I. Approval of Uniform Affiliation Agreement Template
II. Discussion on Board Office Resources
III. Preliminary Presidential Evaluation

The LSU Board of Supervisors and its Affiliated Organization Oversight Committee may go into executive session pursuant to La. R.S.42:17(A).
Uniform Affiliation Agreement

This Agreement is made and entered into on the ___ day of _________, 20___, between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (“University”) and _____________________________ (“Affiliate”).

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

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

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

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

1. Affiliate Purpose and Status

1.1 Affiliate’s purpose(s) shall be to ____________________. All actions taken by Affiliate shall be consistent with and in furtherance of its stated purpose(s), and such actions shall not conflict with the authority of the University. In order to prevent the unnecessary duplication of activities among LSU affiliates, any proposed material change in Affiliate’s authorized purpose(s) must be approved in advance and in writing by the President of LSU. Requests for approval of such changes in purpose shall be submitted to LSU’s Executive Vice President for Finance and Administration and CFO (“LSU Executive Vice President”).
1.2 Unless waived in writing, Affiliate shall provide at least 30 days advance written notice to the LSU Executive Vice President of any proposed material change in Affiliate’s Articles of Incorporation or Bylaws.

1.3 Affiliate has been formed as a private non-profit Louisiana organization, and has been recognized as and shall maintain its status as an organization exempt from taxation under Section 501(c) of the Internal Revenue Code.

1.4 Affiliate is a separate legal entity from University. Nothing in this Agreement shall be construed as to invalidate or restrict Affiliate’s private and independent legal status.

2. Governance

2.1 To ensure that Affiliate’s status as a private entity is recognized and maintained in accordance with La. R.S. 17:3390B, Affiliate shall meet the following criteria:

2.1.1 Affiliate shall be under the management and control of a board of directors ("Affiliate’s Board") elected by the members or shareholders of Affiliate.

2.1.2 A majority of the voting members of Affiliate’s Board shall consist of individuals who are not members or employees of a Louisiana higher education management board; and,

2.1.3 Affiliate shall reimburse, either directly or in-kind, the cost of housing, personnel, and other support furnished to Affiliate by any institution of higher education.

2.2 The President of the University, or his designee, and one member of the Board of Supervisors shall be a non-voting ex officio member of Affiliate’s Board and of the Executive Committee of such Board (or equivalent). Designation of the President of the University (or his designee) and a member of the Board of Supervisors as a non-voting ex officio member of Affiliate’s Board and Executive Committee is not intended to and shall not be deemed a waiver of the privileges and immunities granted Affiliate pursuant to La. R.S. 17:3390. To promote compliance with Affiliate’s policy on conflicts of interest, ensure that appropriate disclosures are made and facilitate an understanding of Affiliate’s business, the President of the University will provide Affiliate with reasonable advance notice identifying individuals designated to attend meetings in his place and will endeavor to utilize a single individual as his designee. The
Chair of the Board of Supervisors will provide notice of the Board of Supervisors member so
designated. (The Chair may but shall not be required to designate such a member if a current
member of the Board of Supervisors has been elected to serve as a full member of Affiliate’s
board.)

2.3 If the Affiliate is in primary support of a single campus or institution, the Chancellor or
equivalent shall, at a minimum, be given notice of and the ability to attend and participate as
a non-voting, *ex officio* member in meetings of the Affiliate’s Board and Executive Committee.

2.4 Members of the Board of Directors and the Executive Committee shall have reasonable access
to all books and records of Affiliate in accordance with its generally applicable confidentiality
and non-disclosure policies, provided that *ex officio* members who are “public servants,” as
defined in La. R.S. 42:1102(19), shall not have legal custody of Affiliate’s books and records.
Requests for access to books and records shall be made via written request directed to
Affiliate’s Chief Executive Officer.

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

3.1 Operate Affiliate for primary benefit of University in accordance with Affiliate’s Articles of
Incorporation and tax exempt purpose.

3.2 Support and promote the mission and activities of the University.

3.3 Affiliate shall establish and enforce policies to identify and manage potential conflicts of
interest and ensure that affiliates assets do not directly or indirectly unduly benefit any
individual or other person.

3.4 Solicit and accept things of value of all kinds consistent with applicable law.

3.5 Receive, hold, invest, administer, manage, distribute and provide good stewardship of gifts and
bequests in accordance with donor intent, applicable law and applicable University and
Affiliate policies and procedures.

3.6 Expend funds for the establishment and operation of Affiliate and for any reasonable expenses
incidental to the conduct of the affairs of Affiliate.

3.7 Within 120 days following the close of Affiliate’s fiscal year, unless an extension is granted by
the LSU Executive Vice President, submit the annual Affiliate Compliance Certificate (Exhibit A)
and materials referenced therein, to the LSU Executive Vice President.
3.8 Subject to any limitations imposed by contracts among the University and third-parties and applicable University policies, the Affiliate may be granted the right by LSU to utilize its “licensed marks” on a royalty free basis for its activities in support of LSU. Affiliate must adhere to the Louisiana State University Brand Identity.

4. General Duties and Responsibilities of University

4.1 Support and promote the purpose and activities of Affiliate and encourage the donation of private funds to Affiliate;

4.2 Avoid action that would undermine Affiliate’s status as a private entity, maintain the confidentiality of donor records and the private nature of Affiliate’s books and records to the extent allowed by law;

4.3 Accept funds made available by Affiliate, provide good stewardship of gifts once received by University and utilize funds received from Affiliate in a manner consistent with University’s mission, terms and conditions imposed by testators and donors, applicable law, this Agreement and University policy; and,

4.4 Make available to Affiliate, at University’s sole discretion, appropriate facilities, personnel, or other support pursuant to the provisions of La. R.S. 17:3390[B](3) and as otherwise permitted by law.

5. Records, Internal Controls and Funds Management

5.1 Recognizing the need to preserve the public trust and guard against the appearance of impropriety in its activities, Affiliate shall adopt, maintain, and enforce necessary and appropriate policies, procedures and internal controls, including policies on conflicts of interest, required for the conduct of its business in accordance with applicable law, the terms of this Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations.

5.2 The books and records of Affiliate shall be kept in accordance with customary and current accounting standards.

5.3 In connection with its annual financial audit, Affiliate shall: (a) provide its auditors with a copy of this Agreement including all exhibits, schedules, and other attachments; (b) provide its
auditors with access to all documents and other information relevant to this Agreement; (c) require Affiliate’s chief executive officer to represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate’s knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement; and, (d) should rotate audit partners at least every five years.

5.4 Affiliate shall separately engage an Independent Accountant (which may be the same firm conducting its financial statement audit) to perform various procedures necessary to issue an Agreed Upon Procedures report concerning various items included in the Annual Affiliate Compliance Certificate (Exhibit A). Specifically, the agreed upon procedures engagement will consist of the items included in Exhibit D.

5.5 Affiliate shall provide to the LSU Executive Vice President and LSU Office of Internal Audit within 120 days of the close of Affiliate’s fiscal year: (a) its audited financial statements; (b) its written findings related to the financial statement audit (if any), and (c) its Agreed Upon Procedures report. At the request of the LSU Office of Internal Audit, Affiliate and its independent auditors shall arrange to meet with representatives from the LSU Office of Internal Audit to review written findings and/or the Agreed Upon Procedures report.

5.6 Affiliate shall evaluate and, where appropriate, take corrective action to remedy material and substantial audit findings. Material and substantial audit findings which have not either been (a) resolved by management or, where appropriate, through corrective action within ninety (90) days following issuance of the annual audit, or (b) in cases where corrective action is appropriate, corrective action reasonably designed to resolve the issue has not been taken within ninety (90) days following issuance of the annual audit, shall be reported to the Board of Supervisors in writing.

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

6. Certain Disbursements and Other Transactions
6.1 All disbursements by Affiliate for administrative and operating expenses shall be in accordance with policies adopted by Affiliate’s Board and in accordance with its annual budget, as modified by policies and procedures adopted by Affiliate’s Board. Such policies shall provide for sound and prudent business practices, the payment or reimbursement of ordinary, necessary and reasonable business expenses, and shall address the content of this Agreement.

6.2 Affiliate shall not undertake the disbursements and transactions described on Exhibit B, other than transactions and disbursements involving operational and business management matters of Affiliate itself, without first obtaining a determination of acceptable University purpose from the appropriate University authority.

6.3 No donation requiring a determination of acceptable University purpose shall be publicized or otherwise disclosed by Affiliate prior to acceptance of any conditions or obligations by the University’s Board or President in accordance with University policies and procedures.

6.4 Requests for a determination of acceptable University purpose shall be submitted to the President or to the Board through the President as may be appropriate by the Chancellor (or equivalent) of the campus or institution for whose benefit the action is proposed, in accordance with the procedures set forth in Article VII, Section 9B of the Bylaws of University’s Board of Supervisors. Any submission shall include a specific recommendation from the Chancellor or equivalent demonstrating that the proposed transaction is in support of the University and its mission.

6.5 Absent exceptional circumstances and written approval by the Chancellor (or equivalent) and President (or designee), supplemental compensation or benefits to a University employee shall be paid through the University, not directly by Affiliate to the employee. For purposes of this section, supplemental compensation or benefits shall mean all compensation or benefits in addition to the base university compensation and benefits approved by the Board of Supervisors for duties performed by the employee for the University.

7. Prohibited Expenditures, Advisory Opinions
7.1 University, its employees and administrators shall not request the expenditure of funds and Affiliate shall not expend funds for any of the purposes described in section 2 of Exhibit C either directly or through reimbursement.

7.2 Where there is doubt about the reasonableness or validity of a proposed expenditure or transaction, or the procedure by which such expenditure or transaction should be reviewed, the Chancellor or equivalent, or legal counsel for Affiliate, shall seek an advisory opinion from the President, through the LSU Executive Vice President. Where appropriate, the President may refer the question to the Board of Supervisors for a decision. The President may adopt guidelines to facilitate the provisions of this sub-paragraph.

8. Management Agreements/Cooperative Endeavor Agreements

8.1 With the written consent of the LSU Executive Vice President, Affiliate may enter into one or more agreements ("Management Agreements") with other affiliates of University (that is, other non-profit organizations which are recognized pursuant to University policy) so that one affiliate will manage the funds of another affiliate. In such event, the affiliate which is agreeing to manage the funds of the other affiliate shall be known as the "Managing Affiliate," while the affiliate transferring the funds shall be known as the "Managed Affiliate."

8.2 Unless otherwise specifically provided for in the Management Agreement, where Affiliate enters into a Management Agreement with an organization that has executed an Affiliation Agreement with University, Affiliate shall have no internal control or audit responsibilities with respect to the Managed Affiliate; provided, however, that Affiliate shall cooperate with the Managed Affiliate’s management and auditors with respect to such matters.

8.3 Where Affiliate enters into a Management Agreement with an organization that has not executed an Affiliation Agreement with University, such Management Agreements shall:

8.3.1 Require that the Managing Affiliate comply with all applicable terms and conditions of this Agreement in its capacity as an agent of the Managed Affiliate; and

8.3.2 Require that the funds and transactions of the Managed Affiliate be included in either (a) an annual audit conducted pursuant to section 5.2 or reviewed and reported annually in accordance with other agreed upon procedures approved by University or, (b) if Affiliate is exempt from annual audit requirements pursuant to
La. R.S. 17:3390, an exemption certificate and a sworn financial statement are prepared and filed in accordance with La. R.S. 17:3390D(3)(a)-(c).

8.4 Where Affiliate is organized for more than a single purpose, Affiliate will enter into a Memorandum of Understanding, Cooperative Endeavor Agreement, or other written agreement outlining the structure or details of each specific transaction or collaboration. Such agreement will clearly describe the obligations of Affiliate, University and any other parties, where necessary, and state the net public benefit to the University from such transaction or collaboration.

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

9. Term and Termination

9.1 This Agreement revises and replaces previous Affiliation Agreements between University and Affiliate. It shall take effect on the date first written above, and shall continue for a period of one year. Thereafter, it shall be automatically renewed and extended for additional one year periods unless Affiliate gives notice to terminate pursuant to the provisions of section 9.2, or University gives notice to terminate pursuant to the provisions of section 9.3. The provisions of this section 9 shall survive any such termination.

9.2 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, Affiliate may terminate this Agreement without cause by providing written notice to the University no less than six (6) months prior to the effective date of the termination.
Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, University may terminate this Agreement for cause in the event (i) Affiliate commits a material and substantial violation of the terms of this Agreement, (ii) Affiliate fails to cure violations of this Agreement after being provided with at least 30 days notice of such violations, (iii) Affiliate engages in or negligently allows: (a) any substantial misuse of Affiliate’s funds, or (b) any fraudulent or other illegal activity, (iv) a transfer of the campus, institution or program supported by Affiliate to another higher education management board should occur, (v) elimination or modification of programs offered by University such that Affiliate is no longer able to achieve its purpose(s), or (vi) the occurrence of any other event or circumstance which, in the sole judgment of the University, constitutes cause.

Upon termination of this Agreement, Affiliate shall:

9.4.1 Cease to use the University’s name to solicit donations or for any other purpose and shall not in any way represent to alumni, contributors, and the general public that said Affiliate is affiliated with the University or any of the colleges, schools, departments, and divisions comprising it;

9.4.2 Unless otherwise directed in writing by the University or unless otherwise required pursuant to the terms of applicable law, immediately return to University all public funds which Affiliate holds as a depository pursuant to the provisions of section 5.5;

9.4.3 Unless otherwise directed in writing by the University, immediately return to the University (or, as requested by the University, deposit in another Affiliate) all private gifts, donations, or other funds raised in the name of or for direct support of the University that have not been encumbered, pledged or used to secure any indebtedness.

9.4.4 Terminate any Management Agreements entered into with other University affiliates in accordance with the terms of Section 8 of this Agreement and immediately return any managed funds to the appropriate Managed Affiliate(s);
9.4.4 Provide an accounting to University of all funds, public or private, held by Affiliate within 120 days of notice of termination unless extended in writing by mutual agreement; and,

9.4.5 Subject to the exceptions provided for in sections 9.4.2 and 9.4.6 of this Agreement and to the extent consistent with the rights of creditors, applicable law and prudent financial management practices relating to unliquidated, contingent and future liabilities, transfer to University or at the University’s sole discretion, and subject to applicable law, to another non-profit entity affiliated with University, all private funds and assets to be used as nearly as practicable in accordance with the express terms of written acts of donation, testaments, pledges and similar instruments, donor intent, Affiliate’s purposes and applicable law. This sub-paragraph shall not prejudice any properly approved, valid, and enforceable financing agreements executed by Affiliate.

9.4.6 If the Affiliate’s purpose is in primary support of a single campus or institution, and the necessity for termination of this Agreement results from the transfer of the supported campus or institution to another public higher education management board or affiliated nonprofit organization (“Transferee Institution”), to the extent consistent with applicable law and prudent financial management practices, the applicable provisions of any legislation authorizing transfer of the supported campus or institution and compliance with sections 9.4.1 – 9.4.3 of this Agreement, Affiliate may convey to the Transferee Institution all private funds (other than managed funds) and other assets to be used as nearly as practicable in accordance with the express terms of written acts of donation, testaments, pledges and similar instruments, donor intent, Affiliate’s purposes and applicable law. In the event that funds and assets are conveyed to a Transferee Institution pursuant to the terms of this Section 9.4.6, the Transferee Institution and Affiliate shall agree to indemnify, defend and hold harmless University, its members, employees and agents from and against any and all claims and liabilities associated with or in any way arising out of University’s association with Affiliate, Affiliate’s actions or inactions (whether past, present or future) and conveyance of Affiliate’s assets to the Transferee Institution.

10. Notices, Entire Agreement, Venue
10.1 Unless otherwise provided herein, whenever any notice or demand is required or permitted under this agreement, such notice or demand shall be given in writing and delivered in person or by certified mail to the University, addressed to its President at 3810 West Lakeshore Drive, Baton Rouge, LA, and to Affiliate at the address shown above. Unless otherwise provided herein, such advance notice requirements and time periods designated for the performance of specific acts may be extended or waived, in writing, by the LSU Executive Vice President.

10.2 This Agreement, including Exhibits A, B, and C to this Agreement, constitutes the entire agreement between the parties and shall not be amended except in writing signed by the President of University and a duly authorized officer of Affiliate. This Agreement is not intended to and does not create any rights in third parties.

10.3 The parties anticipate that they will enter into separate agreements for specific projects. Where there is a conflict between the terms of this Agreement and the terms of any separate agreement, the terms of the separate agreement shall control.

10.4 This Agreement is entered into, and any action arising from this Agreement shall be brought in, East Baton Rouge Parish, Louisiana.

THUS DONE AND SIGNED this ___ day of ______________, 20___, by the undersigned duly authorized representatives.

For Affiliate: For University:

By: ____________________________ By: ____________________________

Name: Name:

Title: Title:
EXHIBIT A TO UNIFORM AFFILIATION AGREEMENT

ANNUAL AFFILIATE COMPLIANCE CERTIFICATE

October 31, 20____

LSU Board of Supervisors
Attn: _____________________
Baton Rouge, Louisiana

Re: ______________________ (“Organization”)
Annual Compliance Certificate

Dear Sirs:

As the Chief Executive Officer of _________________, I am writing to confirm that after making reasonable and appropriate inquiries, to the best of my knowledge, information and belief, the following information is true and correct as of the date of this letter:

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

   OR

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

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

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

4. A complete list of all “managed organizations” as defined in the Uniform Affiliation Agreement, managed by the Organization is attached to this certificate as Schedule “2”;

5. A current list of the Organization’s officers and directors is attached to this certificate as Schedule “3”;

6. A copy of the Organization’s Articles of Incorporation and Bylaws are on file with and copies of any proposed amendments have been provided to the Executive Vice President;

7. The Organization is registered as a Louisiana nonprofit entity and it remains exempt from taxation in accordance with Sections __________ of the Internal Revenue Code;

8. The Organization has taken all necessary action, including any filings required by the Louisiana Secretary of State and other authorities, to maintain its corporate existence and its tax exempt status;

9. A preliminary list showing the type of any housing, personnel, and other support provided to Affiliate by University during the previous fiscal year pursuant to the provisions of La. R.S. 17:3390(B)(3), including (i) amount and location of any space or facilities provided, (ii) number of personnel provided, and (iii) a listing of the type of any other services provided to Affiliate by University is attached to this certificate as Schedule “4”;

10. As detailed in Schedule “5” to this certificate, during the previous fiscal year, (i) the total amount paid in cash to University as direct reimbursement for housing, personnel and other support was $__________, and (ii) the total dollar value of all property provided to the University together with all expenditures made in support of the University (exclusive of costs for personnel employed solely by and for the benefit of Affiliate, facilities occupied solely by Affiliate and other Affiliate overhead and administrative costs), which amount shall
be considered "in-kind" reimbursement for purposes of La. R.S. 17:3390(b)(3), was
$__________;

11. The Organization maintains and enforces a policy on conflicts of interest as well as other
   policies procedures and internal controls required for the conduct of its business in
   accordance with applicable law, the terms of the Affiliation Agreement, applicable
   University policies and procedures and best practices for similar nonprofit organizations;

12. Except as specifically provided for under the circumstances described in Sections 6 and 7 of
   the Uniform Affiliation Agreement or previously disclosed in writing to the Executive Vice
   President, the Organization has not engaged in any prohibited transactions or made any
   prohibited expenditures over the last fiscal year;

13. Except as previously disclosed in writing to the Board of Supervisors, the Organization
   resolved all material and substantial audit findings within 90 days of the issuance of its
   annual audit in accordance with Uniform Affiliation Agreement Section 5.4;

14. The Organization has provided a copy of its current Affiliation Agreement and access to all
   documents and other information relevant to the Affiliation Agreement to its independent
   auditors, if applicable, for use in the evaluation of our internal controls and determining our
   compliance with the Affiliation Agreement in connection with transactions reviewed by the
   auditors in the course of their work. The Organization has represented to its auditors that
   except to the extent disclosed in writing, to the best of Affiliate’s knowledge, information
   and belief, Affiliate has complied with all applicable provisions of the Affiliation Agreement;
   and,

15. A copy of the Agreed Upon Procedures report described in Section 5.4 and Exhibit D was
   provided to your office by letter dated ________________.

   Sincerely,

   ________________________________

   Name:
   Title:

A-3
Schedule 1 to Annual Affiliate Compliance Certificate

List of Corporate Affiliates and Subsidiaries and Purposes of Such Entities

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<th>Name of Entity</th>
<th>Type of Entity and Purpose</th>
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Schedule 2 to Annual Affiliate Compliance Certificate

List of “Managed Organizations”

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<th>Name of Entity</th>
<th>Type of Entity and Purpose</th>
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Schedule 3 to Annual Affiliate Compliance Certificate

List of “Affiliate’s Officers and Directors”

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Schedule 4 to Annual Affiliate Compliance Certificate

List of Housing, Personnel, and Other Support Provided to Affiliate by University
Schedule 5 to Annual Affiliate Compliance Certificate

List of Support Provided by Affiliate to the University
EXHIBIT B TO UNIFORM AFFILIATION AGREEMENT

TRANSACTIONS REQUIRING A DETERMINATION OF APPROPRIATE UNIVERSITY PURPOSE

1. Unless involving operational and business management matters of Affiliate itself, Affiliate shall not undertake the following transactions and disbursements without first obtaining a determination of acceptable University purpose by the President or his designee unless (i) approval by the University’s Board is required by the Board’s by-laws or applicable law, or (ii) the President, in the exercise of his discretion determines that consideration of the matter at issue by the University’s Board is appropriate:

   A. Knowingly accepting any donation which either: contains a condition or imposes or purports to impose an obligation on the University, the fulfillment of which would require the University to undertake actions not previously taken or approvals not previously granted by the University in accordance with applicable policies and procedures without an express written provision indicating that the acceptance by Affiliate is conditioned on the acceptance of the conditions or obligations by the University’s Board or President in accordance with University policies and procedures and the terms of this Agreement;

   B. Accepting any donation of immovable property intended to be (a) retained by the Affiliate, rather than liquidated within a reasonable period of time, or (b) leased or otherwise occupied by a component of the University;

   C. Purchasing any immovable property with a fair market value of $500,000 or more, except property which will serve as the primary location of Affiliate’s administrative offices; provided that this shall not prohibit decisions by Affiliate’s Board relating to reasonable and prudent investments for the Affiliate’s benefit;

   D. Selling, donating, or otherwise transferring any immovable property which was acquired for use by the University, without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;

   E. Leasing any immovable property, facility, or portion of a facility which is expected to be occupied by the University for a period of one year or longer without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;

   F. Entering into any cooperative endeavor or similar agreement with any public or quasi-public entity; and,
G. Creating a legal entity as a subsidiary or component of Affiliate without providing at least thirty (30) days advance written notice, which notice period may be waived by the LSU Executive Vice President, to the LSU Executive Vice President. If any such legal entities are created, affiliate shall either: (i) if available, present the financial activities of each such subsidiary in discrete schedules attached to Affiliate’s financial statements, or (ii) if such discrete schedules are not available, provide University with copies of the tax returns of each such subsidiary.

2. The following disbursements and transactions require approval in accordance with policies and procedures mutually agreed to by University and Affiliate:

A. Reasonable moving expenses and reasonable relocation expenses of a University employee covered by PM 13; and,

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

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

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

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

   A. Solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business), unless approved in accordance with section 2 of Exhibit B and section 6.3 of the Agreement;
   B. For any fines, penalties, or forfeitures of a University employee;
   C. For any gift which is represented to be personally from a University employee in his or her personal capacity;
   D. For political contributions, including payments to political action committees;
   E. For any expense or reimbursement which would create, under all the circumstances, a reasonable conclusion that the expenditure is either (i) lavish or extravagant, or (ii) the benefit to the individual University employee outweighs the benefit to the University;
   F. Where payment of the expenditure would violate the Louisiana Code of Ethics;

¹ The concept of “reasonable reliance” as applied to Affiliate’s review of requests for expenditures submitted by the University or University personnel permits Affiliate to rely on an implied representation that such requests are consistent with University policies and procedures and the terms of this Agreement, except where, for example: (a) Affiliate has knowledge of facts indicating that representations implied in the request are not accurate, or (b) necessary documentation has not been submitted to support the request, or (c) documentation submitted in connection with the request is incomplete, inconsistent or inaccurate on its face.
G. For any purpose other than as authorized in the Agreement or through written amendment or clarification of this Agreement signed by both Affiliate and the President of University, except on the specific written recommendation of the Chancellor or equivalent (for himself/herself and those under his/her supervision) and specific written approval of the President;

H. For any purpose which is not consistent with Affiliate’s tax exempt mission and the purpose(s) stated in section 1.1 of the Agreement.

I. Any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.
Independent Accountants retained by Affiliates will issue an Agreed Upon Procedures report regarding findings based on the following:

1. Confirm that Affiliate maintains a written policy regarding the handling and resolution of audit findings, audit exceptions, and any misuse of funds by observing a copy of such policy.

2. Confirm that Affiliate’s governing board has established and implemented policies governing conflicts of interest by observing a copy of such policy.

3. Obtain an understanding of the internal controls in place over cash disbursements and expenditures for the period in question. On a sample of items, inspect written evidence of the internal controls and support for each transaction to determine if Affiliate has designed and implemented procedures related to the following UAA provisions:

   - Supplemental compensation or benefits, as defined in section 6.5 of the UAA paid directly to a University employee has written approval by the Chancellor or equivalent and the President of LSU (“President”).

   - Payments made to or on behalf of University employees for travel, moving, relocation, entertainment, educational benefits, and other reimbursements have been approved by the employee’s dean, vice chancellor, or other equivalent administrative official approval in accordance with policies and procedures mutually agreed to by University and Affiliate.
• Payments for moving and relocation expenses of University employees covered by PM 13 have been approved in accordance with policies and procedures mutually agreed to by University and Affiliate.

• Payments have not been made for expenses that are solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business) unless approved in accordance with Section 2 of Exhibit B and Section 6.3 of the UAA.

• Fines, forfeitures or penalties of University employees have not been paid by the Affiliate.

• Gifts represented to be personally from a University employee in his or her personal capacity have not been made by the Affiliate nor has any University employee been reimbursed for the purchase of such a gift.

• Political contributions which are prohibited by applicable Internal Revenue Service Regulations or state law have not been made or reimbursed.

• Funds have not been disbursed in connection with contracts (or other agreements including employment agreements) between the Affiliate and a University employee unless recommended by the Chancellor (or equivalent) and approved by the LSU President or the Board of Supervisors.

• Funds have been not disbursed for any purpose which is not consistent with Affiliate’s tax-exempt mission and the purpose(s) stated in section 1.1 of the UAA.

• Funds have not been disbursed for any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as
amended.

The sample size will be mutually determined by the Affiliate and University prior to the engagement.

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