	BAKA	CO	4.324740	3.459780	5,381
BUCKINGHAM 205 - 2-5	KELTON EAST	SANGUINE GAS EXPLORATION	WHEELER	TX	0.524900	0.410730	5,340
KEITH 1-58 - 1-58	SPELUNKER & WALSH	APACHE CORP	WHEELER	TX	0.524900	0.377930	5,191
COOK 2-7 - 2	NEWARK EAST	ENERGY ALLIANCE CO INCOR	BAKA	CO	3.827340	3.061850	5,177
EL CHICO #2 H - 2H	NEWARK EAST	CARRIZO OIL & GAS, INC	PARKER	TX	0.400000	0.300000	5,054
ORENCHAIN BH-1 - 83H	NEWARK EAST	RANGE RESOURCES	DENTON	TX	0.625000	0.462500	5,045

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Attached to and part of that certain Purchase and Sale Agreement by and between Azalea Properties, Ltd., Seller, and RCWJ, L.P., Buyer, dated December 18, 2009.

**EXHIBIT B**

Case Name	FIELD	Operator	COUNTY	STATE	WT %	RI %	Adjusted Final Value
SELF GAS UNIT #69-3 - 1	HOSTETTER	CHEVRON/TEKACO	DUVAL	TX	4.760670	3.610120	4.997
HOSS 21-1 - 21-1	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	4.996
UNIVERSITY 18-31 #6 - 6	QUITO	AMADARCO PETROLEUM CORPORATION	WARD	TX	0.519670	0.454710	4.923
MCCOMB M GAS UNIT 1 - 1	MCCOMB	EXXONMOBIL CORPORATION	PECOS	TX	2.598240	2.402940	4.837
GARR 3-11 - 3-11	MUSTANG & YUKON	PYRAMID OIL OF AMERICA INC	Canadian	OK	0.698000	0.523500	4.808
TURKEY CREEK UNIT 1 - 1	TURKEY CREEK	PRUET PRODUCTION CO	CHOCTAW	AL	0.573160	0.477950	4.655
GARRETT #1 - 1	JANNESVILLE	MOSBACHER ENERGY COMPANY	COVINGTON	MS	0.828530	0.639520	4.565
FILLINGIM 88-01 - 1	BUFFALO WALLOW	LINN OPERATING INC.	HEMPHILL	TX	0.963400	0.761092	4.390
WEIDEMANN 2-11 - 2-11	MUSTANG & YUKON	PYRAMID OIL OF AMERICA INC	CANADIAN	OK	1.198000	0.898500	4.349
RUTH ANN #1-14 - 1-35	WATONGA WEST	CONTINENTAL RESOURCES INC	BLAINE	OK	2.061670	1.546250	4.332
JAGGER DEAN #1 - 34-1	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	4.248
CRANZ #14 - 14	SPEAKS SV	MOSBACHER ENERGY COMPANY	LAVACA	TX	3.428730	2.532620	4.206
FILLINGIM 88-09 - 9	BUFFALO WALLOW	LINN OPERATING INC.	HEMPHILL	TX	0.963410	0.761090	4.136
TURNBOW, E. L. 4 - 4	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.232810	0.198710	4.134
OBENCHAIN ESH - ESH	NEWARK EAST	RANGE RESOURCES	DENTON	TX	0.621500	0.462500	4.097
RYAN #2-6 - 2-6	RED OAK	SOUTHERN BAY OPERATING, LLC	LATIMER	OK	0.519380	0.389530	4.066
ARRIE COLVINT 1-25 - 1	RUSTON	DEVON ENERGY PRODUCTION CO.	LINCOLN	LA	0.310840	0.271980	4.050
LITTLE JOE 28-1 - 28-1	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	3.994
FILLINGIM 88-08 - 8	BUFFALO WALLOW	D C ENERGY INCORPORATED	CANADIAN	OK	0.823890	0.500390	3.864
KAPLAN 2-1	MUSTANG & YUKON	WOLSEY WELL SERVICE	WISE	TX	1.800000	1.278000	3.797
RSK #4 - 4	NEWARK EAST	CROWN ENERGY COMPANY	ROGER MILLS	OK	6.111110	4.766800	3.640
COKER SEC 10 #10-1 - 101	ORANGE HILL, S	QUAIL CREEK OIL CORPORATION	ORANGE	LA	1.471810	1.095080	3.594
HILLBOLDT, D. C. - 1	BEACONS GULLY	WAAGNER OIL COMPANY	EVANGELINE	TX	1.567060	1.303640	3.577
BEACONS GULLY 7500' RHIO SAND - 1	QUITO	SEABOARD OIL COMPANY	WARD	TX	6.140630	4.701420	3.510
UGLY HOG #1 - 1	ALEDO SOUTHEAST	LINN OPERATING INC.	CLUSTER	OK	0.133650	0.121100	3.339
COOKSEY #1-15 - 1-35	CHEMIVILLE	FOREST OIL CORPORATION	LOGAN	AR	1.445040	1.064410	3.329
COOKSEY #14-22 - 14-22	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.279490	0.195810	3.285
BREEDLOVE 8-37 R	KELTON EAST	SANGUINE GAS EXPLORATION	WHEELER	TX	0.524900	0.410730	3.271
BASS 5059 - 5-59	NEWARK EAST	RANGE RESOURCES	DENTON	TX	0.625000	0.462500	3.220
OBENCHAIN D2 - D2H	NEWARK EAST	FOREST OIL CORPORATION	DENTON	TX	0.625000	0.462500	3.175
OBENCHAIN ASH - ASH	CHEMIVILLE	CHESSAPEAKE OPERATING INC.	LOGAN	AR	1.514800	1.244030	3.061
COOKSEY #15-22	MAYFIELD	CHESSAPEAKE OPERATING INC.	BECKHAM	OK	0.320000	0.240000	3.054
INLOW 1-14 - 1-14	WATONGA-CHICKASHA TREND	RANGE RESOURCES	CANADIAN	OK	0.261720	0.227710	3.030
STEFFEN HARVEY 2 - 2	RUSTON	DEVON ENERGY PRODUCTION CO.	LINCOLN	LA	0.310840	0.271980	3.025
WATSON, MATTIE 1-25 - 1	NEWARK EAST	RANGE RESOURCES	DENTON	TX	0.625000	0.462500	3.025
OBENCHAIN ESH - ESH	NEWARK EAST	FOREST OIL CORPORATION	DENTON	TX	0.625000	0.462500	3.025
NELLE 21 - 1	LOVINGTON	CHESSAPEAKE OPERATING INC.	LEA	NM	1.661430	1.247230	2.877
BRADLEY A #7 - 7-T	BOX CUBICK	XTO ENERGY INC	LIMESTONE	TX	1.116290	0.871380	2.776
NEWLAND HERS 1-07 - 1-7	SAINT PATRICK	GINGULF CARL E EXPLORATION LLC	AMITE	MS	2.250000	1.700010	2.774
BASSETT 12-01 - 1-12	MUSTANG & YUKON	LINN OPERATING INC.	CANADIAN	OK	0.200000	0.254170	2.734
BREEDLOVE B-30	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.145380	0.133720	2.719

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Attached to and part of that certain Purchase and Sale Agreement by and between Axelia Properties, Ltd., Seller, and RCWJ, L.P., Buyer, dated December 18, 2009.

**EXHIBIT B**

Case Name	FIELD	Operator	COUNTY	STATE	WT %	RI %	Adjusted Final Value
OBERCHAIN D1H - D1H	NEWARK EAST	RANGE RESOURCES	DENTON	TX	0.625000	0.462500	2.637
BREEDLOVE B-39	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.229490	0.195810	2.567
HOFFMAN 1-11H	ALEDO SOUTHWEST	DUNCAN OIL PROPERTIES, INC.	CLUSTER	OK	1.829270	1.431400	2.553
GARR 2-11 - 11-2	MUSTANG & YUKON	GDA INVESTMENTS INCORPORATED	CANADIAN	OK	1.088320	0.866580	2.544
BROWN 1-5 - 105	KELTON EAST	APACHE CORP	WHEELER	TX	0.375000	0.292110	2.496
TURNBOW 5	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.258370	0.220070	2.442
PATRINDER #2-13 - 2-13	REYDON	THE GHK COMPANY	ROGER MILLS	OK	0.652290	0.506360	2.307
DEVENIE KAY 28-2 - 28-2	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	2.223
COOKSEY #13-22 - 13-22	CHISMILLE	FOREST OIL CORPORATION	LOGAN	AR	1.439860	1.060770	2.203
COOKSEY #07-22 - 7-22	CHISMILLE	FOREST OIL CORPORATION	LOGAN	AR	1.525910	1.135280	2.173
DUNN A #1 - 1	NEWARK EAST	ENCANA OIL & GAS (USA) INC.	DENTON	TX	5.829140	4.371860	2.170
DINERO 16-STATE-5 - 5	BIG CHIEF	DINERO OPERATING CO	EDDY	NM	1.500000	1.125000	2.100
ADAM #28-1 - 28-1	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	1.562500	1.175220	2.046
GROTTO ROUGE 1-30 - 1-30	SPELUNKER & WALSH	ENERGY ALLIANCE CO INCOR	BAKA	CO	3.707700	2.590640	2.042
TARON 2-28H/28	SPELUNKER & WALSH	ENERGY ALLIANCE CO INCOR	BAKA	CO	2.625000	2.100000	2.015
KEYSTONE #1-13 CHEROKEE - 1	SNEAKY PETE	APACHE CORP	POTTSWATONIAE	OK	0.461910	0.332580	1.993
COLTHARP 1-58 (REENTRY) - 1-58	KELTON EAST	APACHE CORP	WHEELER	TX	0.524900	0.440730	1.920
SALLIE 3-5 - 1-5	KELTON EAST	APACHE CORP	WHEELER	TX	0.970370	0.744090	1.852
STROUD-POIK UNIT #1 - 1	JANNESVILLE	MOSBACHER ENERGY COMPANY	COVINGTON	MS	0.375000	0.292110	1.814
BROWN 205 - 2-5	KELTON EAST	SANGUINE GAS EXPLORATION	WHEELER	TX	0.625000	0.462500	1.802
OBERCHAIN F1H - F-1H	NEWARK EAST	RANGE RESOURCES	DENTON	TX	0.229490	0.195810	1.718
BREEDLOVE B-25	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.524900	0.377930	1.717
COLTHARP 2-58 - 2-58	KELTON EAST	SANGUINE GAS EXPLORATION	MARTIN	TX	2.700000	2.122500	1.711
MEADOWS 4-06 - 6	BUFFALO WALLOW	ELAND ENERGY	WHEELER	TX	0.234030	0.199780	1.703
BREEDLOVE B-36	BREEDLOVE	ROFF OPERATING COMPANY	HEMPHILL	TX	5.009420	3.757060	1.697
DUNN A #2 - 2	NEWARK EAST	ENCANA OIL & GAS (USA) INC.	DENTON	TX	0.520780	0.359760	1.629
MURRAY A E #2 - 2	SUPRON	ROSETTA RESOURCES OPERATING LP	NACOGDOCHES	TX	1.438990	1.060170	1.620
COOKSEY #02 - 2-C	CHISMILLE	FOREST OIL CORPORATION	LOGAN	AR	1.562500	1.175220	1.565
GREENE B-3	WALKER-FANGTASTIC	KEITH F WALKER	MEADE	KS	0.057860	0.055290	1.528
BARBOUR 12-3 - 12-3	MINCO EAST	LINN OPERATING INC.	CANADIAN	OK	1.890010	1.355140	1.488
DOBSON RANCH SRC G #1-6 - 1	MAVERICK	CHEAPEAKE OPERATING INC.	ROGER MILLS	OK	0.234150	0.181760	1.445
HORTON ESTATE 1-1 - 1-1	SANIT PATRICK	GUNGOIL CARL E EXPLORATION LLC	WILKINSON	MS	0.228880	0.200530	1.373
ZIMMAREL 1 - 1	VINTAGE	TELLUS OPERATING GROUP LLC	JEFFERSON DAVIS	MS	1.562500	1.175220	1.333
SHOOK, H. L. A - MULTI	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	3.500000	2.800000	1.319
BLOCKER #21-2 - 21-2	WALKER-FANGTASTIC	KEITH F WALKER	HEMPHILL	TX	1.526180	1.135510	1.283
DETRIX #48-1 - 1048	CHISMILLE	ARNOLD OIL PROPERTIES	LOGAN	AR	4.445540	3.889840	1.275
COOKSEY #09-22 - 9-22	CHISMILLE	FOREST OIL CORPORATION	EDDY	NM	3.500000	2.800000	1.256
BLACK RIVER FED #1 - 1	WHITE CITY	ARNOLD OIL PROPERTIES	HEMPHILL	TX	1.526180	1.135510	1.252
WORD FAYE #1 - 1046	HIGGINS 5	FOREST OIL CORPORATION	LOGAN	AR	2.500000	1.875000	1.223
COOKSEY #10-22 - 10-22	CHISMILLE	ARNOLD OIL PROPERTIES	HEMPHILL	TX	2.500000	1.875000	1.223
GRAFT #1 - 1-9	ZERRY	PAYNE EXPLORATION COMPANY	CLUSTER	OK			

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Attached to and part of that certain Purchase and Sale Agreement by and between Azalea Properties, Ltd., Seller, and RCWV, L.P., Buyer, dated December 19, 2009.

**EXHIBIT B**

Case Name	FIELD	Operator	COUNTY	STATE	Wt %	RI %	Adjusted Final Value
UNIVERSITY 18-31 #4 - 4	QUITO	ANADARKO PETROLEUM CORPORATION	WARD	TX	0.519670	0.454710	1.216
UNIVERSITY 18-29 #4 - 4	QUITO	ANADARKO PETROLEUM CORPORATION	WARD	TX	0.519670	0.454710	1.029
USA #14-5 - 14-15	PISTOL RIDGE DEEP	GUNGGOL CARL E EXPLORATION LLC	PEARL RIVER	MS	1.590810	1.493110	1.028
BREEDLOVE B-44 - 44	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.302070	0.257480	0.981
COOKSEY #08-22 - 8-22	CHISMVILLE	FOREST OIL CORPORATION	LOGAN	AR	1.520510	1.131500	0.980
LOUISIANA FURS #4	ESTHER SW	MOSBACHER ENERGY COMPANY	VERMILION	LA	3.815440	2.887550	0.957
DOBSON SEC 1 #1-1 - 1	MAVERICK	CROWN ENERGY COMPANY	WHEELER	TX	5.156250	4.054390	0.862
EBLING 2-1 - 1-Feb	MUSTANG & YUKON	PREMIER ENERGY LLC	CANADIAN	OK	5.265140	3.950000	0.846
BASS 2-59 - 3-59	KELTON EAST	APACHE CORP	WHEELER	TX	0.407820	0.304160	0.836
BEAR 1-19 - 1-19	EARLY-WEATHERFORD TREND	UNIT PETROLEUM CORP	CADDO	OK	0.148760	0.151310	0.827
PATTY #1-33 - 1-33	RANKEN-KIM	RANKEN ENERGY CORPORATION	MCCLAIN	OK	2.525000	1.969500	0.822
BRADLEY A #8 - 9	BOX CHURCH	RANKEN ENERGY CORPORATION	MCCLAIN	OK	2.525000	1.969500	0.822
WIGGINS #2 - 2	NEWARK EAST	HILLWOOD ALLIANCE OPERATING CO	LIMESTONE	TX	1.116290	0.971380	0.798
BASS-CALCOTE 2-59 - 1-59	KELTON EAST	APACHE CORP	TARRANT	TX	1.800000	1.340460	0.789
BREEDLOVE B-28	BREEDLOVE	ROFF OPERATING COMPANY	WHEELER	TX	0.350020	0.261910	0.762
WEAVER #1-27 - 1-27	RANKEN-KIM	RANKEN ENERGY CORPORATION	MARTIN	TX	0.229490	0.189510	0.734
OBERCHAIN B2 - B2	NEWARK EAST	RANKEN RESOURCES	MCCLAIN	OK	2.000000	1.560000	0.687
COLE TRUST A #4 - 4	NEWARK EAST	ENCANA OIL & GAS (USA) INC.	DENTON	TX	0.625000	0.462500	0.683
LEWIS 2D - 002D	RUSTON	DEVON ENERGY PRODUCTION CO.	DENTON	TX	4.156250	2.784690	0.661
FENTON SEC 33 #1-33 - 1	MAVERICK	CHESSAPEAKE OPERATING INC.	LINCOLN	LA	0.621950	0.527580	0.657
COOKSEY #06-22 - 6-22	CHISMVILLE	FOREST OIL CORPORATION	ROGER MILLS	AR	0.750000	0.597520	0.652
BRADLEY A #8 - 8	BOX CHURCH	ELAND ENERGY	LOGAN	AR	1.527430	1.136440	0.647
HEFLEY 4-8 - 8	BUFFALO WALLOW	MOSBACHER ENERGY COMPANY	LIMESTONE	TX	1.116290	0.971380	0.633
LOUISIANA FURS #3 - 003AL	ESTHER SW	UNITED PRODUCTION CO	VERMILION	TX	3.000000	2.325000	0.610
HASKELL #1-4 - 1-4	RIVER	ANADARKO PETROLEUM CORPORATION	WOODWARD	LA	3.815440	2.887550	0.604
MCDANIEL, LOIS #1-1	QUITO	VENOCO INC.	WARD	OK	2.812500	2.109380	0.587
BRADLEY A #3 - 3	BOX CHURCH	FOREST OIL CORPORATION	WARD	TX	0.519670	0.454710	0.579
HENDERSON #3 - 3	SPEARS SW	XTO ENERGY INC	LIMESTONE	TX	1.116290	0.971380	0.579
COOKSEY #11-15 - 11-15	CHISMVILLE	FOREST OIL CORPORATION	LAVACA	TX	0.000001	0.022540	0.521
BLACKSTONE MINERALS #1-31 - 1	POPULARVILLE	GUNGGOL CARL E EXPLORATION LLC	LOGAN	AR	1.526180	1.135510	0.511
BOSWELL #1-11 - 1-11	ROLL SW	SOUTHERN BAY OPERATING, LLC	PEARL RIVER	MS	5.000000	3.500000	0.404
ROSA 1-6 - 1-6	MUSTANG & YUKON	PREMIER ENERGY CO INCOR	ROGER MILLS	OK	2.409490	1.824450	0.349
DOKE 2-8 - 2	SPELUNKER & WALSH	ENERGY ALLIANCE CO INCOR	CANADIAN	CO	3.822250	3.061780	0.342
NORTH WHITE #1	NEWARK EAST	HARDING COMPANY	BACA	TX	0.650000	0.450000	0.340
HENDERSON #2 - 2	SPEARS SW	VENOCO INC.	PARKER	TX	0.000001	0.022540	0.167
EL CHICO #1 H - 1H	NEWARK EAST	CARRIZO OIL & GAS, INC	LAVACA	TX	0.400000	0.300000	0.159
OBERCHAIN B1 - B1	NEWARK EAST	RANGE RESOURCES	PARKER	TX	0.625000	0.462500	0.158
MOORE, KATHLEEN L B1 - 1	ROJO CABALLOS	APACHE CORP	DENTON	TX	0.361880	0.300910	0.151
PYOTE GAS UNIT #5 - 1A	BLOCK 16 (DEVONIAN)	MOSBACHER ENERGY COMPANY	PECOS	TX	0.648380	0.516800	0.148
PETREE ESTATE #1-12 - 3-12	EL BEND	UNITED PRODUCTION CO	WARD	OK	1.562500	1.171880	0.104
WRIGHT STAR UNIT 1 #1 - 1	NEWARK EAST	EXTERNA ENERGY INC	CANADIAN	TX	0.300000	0.222000	0.094
			DENTON	TX			0.071

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**EXHIBIT B**

Attached to and part of that certain Purchase and Sale Agreement by and between Azalea Properties, Ltd., Seller, and RCWV, L.P., Buyer, dated December 18, 2009.

Case Name	FIELD	Operator	COUNTY	STATE	WI %	RI %	Adjusted Final Value
BREEDLOVE B-31	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.145230	0.437610	0.054
MCCANNY #1-32 - 1-32	MOUDRY	QUESTAR EXPL & PROD CO	BLAINE	OK	0.572000	0.395520	0.043
BRYAN #1-19 - 1-19	DEMPSEY	SOUTHERN BAY OPERATING, LLC	ROGER MILLS	OK	1.500000	1.125000	0.033
AUSTIN 1-6 - 1-6	KELTON EAST	APACHE CORP	WHEELER	TX	0.524900	0.406770	0.027
TURLEY #1-09 - 1-9	ROLL SW	SOUTHERN BAY OPERATING, LLC	ROGER MILLS	OK	1.571170	1.178380	0.022
FILINGM 88-07 - 7	BUFFALO WALLOW	LINN OPERATING INC.	HEMPHILL	TX	1.029530	0.813990	0.016
MCNROE #2 - 2	QUITO	GRIFIN PETROLEUM COMPANY	WARD	TX	0.000001	0.018670	0.007
EASTMAN #1 - 1	NEWARK EAST	HARDING COMPANY	PARKER	TX	0.400000	0.300000	0.002
GRAYSON #1-13 - 1-13	EL RENO	UNITED PRODUCTION CO	CANADIAN	OK	1.596490	1.277190	0.001
POKEY #14-2 - 14-2	WALKER-POKEY	KEITH F WALKER	BEAVER	OK	1.562900	1.168900	0.000
EARL #1-21 - 1-21	RIVER	PREMIER ENERGY LLC	DEWEY	OK	4.572430	3.428570	0.000
DAVIS 9-4 #1-21H	SNEAKY PETE	TRANSPO ENERGY LLC	POTTOWATOMIE	OK	2.625000	2.100000	0.000
DAVIS 9-21H/15	SNEAKY PETE	TRANSPO ENERGY LLC	POTTOWATOMIE	OK	2.625000	2.100000	0.000
HILL #1-29 - 1-29	WILSON	SOUTHERN BAY OPERATING, LLC	BECKHAM	OK	0.205790	0.530900	0.000
HALEK #1-17 - 1-17	WATONGA WEST	CONTINENTAL RESOURCES INC	CANADIAN	OK	1.250000	1.000000	0.000
SIDES #9-9 - 9-9	REYDON	SOUTHERN BAY OPERATING, LLC	BLAINE	OK	2.250000	1.687500	0.000
LEON #1-10 - 1-10	MUSTANG & YUKON	ROLL SW	ROGER MILLS	OK	1.480400	1.115020	0.000
INDEPENDENCE 28-1	MUSTANG & YUKON	PREMIER ENERGY LLC	ROGER MILLS	OK	2.000000	1.560000	0.000
HUNT #1-27 - 1-27	MUSTANG & YUKON	PREMIER ENERGY LLC	CANADIAN	OK	1.333200	1.032100	0.000
MILDRED #1-1 - 1-1	WALKER-CLEVELAND	PREMIER ENERGY CORPORATION	MCCLAIN	OK	2.000000	1.560000	0.000
YULONDA 29 #2 - 29-2	WALKER-CLEVELAND	PREMIER ENERGY CORPORATION	CANADIAN	OK	4.735230	3.551470	0.000
ARMSTRONG #08 - 8020	MUSTANG & YUKON	KEITH F WALKER	WHEELER	OK	1.234380	0.895140	0.000
WEIDEMANN 1-11	MUSTANG & YUKON	ZEPHYR OPERATING LLC	EDDY	TX	2.474240	1.837510	0.000
BIG CHIEF #6 - 6	MUSTANG & YUKON	GDA INVESTMENTS INCORPORATED	CANADIAN	OK	1.083330	0.866670	0.000
KORCZAK #1 - 1	MUSTANG & YUKON	DINERO OPERATING CO	EDDY	NM	1.050000	0.831150	0.000
HOFFMAN 1-27	MUSTANG & YUKON	MADRL & GUSSMAN PERMIAN LLC	LEA	NM	3.216520	2.626770	0.000
FILINGM 88-10 - 10	MUSTANG & YUKON	MARATHON OIL COMPANY	WASHITA	OK	0.472860	0.354490	0.000
CAMPBELL #1 - 1	MUSTANG & YUKON	LINN OPERATING INC.	HEMPHILL	TX	0.963410	0.761090	0.000
MEADOWS 4-03 - 3	MUSTANG & YUKON	HARDING COMPANY	PARKER	TX	1.250000	0.937500	0.000
BETTY LOU#1-21 - 1-21	MUSTANG & YUKON	ELAND ENERGY	HEMPHILL	TX	1.500000	1.162500	0.000
LILLIE #1-33 - 1-33	MUSTANG & YUKON	SOUTHERN BAY OPERATING, LLC	COMANCHE	OK	2.500000	1.900000	0.000
HATCHER #1-35 - 1-35	MUSTANG & YUKON	ZEPHYR OPERATING LLC	BLAINE	OK	1.920000	1.356000	0.000
ROSE #1-33 - 1-33	MUSTANG & YUKON	ZEPHYR-PAUL SPRINGER	CANADIAN	OK	3.125000	2.500000	0.000
WALKER, P. ET AL - 6	MUSTANG & YUKON	LE JONES OPERATING INC	CARTER	OK	0.519670	0.454710	0.000
NECFAR 1-52 - 1	MUSTANG & YUKON	ANADARKO PETROLEUM CORPORATION	WARD	TX	2.536980	2.041070	0.000
MCKNIGHT, MB B-2 - MURTI	MUSTANG & YUKON	BP AMERICA PRODUCTION CO	WHEELER	TX	0.000001	0.005250	0.000
FARRIS 17 #1-22 - 1-22	MUSTANG & YUKON	BURNETT OIL CO INC	CRANE	TX	2.309000	1.731770	0.000
FILINGM 88-05 - 5	MUSTANG & YUKON	INIA ENERGY COMPANY LLC	WASHITA	OK	3.125000	2.476560	0.000
CURTISS, JEFF #1 - 1	MUSTANG & YUKON	LINN OPERATING INC.	HEMPHILL	TX	1.029530	0.813990	0.000
FERRILL A-11 - 11	MUSTANG & YUKON	MOSBACHER ENERGY COMPANY	LIVE OAK	TX	3.694450	2.955560	0.000
YATES 20-10 #1 - 1	MUSTANG & YUKON	PALMER PETROLEUM INC.	COVINGTON	MS	0.109810	0.092540	0.000

*Handwritten signature*

LWT

**EXHIBIT B**

Attached to and part of that certain Purchase and Sale Agreement by and between Azalea Properties, Ltd, Seller, and RCWI, L.P., Buyer, dated December 18, 2009.

Case Name	FIELD	Operator	COUNTY	STATE	WI %	RI %	Adjusted Final Value
RARB JA #2 - 002A1	CHODURANT SOUTH	PALMER PETROLEUM INC.	LINCOLN	LA	0.640000	0.483200	0.000
WRIGHT 33-3	MUSTANG & YUKON	PREMIER ENERGY LLC	CANADIAN	OK	1.992990	1.497700	0.000
OBENCHAIN A2 - A2	NEWARK EAST	RANGE RESOURCES	DENTON	TX	0.625000	0.462500	0.000
OBENCHAIN E1 - E1	NEWARK EAST	RANGE RESOURCES	DENTON	TX	0.625000	0.462500	0.000
BREEDLOVE LOC B-47	BREEDLOVE	ROFF OPERATING COMPANY	MARTIN	TX	0.229490	0.195810	0.000
MAGPIE #1-A - 1-4	REYDON	SOUTHERN BAY OPERATING, LLC	ROGER MILLS	OK	1.464840	1.112650	0.000
HANNEMAN #1-36 - 1-36	EL RENO	UNITED PRODUCTION CO	CANADIAN	OK	0.875000	0.652930	0.000
MADJILL #1-35 - 1-35	EL RENO	UNITED PRODUCTION CO	CANADIAN	OK	0.625000	0.467500	0.000
BOULTE, CHARLIE #2 & YOUNG E #1 - 2	BEACONS GULCH	WAGNER OIL COMPANY	CANADIAN	OK	1.472650	1.095760	0.000
SEMITROPIC #1 PUD - 1-1	SEMITROPIC	PREMIER ENERGY LLC	MONTREY	CA	3.529410	2.647060	0.000
Total Bid							22000.000

*[Handwritten signature]*



**RECOMMENDATION TO APPROVE A LEASE FOR THE  
HOUSING OF MEDICAL STUDENTS AND RESIDENTS  
AT THE LSUHSC-S, E. A. CONWAY MEDICAL CENTER,  
MONROE, LOUISIANA**

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

Pursuant to Article VII, Section 8. D.2.a. of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter".

D.2(a) The assignment, lease, transfer, encumbrance or sale of land, mineral rights, rights-of-way, servitudes, or other immovable property owned or controlled by LSU.

**1. Summary of the Matter**

Medical students and residents rotating at the LSUHSC-S, E. A. Conway Medical Center, Monroe, Louisiana require housing. The current lease for housing is expiring. The State of Louisiana, Division of Administration, Office of Facilities Planning and Control, in consultation with LSUHSC-S, E. A. Conway Medical Center and LSU System personnel, issued a bid for approximately 15,450 square feet of apartment space as per State Solicitation RL-828-A with an opening date of May 3, 2011.

A responsive low bid was received from Town and Country Apartments, LLC. The bid was reviewed and recommended by LSUHSC-S personnel. The annual rental for the apartments (20 units/27 beds), is \$247,200 or \$20,600 per month for a period of five years. The annual rent will be paid from the EACMC House Officer Agreement.

**2. Review of Business Plan**

Not applicable.

**3. Fiscal Impact**

Funding will be from the EACMC House Officer Agreement.

**4. Description of Competitive Process**

The Office of Facility Planning and Control issued a public bid.

**5. Review of Legal Documents**

Proposed LSU Lease is attached.

**6. Parties of Interest**

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

**7. Related Transaction**

Not applicable



## 8. Conflicts of interests

None.

### ATTACHMENTS

- Letter from Chancellor Barish
- Bid Tabulation
- Proposed lease

### RECOMMENDATION

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

**"NOW, THEREFORE, BE IT RESOLVED** by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College that John V. Lombardi, President, LSU System, or his designee, is authorized on behalf of and in the name of the Board of Supervisors to execute a lease of approximately 15,450 square feet of space for the LSUHSC-S, E. A. Conway Medical Center, Monroe, Louisiana to house medical students and residents.

**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 any and all provisions and stipulations that he deems in the best interest of the Board of Supervisors. "



# Health Sciences Center

SHREVEPORT

Chancellor, LSU Health Sciences Center at Shreveport

School of Medicine in Shreveport  
School of Allied Health Professions  
School of Graduate Studies  
LSU Hospital in Shreveport  
E.A. Conway Medical Center in Monroe  
Huey P. Long Medical Center in Pineville

May 13, 2011

John V. Lombardi, PhD, President  
LSU System  
104B System Building  
3810 West Lakeshore Drive  
Baton Rouge, Louisiana 70808

Re: Lease of property for Medical Students and Residents at LSUHSC-S E.A. Conway Medical Center, Monroe, Louisiana -- RL-828A

Dear Dr. Lombardi:

Attached for your review is the request of Board Consideration of a lease of space for the housing of medical students and residents at the Health Sciences Center, E. A. Conway Medical Center, Monroe, LA. The information in the request is true and accurate.

The medical students and residents rotating through the E. A. Conway Medical Center is currently occupying housing via a soon to be expiring lease. A solicitation for space was issued by the Office of Facility Planning and Control. A responsive and responsible bidder was selected. The next step in the process is Board consideration.

I respectfully request that this matter be placed on your agenda for the next Board meeting.

Sincerely,

Robert Barish, MD MBA  
Chancellor

Cc: Jeff Hartgrove, Director of Purchasing

**SUMMARY OF BID TABULATION -- RL-828-A**

Received from Randy Janies, Real Estate Leasing Administrator  
and Allison Lang, State Leasing Analyst, Real Estate Leasing Section

**LOCATION: Monroe/West Monroe**

**DEPARTMENT: LSU HSC-Shreveport; E.A. Conway Medical Center**

**REQUESTED SQ. FOOTAGE:15,450**

**BID OPENING DATE: May 3, 2011**

LOCATION OF PROPERTY	SQ. FT.	ANNUAL RENT	BIDDER'S CO. NAME
3111 Old Sterlington Road, Monroe, LA	7 - 2 bedroom (1109 sf each)	\$13,140 per apt.	Town and Country Apartments, LLC
	13 - 1 bedroom (825 sf each)	\$11,940 per apt.	
		<b>Total Annual</b>	
		\$247,200.00	
308 Wallace Rd., West Monroe, LA	7- 2 bedroom (1089 sf each)	19,800 per apt.	Michael Watson Construction, LLC
	13- 1 bedroom (680 sf each)	15,000 per apt.	
		<b>Total Annual</b>	
		\$333,600.00	
2459 Arkansas Rd., West Monroe, LA	7- 2 bedroom (1,000 sf each)	\$22,650 per apt.	Kilpatrick Investments, Inc.
	12- 1 bedroom (650 sf each)	\$14,722.56 per apt.	
		<b>Total Annual</b>	
		\$349,943.28	

SOLICITATION RL – 828-A

PART E – SAMPLE LEASE

THIS IS A SAMPLE LEASE TO BE FILLED IN ONLY BY THE REAL ESTATE LEASING SECTION

LEASE

STATE OF LOUISIANA

PARISH OF CADDO

This contract of lease ("lease") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_

(recite name and address of Lessor (hereinafter referred to as "Lessor"); and

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional corporation organized and existing pursuant to the laws of the State of Louisiana, herein represented by John Lombardi, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors adopted \_\_\_\_\_, 20\_\_\_\_, a copy of which is attached hereto; with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. 72-6000848) (hereinafter referred to as Lessee);

provides as follows:

WITNESSETH

**WHEREAS**, Lessor is the owner of certain immovable property with improvements thereon located at \_\_\_\_\_ (the "Leased Premises");

**WHEREAS**, the Leased Premises consists of \_\_\_\_\_, which will be renovated by Lessor for lease to Lessee; and

**WHEREAS**, this lease furthers the educational and public service of Lessee by providing housing for the benefit of \_\_\_\_\_, pursuant to the Louisiana Procurement Code, R.S. 39:1641, et seq.

**NOW, THEREFORE**, in consideration of Lessee's obligation to lease the Leased Premises and the rent to be paid by Lessee during the term of this lease, and the mutual benefits accruing to the parties under this

lease, the parties do enter into this lease pursuant to the Louisiana Procurement Code, R.S. 39:1641, on the following terms and conditions:

1.

**LEASED PREMISES AND TERM**

For the consideration and upon the term and conditions hereinafter expressed, Lessor leases unto Lessee, here present and accepting the same, for a period of FIVE (5) years, commencing \_\_\_\_\_, 20\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_ (the "Term"), the following described property (collectively the "Leased Premises"):

\_\_\_\_ square feet of usable space located at \_\_\_\_\_, \_\_\_\_\_, Louisiana (the "Building"), to be used by \_\_\_\_\_, as an \_\_\_\_\_, at the rate of \$ \_\_\_\_\_, per square foot per annum with \_\_\_\_\_ (\_\_\_\_) parking spaces provided, located on the following described property, to-wit:

(describe land)

2.

**RENT**

The consideration for this lease is the payment by Lessee to Lessor of the sum of \_\_\_\_\_ (\$ \_\_\_\_\_ DOLLARS in \_\_\_\_\_ (\_\_\_\_) equal installments of \_\_\_\_\_ (\$ \_\_\_\_\_) DOLLARS each, the first installment being due and payable on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and the remaining installments being due and payable, respectively on the \_\_\_\_ day of each month thereafter; however, in the event occupancy by Lessee occurs subsequent to the due date of the first rental payment, Lessor waives any right to receipt of rental payment until the thirtieth (30th) day after Lessee actually occupies the leased premises. In any event rent is earned from the date of occupancy. Rent is payable by Lessee to Lessor at the following address, until notified in writing differently by Lessor:

(Provide address where rent is to be paid)

Lessor agrees that there shall be no penalties assessed against monies owing by the Lessee until ninety (90) days past the date of demand, pursuant to R.S. 39:1695 and 1697.

## 3.

**OPTION TO EXTEND**

Lessor grants to Lessee the option to extend this lease from the end of its term for an additional period of two (2) years, on the same terms and conditions as specified in the primary lease upon giving sixty (60) days written notice prior to the expiration date of this lease. The rental rate per square foot shall also be the same as specified in the primary lease, unless the United States Government Consumer Price Index reflects an increase in excess of 15% during the term of the primary lease, and lessor requests, in writing within 60 days of notification of Lessee's intent to exercise the option period, a rental increase during the option term. In that event, the rental payments shall increase the same percentage as the Consumer Price Index, but in no event shall the rental payments increase in excess of 15% of the primary rental payment.

Any increase in rental due to increases in the United States Government Consumer Price Index is contingent upon approval by the Division of Administration and legislative funding. In the event said increase is not approved by the Division of Administration and/or the Louisiana Legislature does not provide funds for the increase in rental, said increase will not go into effect, in which event Lessor shall have the right to terminate this lease upon six (6) months written notice to Lessee.

## 4.

**DELIVERY OF POSSESSION AND OCCUPANCY**

The parties hereto agree that delivery of possession and occupancy hereunder shall not be deemed to commence until Lessor has provided Lessee with THIRTY (30) days prior written notice that the leased premises are ready for occupancy or at such time as Lessee takes occupancy thereof, whichever shall occur first. However, in no event shall Lessee accept occupancy prior to the commencement date established in paragraph one (1) herein, except by express consent of Lessor and approval of Division of Administration. Furthermore, under no circumstances shall occupancy be deemed to commence until the documentation relative to asbestos

and the State Fire Marshal's Office requirements is provided to Lessee and/or the Division of Administration as required herein under Sections 10 and 15.

5.

**PENALTY FOR FAILURE TO DELIVER POSSESSION**

Should Lessor fail, for whatever reason, acts of God and military expedience excepted, to deliver possession and occupancy in accordance with all Parts of Solicitation RL-828-A within 30 days after approval of this lease by the Division of Administration, the Lessee shall be entitled to liquidated damages in the amount of the daily rental rate for every day thereafter that the Lessor fails to deliver possession and occupancy, which sum may be set off against rent owing at Lessee's option.

6.

**CANCELLATION FOR FAILURE TO DELIVER POSSESSION**

Should Lessor fail, for whatever reason, acts of God and military expedience excepted, to deliver possession and occupancy in accordance with all Parts of Solicitation RL-828-A within 30 days after approval of this lease by the Division of Administration, the Lessee may, at its option and with the approval of the Division of Administration, cancel this lease at any time after expiration of such time and within 30 days of written notice to Lessor. If Lessee elects not to cancel this lease, Lessee is entitled to liquidated damages in the amount of the daily rental for every day thereafter that the Lessor fails to deliver occupancy.

7.

**ABATEMENT OF RENT FOR FAILURE TO DELIVER POSSESSION**

Should Lessee be unable, for whatever reason, to obtain possession of the leased premises in accordance with the terms set forth herein, Lessee shall be entitled to the abatement of rent for such term during which the Lessee is deprived of possession.

**8.****COMPLIANCE FOR ACCESS TO LEASED PREMISES**

Lessor agrees that all of the buildings, grounds, and facilities composing the Leased Premises shall comply with the requirements of R.S. 40: Part V. - EQUAL ACCESS TO GOVERNMENTAL AND PUBLIC FACILITIES FOR PHYSICALLY HANDICAPPED, specifically R.S. 40:1731-1744.

**9.****COMPLIANCE WITH LAW**

Lessor agrees to make, at Lessor's own expense, all changes and additions to the Leased Premises required by reason of any laws, ordinances, orders or regulations of any municipality, parish, state, federal or other public authority including the furnishing of required sanitary facilities and fire protection facilities, and Lessor shall furnish and maintain all fire extinguishers and equipment necessary to comply with the regulations of the Louisiana State Fire Marshal. Lessor shall be responsible for all costs associated with any periodic inspections and servicing of the extinguishers and equipment.

**10.****COMPLIANCE WITH STATE FIRE MARSHAL'S OFFICE**

Prior to occupancy, Lessor must provide written evidence of compliance with all requirements of the State Fire Marshal's Office. Lessor further agrees to comply with any order issued during the lease term by the State Fire Marshal's Office within the timeframe mandated by that office. Failure to do will constitute a breach of the terms of this lease.

**11.****DELIVERY OF PREMISES**

Lessor shall deliver the leased premises to the Lessee at the beginning of this lease in a thoroughly sanitary and tenantable condition, and, by assuming possession, Lessee admits that it has examined the leased premises and found them to be in good, safe and acceptable condition; provided, however, if the premises are not tenantable in Lessee's sole option, Lessee shall provide to Lessor, no later than fifteen (15) days after



occupancy, a list of all deficiencies in need of correction in order to bring the leased premises into compliance with the terms of this lease, which deficiencies Lessor shall correct with fifteen (15) days of receipt of such notice.

## 12.

### MAINTENANCE AND REPAIRS

12.1. Lessor agrees at its expense to paint and install wall covering in the interior of the leased premises and all hallways and corridors associated with such premises at not less than three (3) year intervals.

12.2. Lessor agrees at Lessor's expense to do such painting and other maintenance to the exterior of the building as is necessary to maintain the building in good condition and appearance. Exterior clean-up shall be maintained constantly to insure that areas outside of the leased premises, including parking facilities, are trash-free. All grass and weeds shall be cut weekly during growing season and otherwise as needed. Shrubberies shall be maintained in a neat condition, with pruning as necessary. Lessor shall have sole responsibility for all maintenance and repair to the heating and air conditioning systems, plumbing systems (including plumbing fixtures), sewerage disposal system (including septic tanks), electrical systems, light fixtures (including replacement of light bulbs and fluorescent tubes), and all other equipment furnished by Lessor.

12.3. Any water intrusion in the building will require the following action by the Lessor:

Carpet: The following work shall be performed by a restoration contractor that is knowledgeable and experienced in remediation of wet carpet. Excess water shall be immediately vacuumed out of the carpet. The wet carpet shall be sanitized with a chemical approved for indoor use. Area fans shall be installed until the carpet is completely dry. If carpet is not professionally dried and sanitized within 24 hours of notification of the occurrence by Lessee, all areas of wet carpet and padding must be removed and replaced with new carpet and padding to match the existing.

Walls & Ceilings: The following work shall be performed by a restoration contractor that is knowledgeable and experienced in remediation of water damaged sheetrock. All sections of walls, baseboards, insulation and ceilings subjected to water intrusion shall be removed and replaced, within 24 hours of notification of the occurrence from Lessee and finished to match existing wall within 7 calendar days. The restoration contractor shall certify that the interior wall or ceiling cavities were completely dry prior to installing the replacement sheetrock.

12.4. Lessor shall be responsible for maintaining the Leased Premises in good condition and maintain the premises in accordance with all local, state and federal laws, ordinances, regulations throughout the term of the lease. Lessor shall make all such repairs to the Leased Premises as may become necessary because of breakage or other damages not attributable to the negligence of Lessee, its agents, or its employees. Lessor shall be responsible for any damages to Lessee's employees, agents, invitees, visitors, and property and/or equipment that are a result of Lessor's negligence to properly maintain the Leased Premises.

12.5. The parties hereto agree that no expense incurred as a result of Lessor originated changes, renovations or improvements made during the term of the lease shall be borne by Lessee.

### 13.

#### **DEFAULT BY LESSOR OR LESSEE**

13.1 Should Lessor fail to keep the Leased Premises in good and tenantable condition, to make any of such repairs, replacements or changes, or to do painting or wall covering with thirty (30) days after written notice from Lessee of the necessity therefor, or should Lessor commit any other breach of the lease terms and conditions, Lessee may at its option, with approval of the Division of Administration, correct the same and deduct the cost thereof from the rental payments, or Lessee may quit and surrender possession of the Leased Premises without further liability to Lessor hereunder, upon sixty (60) days written notice. Provided, however, that in the event of conditions requiring immediate maintenance and/or repair, including but not limited to flooding, roof leaks, failure of electrical system, etc., Lessee may at its option, and with notice to the Division of Administration, correct the same and deduct the cost thereof from the rental payments after reasonable attempts to contact Lessor.

13.2 Should Lessee fail to pay an installment of rent when the same shall become due and payable and such failure shall not be cured within ten (10) days after Lessee's receipt of notice from Lessor of such failure; or should Lessee fail to perform or observe any other of its obligations under this Lease, and such failure shall continue for sixty (60) days after notice thereof from Lessor to Lessee, or, if by reason of the nature

thereof, such failure cannot be cured by the payment of money or cannot with due diligence be wholly cured within such sixty (60) day period, if Lessee shall not proceed promptly to commence curing the same or shall fail thereafter continue to prosecute the curing of such failure with due diligence, then, upon the happening of any one or more of the aforementioned events of default, Lessor shall have the right, then or at any time thereafter while such event of default shall continue, to seek such remedy as it deems applicable, including without limitation a termination of the Lease, by filing a complaint pursuant to R.S. 39:1673, et seq. with the Chief Procurement Officer of the LSU Campus for whom the Leased Premises are let. Should the lease be terminated through this process, Lessee's right to possession of the Leased Premises shall cease and Lessee shall peacefully and quietly yield and surrender to Lessor the Leased Premises. Prior to the termination of this lease, Lessee's personal property may be removed and any resultant damages to the Leased Premises shall be repaired by and at the expense of Lessee.

#### 14.

##### **INFORMATION TECHNOLOGY AND COMMUNICATIONS**

14.1. All communications desktop devices (intercom/paging instruments, line status indicators, computer terminals, radio/paging consoles, telephone answer-machines/consoles/sets, etc.) will be installed, maintained, and paid for by Lessee.

14.2. Communications cable/wire shall be provided in the Leased Premises by Lessor. The cable/wire shall conform to a wire as specified in the "Guidelines, Requirements, Specifications, and Wiring Diagrams" (the "Guidelines") provided by the Division of Administration.

14.3. All communications equipment (computer controllers, modems, multiplexers, telephone system controllers, etc.) will be installed, maintained, and paid for by Lessee. Lessor shall provide space and environment for this equipment according to the Guidelines. Lessor's cable/wire shall terminate in the same space as Lessee's equipment and will be placed according to said Guidelines.

14.4. Lessor shall have the local telephone company provide a service entrance cable into the Leased Premises. The telephone company's service shall terminate in the same room/space as the Lessor's inside cable/wire and have a minimum capacity of one pair of twisted copper wires per 100 square feet of the Leased Premises to be occupied. Lessor shall provide the pathway(s) (conduit, trench, etc.) for the service cable according to the telephone company's requirements and the Guidelines.

14.5. Lessee will order and pay for (through the Office of Telecommunications Management, if applicable) dial tone and data services from the telephone company. Lessor shall provide interconnection between the telephone company's RJ21X demarc and Lessor's wiring connection demarc.

14.6. If the Leased Premises has elevators, Lessor shall provide each elevator that will be used by Lessee personnel with an emergency telephone as required by building codes. All associated cable/wire shall be as specified in the Guidelines. Charges for this line(s) (elevator dial tone service) shall be borne by the Lessor.

## 15.

### LESSOR'S SERVICES

15.1. Lessor shall pay for all utilities such as gas, water, sewer, septic tank service, trash/garbage pickup and disposal. Lessee shall pay for electricity, telephone and cable line charges.

## 16.

### LESSEE'S IMPROVEMENTS

Lessor grants Lessee (a) the right to add to or to install in the Leased Premises at its own expense any fixtures, appurtenances, appliances, coverings, or other such objects as Lessee may desire, provided that the installations and alterations made by Lessee do not diminish the value of the Leased Premises, and (b) the right to remove at Lessee's expense upon the termination of this lease, all such fixtures, appurtenances, appliances, coverings or other improvements placed in or on the Leased Premises by Lessee, provided that Lessee restores

the Leased Premises to substantially the same condition as existed at the time of occupancy by Lessee, normal wear and tear excepted.

17.

**DAMAGE BY FIRE OR OTHER CASUALTY**

17.1. If, prior to the termination of this lease, through no fault, neglect or design of Lessee, the leased premises be destroyed by the fire or other casualty, or be unfit for occupancy as a result of fire or other casualty, then this lease shall be cancelled ipso facto as of the date of said fire or other casualty, unless the Leased Premises can be rendered fit for occupancy within one hundred twenty (120) days from the happening of such fire or other casualty and Lessor commences the repairs to the damages within thirty (30) days of the occurrence. Lessee shall be entitled to such reduction or remission of rent in the amount of the daily rental for every day that Lessee is without possession of the Leased Premises.

17.2. If this lease be cancelled for such cause, Lessee shall be entitled to a credit corresponding to the unexpired term of this lease, the unearned portion of rent shall be annulled and returned to Lessee (if prepaid), and Lessor shall have the right to take possession of the Leased Premises, with both Lessee and Lessor discharged of any further obligation under this lease.

17.3. If the leased premises be only slightly injured by fire or other casualty as not to render the Leased Premises unfit for occupancy, Lessor agrees that same shall be repaired with reasonable diligence, in which event Lessee shall not be entitled to any reduction or remission of rent whatever.

18.

**INSURANCE**

18.1. Lessor agrees to carry (a) Fire and Extended Coverage Insurance, plus vandalism, water damage, lightning, malicious mischief and other hazards covered by the "broad form insurance coverage, on the building located on the Leased Premises equal to 80% of its value, and (b) comprehensive general liability insurance covering all activities in or about the Leased Premises (including coverage for elevators and

escalators, if any, and coverage for owned, non-owned and hired automobiles, sidewalks and passageways) in amounts as would a prudent owner of similar premises and carry in no event less than \$2,000,000 per person, \$2,000,000 per occurrence for personal injury, and \$5,000,000 for claims made during any policy year. Such insurance shall be with insurance companies duly licensed to do business in the State of Louisiana and bearing a rating A+XV in the latest Best Casualty Insurance Report.

18.2. Lessee agrees to carry (a) commercial general liability insurance of \$1,000,000 combined single limits per occurrence for Bodily Injury/Property Damage claims for those incidents in which the occurrence is the result of the negligence of Lessee, its agents, contractors, employees, or invitees and (b) such property insurance as it deems necessary for its personal property located on the Leased Premises.

18.3. All policies of insurance issued in accordance with this Section 18 shall include Lessor and Lessee as additional insureds as regards the sole negligence of each party to this agreement. Each party shall deliver to the other certificates evidencing the insurance policies required as of the date of occupancy of the Leased Premises and certificates of each renewal of such policies at least fifteen (15) days prior to renewal dates.

18.4. Self-insurance through the State of Louisiana, Office of Risk Management, shall satisfy the requirements of Section 18.2 requiring insurance coverage for Lessee.

18.5. Lessor further agrees to waive any right or claims, other than for intentional acts, against the Lessee, its agents, or employees for any loss to the premises by fire, windstorm, hail, smoke, explosion, riot, riot attending a strike, civil commotion, or damage from aircraft and vehicles.

**19.****ASSIGNMENT**

It is agreed that any assignment of this lease or the proceeds thereof must be approved in advance of such assignment, in writing, by the appropriate party. If the request to assign is by the Lessee, such assignment must be approved by the Lessor. If the request to assign is by the Lessor, such assignment must be approved by the Commissioner of Administration. Approval of requested assignment shall not be unreasonably or arbitrarily withheld by either party; provided, however, that the Commissioner may condition approval of an assignment of this lease or the proceeds of this lease upon receipt of reasonable assurances from assignee of its ability and willingness to assume responsibility for performance of the terms in the event of failure of performance by the assignor.

**20.****ADDITIONAL LEASED PREMISES**

It is agreed by both Lessee and Lessor that in the event the Lessee requires adjacent additional space which could not reasonably have been foreseen at the time of execution of the lease or the exercise of the Lessee's option to extend, it shall promptly notify Lessor in writing of such requirement. Lessor shall respond in writing within fifteen (15) days of receipt of such notification whether such additional space is available.

In the event such additional space is available, Lessor shall provide such additional space on the same basis and at the same rate as for such comparable space under the then current lease.

**21.****TERMINATION OF LEASE**

In the event the State of Louisiana provides Lessee with adequate space in a building owned by the state or owned or leased by the Office Facilities Corporation established by LA R.S. 39:1798 et seq., and which is similar to the leased premises in accessibility and location for the Lessee, Lessor agrees to terminate this lease after receipt of sixty (60) day written notice from Lessee.

## 22.

**FISCAL FUNDING PROVISIONS**

A continuation of the lease is contingent upon the continuation of and appropriation of funds by the Legislature to fulfill the requirements of this lease by Lessee. In the event that public funding for Lessee becomes inadequate to meet the obligations of this lease, Lessee may, with the approval of the Division of Administration, terminate the lease without any penalty assessed against Lessee therefore or reduce the space provided and the rental due by giving sixty (60) days written notice to Lessor. The rental payment due when such a reduction in space is exercised shall be on the same terms and at the same rate per square foot as for the original space under the then current lease.

## 23.

**NOTICES**

All notices required under this lease shall be in writing and shall be sent by United States Mail and in the case of notices to Lessor and Lessee shall be addressed as follows:

LESSOR: (give name and address)

LESSEE:  
Board of Supervisors of LSU  
3810 West Lakeshore Drive  
Baton Rouge, Louisiana 70808  
Attention: Executive Vice President

With a copy to:

Division of Administration  
Facility Planning and Control  
Real Estate Leasing Section  
P. O. Box 94095, Capitol Section  
Baton Rouge, Louisiana 70804-9095



**24.****EXTRACT OF LEASE**

24.1 Upon execution and approval of this lease, it will be the responsibility of Lessor to have the lease or extract of lease recorded in the office of the parish recorder of the parish where the property herein leased is located, in the form set forth in that Extract of Lease attached hereto.

24.2 Before any payments can be made on the lease, Lessor must provide a certified copy of the recorded lease or extract of lease to Lessee and to the Real Estate Leasing Section of Facility Planning and Control.

**25.****COMPLIANCE WITH DEQ REGULATIONS**

25.1. All requirements of this Section shall be in accordance with the Louisiana Administrative Code, Title 33 (Environmental Quality), Part III (Air), Chapter 27 ("Asbestos-Containing Materials in Schools and State Buildings Regulations"), and regulations promulgated pursuant thereto.

25.2. Lessor must provide appropriate documentation from the Architect, Engineer, or Contractor of Record of the Leased Premises that no asbestos containing building material was specified in any construction documents for the building, or, to the best of his or her knowledge, no asbestos containing building material was used in the building. This documentation must be submitted to the Office of Facility Planning and Control, Real Estate Leasing Section for submittal to the Department of Environmental Quality, Air Quality Division, for review and approval.

25.3. If the documentation as mentioned above cannot be obtained, Lessor shall conduct an asbestos inspection in accordance with LAC 33:III.2707.A, of the Leased Premises indicating therein locations of all materials containing more than one (1%) percent asbestos, as determined by Polarized Light Microscopy. This inspection shall be performed by a Louisiana Department of Environmental Quality accredited Inspector with current accreditation. If any asbestos is detected (friable or nonfriable) and allowed to remain while the

space is occupied, Lessor shall also provide an ASBESTOS MANAGEMENT PLAN WHICH HAS BEEN APPROVED BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY.

25.4. All Management Plans must be developed by a Louisiana Department of Environmental Quality accredited Management Planner and must be submitted in the format as outlined in the Department of Environmental Quality's document "Required Elements for LEA and LSPBA Management Plans." Lessor must maintain, update, and comply with the Management Plan to keep it current with ongoing operations and maintenance, periodic surveillance, inspections, reinspections, response action activities, and training of maintenance and custodial personnel. Any updates to the Management Plan shall be submitted to the Division of Administration for record purposes as well as updating the Management Plan located at the facility that is being leased. Failure by Lessor to maintain, update, and comply with any required Management Plans will cause automatic termination of the lease effective three (3) months after written notice to Lessor of its failure to maintain, update, and comply with any required management plans.

25.5. All documentation required under this section shall be forwarded to the Division of Administration, Facility Planning and Control, Real Estate Leasing Section, by Lessor PRIOR TO OCCUPANCY OF THE LEASED SPACE BY THE STATE OF LOUISIANA and its agencies.

## 26.

**APPROVAL BY THE COMMISSIONER OF ADMINISTRATION**

The effectiveness of this lease is contingent upon its approval by the Commissioner of Administration, and Lessee is not liable for any costs incurred by Lessor prior to the statutory approval of this lease by the Commissioner of Administration in accordance with La. R.S. 39:1641(A).

## 27.

**SUBORDINATION OF LESSOR'S LIEN**

When requested by the State, Lessor shall execute a Subordination of Lessor's Lien with respect to equipment in favor of a third party, whenever the third party is financing the acquisition of the equipment for the use by Lessee. The State will supply the document to be executed.

**28. MISCELLANEOUS**

28.1 Audits. Lessee may, at its option and at its own expense, and during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of and pertaining to the Leased Premises. Audits may be made by employees of Lessee, by the Louisiana Legislative Auditor, or by independent auditors retained by Lessee.

28.2 No Modification. Neither this Lease nor the rights or duties of Lessor or Lessee under this Lease shall be changed, modified, waived, released or discharged in any way except by an instrument in writing signed, acknowledged and delivered by Lessor and Lessee.

28.3 Quiet Enjoyment. Lessor covenants that Lessee, upon payment of the Base Rent, Additional Rent and other sums due by Lessee hereunder, above reserved, and upon the due performance of the covenants and

agreements herein contained, shall and may, pursuant to the provisions of this Lease, at all times during the Term peaceably and quietly have, hold and enjoy the Premises, free from the claims of Lessor, or any persons.

28.4 Governing Law. This Lease shall be construed under and governed by the laws of the State of Louisiana, as they apply to contracts and agreements for the lease or rental of space for the housing of State agencies, their personnel, operations, equipment, or activities (see R.S. 39:1641, et seq.).

28.5 Payment of Fees and Expenses. To the extent allowed by law, if Lessee shall be in default in the performance of any of its obligations hereunder and an action shall be brought for the enforcement thereof in which it shall be determined that there has occurred an Event of Default by Lessee, Lessee shall pay to Lessor, on demand, all actual expenses incurred by Lessor as a result thereof.

28.6 Severability. If any term, covenant, condition or provision of this Lease, or the application thereof to any person or circumstances, shall be declared invalid, unenforceable or usurious by the final ruling of a court of competent jurisdiction, not subject to appeal, the remaining terms, covenants, conditions and provisions of this Lease, or the application of such term, condition, covenant or provision to other persons or circumstances, shall not be affected thereby and shall continue to be enforced and recognized as valid agreements of the parties, and in the place of such invalid, unenforceable or usurious provision, there shall be substituted a like, but valid, enforceable or nonusurious provision which comports to the findings of the aforesaid court and most nearly accomplishes the original intention of the parties, as evidenced by this Lease.

28.7 Succession. Except as otherwise expressly provided herein, this Lease and all the terms, conditions, covenants, provisions and agreements herein contained shall be binding upon and inure to the benefit of Lessor and Lessee, and their respective successors and assigns and successors in title to the Premises. The term "Lessor" shall include the successors and assignees of Lessor and the term "Lessee" shall include the successors and assignees of Lessee, except where expressly provided otherwise.

28.8 Estoppel Certificates. Lessee will at any time and from time to time execute and deliver to Lessor, or to the designee of Lessor, an estoppel certificate on the form of estoppel certificate provided by the Office of

Facility Planning and Control, Division of Administration, State of Louisiana, which shall be in recordable form signed by a duly authorized representative of Lessee, certifying to any of the following which may be expressed on such form: (a) Tenant has not given Landlord written notice of any dispute between Landlord and Tenant, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and certifying to the modifications which are to such certificate), (c) the dates, if any, to which the Base Rent, Additional Rent and other sums payable under this Lease have been paid, and (d) such other information as Lessor may reasonably request. Any such certificate may be relied upon by any prospective purchaser of the Premises.

28.9 Time of the Essence. In all respects, time shall be of the essence during and with respect to the operation obligations of this Lease.

28.10 Representations of Authority. By the execution of this Lease, Lessor and Lessee each represent to the other that each is an entity validly existing, duly constituted and in good standing under the law of the jurisdiction in which it was formed and which it presently conducts business; and that the person signing this Lease on its behalf has due authorization to do so.

28.11 Advertisement. Neither party shall make use of the other party's name, logo or marks without its prior written consent.

28.12 Amendment. No amendment, modification, or alteration of the terms of this Lease shall be binding unless the same be in writing, dated on or subsequent to the date hereof and duly executed by the parties hereto, and approved by the Division of Administration.

28.13 Nondiscrimination, Employment and Wages. Any discrimination by Lessor or its agents or employees on account of race, color, sex, age, religion, national origin or handicap, in employment practices or in the performance of the terms, conditions, covenants and obligations of this Lease, is prohibited.

28.14 Conflict of Interest. Lessor certifies (and this Lease is made in reliance thereon) that neither the Lessor nor any person having an interest in this Lease by, through or under the Lessor, is an officer of Lessee or is affiliated in any way with Lessee.

28.15 Lessee's Obligations at the end of the Term. At the expiration of the Term, Lessee shall peaceably yield up to Lessor the premises in such repair as at the commencement of the term, reasonable wear and tear and the use thereof and casualty excepted, and Lessee may, within a period of thirty (30) days thereafter, remove all of Lessee's property which it has installed or placed on the premises during the term of this lease, repairing any damage to the premises caused by such removal.

28.16 Counterparts. This agreement may be executed in multiple counterparts each of which shall be declared an original.

28.17 Entire Agreement. This Lease, together with the exhibits attached hereto, contain the final and entire agreement between the parties hereto with respect to the Leased Premises and contain all of the terms and conditions agreed upon with respect thereto, and no other agreements, oral or otherwise, regarding the subject matter of this Lease shall be deemed to exist or to bind the parties hereto; it being the intent of the parties that neither shall be bound by any term, condition, or representations not herein written.

28.18 All Parts of Solicitation RL-828, as bid by Lessor on \_\_\_\_\_, 2010, are hereby incorporated into this lease and made a part hereof. The building, grounds, and facilities herein leased shall conform in all respects to the requirements set forth in that solicitation. To the extent that any inconsistency may be found between the language of this lease and of the Solicitation, the language of the Solicitation shall govern.

**This lease may be signed in several counterparts, each of which shall be deemed an original, but all of which will constitute one and the same instrument.**

IN WITNESS WHEREOF, the parties hereto have signed their names, to be effective on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in the presence of the undersigned competent witnesses on the date set forth under their respective signatures:

**WITNESS:**

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

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

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

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

**LESSOR: Company Name**

**BY:** \_\_\_\_\_  
Name, Title

**LESSEE: Board of Supervisors of Louisiana State  
University and Agricultural and Mechanical  
College**

**BY:** \_\_\_\_\_  
Name, Title

**APPROVED:**

This \_\_\_\_\_ day of \_\_\_\_\_, 2011.

**Office of the Governor  
Division of Administration**

**BY:** \_\_\_\_\_  
**John Davis, Director  
Facility Planning and Control**



**RECOMMENDATION TO NAME THE  
LSU LABORATORY SCHOOL GYMNASIUM AND  
MULTIPURPOSE FACILITY  
THE "PENNINGTON McKERNAN GYMNASIUM AND  
MULTIPURPOSE FACILITY"**

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

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

D.5(c) Such other matters that are not expressly delegated herein or hereafter by the Board to the President or Chancellor....

**1. Summary of Matter**

Louisiana State University is recommending to name the LSU Laboratory School's Gymnasium and Multipurpose Facility the Pennington McKernan Gymnasium and Multipurpose Facility in honor of both the Pennington and McKernan families. The Pennington and McKernan families have partnered together making their donations (the second largest gifts to U-High) to benefit the Future of Effective Education Capital Campaign at the University Laboratory School in the College of Education.

The Gymnasium and Multipurpose Facility provides a valuable assembly area, which can hold the entirety of the LSU Laboratory School's elementary, middle and high school student population at once. The school's athletic teams and various student organizations will also have space to compete and perform within the new facility.

The Irene W. and C. B. Pennington Foundation made a gift of \$750,000 and an additional pledge of \$250,000.

Claude and Sharon Pennington have made a personal gift of \$100,000

Jerry Joseph and Diane McKernan made a gift of \$500,000

There have been significant renovations and new construction thanks to these gifts to the capital campaign. Therefore it is the desire of the University Laboratory School and the College of Education that the Gymnasium and Multipurpose Facility be named in honor of the Pennington and McKernan families.

**2. Review of Business Plan**

Not applicable.

**3. Fiscal Impact**

Not applicable.

**4. Description of Competitive Process**

Not applicable

**5. Review of Legal Documents**

Not applicable



**6. Parties of Interest**

None

**7. Related Transactions**

None

**8. Conflicts of Interest**

None

**ATTACHMENTS:**

- Memorandum from Chancellor Michael Martin
- Email from Paul E. Hoffman, Chair of Naming University Facilities Committee
- Memorandum from Dean Laura Lindsay, College of Education

**RECOMMENDATION**

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

**"NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby approve naming the University Laboratory School's Gymnasium and Multipurpose Facility the "Pennington McKernan Gymnasium and Multipurpose Facility"."



RECEIVED

MAY 04 2011

LSU SYSTEM  
ROOM 124

Ray Lamonica

OFFICE OF THE  
PRESIDENT

MAY 04 2011

LSU SYSTEM

**MEMORANDUM**

*Office of the Chancellor*

To: John V. Lombardi  
President, LSU System

Date: April 28, 2011

From: Michael Martin  
Chancellor

Re: Pennington McKernan Gymnasium and Multipurpose Facility

The Committee on Naming University Facilities has recommended that the Gymnasium and Multipurpose Facility be named the Pennington McKernan Gymnasium and Multipurpose Facility in honor of both the Pennington and McKernan families who have been so generous to The University Laboratory School.

Enthusiastically I agree with their recommendation and request that in accordance with PS-70 you forward this proposal to the Board of Supervisors for inclusion on the June 2011 meeting agenda.

Attachments

cc: Dean Laura Lindsay  
Wade Smith, Principal University Laboratory School

RECEIVED

MAY 09 2011

PROPERTY & FACILITIES

## Bunnie R Cannon

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**From:** Paul E Hoffman  
**Sent:** Tuesday, April 26, 2011 5:11 PM  
**To:** Michael V Martin  
**Cc:** Bunnie R Cannon; Jane W Cassidy; Wade Smith  
**Subject:** Naming Proposal 2011-05, Pennington-McKernan Multipurpose Gym  
**Attachments:** 2011-05 U-High Pennington McKernan Gymnasium Naming Request.pdf

Dear Chancellor:

Attached please find a proposal from the LSU Lab School to name the new multipurpose gym in recognition of the Pennington Foundation and the McKernan family, whose generous donations have made the facility possible.

Your Naming University Facilities Committee has reviewed this proposal and recommends it for your approval and, should you do so, forwarding to the System President for his approval and presentation to the Board of Supervisors for their consideration.

You will note that this proposal, like the Olinde Career Center proposal (2001-01 Revised; forwarded 6 April 2011) involves a family name. The Committee believes that this does not violate PM-2 or the Revised State Statues but requests that you discuss that with Dr. Lombardi in as much as living individuals are involved, although not explicitly named. FYI, the length of the justification is to meet the need to show that several members of the McKernan family would qualify for a naming honor were this a proposal for any single individual. As you recall, PS-70 in its current and proposed form does not treat of family namings, but Ms. Cannon and I have created this standard ad-hoc in what we believe is the spirit of PS-70. We will make a formal proposal along those lines in due course.

Sincerely yours,

Paul E. Hoffman, Chair  
Naming University Facilities Committee

Paul W. and Nancy W. Murrill Distinguished Professor  
And Professor of History  
Department of History  
Louisiana State University  
Baton Rouge, LA 70803-3601  
Phone: 225-578-4459  
Fax: 225-578-4909



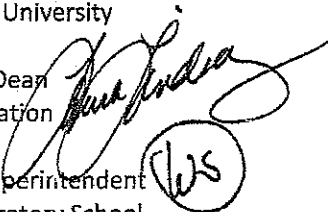
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**CAMPUS CORRESPONDENCE**

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Date: March 3, 2011

To: Mike Martin, Chancellor  
Louisiana State University

Thru: Laura Lindsay, Dean  
College of Education 

From: Wade Smith, Superintendent   
University Laboratory School

Subject: NAMING THE GYMNASIUM AND MULTIPURPOSE FACILITY

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The McKernan and Pennington families have partnered making their donations the second largest gifts to U-High. Their donations benefit the Future of Effective Education Capital Campaign at the University Laboratory School in the College of Education.

In honor of these two families and their generosity to the LSU Laboratory School, I am requesting that the Gymnasium and Multipurpose Facility be named:

**Pennington McKernan Gymnasium and Multipurpose Facility**

The Gymnasium and Multipurpose Facility provides a valuable assembly area, which can hold the entirety of the LSU Laboratory School's elementary, middle and high school student population at once. The school's athletic teams and various student organizations will also have space to compete and perform within the new facility.

- The Irene W. and C.B. Pennington Foundation made a gift of \$750,000
  - An additional pledge of \$250,000 was recently made
- Claude and Sharon Pennington have made a personal gift of \$100,000
- Jerry Joseph and Diane McKernan made a gift of \$500,000

As you are aware there have been significant renovations and new construction thanks to the many gifts to the Capital Campaign. We are pleased to inform you that we have exceeded our \$5,000,000 goal having raised \$6,494,354.08 in gifts and pledges.

The University Laboratory School, founded in 1915, moved to its current campus in 1953, with additions in the 1960's and 1970's. In the last few years the Lab School has witnessed a remarkable transformation of the physical facilities at U-High. Buildings that were untouched for 50 years have been renovated and new buildings are now in place to meet the growing demand for spots at the school. With the exception of the band and choir areas, the entire physical plant has been recently constructed or renovated, reflecting the Lab School's commitment to providing a quality learning environment commensurate with an excellent classroom experience. The band and choir rooms will soon be renovated, completing the upgrade of all facilities on campus. Meanwhile, plans are underway to construct restrooms and a concession stand at the Cub Complex, providing much needed improvements at the facility.

It is my understanding that this naming request will require your approval followed by approval from the LSU Board of Supervisors. I would greatly appreciate your support in this endeavor. Please contact me if you require further clarification, or if I can be of assistance throughout this process.

cc: Bunnie Cannon  
Mila Sexton



## **The Irene W. and C.B. Pennington Foundation**

In the 1920s, Claude B. "Doc" Pennington worked as a laborer in Louisiana's emerging oil and gas industry. He eventually became an optometrist, like his father, but returned to the field he loved once his father died.

In May, 1957, Doc and his only son, C.B. Pennington Jr., purchased Mount Pleasant Plantation located on 2,000 acres on the Mississippi River bank in northern East Baton Rouge Parish. In 1975, Chevron drilled a well near False River in Pointe Coupee Parish. Mount Pleasant was located right above an untapped stretch of oil that spanned through South Louisiana. After Chevron declined the ability to drill on his land, Doc approached Amoco who saw promise in the prospect. In 1977, Amoco drilled a well near the Georgia Pacific paper mill, north of the plantation. The well struck one of the largest oil and gas finds in Louisiana history.

Doc and his wife, Irene, shared their success with the communities that had been an important part of their lives. In 1980, they pledged \$125 million to Louisiana State University, which, at the time, was the second largest single gift to an institute of higher learning. The pledge was to be used for the construction of a nutrition research facility, now known as the Pennington Biomedical Research Center. The Center has become a well-renowned institution that conducts groundbreaking research in the areas of functional foods, obesity, nutrition and chronic diseases, and health and performance enhancement.

In 1982, Doc and Irene establish their private family foundation, the Irene W. and C.B. Pennington Foundation, to serve as trustee of their numerous generations. During their lives, Doc and Irene were noted philanthropists and volunteers. Family members, who serve as the foundation's core trustees, now gladly carry on the Pennington legacy of generosity.

As trustees of the foundation, Sharon and Claude B. Pennington, III have generously supported the Louisiana Capital Area Chapter of the American Red Cross, the Louisiana State Museum, the Louisiana Arts and Sciences Museum, and their daughter's school, LSU Laboratory School. In honor of Sharon and Claude's support, the Louisiana Capital Area Chapter of the American Red Cross has created the Pennington Award as part of their Heroes Campaign. Sharon was a member of the Louisiana State Museum Board of Directors and the Blue Ribbon Selection Committee in 2005 and a member of the 2009-2010 Louisiana Arts and Sciences Museum Board of Trustees.

The Irene W. and C.B. Pennington Foundation supports organizations in all stages of maturity and presence in the community. Much of the foundation's support is given to nonprofits and agencies that provide direct service to people in need and, within the past five years, has awarded more than \$21 million to these worthy organizations and agencies.

## **GRANT RECIPIENTS**

### *Arts and Humanities*

Arts Council of Greater Baton Rouge  
Ballet de la Louisiane  
Baton Rouge Symphony  
Beacon of Hope Resource Center  
Dumaine Street Foundation  
Greater New Orleans Foundation  
Knock Knock Children's Museum  
Louisiana Arts and Sciences Museum  
Louisiana Cultural Economy Foundation  
Louisiana Endowment for the Humanities  
Louisiana Library Foundation  
Louisiana Museum Foundation  
LSU Department of Communication Sciences  
LSU Laboratory for Creative Arts and Technologies  
Manship Theatre  
Shaw Center for the Arts, LLC  
Tipitina's Foundation  
Up With People

### *Community Development*

18<sup>th</sup> Judicial District Court  
Baton Rouge Area Chamber  
Baton Rouge Area Foundation  
BREC Foundation  
Capital Area Corporate Recycling Council  
City Year  
Clinton Police Department  
Clinton Volunteer Fire Department  
Desire Street Ministries  
East Baton Rouge Parish Library  
East Feliciana 5<sup>th</sup> Day Project, Inc.  
East Feliciana Parish Sheriff's Office  
Jackson Police Department  
Jackson Volunteer Fire Department  
Junior League of Baton Rouge, Inc  
Keep Louisiana Beautiful



Lakeshore Lions Club of Baton Rouge  
Louisiana Association of Nonprofit Organizations  
Louisiana Ballooning Foundation  
Louisiana Sheriff's Association  
Louisiana Society for the Prevention of Cruelty to Animals  
LSU Tiger Athletic Foundation  
Norwood Police Department  
Norwood Volunteer Fire Department  
Pointe Coupee Parish Multi Use Center  
Providence Corporate Cup  
Slaughter Police Department  
Slaughter Volunteer Fire Department  
Wilson Police Department

*Education*

Baton Rouge Epicurean Society  
Baton Rouge Speech and Hearing Foundation  
Career Compass of Louisiana  
Greater Baton Rouge Hope Academy  
Greater Baton Rouge Literacy Coalition  
Highland Elementary  
Literacy Works, Inc.  
Louisiana Resource Center for Educators  
LSU Laboratory School Foundation  
LSU Museum of Natural Sciences  
LSU Rural Life Museum  
LSU School of Social Work  
LSYOU  
Manners of the Heart Community Fund  
Silliman Institute  
Slaughter Elementary School  
St. Paul Community Outreach Foundation, Inc  
Teach for America – South Louisiana

*Environment*

American Saddlebred Horse Association  
Bob R. Jones Wildlife Research Institute  
Ducks Unlimited  
Louisiana Wildlife Federation, Inc  
Spay Baton Rouge Inc

*Human Services*

Big Buddy Program  
Boy Scouts of America – Istrouma Area Council, Inc  
Boys Hope Girls Hope of Baton Rouge, Inc  
Capital Area CASA Association  
Capital Area United Way  
Cenikor Foundation, Inc  
Family Service of Greater Baton Rouge  
Gulf Coast Housing Partnership  
Holiday Helpers, Inc of Baton Rouge  
Louisiana Assistive Technology Access Network  
Mission Heart, Inc  
Palmer Home for Children  
Prevent Child Abuse Louisiana  
Rape Crisis Center – East Baton Rouge District Attorney  
Set Free Indeed Ministry, Inc  
Share Our Strength  
Society of St. Vincent de Paul  
Special Olympics Louisiana  
The Arc of Baton Rouge  
The Salvation Army  
Upliftd/Women's Community Rehabilitation Center  
Volunteer Baton Rouge!  
West Baton Rouge Sheriff's Office  
West Feliciana Sheriff's Office  
YMCA of the Capital Area  
Youth Oasis

*Medical / Health*

American Cancer Society  
American Heart Association  
Baton Rouge General Foundation  
Cancer Services of Greater Baton Rouge  
Earl K. Long Foundation  
Health Care Centers in Schools  
LSU Student Health Center Wellness Education  
Mary Bird Perkins Cancer Center  
Muscular Dystrophy Association  
National Kidney Foundation of Louisiana

Our Lady of the Lake Foundation  
Pennington Biomedical Research Foundation  
Planned Parenthood of Louisiana and the Mississippi Delta  
Pointe Coupee Better Access Community Health  
St. Jude Children's Research Hospital  
The Children's Health Fund

*Religion*

Awana Clubs International  
St. Joseph's Cathedral  
The Sister Dulce Foundation

## **McKernan Family**

For nearly seventy years the McKernan Family has had an association with University High beginning with Mary-Evelyn Johnson McKernan Kinamore's enrollment in LSU's Laboratory School in the 1940's. Since then, eighteen members of the McKernan family have attended University High School. The family's longstanding relationship continues even today.

Mary-Evelyn graduated in 1955. She was an outstanding and active student having served in Y-Teens, Cubettes, Future Homemakers of America, Boosters, Campus Cub, Leadership Conference, and Dicens. Mary-Evelyn also played on the U-High Softball Team and served as Class Secretary/Treasurer. She remains involved with U-High today, volunteering and contributing annually to the Lab School's Annual Appeal, as well as to the school's first Capital Campaign.

Mary-Evelyn married Joseph Jerry McKernan and together they had five children. Four of their children graduated from University High – Jay McKernan '77, Mary Jane Scala '79, Jean Ann LeBlanc '83 and Gordon McKernan '84. Their children raised sixteen grandchildren, thirteen have attended and or attending the LSU Laboratory School. They are: Morgan Scala '08, Maggie LeBlanc '10, Taylor Scala '10, Kaitlyn McKernan, Riley McKernan, Lauren LeBlanc, Jo Jo McKernan, Hayden Scala, Meredith McKernan, Lilly LeBlanc, Charlotte McKernan, Julia LeBlanc and John Gordon McKernan.

In 1988, Jerry married Diane Lowe. Though neither attended University Laboratory School, Jerry and Diane McKernan have embraced and continued the longstanding legacy of McKernan family support.

Jerry graduated from LSU in 1959; in 1962 he graduated from Tulane University Law School. Jerry's relationship with University High School dates back almost fifty years, beginning with his first child and continuing today with his grandchildren. During this time, he has been committed to fostering the educational and athletic excellence of U-High, donating both his time and money to meet the needs of the school. He has served as President of the Dad's Club, on various coaching search committees, and has been active in raising money for the school.

In addition, Jerry has been very active in the Louisiana Trial Lawyers Association as well as the National Board of Trial Advocacy, where he has been an instructor and lecturer. Jerry has also served on the Board of Governors of the Association of Trial Lawyers of America, was named to the LSU University Hall of Distinction and served on the LSU Board of Supervisors.

The McKernan family has also supported numerous causes outside of LSU. They are avid supporters of the Mary Bird Perkins Cancer Center and are members of the Mary Bird Perkins Cancer Center Foundation's Anna B. Lipsey Legacy Builders, the LSU Law Center, the Baton Rouge Bar Association, the American Cancer Society, Baton Rouge General Health Systems, Tiger Athletic Foundation, LSU Foundation's Steele Burden Laureate Society, and Louisiana Public Broadcasting Visionary Society and the Catholic Church. The McKernan family believes that it is important to give back to its community. This giving back has taken on many forms – educational, religious, medical, arts and humanities, legal sports and others.

## **FUNDING RECIPIENTS**

### *Arts and Humanities*

Baton Rouge Symphony  
Community Fund for the Arts Campaign  
False River Riders Association  
Friends of the Baton Rouge Symphony

### *Community Development*

Aspen Foundation  
Baton Rouge Area Foundation  
Campus Outreach  
Cantor Fitzgerald Relief Fund  
Capitol Sertoma Club  
Delta Waterfowl  
Dreams Come True, Inc.  
Fore!Kids Foundation  
Friends of LPB  
Holiday Helpers Inc of Baton Rouge  
Karnival Krewe de Louisiane  
Mark Elliot Motley Fund  
Prevent Child Abuse Louisiana  
Projects With Purpose  
RocketKidz Foundation  
Southern Women Action Network  
St. Vincent de Paul  
The Dale Brown Foundation  
The LSF Foundation  
The Mission Foundation  
UTC/100 Black Men  
YMCA

### *Education*

Baton Rouge Speech and Hearing Foundation  
Boy Scouts of America  
CCA - Buck Gladden Memorial Fund  
Children's Scholarship Fund  
Jacob M. Dugas Foundation  
Jerry B. Blackstock Scholarship Fund  
Kids Under Construction  
LSU Foundation  
The LWV of BR Educational Foundation  
University Laboratory School Foundation  
WBRZ, Cane's & Office Depot - Stuff the Bus sponsor

### *Medical / Health*

American Bone Marrow Registry  
American Cancer Society

First Pentecostal Church of Franklin  
Jesus Name Church  
Life Tabernacle Church  
Ligonier Ministries  
LA District UPC Shepherds Celebration  
New Hope Church of God and Christ  
Newelton United Pentecostal Church  
Oakdale Apostolic Church  
Our Lady of Mercy Church  
Our Mother of Mercy Catholic Church  
Park Drive Pentecostal Church  
Pleasant Valley Baptist Church  
Praise Tabernacle Kentwood UPC  
Rubin B. Tatum Ministries, Inc.  
Shady Grove Baptist Church  
St. James Episcopal Church  
St. Jean Vianney Catholic Church  
TEAM 413-GRACERUNNER Ministries  
The Chapel on the Campus  
The Cornerstone Chapel  
United International Foundation, Inc.,  
The Way of Holiness Church

*Sports*

Baton Rouge Raiders  
Gonzales Boat Club  
K-Y Track Club  
Louisiana Dream Team  
LSU Athletic Department  
Southern University Athletic Department  
Special Olympics Louisiana  
The Sports Academy  
Tiger Athletic Foundation  
ULSF Athletics  
Co-Sponsor to the Louisiana Razorbacks - funded to Amateur American Union National  
Championship games in Orlando, FL 2010

*Community Associations*

Mary Bird Cancer Center Foundation  
Member, Anna B. Lipsey Legacy Builders  
  
Million Dollar Advocates Forum  
Member  
  
Louisiana Public Broadcasting  
Member, Visionary Society  
  
Louisiana State University Foundation

Member, Steele Burden Laureate Society

Louisiana State University Law Center

Member, Chancellor's Council

Member, National Alumni Board, 1999



## Office of Academic Affairs Consent Agenda

### ***REQUEST FOR REAUTHORIZATION OF THE HEARNE INSTITUTE FOR THEORETICAL PHYSICS AT LOUISIANA STATE UNIVERSITY***

**To: Members of the Board of Supervisors**

**Date: June 3, 2011**

#### **1. Significant Board Matter**

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

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

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

The Hearne Institute for Theoretical Physics was granted five-year approval by the Board of Regents on October 26, 2006. LSU is requesting reauthorization of the Institute for an additional five years.

##### Accomplishments of the Institute

In 1994 Horace Hearne left in his will funds for the endowment of two chairs in theoretical physics at LSU and requested that an Institute of Theoretical Physics be established, with the two chair positions serving as the anchors for the Institute. Dr. Jorge Pullin was hired in 2001 as the first Hearne Chair in Gravitational Physics. Dr. Jonathan Dowling joined LSU in 2004 as the second Hearne Chair in Quantum Technologies.

The Institute has successfully built upon the research programs of Professors Pullin and Dowling. They have undertaken common areas of research and the exploration of inter-disciplinary new topics that would not normally occur in the absence of the Institute. Examples of collaborative research include quantum gravity (the application of quantum mechanics to the gravitational field), precision science (the use of gravitational and quantum effects to synchronize GPS satellites), the use of advanced quantum optics techniques for the development of gravitational wave detectors (such as the LIGO project which has a site in Louisiana with ties to LSU). The two Hearne Chairs serve as the Co-Directors of the Institute and report to the Vice Chancellor for Research and Economic Development. Other faculty and post-doctoral fellows and graduate students also participate in the research conducted in the Institute. Currently, 15 LSU faculty members are associate members of the Institute. The faculty members are from the Departments of Physics and Astronomy, Computer Science, and Mathematics in the College of Science, the Department of Electrical Engineering in the College of Engineering, and the Center for Computation and Technologies. An additional five members are from other institutions and agencies including Texas A&M University, the



University of Queensland, the University of Massachusetts, the Beijing Computational Science Research Center, and MathSense Analytics, Inc.

The Institute has funding stemming from the endowment of the two chairs in the amount of approximately \$80,000 per year. Additionally, the two chaired professors typically have a high level of external funding, mostly from federal sources, averaging about \$1,200,000 per year. Their funding has supported significant scholarly research in theoretical physics. The total funding for grants to the core faculty for the past five years (2006 – 2010) was \$6,036,799. (A detailed statement of funding for the past five years is available in the complete five year report.)

In addition to securing grants and contracts totaling more than \$6 million, the faculty have made significant contributions to the research literature. Faculty members have published 241 journal articles and 3 book chapters. They have made numerous presentations at national and international conferences.

#### Future Research Funding Opportunities

The Hearne Institute will continue to foster the submission of proposals of interdisciplinary nature among the core researchers, in addition to regular funding streams for quantum technologies and gravity. Examples of such proposals include the IGERT program of the National Science Foundation for support of graduate students, the GANN program of the Department of Education for similar purposes, and the Physics Frontiers Centers of the National Science Foundation. Additional support has come from the US Department of Defense, the US Department of Energy, the Foundational Questions Institute, the US Office of the Director of National Intelligence, and various industry partners, including the Boeing Corporation, the Northrop-Grumman Corporation, and MathSense Analytics, Inc. Louisiana State support has been leveraged through five LINK travel grants, as well as student support including LaSTEM, HMMI, and Chancellor's Aid fellowship for numerous undergraduates and BOR and EDA grants for graduate students. Members of the Institute have participated in the National Science Foundation Research Experience for undergraduate grants that the Department of Physics and Astronomy and the Center for Computation and Technology were awarded.

### **3. Financial Note**

The core funding for the Institute supports the two endowed chairs. These funds are already secured and are independent of success in obtaining external funding from non-state funds.

**RECOMMENDATION:** The LSU System Office of Academic Affairs recommends approval of the following resolution:

***NOW, THEREFORE BE IT RESOLVED*** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the request from LSU for reauthorization of the Hearne Institute for Theoretical Physics for an additional five years, subject to approval by the Board of Regents.