

**INDEX OF CLOSING DOCUMENTS  
FOR AN ISSUE OF**

**\$5,545,000**

**Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

**\$2,490,000**

**Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B**

**Delivered: March 14, 2007**

**KEY TO ABBREVIATIONS:**

<b>Bonds:</b>	<b>Above-captioned Bonds</b>
<b>Issuer:</b>	<b>Louisiana Local Government Environmental Facilities &amp; Community Development Authority</b>
<b>Issuer Counsel:</b>	<b>Casten &amp; Pearce, A.P.L.C.</b>
<b>Corporation:</b>	<b>University Facilities, Inc.</b>
<b>Corporation Counsel:</b>	<b>Seale &amp; Ross, P.L.C.</b>
<b>Board:</b>	<b>Board of Supervisors for the University of Louisiana System</b>
<b>University:</b>	<b>Southeastern Louisiana University</b>
<b>Financial Advisor to the University:</b>	<b>Sisung Securities Corporation</b>
<b>Board Counsel:</b>	<b>Decuir, Clark &amp; Adams, L.L.P.</b>
<b>Bond Counsel:</b>	<b>Jones, Walker, Waechter, Poitevent, Carrère &amp; Denègre, L.L.P.</b>
<b>Underwriter:</b>	<b>Morgan Keegan &amp; Company, Inc.</b>
<b>Underwriter Counsel:</b>	<b>McGlinchey Stafford PLLC</b>
<b>Trustee:</b>	<b>The Bank of New York Trust Company, N.A.</b>
<b>Trustee Counsel:</b>	<b>McGlinchey Stafford PLLC</b>
<b>Bond Insurer:</b>	<b>MBIA Insurance Corporation</b>
<b>Bond Insurer Counsel:</b>	<b>Kutak Rock LLP</b>
<b>Design/Build Team:</b>	<b>Brice Building/Fauntleroy &amp; Latham Architects</b>

**I. BASIC FINANCING AND SALE DOCUMENTS**

1. Transcript Certificate
2. Trust Indenture by and between the Issuer and the Trustee dated as of March 1, 2007
3. Loan Agreement by and between the Issuer and the Corporation, dated as of March 1, 2007
4. First Amendment to Ground and Buildings Lease Agreement by and between the Board, as Lessor, and the Corporation, as Lessee, dated as of March 1, 2007
5. Assignment of Agreements and Documents by the Corporation in favor of the Trustee dated as of March 1, 2007, including proof of recordation
6. First Amendment to Agreement to Lease with Option to Purchase by and between the Corporation, as Lessor, and the Board, as Lessee, dated as of March 1, 2007
7.
  - a. Preliminary Official Statement dated February 26, 2007
  - b. 15c2-12 Certificates of the Issuer, the Board and the Corporation
8. Bond Purchase Agreement by and among the Issuer, the Corporation and the Underwriter, dated March 5, 2007
9. Official Statement dated March 5, 2007
10. Tax Regulatory Agreement and Arbitrage Certificate by and among the Board, the Issuer, the Trustee and the Corporation dated March 14, 2007
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12. Reimbursement and Indemnity Agreement between the Bond Insurer, the Issuer and the Corporation

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14.
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  - b. Affidavit of publication and tearsheet evidencing publication of (a) above
15.
  - a. Certified Copy of Resolution adopted by the Issuer on May 13, 2004, providing for the sale of the Bonds
  - b. Affidavit of publication and tearsheet evidencing publication of (a) above
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  - a. Certified Copy of Resolution adopted by the Issuer on October 12, 2006, providing for the sale of the Bonds
  - c. Affidavit of publication and tearsheet evidencing publication of (a) above

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**CERTIFICATE AS TO AUTHENTICITY OF PROCEEDINGS  
DOCUMENTS, INSTRUMENTS AND WRITINGS CONTAINED  
IN THE TRANSCRIPT OF RECORD PERTAINING TO**

\$5,545,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

I, the undersigned Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), do hereby certify that the proceedings, documents, instruments and writings hereinafter contained in this transcript of record are true and correct copies or duplicate originals and constitute all proceedings of the Issuer and other proofs in relation thereto with respect to the issuance, sale and delivery of the captioned bond issue.

The undersigned has hereunto set his signature and affixed the seal of the Issuer this 14th day of March, 2007.

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

BY:   
Steve A. Dicharry  
Executive Director

[SEAL]

**EXECUTION COPY**

**TRUST INDENTURE**

by and between

**Louisiana Local Government Environmental Facilities and  
Community Development Authority**

and

The Bank of New York Trust Company, N.A.  
(as Trustee)

Dated as of March 1, 2007

in connection with:

\$5,545,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
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University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

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**EXHIBIT B - FORM OF PROJECT FUND REQUISITION**

**EXHIBIT C - FORM OF REPLACEMENT FUND REQUISITION**

## TRUST INDENTURE

This Trust Indenture dated as of March 1, 2007 (together with any amendments hereto, the "**Indenture**"), is between the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana (the "**Issuer**"), and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in the City of Jacksonville, Florida and duly authorized to accept and execute trusts, as trustee (the "**Trustee**").

### WITNESSETH:

WHEREAS, the Issuer is a political subdivision established for public purposes under and pursuant to the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 to 4548.16, inclusive) (the "**Act**") and other constitutional and statutory authority; and

WHEREAS, the Act empowers the Issuer to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act; and

WHEREAS, the Board of Supervisors for the University of Louisiana System (the "**Board**") is a body corporate created pursuant to the provisions of Article VIII, §6(A) of the Constitution of the State of Louisiana of 1974 and authorized pursuant to La. R.S. 17:3217; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the Issuer is authorized to issue revenue bonds and loan the funds derived from the sale thereof to the Corporation for the purpose of allowing the Corporation to finance renovation, development and construction of additional student housing and related facilities, including parking facilities and all furnishings, fixtures and facilities incidental or necessary in connection therewith for University Facilities, Inc. (the "**Corporation**"), to be located on the campus of Southeastern Louisiana University (the "**University**") in Tangipahoa Parish, Hammond, Louisiana, and to be leased back to the Board acting on behalf of the University; and

WHEREAS, the Corporation is a nonprofit corporation organized and existing under the laws of the State of Louisiana (the "**State**") for the benefit of the University and is empowered to consummate the transactions contemplated hereunder and to do all acts and exercise all powers and assume all obligations necessary or incident thereto; and

WHEREAS, the Corporation has requested that the Issuer issue \$5,545,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "**Series 2007A Bonds**") and \$2,490,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "**Series 2007B Bonds**" and, with the Series 2007A Bonds, the "**Series 2007**

**Bonds**" or the "**Bonds**"), the proceeds of the sale of such Bonds to be loaned to the Corporation pursuant to the Loan Agreement dated as of the date hereof (the "**Agreement**") for the purpose of (i) developing and constructing the Phase Four Facilities as defined herein, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds; and

WHEREAS, the Issuer is authorized under the provisions of the Act and other constitutional and statutory authority to issue the Bonds for such purposes and the Issuer has determined that it is most advantageous to the Issuer and necessary for it to issue its revenue bonds as hereinafter provided for such purposes; and

WHEREAS, pursuant to the Agreement, the Corporation will assign its rights under that certain Agreement to Lease with Option to Purchase, as amended, (the "**Facilities Lease**") pursuant to Part II of which Facilities Lease (the "**Phase Four Facilities Lease**") the Corporation, as Lessor, leases the Phase Four Facilities and the Stadium Expansion to the Board, as Lessee, including its right to all Phase Four Rental (as defined in the Phase Four Facilities Lease) received thereunder, to the Issuer, and agrees to make payments in an amount sufficient to make timely payments of principal of, premium, if any, and interest on the Bonds and to pay such other amounts as are required by the Agreement; and

WHEREAS, MBIA Insurance Corporation (the "**Bond Insurer**") will issue its financial guaranty insurance policies unconditionally and irrevocably guaranteeing the full and complete payment of the principal of and interest on the Bonds as such payments shall become due but shall be unpaid; and

WHEREAS, the fully registered Series 2007 Bonds and the certificate of authentication by the Trustee to be endorsed thereon with respect to the Series 2007 Bonds are to be in substantially the form attached as **Exhibit A-1**, in the case of the Series 2007A Bonds, and **Exhibit A-2**, in the case of the Series 2007B Bonds, hereto with all necessary and appropriate variations, omissions and insertions as permitted or required under this Indenture; and

WHEREAS, the Series 2007 Bonds will bear interest at a fixed rate to the maturity thereof in accordance with the terms of this Indenture; and

WHEREAS, all acts, conditions and things required by the laws of the State to happen, exist and be performed precedent to and in the execution and delivery of this Indenture have happened, exist and have been performed as so required in order to make this Indenture a valid and binding agreement in accordance with its terms; and

WHEREAS, the execution and delivery of this Indenture have been duly authorized by the Issuer and the Trustee; and

WHEREAS, each of the parties hereto represents that it is fully authorized to enter into and perform and fulfill the obligations imposed upon it under this Indenture and the parties are now prepared to execute and deliver this Indenture;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Issuer and the Trustee hereby covenant and agree as follows:

## ARTICLE I

### DEFINITIONS AND RULES OF CONSTRUCTION

**Section 1.1 Definitions.** All capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the preamble hereto or in the Agreement. In addition to words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings, unless some other meaning is plainly intended:

**"Act"** means Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended, (La. R.S. 33:4548.1 to 4548.16, inclusive), and all future acts supplemental thereto and amendatory thereof.

**"Additional Phase Four Bonds"** means bonds, if any, issued in one or more series on parity with the Series 2007 Bonds and which are payable from the Phase Four Lawfully Available Funds.

**"Agreement"** means the Loan Agreement dated as of March 1, 2007, between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

**"Annual Debt Service"** means the amount required to pay all principal of and interest on a series of Bonds, any Additional Phase Four Bonds, and any Additional Phase Four Debt (as defined in the Phase Four Facilities Lease), as applicable, in any Fiscal Year.

**"Architect"** means the architect, engineer, or consultant selected and retained by the Board to inspect the Phase Four Facilities and Stadium Expansion on behalf of the Board.

**"Assignment of Agreements and Documents"** means the Assignment of Agreements and Documents dated as of March 1, 2007, by the Corporation in favor of the Trustee.

**"Authorized Corporation Representative"** means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice Chairman of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

**"Authorized Denomination"** with respect to all Series 2007 Bonds means \$5,000 or any integral multiple thereof.

**"Authorized Issuer Representative"** means the person(s) at the time designated to act under the Agreement and this Indenture on behalf of the Issuer by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person(s) and signed on behalf of the Issuer by the Chairman, Vice Chairman or Executive Director of the Issuer. Such certificate may designate an alternate or alternates.

**"Auxiliary Revenues"** means the amount of all funds or revenues held by the University derived by Auxiliary Enterprises and any earnings thereof from the self generated fees, rates, charges or income received by students, faculty or the public in connection with the utilization or operation of Auxiliary Enterprises after payment of any Auxiliary Enterprises expenses. The Auxiliary Enterprises of the University include the following, subject to modification from time to time: 1) student service fees for the operation of the University's Textbook Rental, ID Card Services, Student Health Center and Student Union 2) certain commissions received from Food Service contractors, Retail Bookstore operations and Vending operations and 3) the sales of copying services. Auxiliary Revenues shall not include student fees specifically assessed by the University to service any outstanding obligations or any capital funds received by outside contractors required to make building improvements for their delivery of services.

**"Beneficial Owner"** means, so long as a book-entry system of registration is in effect pursuant to Section 3.13 hereof, the actual purchaser of the Bonds.

**"Board"** means the Board of Supervisors for the University of Louisiana System or its legal successor as the management board of the University, acting on behalf of the University.

**"Board Representative"** means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under this Indenture; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Assistant Vice President for Facilities Planning, or his or her designee, or any other representative designated by resolution of the Board, of whom the Issuer and the Trustee have been notified in writing.

**"Bond Counsel Opinion"** means an opinion of an attorney or firm of attorneys of recognized standing with respect to tax-exempt obligations of municipal, state and public agencies, selected by the Issuer.

**"Bond Documents"** has the meaning set forth in Section 8.1 of this Indenture.

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

**"Bond Insurance Policies"** means the financial guaranty insurance policies issued by the Bond Insurer that unconditionally and irrevocably guarantees the full and complete payment of the principal of and interest on the Bonds as such payments shall become due but shall be unpaid.

**"Bond Insurer"** means MBIA Insurance Corporation, or any successor thereto.

**"Bond Proceeds Fund"** means the fund of that name created under this Indenture.

**"Bond Register"** means, when used with respect to the Bonds, the registration books maintained by the Trustee pursuant to Section 3.8 of this Indenture.



**"Bonds"** means the Series 2007A Bonds and the Series 2007B Bonds.

**"Bond Year"** means the twelve (12) month period beginning on February 1 of each calendar year and ending on January 31 of the immediately succeeding calendar year.

**"Business Day"** means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

**"Closing Date"** means the date on which the Series 2007 Bonds are delivered and payment therefor is received by the Issuer.

**"Code"** means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

**"Construction Contract"** means the Design/Build Contract by and between the Corporation and Brice Building/Fauntleroy & Latham Architects for the construction of the Phase Four Facilities and the Stadium Expansion.

**"Corporation"** means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

**"Costs of Issuance"** means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale, and issuance of the Series 2007 Bonds including, but not limited to, publication costs, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Issuer, or any other fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, and any other cost, charge, or fee in connection with the original sale and issuance of the Series 2007 Bonds, including the premiums payable for the Bond Insurance Policies.

**"Costs of Issuance Account"** means the account so designated which is established pursuant to this Indenture.

**"Costs of the Phase Four Facilities"** means those costs incurred by the Corporation in connection with the development and construction of Phase Four Facilities, as set forth in Section 4.13 of this Indenture.

**"Debt Service Fund"** means the fund of that name created under this Indenture.

**"Debt Service Reserve Fund"** means the fund of that name created under this Indenture.

**"Debt Service Reserve Fund Investment"** means an irrevocable letter of credit issued by a bank or surety bond issued by an insurance company meeting the requirements of Section 4.18 hereof.

**"Debt Service Reserve Fund Requirement,"** with respect to the Phase Four Bonds, at the time of determination, (i) means the least of (a) ten percent (10%) of the stated principal amount thereof (less any original issue discount that exceeds a *de minimis* amount), (b) one hundred twenty-five percent (125%) of the average Annual Debt Service thereon from the date of calculation to the final maturity thereof, (c) the Maximum Annual Debt Service thereon, or (d) such lesser sum as shall be required by the Code and the Regulations to ensure the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes; and (ii) means the sum of the Debt Service Reserve Fund Requirements for each series of Bonds Outstanding; provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Bonds subject to mandatory sinking fund redemption pursuant to this Indenture and similar provisions in any supplemental indenture, by the principal amount of Bonds to be redeemed by mandatory sinking fund redemption in such Bond Year.

**"Defeasance Obligations"** means noncallable direct obligations of the United States of America (including direct obligations of the United States of America which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities) or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

**"DTC" or "Securities Depository"** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depositories appointed pursuant to this Indenture.

**"Event of Default"** has the meaning ascribed to it in section 7.2 of this Indenture.

**"Facilities Lease"** means that certain Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by the First Amendment to the Agreement to Lease with Option to Purchase, dated March 1, 2007, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby certain facilities are leased by the Corporation to the Board, on behalf of the University, as further amended.

**"Fiscal Year"** means any period of twelve consecutive months adopted by the Corporation as its fiscal year for financial reporting purposes, presently the period beginning on July 1 and ending on June 30 of the following year.

**"Fitch"** means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of Fitch are specified in this Indenture, such categories shall be irrespective of gradations within a category.

**"Ground Lease"** means that certain Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by the First Amendment to the Ground and Buildings Lease Agreement, dated March 1, 2007, by and between the Corporation, as Lessee, and the Board, as Lessor, whereby the Land upon which certain facilities shall be constructed and/or renovated and such facilities, as completed are leased by the Board to the Corporation, as further amended.

**"Indenture"** means this Trust Indenture dated as of March 1, 2007 between the Issuer and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the provisions hereof.

**"Interest Account"** means the Interest Account within the Debt Service Fund created pursuant to Article IV of this Indenture.

**"Interest Rate"** means the rate of interest on the Series 2007 Bonds determined in the manner provided in this Indenture.

**"Issuer"** means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act, or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon by the Issuer by said provisions shall be given by law.

**"Maximum Annual Debt Service,"** with respect to a series of Bonds issued hereunder, means the maximum Annual Debt Service thereon in the then current Bond Year or in any future Bond Year, whether at maturity or subject to mandatory sinking fund redemption.

**"Moody's"** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of Moody's are specified in this Indenture, such categories shall be irrespective of gradations within a category.

**"Outstanding"** or **"outstanding,"** when used with reference to Bonds, means all Bonds which have been authenticated and issued under this Indenture except:

- (a) Bonds canceled by the Trustee pursuant to this Indenture;
- (b) Bonds for the payment of which moneys or Defeasance Obligations shall be held in trust for their payment by the Trustee as provided in the defeasance provisions of this Indenture;
- (c) Bonds which have been duly called for redemption and for which the redemption price thereof is held in trust by the Trustee as provided in this Indenture;
- (d) Bonds in exchange for which other Bonds shall have been authenticated and delivered by the Trustee as provided in this Indenture; and

(e) for all purposes regarding consents and approvals or directions of Bondholders under the Agreement or this Indenture, Bonds held by or for the Issuer, the Corporation or any person controlling, controlled by or under common control with either of them.

**"ORM"** means the Office of Risk Management of the State.

**"Participant"** means any broker-dealer, bank and other financial institution from time to time for which DTC holds Bonds as securities depository.

**"Payment Default"** means a default by the Issuer in the due and punctual payment of any installment of interest on any of the Outstanding Bonds or (ii) a default by the Issuer in the due and punctual payment of the principal or premium, if any, of any of the Outstanding Bonds at their maturity or upon mandatory sinking fund redemption; which in any case, is followed by the failure of the Bond Insurer to honor a properly submitted claim for such amounts in accordance with the Bond Insurance Policy.

**"Payments"** means the amounts of repayments under the Agreement with respect to the Bonds to be made by the Corporation as provided in Article IV of the Agreement.

**"Permitted Investments"** means any of the following securities to the extent permitted under State law:

- A. Direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
  1. U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership.
  2. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
  3. Federal Financing Bank
  4. Federal Housing Administration Debentures (FHA)
  5. General Services Administration  
Participation certificates

6. Government National Mortgage Association (GNMA or Ginnie Mae)  
GNMA – guaranteed mortgage – backed bonds  
GNMA – guaranteed pass-through obligations  
(not acceptable for certain cash-flow sensitive issues.)
  
  7. U.S. Maritime Administration  
Guaranteed Title XI financing
  
  8. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
News Communities Debentures – U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds – U.S. government guaranteed  
public housing notes and bonds.
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the non-full faith and credit U.S. government agencies (stripped securities re only permitted if they have been stripped by the agency itself):
1. Federal Home Loan Bank System  
Senior debt obligations
  
  2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")  
Participation Certificates  
Senior debt obligations
  
  3. Federal National Mortgage Association (FNMA or "Fannie Mae")  
Mortgage-backed securities and senior debt obligations
  
  4. Resolution Funding Corporation (REFCORP) obligations
  
  5. Farm Credit System  
Consolidated systemwide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.
- E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
- F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

- G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA (Investment Agreement criteria is available upon request).
- H. Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1+" or better by S&P.
- I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.
- J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A" by S&P.
- K. Repurchase agreements for 30 days or less must follow the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to MBIA (criteria available upon request)

Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm
  - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Ratings Group and Moody's Investor Services, or
  - b. Banks rated "A" or above by Standard & Poor's Ratings Group and Moody's Investor Services.
2. The written repo contract must include the following:
  - a. Securities which are acceptable for transfer are:
    - (1) Direct U.S. governments, or
    - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
  - b. The term of the repo may be up to 30 days

c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

d. Valuation of Collateral

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

(a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

a. Repo meets guidelines under state law for legal investment of public funds.

**"Phase Four Additional Rental"** means the amounts specified as such in the Phase Four Facilities Lease.

**"Phase Four Base Rental"** means the amounts referred to as such in Section 6(b) of the Phase Four Facilities Lease (as such amounts may be adjusted from time to time in accordance with the terms thereof) but does not include Phase Four Additional Rental.

**"Phase Four Bonds"** shall mean, collectively, the Series 2007 Bonds and any Additional Phase Four Bonds.

**"Phase Four Expropriation"** shall have the meaning set forth in the Phase Four Facilities Lease.

**"Phase Four Facilities"** means parking and related facilities described in **Exhibit A** to the Agreement, as amended and supplemented in accordance with the provisions of the Agreement, which Exhibit A to the Agreement does not include the Stadium Expansion.

**"Phase Four Facilities Lease"** means Part II of the Facilities Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms thereof, which Part II of the Facilities Lease covers the Stadium Expansion as well as the Phase Four Facilities.

**"Phase Four Ground Lease"** means Part II of the Ground Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in

accordance with the terms thereof, which Part II of the Ground Lease covers the land on which the Stadium Expansion is being constructed as well as the land on which the Phase Four Facilities are being constructed.

**"Phase Four Interest Payment Date"** or **"interest payment date,"** means each February 1 and August 1, commencing August 1, 2007.

**"Phase Four Land"** means the real property and improvements thereon more particularly described on **Exhibit A-1** attached to the Ground Lease upon which the Phase Four Facilities are to be renovated, constructed and located.

**"Phase Four Lawfully Available Funds"** means the Auxiliary Revenues and the Student Fee Revenues, as designated by the Board in its budget process to make Phase Four Rental payments.

**"Phase Four Rental"** means and includes the Phase Four Base Rental and Phase Four Additional Rental.

**"Principal Account"** means the Principal Account within the Debt Service Fund created pursuant to Article IV of this Indenture.

**"Principal Payment Date"** when used with respect to the Bonds means each February 1, commencing February 1, 2008.

**"Project Fund"** means the fund of that name created under this Indenture.

**"Rating Agency,"** at any point in time, means any nationally recognized securities rating agency or service then rating the Bonds (collectively, the "Rating Agencies").

**"Rebate Amount"** means any amounts required to be paid to the Rebate Fund pursuant to the Tax Regulatory Agreement.

**"Rebate Fund"** means the fund of that name created under this Indenture.

**"Receipts Fund"** means the fund of that name created under this Indenture.

**"Record Date,"** means the fifteenth (15<sup>th</sup>) day of the month preceding each Phase Four Interest Payment Date.

**"Reimbursement Agreement"** means the Reimbursement and Indemnity Agreement dated as of March 1, 2007, between the Corporation and the Bond Insurer.

**"Replacement Fund"** means the fund of that name created under this Indenture.

**"Replacement Fund Requirement"** means one-half of one percent (1/2%) of the funds available for construction under the Construction Contract as calculated by the University, or



such lesser annual amount as is permitted by the Board of Regents and approved by the Bond Insurer.

**"S&P"** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of S&P are specified in this Indenture, such categories shall be irrespective of gradations within a category.

**"Stadium Expansion"** means the Football Stadium Improvements described in Exhibit A-1 to the Facilities Lease, as amended and supplemented in accordance with the provisions of the Phase Four Agreement, which improvements are not being financed with Bond proceeds.

**"State"** means the State of Louisiana.

**"Student Fee"** means the student parking garage fee assessed on all University students for the planning, building and maintaining of a University parking garage, which shall be subject to annual designation by the Board in its budget process. The referendum for the fee of \$20.00 per semester and \$10.00 each summer was voted on and passed by students at the University on October 24-26, 2005.

**"Student Fee Revenues"** means the amount of all funds or revenues held by the University derived by the Student Fee.

**"Tax Regulatory Agreement"** means the Tax Regulatory Agreement and Arbitrage Certificate dated March 14, 2007 by and among the Issuer, the Corporation, the Board and the Trustee.

**"Trust Estate"** means all the property assigned by the Issuer to the Trustee pursuant to this Indenture as security for the Bonds.

**"Trustee"** means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under this Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of this Indenture, initially The Bank of New York Trust Company, N.A.

**"University"** means Southeastern Louisiana University in Hammond, Louisiana.

**"University Representative"** means the Person or Persons designated by the University in writing to serve as the University's representative hereunder; the University Representative shall be the Vice President for Administration and Finance of the University, or any other representative designated by the President of the University, of whom the Issuer and the Trustee have been notified in writing.

**"Value,"** with respect to Permitted Investments, means (i) as to investments, the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investment so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investment by any two (2) nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) with respect to certificates of deposit and bankers' acceptances, means the face amount thereof, plus accrued interest; (iv) with respect to guaranteed investment contracts that permit the Corporation to withdraw amounts invested thereunder at any time without penalty for which repayment obligation the other party thereto has pledged collateral acceptable to the Bond Insurer, the amount available to be withdrawn therefrom; and (v) with respect to any investment not specified above, means the value thereof established by prior agreement among the Bond Insurer, the Trustee, and the Corporation.

**Section 1.2 Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

Unless the context shall otherwise indicate, the word "person" shall include the plural as well as the singular number, and "person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Provisions calling for the redemption of Bonds or the calling of Bonds for redemption do not mean or include the payment of Bonds at their stated maturity or maturities.

All references in this Indenture to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Indenture. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

**ARTICLE II**  
**GRANTING CLAUSES**

**Section 2.1 Granting Clauses.** In consideration of the acceptance by the Trustee of the trusts and duties set forth in this Indenture on behalf of the owners of all Bonds issued and secured hereunder; of the purchase and acceptance of the Bonds issued and secured by this Indenture by the owners thereof; of the payment of the purchase price of the Bonds to the Trustee for application as provided hereinafter; and in order to secure the payment of any and all Bonds at any time outstanding hereunder, and of the issuance of the Bond Insurance Policies according to the tenor and effect thereof and the premium and interest thereon, the payment of all costs, fees and charges specified herein, and the payment of all other sums if any, from time to time due to the owners of all Bonds secured hereunder and to the Trustee or its successors and assigns, or to others, according to the intent and meaning of all such Bonds and this Indenture, up to a maximum amount of \$8,035,000 and for the purpose of securing the performance and observance by the Issuer of all the covenants and conditions herein contained, the Issuer does hereby TRANSFER, ASSIGN AND DELIVER TO AND IN FAVOR OF the Trustee, and its successor or successors in trust, for the benefit of the owners of all Bonds secured hereunder, its interest in the following described properties, rights, interests and benefits which are collectively called the "**Trust Estate**":

All right, title and interest of the Issuer in, to and under the Agreement (except for rights relating to exculpation, indemnification and payment of expenses thereunder), all payments, proceeds, revenues, income, receipts, issues, benefits and other moneys received or derived by the Issuer under the Agreement including, without limitation, the Payments to be paid by the Corporation to the Trustee for the account of the Issuer pursuant to Section 4.2 of the Agreement;

Any right, title and interest of the Issuer in, to and under the Phase Four Facilities Lease and any leases (other than the Phase Four Facilities Lease), subleases and use agreements or other similar agreements relating to the Phase Four Facilities (including any and all extensions, renewals, amendments, modifications and supplements thereof or thereto), all revenues received by the Corporation and assigned by the Corporation to the Issuer under the Agreement, the Phase Four Lawfully Available Funds, all proceeds of insurance (including rental interruption insurance, if any) received or receivable by the Corporation, on behalf of the Board, as a result of any damage to or destruction of the Phase Four Facilities, or any part thereof, under the power of eminent domain and all amounts received or receivable by the Corporation, on behalf of the Board, as compensation for the transfer of the Phase Four Facilities, or any part thereof, in lieu of a taking or use of the Phase Four Facilities, under the powers of eminent domain, but only to the extent that such proceeds, award or compensation is not used for the restoration, repair or reconstruction of the Phase Four Facilities to which such proceeds, award or compensation is attributable, all amounts received or receivable by the Corporation, on behalf of the Board, from the sale of the Phase Four Facilities, or any part thereof, all amounts collected under payment and performance bonds, if any, maintained with respect to the Phase Four Facilities, and any and all additional revenues, income, receipts and other payments (including, without limitation,

grants, donations, gifts and appropriations received from any private or public source) which hereafter are received by the Corporation, on behalf of the Board, for or relating to the Phase Four Facilities or which hereafter may be assigned by the Corporation pursuant to the Agreement;

All cash, moneys, securities and investments which may at any time and from time to time, pursuant to the provisions of this Indenture, be paid to the Trustee or be in the hands of the Trustee, except for moneys in the Rebate Fund and except as the interest of said Trustee in such cash, moneys, securities and investments may otherwise appear in this Indenture, provided, however, that nothing in this Indenture shall be construed to affect any property held by the Trustee in any capacity other than as Trustee hereunder; and

To the extent not covered by the clauses above, all proceeds of any and all of the foregoing.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successor or successors and assigns forever; in trust, nevertheless subject to the terms and conditions and trusts herein set forth, for the equal benefit, security and protection of all and singular the present and future owners of all of the Bonds issued under and secured by this Indenture, without preference, priority or distinction as to lien or otherwise, except as may otherwise be provided herein, of any one Bond over any other Bond or of principal over interest or interest over principal, and the Bond Insurer, all as herein provided, and for the uses and purposes, and upon the terms, agreements and conditions set forth herein.

The Trust Estate assigned hereunder is also assigned to secure the payment of any and all sums which the Trustee may expend or become obligated to expend (including but not limited to court costs and attorneys' fees) to preserve and protect any of the Trust Estate or to cure any default of the Corporation under the Agreement or arising out of any such default or incident of delay in payment of sums and the performance of obligations thereunder, or in pursuing or exercising any right, rights, remedy or remedies consequent upon the default of the Corporation thereunder.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide for the payment pursuant to the provisions of this Indenture, the principal of the Bonds, premium, if any, and the interest due or to become due thereon, at the times and in the manner set forth in the Bonds and this Indenture, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and agreements as provided in and pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such performance and payments this Indenture and the rights created hereby shall cease, terminate and be void as provided in Article XI hereof; otherwise this Indenture shall be and remain in full force and effect.

The Issuer hereby covenants and agrees with, and does hereby covenant unto the Trustee, that it has good right and lawful authority to transfer and assign the Trust Estate to the extent and in the manner herein provided; that the Issuer will not suffer any lien or encumbrance to exist upon the Trust Estate, or any part thereof, superior to the security or lien to accrue or be created under this Indenture; or do or suffer any act or thing whereby the security hereof may be diminished or impaired; and the Issuer further does covenant, and by these presents hereby covenants and agrees to defend or cause to be defended forever the title to each and every part of said Trust Estate against the claims and demands of all persons whomsoever.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of said Trust Estate hereby conveyed, transferred, assigned, confirmed, pledged and encumbered is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective owners, from time to time, of the Bonds, or any part thereof as follows:

**ARTICLE III**

**AUTHORIZATION, TERMS AND CONDITIONS OF BONDS**

**Section 3.1 Bonds Issuable Under this Article Only; Additional Phase Four Bonds.** (a) No Additional Phase Four Bonds may be issued under the provisions of this Indenture except in accordance with the provisions of this Article.

(b) No bonds, notes or other obligations secured by Phase Four Lawfully Available Funds may be issued except as Additional Phase Four Bonds. Additional Phase Four Bonds may be issued which will be on a parity with the Bonds only as and to the extent authorized and described in this Indenture, provided that, at the time of issuance thereof, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing. The issuance of Additional Phase Four Bonds is permitted as follows:

- (A) Additional Phase Four Bonds may be issued with the prior approval of the Bond Insurer but without the need for prior approval of the Bondholders.
- (B) Bonds issued to refund the Phase Four Bonds in their entirety may be issued without the need for prior approval of the Bondholders or the Bond Insurer.

**Section 3.2 Authorization of Bonds; Dates, Maturities, and Interest Rates for the Bonds.** (a) There is hereby authorized and issued under this Indenture \$5,545,000 aggregate principal amount of bonds to be known as "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Phase Four Parking Project) Series 2007A" and \$2,490,000 aggregate principal amount of bonds to be known as "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B. Both Series of Bonds are to be issued for the purpose of (i) developing and constructing the Phase Four Facilities, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

(b) (i) The Series 2007A Bonds shall be issued in the aggregate principal amount of \$5,545,000, will be dated the date of delivery shall mature on February 1 of the years and in the principal amounts and bear interest rates as set forth below, subject to earlier redemption as set forth herein. Interest on the Series 2007A Bonds shall be payable on each Phase Four Interest Payment Date commencing August 1, 2007.

**Series 2007A Bonds**

<b><u>Maturity</u></b> <b><u>(February 1)</u></b>	<b><u>Principal Amount</u></b>
2008	\$ 165,000
2009	145,000
2010	150,000
2011	155,000
2012	160,000

2013	170,000
2014	175,000
2015	185,000
2016	190,000
2017	200,000
2027	2,515,000
2031	1,335,000

(ii) The Series 2007B Bonds shall be issued in the aggregate principal amount of \$2,490,000 will be dated the date of delivery, shall mature on February 1 of the years and in the principal amounts and bear interest rates as set forth below, subject to earlier redemption as set forth herein. Interest on the Series 2007B Bonds shall be payable on each Phase Four Interest Payment Date commencing on August 1, 2007.

**Series 2007B Bonds**

<b><u>Maturity</u></b> <b><u>(February 1)</u></b>	<b><u>Principal Amount</u></b>
2037	\$ 2,490,000

(c) The Series 2007A Bonds shall be numbered consecutively from RA-1 upward and the Series 2007B Bonds shall be numbered consecutively from RB-1 upward, or in such other manner as the Issuer, with the concurrence of the Trustee, shall determine, and may have such additional number designations as shall be necessary to differentiate each series.

(d) The principal of, and premium, if any, of the Bonds shall be payable to the registered owners thereof upon surrender of the Bonds at the principal corporate trust office of the Trustee. The interest on the Bonds, when due and payable, shall be paid by check or draft mailed by the Trustee on such due date to each person in whose name a Bond is registered, at the address(es) as they appear on the Bond Register maintained by the Trustee at the close of business on the applicable Record Date irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such Phase Four Interest Payment Date, unless the Issuer shall default in payment of interest due on such Phase Four Interest Payment Date, provided that the owners of \$1,000,000 or more in aggregate principal amount of Bonds may request payment by wire transfer if such owners have requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of any such default, such defaulted interest shall be payable on a payment date established by the Trustee to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owners of the Bonds not less than fifteen (15) days preceding such special record date. Payment as aforesaid shall be made in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts.

**Section 3.3 Form of Bonds.** The Series 2007A Bonds issued under this Indenture shall be substantially in the form set forth in **Exhibit A-1** attached hereto and made a part hereof with such appropriate variations, additions, omissions and insertions as are permitted or required by this Indenture. The Series 2007B Bonds issued under this Indenture shall be substantially in the form set forth in **Exhibit A-2** attached hereto and made a part hereof with such appropriate variations, additions, omissions and insertions as are permitted or required by this Indenture. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto. All Bonds may bear identifying CUSIP numbers, but any failure to include such numbers or any error in any CUSIP number so included shall not in any way affect the validity of the Bonds.

**Section 3.4 Redemption of Bonds**

(a) **Optional Redemption.** The Series 2007A Bonds maturing on and after February 1, 2018, will be subject to redemption prior to maturity, at the option of the Issuer, upon written direction from the Board Representative, on or after February 1, 2017, as a whole or in part at any time and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2007B Bonds maturing on and after February 1, 2010, will be subject to redemption prior to maturity, at the option of the Issuer, upon written direction from the Board Representative, on or after February 1, 2009, as a whole or in part on any Phase Four Interest Payment Date and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

(b) **Extraordinary Redemption** The Series 2007 Bonds will be subject to redemption in part at the option of the Issuer, upon written direction from the Board Representative, on any Phase Four Interest Payment Date from amounts transferred by the Trustee from the 2007 Account of the Project Fund to the Series 2007 Principal Account of the Debt Service Fund upon completion of construction of the Phase Four Facilities in accordance with this Indenture, the Series 2007 Bonds to be redeemed to be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption.

(c) **Mandatory Redemption.** If the Board shall purchase the Corporation's leasehold interest in the Phase Four Facilities pursuant to the provisions of the Phase Four Facilities Lease, the Series 2007 Bonds will be redeemed as a whole on the later of (a) February 1, 2017, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2007 Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2007 Bonds will be redeemed as a whole or in part (in any Authorized Denomination) on the first Phase Four Interest Payment Date at least thirty (30) days after the



Trustee receives notice that insurance proceeds, or proceeds derived as a result of Phase Four Expropriation proceedings with respect to the Phase Four Facilities will not be applied to restoration, repair, or reconstruction of the Phase Four Facilities at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds or Phase Four Expropriation proceeds not used for restoration, repair, or reconstruction. If the amount of any insurance proceeds or Phase Four Expropriation proceeds to be applied in redemption of the Series 2007 Bonds is not an Authorized Denomination, the principal amount of Series 2007 Bonds to be so redeemed will be decreased to the next lower Authorized Denomination.

(d) **Mandatory Sinking Fund Redemption**. The Series 2007A Bonds maturing on February 1, 2027 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date as follows:

**Series 2007A Bonds  
\$2,515,000 Term Bonds due February 1, 2027**

<b><u>Maturity (February 1)</u></b>	<b><u>Principal Amount</u></b>
2018	\$210,000
2019	215,000
2020	225,000
2021	235,000
2022	245,000
2023	255,000
2024	265,000
2025	275,000
2026	290,000
2027*	300,000

\*Final Maturity

The Series 2007A Bonds maturing on February 1, 2031 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007A Bonds  
\$1,335,000 Term Bonds due February 1, 2031**

<b><u>Maturity (February 1)</u></b>	<b><u>Principal Amount</u></b>
2028	\$315,000

2029	325,000
2030	340,000
2031*	355,000

\*Final Maturity

The Series 2007B Bonds maturing on February 1, 2037 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007B Bonds**  
**\$2,490,000 Term Bonds due February 1, 2037**

<u>Maturity</u> <u>(February 1)</u>	<u>Principal Amount</u>
2032	\$370,000
2033	390,000
2034	405,000
2035	425,000
2036	440,000
2037*	460,000

\*Final Maturity

If on any occasion less than all of the Series 2007 Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described above under the subheadings "Optional Redemption" or "Mandatory Redemption," then the principal amount of the Series 2007 Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

(e) **Partial Redemption of Series 2007 Bonds.** Unless otherwise specified above, if fewer than all of the Series 2007 Bonds are redeemed, the maturity of the Series 2007 Bonds to be redeemed will be designated by the Corporation on behalf of the Board and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, that the portion of any Series 2007 Bond to be redeemed will be in the principal amount of an Authorized Denomination. If a portion of a Series 2007 Bond is redeemed, a new Series 2007 Bond in a principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

(f) **Notice of Redemption.** In the case of a redemption, at least thirty (30) days prior to any date fixed for redemption of Series 2007 Bonds, the Trustee will be required to cause notice of redemption, signed by an authorized officer of the Trustee, to be mailed, postage prepaid to all Bondholders of record owning Series 2007 Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register. Any defect in mailing of any notice will not affect the validity of the proceedings for such redemption. Each notice will be required to set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2007 Bonds then outstanding shall be called for redemption, the numbers of such Series 2007 Bonds to be redeemed and, in the case of Series 2007 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case of partial redemption, the notice will be required to state that on and after the redemption date, upon surrender of such Series 2007 Bond, a new Series 2007 Bond in principal amount equal to the unredeemed portion will be issued.

Any notice of redemption may, at the direction of the Issuer upon the written request of the Board, state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of sufficient and legally available funds to pay the redemption price of the Series 2007 Bonds to be redeemed and that if such funds are not so received or are not so legally available such notice shall be of no force or effect and such Series 2007 Bonds will not be required to be redeemed. In the event that such notice contains such a condition and sufficient funds to pay the redemption price of such Series 2007 Bonds shall not be received by the Trustee on or prior to the redemption date, the redemption will not be made and the Trustee will be required, within a reasonable time thereafter, to give notice, in the manner in which the notice of redemption shall have been given, that such funds were not so received.

On the redemption date, notice thereof having been given and money for payment of the redemption price being held in the Debt Service Fund in trust for the owners of the Series 2007 Bonds to be redeemed, the Series 2007 Bonds so called for redemption will become due and payable at the redemption price on such date, interest on the Series 2007 Bonds called for redemption will cease to accrue, such Series 2007 Bonds will cease to be entitled to any benefit or security under this Indenture, and the owners will have no rights in respect thereof except to receive payment of the redemption price, and, in the case of a partial redemption, to receive a new Series 2007 Bond for any unredeemed portion of any Series 2007 Bonds.

Series 2007 Bonds and portions thereof duly called for redemption, or with respect to which irrevocable instructions for redemption shall have been given to the Trustee, and for the payment of the redemption price for which moneys, or Defeasance Obligations, shall be held by the Trustee in a segregated account for the owners of the Series 2007 Bonds to be redeemed, will not thereafter be deemed to be outstanding under the provisions of this Indenture and shall cease to be entitled to any security or benefit under this Indenture, other than to receive payment from such moneys.

**Section 3.5 Execution; Limitation of Liability.** The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signatures of the Chairman, the Vice Chairman, the Executive Director or Assistant Secretary of the Issuer, and shall have impressed or imprinted thereon the official seal of the Issuer or a facsimile thereof. The Bonds, together with

interest and premium, if any, thereon, shall not constitute a debt of the State or any political subdivision thereof. The Bonds, together with interest thereon, shall be limited obligations of the Issuer and shall be secured by and payable solely out of revenues derived from the Payments made pursuant to the Agreement and Trust Estate pledged hereunder. The Issuer shall not be obligated to pay the principal of the Bonds or the interest or premium, if any, thereon or other costs incidental thereto except from payments made pursuant to the Agreement. In case any officer of the Issuer whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. THE BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THIS INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

The State, through the Division of Administration, is not, at any time whatsoever, obligated, committed or required to provide funds by legislative appropriation or any other means to pay debt service on the Series 2007 Bonds or to support the continued operation and maintenance of the Phase Four Facilities, it being understood that the lease payments payable by the Board under the Phase Four Facilities Lease are payable solely from Student Fees and Auxiliary Revenues and the Board is not legally committed, obligated or required to make available any other funds to make the lease payments thereunder.

**Section 3.6 Authentication.** No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until a certificate of authentication substantially in the form set forth in **Exhibits A-1 and A-2** attached hereto and made a part hereof shall have been duly executed by a duly authorized representative of the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized representative of the Trustee, but it shall not be necessary that the same representative sign the certificate of authentication on all of the Bonds issued hereunder.

**Section 3.7 Mutilated, Lost, Stolen or Destroyed Bonds.** In the event any outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Issuer may execute and, upon its request, the Trustee may authenticate a new Bond of the same principal amount and of like tenor as the mutilated, lost or stolen or destroyed Bond; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the

Issuer and the Trustee evidence of such loss, theft or destruction in form satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a substitute Bond the Issuer may authorize the payment of the same. The Issuer and the Trustee may charge the owner of such Bond with their reasonable fees and expenses in this connection. Any Bond issued under the provisions of this Section 3.7 in lieu of any Bond alleged to be destroyed, lost or stolen shall constitute an original additional contractual obligation on the part of the Issuer, whether or not the Bond so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture together with all other Bonds in substitution for which such Bonds were issued.

**Section 3.8 Registration of Bonds.** The Trustee shall be the bond registrar for the Bonds. So long as any of the Bonds shall remain outstanding, there shall be maintained and kept for the Issuer, at the principal corporate trust office of the Trustee, the Bond Register for the registration and transfer of the Bonds and, upon presentation thereof for such purpose at said office, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Bond.

Each Bond shall be transferable only upon the Bond Register at the principal corporate trust office of the Trustee at the written request of the registered owner thereof or his legal representative duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his legal representative duly authorized in writing. Upon the transfer of any such Bond, the Trustee shall issue in the name of the transferee, in authorized denominations, one or more Bonds of the same aggregate principal amount as the surrendered Bonds.

**Section 3.9 Persons Treated as Owners.** The Issuer and the Trustee may, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on any Bond and for all other purposes, deem and treat the person in whose name such Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether or not such Bond is overdue, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

Payment made to the person deemed to be the owner of any Bond for the purpose of such payment in accordance with the provisions of this Section 3.9 shall be valid and effectual, to the extent of the sum or sums so paid, to satisfy and discharge the liability upon such Bond in respect of which such payment was made.

**Section 3.10 Exchange and Transfer of Bonds.** As long as any of the Bonds remain outstanding, there shall be permitted the exchange of Bonds at the principal corporate trust office of the Trustee. Any Bond or Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Bonds, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The Trustee shall not be required to register the transfer or exchange of (a) any Bonds during the fifteen (15) day period next preceding the selection of Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Bonds selected for redemption, or (b) any Bonds selected, called or being called for redemption in whole or in part, except in the case of any Bond to be redeemed in part, the portion thereof not so to be redeemed.

**Section 3.11 Cancellation and Destruction of Surrendered Bonds.** Upon the surrender to the Trustee of any temporary or mutilated Bonds, or Bonds transferred or exchanged for other Bonds, or Bonds paid at maturity by the Issuer, the same shall forthwith be canceled and destroyed by the Trustee, and the Trustee, upon the request of the Issuer, shall deliver its certificate of such destruction to the Issuer.

**Section 3.12 Delivery of the Series 2007 Bonds.** Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Series 2007 Bonds and deliver them to the purchasers thereof as shall be directed by the Issuer as hereinafter in this Section provided.

Prior to or simultaneously with the delivery by the Trustee of the Series 2007 Bonds, there shall be filed with the Trustee:

(a) A copy, duly certified by the Secretary/Treasurer of the Issuer, of the resolution or resolutions adopted by the Issuer authorizing the execution and delivery of this Indenture and the Agreement, and all other instruments contemplated thereby and the authorization, issuance, sale and delivery of the Series 2007 Bonds;

(b) A copy, duly certified by an Authorized Corporation Representative, of the resolution or resolutions of the Corporation authorizing the execution and delivery of the Agreement, and all other instruments contemplated thereby and approving this Indenture and the authorization, issuance, sale and delivery of the Series 2007 Bonds;

(c) Original executed counterparts of this Indenture, the Agreement, the Bond Insurance Policies, the Phase Four Ground Lease, the Phase Four Facilities Lease, and the Tax Regulatory Agreement, or any instruments or documents related thereto (collectively, the "**Bond Documents**");

(d) Copies of the Plans and Specifications (as defined in the Phase Four Ground Lease) and all land surveys and other documents relating to the construction of the Phase Four Facilities;

(e) Signed copies of all opinions of counsel required in connection with the issuance of the Series 2007 Bonds and the transactions contemplated thereby;

(f) A request and authorization to the Trustee on behalf of the Issuer and signed by its Chairman, Vice Chairman, Secretary/Treasurer or Executive Director to authenticate and deliver the Series 2007 Bonds to the purchasers thereof and specifying the amounts to be deposited in the Bond Proceeds Fund, and then to be transferred to the Project Fund, the Costs of Issuance Account of the Bond Proceeds Fund and the Debt Service Reserve Fund; and

(g) A signed copy of the legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, addressed to the Trustee, to the effect that (i) the Series 2007 Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and this Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (ii) authorizing the Trustee to rely upon Bond Counsel's approving opinion as if it were addressed to the Trustee.

The Issuer hereby authorizes and directs the Trustee to execute and deliver the Tax Regulatory Agreement.

**Section 3.13 Book-Entry Registration of Bonds.** The Bonds shall be initially issued in the name of Cede & Co., as nominee for DTC, as registered owner of the Bonds, and held in the custody of DTC. The Issuer and the Trustee acknowledge that the Issuer has executed and delivered a Blanket Letter of Representations with DTC and that the terms and provisions of said Letter of Representations shall govern in the event of any inconsistency between the provisions of this Indenture and said Letter of Representations. A single bond certificate for each maturity of Bonds will be issued and delivered to DTC. The Beneficial Owners will not receive physical delivery of Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Bond acquired. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interest will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds is to receive, hold or deliver any Bond certificate.

For every transfer and exchange of the Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee or other governmental charge that may be imposed in relation thereto.

The Issuer, the Corporation and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting.

Neither the Issuer, the Trustee nor the Corporation are responsible for the performance by DTC of any of its obligations, including, without limitation, the payment of moneys received by DTC, the forwarding of notices received by DTC or the giving of any consent or proxy in lieu of consent.

Whenever during the term of the Bonds the beneficial ownership thereof is determined by a book entry at DTC, the requirements of this Indenture of holding, delivering or transferring

Bonds shall be deemed modified to require the appropriate person to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law.

The Issuer, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Issuer determines that (a) DTC is unable to discharge its responsibilities with respect to the Bonds, or (b) a continuation of the requirement that all of the outstanding Bonds be registered on the registration books kept by the Trustee in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

Upon the termination of the services of DTC with respect to the Bonds pursuant to the above two paragraphs, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Issuer is willing and able to undertake such functions upon reasonable and customary terms, the Issuer is obligated to deliver Bonds to the owner, at the expense of the said owner as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names holders transferring or exchanging Bonds shall designate in accordance with the provisions of this Indenture.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations of the Issuer dated November 17, 1998 and delivered to DTC.

If at any time DTC ceases to hold the Bonds, all references herein to DTC shall be of no further force or effect.

If the Issuer is unable to retain a qualified successor to the Securities Depository or the Issuer has determined that it is in the best interest of the Issuer not to continue a book-entry system of transfer or that the interest of the Beneficial Owners of the Bonds might be adversely affected if a book-entry system of transfer is continued (the Issuer undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the Bonds by mailing an appropriate notice to the Securities Depository, upon receipt by the Issuer of the Bonds together with an assignment duly executed by the Securities Depository, the Issuer, shall, subject to the limitations of Article III hereof, execute, and cause to be authenticated and delivered pursuant to the instructions of the Securities Depository, Bonds in fully registered form, in substantially the form set forth in this Indenture, in Authorized Denominations. In such event, payment of principal at maturity shall be made upon surrender of such Bonds to the Trustee.



## ARTICLE IV

### FUNDS AND ACCOUNTS; FLOW OF FUNDS; INVESTMENTS; DEPOSITS; ARBITRAGE; PAYMENTS ON BOND INSURANCE POLICIES

**Section 4.1 Creation and Use of Funds and Accounts.** Upon delivery of and payment for the Series 2007 Bonds, the following special trust funds and accounts shall be established and maintained with the Trustee so long as any Series 2007 Bonds issued under this Indenture are outstanding:

- (i) Bond Proceeds Fund and a Costs of Issuance Account therein;
- (ii) Debt Service Fund, and the following accounts therein:
  - (1) Interest Account
  - (2) Principal Account
- (iii) Project Fund;
- (iv) Debt Service Reserve Fund;
- (v) Replacement Fund;
- (vi) Rebate Fund; and
- (vii) Receipts Fund.

**Section 4.2 Bond Proceeds Fund.** The Bond Proceeds Fund shall be used to receive the proceeds of the Series 2007 Bonds other than the premium to be paid to the Bond Insurer in respect of the Bond Insurance Policies that shall be transferred from Morgan Keegan & Company, Inc., the underwriter with respect to the Bonds, directly to the Bond Insurer. On the Closing Date, the Trustee shall disburse amounts held in the Bond Proceeds Fund as follows:

- (a) to the Debt Service Reserve Fund an amount of proceeds equal to the Debt Service Reserve Fund Requirement for the Series 2007 Bonds;
- (b) to retain such sum in the Costs of Issuance Account as shall be specified in the request and authorization delivered pursuant to Section 3.12(f) hereof; and
- (c) to the Project Fund the balance of the proceeds of the Series 2007 Bonds.

Amounts deposited on the Closing Date into the Costs of Issuance Account of the Bond Proceeds Fund, including a portion of a capital contribution to be made by the Board, shall be disbursed, pursuant to the written instructions of the Issuer, to pay Costs of Issuance. Any

amounts remaining in the Costs of Issuance Account one hundred-eighty (180) days after delivery of the Series 2007 Bonds (and not specifically committed to pay additional Costs of Issuance) shall be deposited into the Project Fund, upon written instruction of the Corporation directed to the Trustee.

**Section 4.3 Debt Service Fund.** The Trustee shall deposit into the applicable account of the Debt Service Fund the amounts required by Section 4.8 of this Indenture.

(a) Moneys on deposit in the Interest Account of the Debt Service Fund shall be used solely to pay the interest on the Series 2007 Bonds as it becomes due and payable, whether on an Phase Four Interest Payment Date, at maturity or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of interest on the Series 2007 Bonds.

(b) Moneys on deposit in the Principal Account of the Debt Service Fund shall be used solely to pay the principal of the Series 2007 Bonds as it becomes due and payable whether at maturity, upon scheduled sinking fund redemption or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of principal of the Series 2007 Bonds; and, if funds are available for such purpose and at the written direction of the Issuer, as directed by the Board, to effect the redemption of the Series 2007 Bonds prior to their maturity in accordance with the redemption provisions thereof or with Bond Insurer consent the purchase of Series 2007 Bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any, plus accrued interest on the Series 2007 Bonds.

(c) Whenever and to the extent that money on deposit in the Interest Account or the Principal Account is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds, the Trustee shall transfer money from the Replacement Fund and the Debt Service Reserve Fund, in that order, and shall give immediate notice to the Bond Insurer.

**Section 4.4 Project Fund.** The Project Fund shall be maintained by the Trustee in trust and shall be used to receive the immediate transfer from the balance of the proceeds of the Bonds as provided in Section 4.2(c) hereof and from a capital contribution by the Board pursuant to the Phase Four Facilities Lease. Moneys in the Project Fund shall be applied to the payment of the Costs of the Phase Four Facilities pursuant to the procedure established in Section 4.12 hereof and, pending such application, shall be subject to a lien and charge in favor of the Bondholders and the Bond Insurer for the further security of such Bondholders and the Bond Insurer until paid out or transferred as herein provided. The University shall make an initial deposit into the Project Fund from the Student Fee Revenues recognized by the University as of February 1, 2007.

**Section 4.5 Debt Service Reserve Fund.** Moneys on deposit in the Debt Service Reserve Fund shall be maintained in an amount equal to the Debt Service Reserve Fund Requirement, and shall be transferred, in accordance with the priority set out in Section 4.3(c)

above, to the Interest Account or the Principal Account of the Debt Service Fund in such amount as shall be necessary to remedy any deficiency therein (taking into account any amounts available therefor the Replacement Fund) with respect to the Bonds. Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all outstanding Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Fund shall be transferred to the Debt Service Fund and shall be available to pay all outstanding Bonds in accordance with their terms. If the balance of the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, all amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the Interest Account.

**Section 4.6 Replacement Fund.** The Replacement Fund shall be maintained with the Trustee and used to fund the cost of replacing any worn out, obsolete, inadequate, unsuitable or undesirable property, furniture, fixtures or equipment placed upon or used in connection with the Phase Four Facilities or as required by Section 4.3(c) hereof. Moneys in the Replacement Fund will also be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds.

**Section 4.7 Rebate Fund.** Moneys deposited and held in the Rebate Fund shall be used to make all rebate payments owed to the United States under the Code, and shall not be subject to the pledge of this Indenture. The Corporation shall make the calculation(s) required by the Code and the Tax Regulatory Agreement shall direct the Trustee to make deposits to and make disbursements from the Rebate Fund that the Corporation determines are in accordance therewith. The Tax Regulatory Agreement and any provisions of this Indenture governing deposits to the Rebate Fund may be superseded or amended (except the requirement of annual calculations and deposits to the Rebate Fund, if required) if accompanied by an opinion of Bond Counsel addressed to the Corporation, the Board, the Issuer and the Trustee to the effect that the use of the new Tax Regulatory Agreement will not cause the interest on the Series 2007 Bonds to become includable in gross income of the recipient thereof for federal tax purposes.

**Section 4.8 Receipts Fund.** There shall be deposited into the Receipts Fund the Phase Four Lawfully Available Funds from the Board used to make Phase Four Base Rental Payments pursuant to the Phase Four Facilities Lease and any other funds received by or on behalf of the Board pursuant to the Phase Four Facilities Lease and directed by the Board Representative to be so deposited. Moneys on deposit in the Receipts Fund will be applied by the Trustee on the dates indicated below in the following priority:

(a) At such time as may be required by the Tax Regulatory Agreement, to the Rebate Fund the amount required to be deposited thereunder;

(b) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Interest Account of the Debt Service Fund an amount equal to one-fifth (1/5) of the interest due and payable on such Series 2007 Bonds on August 1, 2007 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing August 25, 2007, an amount equal to one-sixth (1/6<sup>th</sup>) of the interest due and payable on such Series 2007

Bonds on the next February 1 and August 1 or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund, will be sufficient to pay interest on such Series 2007 Bonds on such Phase Four Interest Payment Date;

(c) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Principal Account of the Debt Service Fund an amount equal to one-eleventh (1/11<sup>th</sup>) the principal of the Series 2007 Bonds payable on February 1, 2008 and thereafter, on the 25<sup>th</sup> day of each month commencing February 25, 2008, an amount equal to one-twelfth (1/12<sup>th</sup>) the principal of the Series 2007 Bonds payable on the next Principal Payment Date;

(d) On the twenty-fifth (25<sup>th</sup>) day of each month, any amounts due to the Bond Insurer under the Reimbursement Agreement;

(e) On the twenty-fifth (25<sup>th</sup>) day of each month following any drawing on the Debt Service Reserve Fund in accordance with Section 4.18 hereof, an amount equal to the lesser of (i) one twelfth (1/12<sup>th</sup>) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund; and

(f) Annually, beginning June 25, 2009, an amount equal to one-half of one percent (1/2%) of funds available for construction pursuant to the Construction Contract, as determined by the University and provided in writing to the Trustee, into the Replacement Fund, or such lesser annual amount as is permitted by the Louisiana State Board of Regents and approved by the Bond Insurer.

**Section 4.9 Investments.** Moneys contained in the funds and accounts held by the Trustee shall be continuously invested and reinvested by the Trustee at the direction of the Corporation, as advised by the Board, in Permitted Investments, to the extent practicable, that shall mature (or be readily convertible to cash) not later than the respective dates, as estimated by the Trustee, when the moneys in said Funds and Accounts shall be required for the purposes intended, and:

(a) No such investment shall be required to be made unless the cash at the time available therefor is at least equal to \$1,000;

(b) The Trustee shall be authorized, to the extent necessary to enable the Trustee to discharge or perform its obligations hereunder, at any one or more times to sell any part or all of the investments whenever it may, for any reason or purpose whatsoever, deem any such sale to be desirable;

(c) Any income derived from and any profit or loss on any such investment of moneys on deposit in any such fund or account shall be credited or debited, as the case may be, to the respective fund or account in which earned except that if the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Fund

Requirement, earnings in the Debt Service Reserve Fund shall be transferred to the Interest Account;

(d) No Permitted Investments in any fund or account may mature beyond the latest maturity date of any Bonds outstanding at the time such Permitted Investments are deposited. For the purposes of this section, the maturity date of repurchase agreements for obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying obligation except as otherwise permitted in writing by the Bond Insurer;

(e) Moneys in the Debt Service Reserve Fund may be invested only in Permitted Investments maturing or redeemable at the option of the holder not later than two (2) years from the date of purchase thereof; provided, however, if moneys in the Debt Service Reserve Fund shall be invested in a guaranteed investment contract the Value of which is equal to the amount available to be withdrawn therefrom, such guaranteed investment contract may have a term of up to ten (10) years; and

(f) No float forward or forward purchase agreement or other arrangement, agreement or financial product may be utilized in connection with the Debt Service Fund the Debt Service Reserve Fund or the Replacement Fund unless the Bond Insurer so permits and the terms thereof (including, without limitation, the parties thereto) are satisfactory to the Bond Insurer and, if satisfactory to the Bond Insurer, such agreements will constitute Permitted Investments.

An Authorized Corporation Representative shall give to the Trustee directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article and Article V of the Agreement, and the Trustee shall then invest such money under this Section as so directed. The Trustee shall in no event have any liability for any loss resulting from the investment of moneys in accordance with the directions of the Authorized Corporation Representative. The Trustee shall furnish the Issuer annually with a written copy and the Corporation with a written copy for the Board, on at least a monthly basis, of the types, amounts, yield and maturities of all such investments.

Investments shall be valued by the Trustee as frequently as deemed necessary by the Bond Insurer, but not less often than annually, at the Value thereof. Deficiencies in the amount on deposit in any fund or account resulting from a decline in Value shall be restored no later than the succeeding valuation date.

**Section 4.10 Depository of Moneys and Security for Deposits.** All of the funds and accounts established hereunder shall be special trust accounts held by the Trustee in trust for the benefit of the owners of the Series 2007 Bonds and shall not be subject to lien or attachment by any creditors of the Trustee, the Issuer, the Corporation, or the Board. Uninvested sums in these funds and accounts shall be continually secured as are deposits of uninvested sinking funds of political subdivisions of the State or in the manner prescribed by federal law for securing any federal trust funds as may be prescribed from time to time by the Comptroller of the Currency.

**Section 4.11 Arbitrage.** Notwithstanding all the provisions hereof, the Issuer shall not direct the investment of moneys in the various funds and accounts created hereunder in a manner which would result in the loss of exclusion from gross income of interest on the Series 2007 Bonds for federal income tax purposes or in such manner which would result in the Series 2007 Bonds becoming "arbitrage bonds" within the meaning of Section 148 of the Code.

**Section 4.12 Payments From Project Fund.** Payment of the Costs of the Phase Four Facilities shall be made from the Project Fund. All payments from the Project Fund shall be subject to the provisions and restrictions set forth in this Article, and the Issuer covenants that it will not cause or permit to be paid from the Project Fund any sums except in accordance with such provisions and restrictions.

Moneys in the Project Fund shall be used to pay the Costs of the Phase Four Facilities described in Exhibit A to the Agreement; provided that if an Event of Default under the Agreement or this Indenture has occurred and is continuing, the Trustee shall transfer moneys in the Project Fund to the Debt Service Fund for the purpose of paying the principal of, premium, if any, and interest on the Bonds.

**Section 4.13 Costs of the Phase Four Facilities.** For the purpose of this Indenture, the Costs of the Phase Four Facilities shall embrace such costs as are eligible costs within the purview of the Act and the Code and, without intending thereby to limit or restrict any proper definition of such Costs, shall include the following:

(a) obligations incurred by the Corporation for the benefit of the Board with respect to the lease of the property and the development and construction of the Phase Four Facilities, for labor, materials and services provided by contractors, builders and others in connection with the construction and equipping of the Phase Four Facilities, machinery and equipment, necessary water and sewer lines and connections, utilities and landscaping, the restoration or relocation of any property damaged or destroyed in connection with such construction and the clearing of lands and the reasonably allocable expenses of the Corporation with respect to the Phase Four Facilities;

(b) the cost of acquiring by purchase, if deemed expedient, or leasing such lands, property, rights, rights-of-way, servitudes, easements, franchises and other interests as may be deemed necessary or convenient by the Authorized Corporation Representative for the construction and equipping of the Phase Four Facilities, the cost of options and partial payments thereon;

(c) interest on the Bonds prior to the establishment of the completion date of the Phase Four Facilities pursuant to Section 3.7 of the Agreement, and the reasonable fees and expenses, including counsel fees, of the Trustee for its services prior to and during construction, and premiums on insurance, if any, in connection with the Phase Four Facilities;

(d) the cost of borings and other preliminary investigations, if any, to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Phase Four Facilities and fees and

expenses of engineers, architects, management consultants for making studies, surveys and estimates of cost and of revenues and other estimates, costs of environmental surveys, reports and remediation, and fees and expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth herein in relation to the acquisition and construction of the Phase Four Facilities and the issuance of the Bonds therefor;

(e) all other items of expense not elsewhere in this Section specified incident to the lease of the property and the construction and equipping of the Phase Four Facilities and the financing thereof, including professional fees, moving expenses, the acquisition of lands, property, rights, rights-of-way, easements, franchises and interest in or relating to lands, including title insurance, cost of demand surveys, other surveys and other expenses in connection with such acquisition, legal fees and expenses, and expenses of administration and overhead, all properly chargeable, in the opinion of the Authorized Corporation Representative, to the acquisition, construction and equipping of the Phase Four Facilities; and

(f) any obligation or expense heretofore or hereafter incurred or paid by the Corporation for or in connection with any of the foregoing purposes.

**Section 4.14 Requisitions from the Project Fund.** Payments from the Project Fund shall be made in accordance with the provisions of this Section. In connection with a payment from the Project Fund, there shall be filed with the Trustee a requisition, substantially in the form of **Exhibit B** attached hereto and made a part hereof, signed by an Authorized Corporation Representative, stating:

(a) the item number of each such payment,

(b) the name of the person, firm or corporation to whom each such payment is due, or, if such payment has been made by the Corporation, that the Trustee is to reimburse the Corporation directly for such payment,

(c) the respective amounts to be paid,

(d) the purpose by general classification for which each obligation to be paid was incurred,

(e) that obligations in the stated amounts have been incurred by the Corporation and are either (i) presently due and payable or (ii) have been paid by the Corporation and that each item thereof is a proper charge against the Project Fund and has not been the subject of any prior requisition,

(f) that such requisition contains no item representing payment on account of any retainage to which the Corporation is entitled at the date of such requisition, and

(g) a certification that all work, materials, supplies and equipment which are the subject of such requisition have been performed or delivered and are in accordance with the description of the Phase Four Facilities referred to above.

Upon receipt of each requisition and accompanying certificate and information, the Trustee shall pay the obligations set forth in such requisition out of the money in the Project Fund, and each such obligation shall be paid by check signed by one or more officers or employees of the Trustee designated for such purpose by the Trustee or by wire transfer or credit to an account of the Corporation held by the Trustee or in such other manner as may be agreed on by the Corporation and the Trustee. In making such payments, the Trustee may rely upon such requisitions. If for any reason the Corporation should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment.

**Section 4.15 Reliance upon Requisitions.** All requisitions and opinions received by the Trustee as conditions of payment from the Project Fund may be relied upon by the Trustee and shall be retained by the Trustee, subject at all reasonable times to examination by the Issuer, the Board and the Corporation.

**Section 4.16 Completion of the Phase Four Facilities and Disposition of Project Fund Balance.** When the construction of the Phase Four Facilities shall have been completed, which fact shall be evidenced to the Trustee by a certificate of an Authorized Corporation Representative delivered to the Trustee pursuant to Section 3.7 of the Agreement, the balance in the Project Fund shall be transferred by the Trustee to the Interest Account and/or the Principal Account of the Debt Service Fund (subject to the provisions of Section 4.3 hereof) within one (1) year of the completion date, such amounts to be paid at the times set forth in Section 4.8 thereof, and then, on such one (1) year anniversary, if any funds remain, to redeem the Bonds in accordance with the provisions of Section 3.4 hereof.

**Section 4.17 Amounts Remaining in Funds; Releases.** It is agreed by the parties hereto that any amounts remaining in the Funds and Accounts existing pursuant to this Indenture upon the expiration or sooner cancellation or termination of the Agreement, as provided therein, after payment in full of all Outstanding Bonds (or provisions for the payment thereof having been made in accordance with Article XI of this Indenture), and the fees, charges and expenses of the Issuer and the Trustee and all other amounts required to be paid under the Agreement and under this Indenture, and under the Reimbursement Agreement other than amounts payable as arbitrage rebate under Section 148(f) of the Code, shall belong to and be paid to the University.

**Section 4.18 Application of Money in the Debt Service Reserve Fund.** (a) The Debt Service Reserve Fund shall be funded on the date of delivery of the Series 2007 Bonds in an amount equal to the Debt Service Reserve Fund Requirement.

(b) The Trustee shall transfer money from the Debt Service Reserve Fund to the Interest Account and the Principal Account of the Debt Service Fund to pay interest on and principal of (whether at maturity or by acceleration) the Series 2007 Bonds, whenever and to the extent that the money on deposit in said accounts (together with any amounts available therefor in the Replacement Fund) is insufficient for such purposes. If the Trustee applies any moneys in



the Debt Service Reserve Fund to the payment of principal of and interest on the Bonds, the Trustee shall give immediate notice to the Bond Insurer.

(c) If the money held in the Debt Service Reserve Fund, including interest earnings, exceeds the Debt Service Reserve Fund Requirement, an amount equal to such excess shall be transferred by the Trustee to the Interest Account of the Debt Service Fund. The Trustee shall not be required to liquidate any investment before its maturity to make such transfer. Whenever the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall notify the Issuer, the Bond Insurer and the Corporation of the amount of such deficiency and such deficiency will be remedied, as provided in Section 4.8(e) hereof. Upon notification, the Corporation shall deliver to the Trustee an amount sufficient to cure the deficiency in accordance herewith and the Agreement.

(d) The Issuer may, at the direction of the Corporation, as advised by the Board, and with the prior written consent of the Bond Insurer, at any time, deposit with the Trustee, to replace cash in the Debt Service Reserve Fund (in which case the replaced cash shall be paid to the University) or to meet the requirements herein that it deposit additional amounts in the Debt Service Reserve Fund, a Debt Service Reserve Fund Investment. Any bank issuing a letter of credit must have a rating on its unsecured debt, or on debt secured by its letters of credit and which ratings are based solely on the bank's letter of credit, of "AA-" or better by S&P and "Aa3" or better by Moody's. Any insurance company issuing a surety bond must have a claims-paying ability rating of "AAA" by S&P and "Aaa" by Moody's. If such Debt Service Reserve Fund Investment expires prior to fifteen (15) days after the final maturity of the Series 2007 Bonds, it must provide, that if not renewed within fifteen (15) days prior to its expiration date in an amount equal to the undrawn amount thereof (other than because of a reduction in the Debt Service Reserve Fund Requirement or the deposit of cash in the Debt Service Reserve Fund to replace it), the Trustee may draw the full amount of such Debt Service Reserve Fund Investment. The Trustee shall draw down the full amount of such Debt Service Reserve Fund Investment and deposit such amount in the Debt Service Reserve Fund fifteen (15) days prior to expiration of such Debt Service Reserve Fund Investment if it is not renewed as provided for in the preceding sentence. The Debt Service Reserve Fund Investment must be able to be drawn upon at any time that cash could be withdrawn from the Debt Service Reserve Fund. Prior to accepting any such Debt Service Reserve Fund Investment, the Trustee, the Corporation, the Board, the Issuer and the Bond Insurer must receive a Bond Counsel opinion that such acceptance and any payment of funds in the Debt Service Reserve Fund to the Corporation is authorized by this Indenture and will not adversely affect the exclusion of interest on the Series 2007 Bonds. If a Debt Service Reserve Fund Investment is deposited in the Debt Service Reserve Fund in lieu of cash, the cash amount contained in the Debt Service Reserve Fund shall be transferred to the Replacement Fund.

If a disbursement is made under a surety bond deposited in the Debt Service Reserve Fund, the Corporation shall be obligated to either reinstate the maximum limits of such surety bond immediately following such disbursement in twelve (12) equal monthly installments or as required by the Issuer of the Debt Service Reserve Fund Investment in an amount equal to the Debt Service Reserve Fund Requirement or deposit into the Debt Service Reserve Fund funds in

the amount of the disbursement made under the Debt Service Reserve Fund Investment, or a combination of such alternatives as shall equal the Debt Service Reserve Fund Requirement.

**Section 4.19 Application of Insurance Proceeds; Condemnation Award.** (a) If all or any portion of the Phase Four Facilities is damaged or destroyed by a Phase Four Casualty (as defined in the Phase Four Facilities Lease), or is taken by Phase Four Expropriation (as defined in the Phase Four Facilities Lease) proceedings, the Corporation shall, upon receipt of notice from the University and/or the Board instructing the Corporation to do so, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof; provided however, that the Corporation shall in no way be liable for any costs of the repair, restoration or replacement of the Phase Four Facilities in excess of the proceeds of any insurance or of any Phase Four Expropriation award received because of such Phase Four Casualty or Phase Four Expropriation. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Phase Four Expropriation award or payment in lieu of Phase Four Expropriation, received on account of any damage, destruction or taking of all or any portion of the Phase Four Facilities shall be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust or in the case of self insurance through ORM, as set forth in paragraph (b) below; and shall be made available for, and to the extent necessary be applied to, such restoration, repair and replacement. Any amounts so held by the Trustee shall be disbursed to pay the costs of restoration, replacement and repair of the Phase Four Facilities with respect to which they are held, in each case promptly after receipt of a written request of the Corporation as advised by the Board stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing or repairing or restoring the Phase Four Facilities and that no amount previously has been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee may conclusively rely upon such written requests and shall have no liability or responsibility to investigate any matter stated therein, or for any inaccuracy or misstatement therein. In no event shall the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Phase Four Facilities, or for the improper use of moneys properly disbursed pursuant to request made under this Section. Any proceeds remaining on deposit with the Trustee following completion of the repairs, restoration or replacement of the Phase Four Facilities shall be paid by the Trustee to the Board.

In the event the University decides not to repair, restore or replace the Phase Four Facilities for any reason, all insurance proceeds received or payable as a result of such Phase Four Casualty, or all proceeds received or payable as a result of Phase Four Expropriation proceedings (including payments received or payable in lieu of Phase Four Expropriation and including any portion of such payments attributable to the Board's interest) shall be paid to the Trustee and applied to the prepayment of the Series 2007 Bonds in accordance with the terms of this Indenture.

(b) In the event ORM insures the Phase Four Facilities, the Board shall cause the Corporation to use the insurance proceeds received from ORM in accordance with Policy and Procedure Memorandum Number 10 (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration or replacement of the Phase Four Facilities.

**Section 4.20 Application of Money in Replacement Fund.** (a) All moneys in the Replacement Fund shall be held for the benefit of the Board through the Corporation, are not pledged under this Indenture and may be drawn on and used by the Corporation or the Board to (i) replace any worn out, obsolete, inadequate, unsuitable or undesirable property, furniture, equipment, fixtures and other property owned by the Board or the Corporation and located on the Phase Four Facilities and (ii) maintain the Phase Four Facilities and to make all alterations, repairs, restorations and replacements to the Phase Four Facilities as and when needed to preserve the Phase Four Facilities in good working order, condition and repair, each as required by the Phase Four Facilities Lease. Withdrawals from the Replacement Fund for the purposes set forth above shall be made by the Trustee upon its receipt of a requisition from the University or the Corporation substantially in the form attached hereto as **Exhibit C**. Moneys in the Replacement Fund may also be drawn by the Trustee and transferred to the Debt Service Fund if amounts on deposit therein are insufficient to pay debt service on the Bonds on any Phase Four Interest Payment Date or Principal Payment Date.

(b) Any moneys remaining in the Replacement Fund immediately prior to the time all of the Bonds are paid, or provision for their payment is made in accordance with Article XI hereof shall, at the option of the University, be used, together with amounts held in the Debt Service Reserve Fund, to pay in full all outstanding Bonds in accordance with their terms or shall be paid to the University.

**Section 4.21 Application of Moneys in the Rebate Fund.** Moneys in the Rebate Fund shall be used to make any rebate payments required to be made to the United States under the Code. The Rebate Fund shall be held for the sole benefit of the United States of America and is not pledged under this Indenture. Moneys required to be paid to the United States shall be deposited in the Rebate Fund by the Board as Phase Four Base Rental under the Phase Four Facilities Lease as required thereby and by this Indenture.

**Section 4.22 Payments on Bond Insurance Policies.**

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Bonds (a "**Bond Payment Date**"), the Trustee has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Bond Insurer or its designee.

C. In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Trustee is hereby irrevocably designed, appointed, directed and authorized to act as attorney-in-fact for holders of the Bonds as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Bond Insurance Policies (the "**Insurance Trustee**"), in form satisfactory to the Insurance Trustee, an instrument appointing the Bond Insurer as agent for such Bondholders in any legal proceeding related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (b) receive as designee of the respective Bondholders (and not as Trustee) in accordance with the tenor of the Bond Insurance Policies payment from the Insurance Trustee with respect to the claims for interest so assigned, and (c) disburse the same to such respective Bondholders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Trustee shall (a) execute and deliver to the Insurance Trustee in form satisfactory to the Insurance Trustee an instrument appointing the Bond Insurer as agent for such Bondholder in any legal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Bonds surrendered to the Insurance Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Trustee is received), (b) receive as designee of the respective Bondholders (and not as Trustee) in accordance with the tenor of the Bond Insurance Policies payment therefor from the Insurance Trustee, and (c) disburse the same to such Bondholders.

E. Payments with respect to claims for interest on and principal of the Bonds disbursed by the Trustee from proceeds of the Bond Insurance Policies shall not be considered to discharge the obligation of the Issuer with respect to such Bonds, and the Bond Insurer shall become the owner of such unpaid Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Trustee hereby agree for the benefit of the Bond Insurer that:

1. They recognize that to the extent the Bond Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Bondholders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Indenture and the Bonds; and

2. They will accordingly pay to the Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii)

of the first paragraph of the Policy, which principal and interest shall be deemed past due and not have been paid), with interest thereon as provided in this Indenture and the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to Bondholders, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of additional Bonds, the Issuer shall deliver to the Bond Insurer a copy of the disclosure document, if any, circulated with respect to such additional Bonds.

H. Copies of any amendments made to the documents executed in connection with the issuance of the Bonds which are consented to by the Bond Insurer shall be sent to Standard & Poor's Corporation.

I. The Bond Insurer shall receive notice of the resignation or removal of the Trustee and the appointment of a successor thereto.

J. The Bond Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the University's audited financial statements and Annual Budget.

Any notice that is required to be given to a holder a Bond or to the Trustee pursuant to the Indenture shall also be provided to the Bond Insurer.

K. The Issuer agrees to reimburse the Bond Insurer, but solely from the Trust Estate, immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Bond Insurer in connection with (i) the enforcement by the Bond Insurer of the Bonds, or the preservation or defense of any rights of the Bond Insurer, under this Indenture, the Agreement and any other document executed in connection with the issuance of the Bonds, and (ii) any consent, amendment, waiver or other action with respect to this Indenture, the Agreement or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Bond Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

L. The Issuer agrees not to use the Bond Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Bond Insurer's prior consent; provided however, such prohibition on the use of the Bond Insurer's name shall not relate to the use of the Bond Insurer's standard approved form of disclosure in public documents issued in connection with the Bonds in accordance with the terms of the Commitment; and provided further such prohibition shall not apply to the use of the Bond Insurer's name in order to comply with public notice, public meeting or public reporting requirements.

M. The Issuer shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Bonds are tendered or purchased for any purpose (other than the redemption and cancellation or legal defeasance of such Bonds without the prior written consent of the Bond Insurer).

## ARTICLE V

### COSTS OF ISSUANCE

**Section 5.1 Payment of Costs of Issuance from Bond Proceeds Fund.** There shall be paid into the Costs of Issuance Account in the Bond Proceeds Fund the amounts required to be so paid from Series 2007 Bond proceeds pursuant to Section 4.2(f) of this Indenture; and such amounts shall be applied to the payment of all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of the Series 2007 Bonds including, but not limited to, publication costs, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Issuer or any other fiduciary, legal fees and charges, fees and disbursements of consultants and professionals and any other cost, charge or fee in connection with the original sale and issuance of the Series 2007 Bonds, including, the premium payable for the Bond Insurance Policies. Any additional costs of issuance shall be paid solely by the Corporation. The Trustee shall make payments from the Costs of Issuance Account upon receipt of statements from the parties entitled to be paid therefrom accompanied by a written request of the Issuer and the University directing the Trustee to pay such statements. Any amounts in the Costs of Issuance Account remaining after payment in full of all of the expenses and costs of issuance of the Series 2007 Bonds shall be transferred to the Project Fund, upon written instruction of the University directed to the Trustee.

## ARTICLE VI

### ENFORCEMENT OF AGREEMENT AND FACILITIES LEASE

**Section 6.1 Assignment of Agreement and Facilities Lease.** The Issuer has assigned all of its right, title and interest in, to and under the Agreement (except for rights relating to exculpation, indemnification and payment of expenses thereunder), including the interest of the Issuer in and to the Phase Four Facilities Lease assigned by the Corporation to the Issuer thereunder (except for payments of Phase Four Additional Rentals made thereunder), to the Trustee as security for the Bonds and hereby agrees that the Agreement and the Phase Four Facilities Lease may be enforced by the Trustee and/or the owners of the Bonds issued hereunder in accordance with the terms hereof and thereof. Notwithstanding such assignment, the Issuer agrees to cause the Corporation to comply with the terms contained in the Agreement and the Phase Four Facilities Lease and the rights of the Bondholders and the Trustee shall be governed by the provisions of this Indenture, the Agreement and the Phase Four Facilities Lease.

**Section 6.2 Trustee or Bondholders to Enforce Agreement and Facilities Lease.** The Trustee may, and upon request of the Bond Insurer or the owners of a majority in aggregate principal amount of the Bonds then outstanding shall, subject to the provisions of Section 7.11 and Article VIII hereof, strictly and promptly enforce the provisions of the Agreement and the Phase Four Facilities Lease so long as any of the Bonds remain outstanding under this Indenture. All rights of action (including the right to file proof of claims) to enforce the Agreement and the Phase Four Facilities Lease under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of the Bonds and without their production in any trial or other proceeding relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee for the Bondholders without the necessity of joining as plaintiffs or defendants any of the Bondholders.



## ARTICLE VII

### EVENTS OF DEFAULT; REMEDIES

#### **Section 7.1 No Extension of Time for Payment of Principal, Premium or Interest.**

The Trustee shall not be authorized to extend the time for any payment of principal, premium or interest without the prior written consent of or authorization by the owner of the Bonds so affected.

**Section 7.2 Events of Default.** Each of the following events is hereby declared to be an "Event of Default":

(a) The payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable;

(b) The payment of the principal of or premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, whether at maturity or by proceedings for redemption or by acceleration or otherwise;

(c) An "Event of Default" under Article IX of the Agreement shall have occurred;

(d) A default with respect to the Bonds shall occur under Section 21 of the Phase Four Facilities Lease;

(e) Default by the Issuer in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in this Indenture on the part of the Issuer to be performed, if such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer, the Board, the Bond Insurer and the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than a majority in principal amount of the Bonds then outstanding. Such default shall not become an Event of Default if said default be of the nature that (i) it cannot be corrected within the thirty (30) day period after receipt of notice, but the Issuer (or the Corporation pursuant to the provisions of Section 7.14 of this Indenture) promptly shall institute and diligently pursue corrective action until such default is cured, or (ii) the Trustee shall determine that such default is not curable but such default does not affect the validity or enforceability of the Bonds, this Indenture or the Agreement, an event of nonperformance shall not have occurred under the Agreement (other than as a result of the cross-default provisions), and such default does not impair the security or the obligations provided for or under the Bonds, this Indenture or the Agreement, and (iii) the Bond Insurer shall have consented to such event not being an Event of Default.

The word "**default**" as used herein means failure of performance when due, exclusive of any period of grace, if any, allowed to correct any such failure. In addition, in determining whether a default in the payment of the principal of, premium, if any, or interest on the Bonds

has occurred or whether a payment of Bonds has been made hereunder, no effect shall be given to the payments made under the Bond Insurance Policies.

For all purposes of this Article VII (other than Section 7.13 hereof), the Bond Insurer shall be deemed to be the sole owner of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policies, and the Bond Insurer shall be entitled to (i) notify the Trustee of the occurrence of an Event of Default hereunder, (ii) request that the Trustee intervene in judicial proceedings that affect the Bonds or the security therefor, (iii) direct all remedies in the Event of Default, (iv) be recognized as the owner of each Bond which it insures for the purposes of exercising all rights and privileges available to Bondholders, (v) have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a Bondholder in accordance with the provisions of this Indenture or each Bond for which it insures.

Notwithstanding anything to the contrary, any acceleration of principal payments must be subject to the Bond Insurer's prior written consent.

**Section 7.3 Remedies.** Upon the occurrence of an Event of Default, the Issuer, the Trustee and, subject to Sections 7.10 and 7.11 and all rights granted to the Bond Insurer under this Article VII, the Bondholders shall have all the rights and remedies as may be allowed by law, this Indenture, the Assignment of Agreements and Documents, or pursuant to the provisions of the Agreement and/or the Phase Four Facilities Lease by virtue of their assignment hereunder, including but not limited to, acceleration of the maturity of all Bonds, or suit at law or in equity to enforce or enjoin the action or inaction of parties under the provisions of this Indenture, the Agreement or the Phase Four Facilities Lease.

**Section 7.4 Acceleration; Annulment of Acceleration.** (a) Upon the occurrence of an Event of Default described in Section 7.2 of this Indenture, the Trustee may, with the prior written consent of the Bond Insurer, and upon the written request of the Bond Insurer shall, by notice in writing to the Issuer, the Board and the Corporation, declare the Bonds then outstanding immediately due and payable, and such Bonds shall become and be immediately due and payable, anything in such Bonds or in the Agreement or this Indenture to the contrary notwithstanding, and, subject to Article VIII, the Trustee may exercise any remedies granted to it herein. In such event, there shall be due and payable on the Bonds an amount equal to the principal amount of all the Bonds then outstanding plus all interest accrued thereon and which will accrue thereon to the date of payment. If the Bond Insurer shall be in default of its payment obligations under the Bond Insurance Policies, the owners of not less than a majority of the aggregate principal amount of Bonds outstanding, may direct the Trustee to declare the Bonds then outstanding immediately due and payable; and

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Agreement, the Assignment of Agreements and Documents, or the Phase Four Facilities Lease, the Trustee may annul such declaration and its consequences with respect to the Bonds if (i) moneys shall have been deposited in the Debt Service Fund sufficient to pay all matured installments of principal (other than principal due solely because of

acceleration) and interest; (ii) moneys shall be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Issuer and the Trustee; (iii) all other amounts then payable by the Issuer or the Corporation under this Indenture or the Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Issuer or the Trustee (other than a default in the payment of the principal of the Bonds due only because of such declaration) shall have been remedied to the satisfaction of the Issuer and the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

No waiver of any Event of Default shall be effective without the written consent of the Bond Insurer.

**Section 7.5 Insufficiency in the Debt Service Fund and the Debt Service Reserve Fund; Application of Moneys.** Anything in this Indenture to the contrary notwithstanding, if at any time the moneys in the Debt Service Fund and the Debt Service Reserve Fund shall not be sufficient to pay the interest on, premium, if any, or the principal of the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities), such moneys, together with any other moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall, subject to the provisions of Sections 8.2 and 8.4 hereof, be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST, to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay any particular installment, then to the payment thereof, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; then

SECOND, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture) in the order of their due dates, with interest on the principal amount of such Bonds due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds and the interest thereon, then to the payment thereof ratably, according to the amount of the interest due on such date, and next, to the payment of the principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and then

THIRD, to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of this Indenture.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of Section 7.5(b) above, in the event that the principal of all the Bonds shall later become or be declared due and payable, then all such moneys shall be applied in accordance with the provisions of Section 7.5(a) above.

Whenever money is to be applied by the Trustee pursuant to the provisions of this Section, such money shall be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for application in the future; the deposit of such money or otherwise setting aside such money in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Issuer, to any Bondholder or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an Phase Four Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date, interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and shall not be required to make payment to the owner of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 7.6 Discontinuance of Proceedings.** In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

**Section 7.7 Appointment of Receiver.** Upon the occurrence of an Event of Default, and upon filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or keeper pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 7.8 Remedies Not Exclusive.** No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to every

other remedy given under this Indenture or existing at law or in equity on or after the date of execution and delivery of this Indenture.

**Section 7.9 Remedies Vested in Trustee.** All rights of action under this Indenture, the Agreement, the Assignment of Agreements and Documents, or under any of the Bonds may be enforced by the Trustee without possession of the Bonds and without their production in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee may be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds.

**Section 7.10 Majority of Bondholders Control Proceedings.** If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, but subject to all rights granted to the Bond Insurer in this Article VII, the owners of at least a majority of the aggregate outstanding principal amount of Bonds then outstanding shall have the right after written notice delivered to the Trustee, at any time by an instrument or instruments in writing executed and delivered to the Trustee together with security or indemnity satisfactory to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Indenture, provided the direction is in accordance with law and the provisions of this Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of Bondholders not joining in such direction, and provided further, that nothing in this Section shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with the direction by Bondholders.

**Section 7.11 Individual Bondholder Action Restricted.** (a) No owner of any Bond shall have any right to institute any suit, action or proceeding for the enforcement of this Indenture or for the execution of any trust hereunder or for any remedy under this Indenture unless:

(i) An Event of Default has occurred (other than under Sections 7.2(a) or 7.2(b)) as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and

(ii) The owners of at least a majority of the aggregate outstanding principal amount of Bonds shall have made written request to the Trustee to proceed to exercise the powers granted in this Indenture or to institute an action, suit or proceeding in its own name; and these Bondholders shall have offered the Trustee such indemnity as may be satisfactory to the Trustee, and the Trustee shall have failed or refused to exercise the powers granted in this Indenture or to institute an action, suit or proceeding in its own name for a period of sixty (60) days after receipt of the request and offer of indemnity.

(b) No one or more owners of Bonds shall have any right in any manner whatsoever to disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided and then only for the equal benefit of the owners of all outstanding Bonds.

**Section 7.12 Waiver and Non-Waiver of Event of Default.** (a) No delay or omission of the Trustee or of any owner of Bonds to exercise any right or power accruing upon any Event of Default shall impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Trustee and to the owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee with Bond Insurer consent may waive any Event of Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture.

(c) Notwithstanding anything contained in this Indenture to the contrary, the Trustee, upon written request of the Bond Insurer or the Bond Insurer and the owners of at least a majority of the aggregate principal amount of the Bonds then outstanding shall waive any Event of Default and its consequences; provided, however, that a default in the payment of the principal of, premium, if any, or interest on any Bond, when due and payable or upon call for redemption, may not be waived after the date the same becomes due and payable without the written consent of the owners of all the Bonds at the time outstanding.

(d) In case of a waiver by the Trustee of any Event of Default, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under this Indenture but no waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section.

**Section 7.13 Notice of Defaults.** (a) Within thirty (30) days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee is deemed to have notice, the Trustee shall (unless the Event of Default has already been cured) give written notice of the Event of Default to the owners of all Bonds then outstanding in the manner provided in Section 12.8 of this Indenture, provided that, except in the case of a default in the payment of principal, redemption price, or interest on any of the Bonds, the Trustee may withhold the notice to the Bondholders if, in its sole judgment, it determines that the withholding of notice is not detrimental to the best interest of the Bondholders.

(b) The Trustee shall immediately notify, in writing, the Issuer, the Board, the Bond Insurer and the Corporation of any Event of Default known to the Trustee.

(c) The Trustee shall provide the Bond Insurer immediate notice of any default in the payment of principal of, premium, if any, or interest on the Bonds.

**Section 7.14 Opportunity of Corporation to Cure Certain Defaults.** The Issuer and the Trustee hereby grant the Corporation full authority on the account of the Board and/or the Issuer to perform any covenant or obligation and to otherwise fulfill any condition the failure or non-performance of which is or is alleged to be an Event of Default under Section 7.2(f) of this Indenture, and the Trustee agrees that performance by the Corporation shall be deemed to be performance by the Board and/or the Issuer.

## ARTICLE VIII

### CONCERNING THE TRUSTEE

**Section 8.1 Acceptance of Trusts.** The Trustee hereby represents and warrants to the Issuer (for the benefit of the Board, the Corporation and the Bondholders as well as the Issuer) that it is a bank and trust company duly organized and existing under the laws of the United States of America and that it is duly authorized under such laws to accept and execute trusts of the character herein set out. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Indenture including the following express terms and conditions, to all of which the parties hereto and the respective Owners of the Bonds agree:

(a) Except during the continuance of an Event of Default within the purview of Section 7.2, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and the Trustee shall not be responsible for (x) the legality or enforceability of this Indenture (except with respect to performance of its obligations hereunder), the Agreement (except with respect to performance of its obligations hereunder), the Phase Four Facilities Lease (except with respect to performance of its obligations hereunder), the Tax Regulatory Agreement (except with respect to performance of its obligations thereunder), the Assignment of Agreements and Documents (except with respect to performance of its obligation thereunder) and any supplement thereto, the Bonds (except as to the authentication of the Bonds), or any instruments or documents related thereto (collectively, the "**Bond Documents**") or (y) the legality, perfection, sufficiency or priority of the Trust Estate or any lien purported to be granted thereon under any of the aforesaid documents or otherwise. No implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) No provision of this Indenture shall be construed to relieve the Trustee from liability for its negligence or willful misconduct, except that:

(i) in the absence of bad faith on the part of the Trustee, the Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected fully from liability in relying or acting upon, any resolution, opinion of counsel, certificate, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgment, verification, appraisal, report or other paper or document believed by the Trustee to be genuine and to have been signed, affixed or presented by the proper party or parties; but in the case of any such certificates or opinions that by any provision hereby are specifically required to be furnished to the Trustee, as the case may be, the Trustee shall be under a duty to examine the same to determine whether or not they conform to requirements of this Indenture; and

(ii) in the absence of bad faith on the part of the Trustee, whenever the Trustee, or any of its agents, representatives, experts or counsel, shall consider it necessary or desirable that any matter be proved or established, such matter shall

be deemed to be conclusively proved and established by a certificate executed by an Authorized Issuer Representative; provided, however, that the Trustee, or such agent, representative, expert or counsel may require, but is not obligated to require, such further and additional evidence and make such further investigation as it or they may consider reasonable; and

(iii) the Trustee may consult with counsel and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or opinion of counsel; and

(iv) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and in accordance with any direction or request of the Bondholders; and

(v) the Trustee shall not be liable for any error of judgment made in good faith by an officer or employee of the Trustee unless the Trustee is negligent in ascertaining the pertinent facts; and

(vi) the Trustee shall not be deemed to have knowledge of any Event of Default, except for the failure of the Corporation to make or cause to be made scheduled payments to the Trustee provided for in the Agreement, unless and until the Bond Insurer shall have given written notice to the Trustee of said default or until an officer of the Trustee who customarily handles corporate trusts and is assigned to supervise this Indenture shall have actual knowledge thereof or the Trustee shall have received written advice thereof from any Bondholder; and

(vii) anything in any of the Bond Documents to the contrary notwithstanding, whether or not an Event of Default shall have occurred, the Trustee shall not be under any obligation to take any action under this Indenture that may involve it in any expense or liability, the payment of which within a reasonable time is not, in its opinion, assured to it by the security afforded to it by the terms of this Indenture, unless it is requested in writing to do so by one or more owners of the Bonds outstanding hereunder and furnished, from time to time as it may require, with security and indemnity satisfactory to it; and

(viii) the Trustee need not take any action or follow any direction from any one or more Bondholders if the Trustee shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be prejudicial to Bondholders not parties to such direction, or the Trustee in good faith believes following such direction would involve the Trustee in personal liability; and

(ix) in no event shall the Trustee be liable to any person for special, indirect or consequential damages, lost profits or loss of business arising under or



in connection with this Indenture, even if previously informed of the possibility of such damages and regardless of the form of action; and

(x) anything to the contrary in the Bond Documents notwithstanding, the permissive right of the Trustee to do anything enumerated or set forth in any of the Bond Documents shall not be construed as a duty, and the Trustee shall not be held responsible or liable for other than its negligence or willful misconduct.

(c) In case an Event of Default within the purview of Section 7.2 hereof has occurred and is continuing and the Trustee has actual knowledge of such Event of Default or is deemed to have knowledge pursuant to (b)(vi) above, subject to the provisions of this Article VIII, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the degree of care and skill in their exercise as a prudent man would exercise under the circumstances.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee, including without limitation Sections 8.3 and 8.4 hereof, shall be subject to the provisions of this Section 8.1. The Trustee also accepts, and agrees to do and perform, the duties and obligations imposed upon it by and under the Agreement and the Phase Four Facilities Lease, but only upon the terms and conditions set forth in the Agreement, the Phase Four Facilities Lease, and this Indenture. The rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

**Section 8.2 Trustee Entitled to Indemnity.** The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Indenture or under the Agreement, or to enter any appearance in or in any way defend against any suit, in which it may be made a defendant (except in the case of the Trustee's own negligence), or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder or under the Agreement or the Phase Four Facilities Lease, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Issuer shall reimburse the Trustee from funds available therefor under the Agreement for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Issuer shall fail to make reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference over any of the Bonds.

**Section 8.3 Trustee Not Responsible for Insurance, Taxes, Execution of Supplemental Indenture, Acts of the Issuer or Application of Moneys Applied in Accordance with this Indenture.** The Trustee shall not be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Corporation for the benefit of the Board or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any

such payment to be made. The Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Indenture or the validity or sufficiency of the security provided hereunder or in respect of the validity of the Bonds or the due execution or issuance thereof, except as to the authentication thereof.

The Trustee shall not be under any obligation to see that any duties herein imposed upon any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

The Trustee shall not be liable or responsible because of the failure of the Issuer or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Issuer or because of the loss of any moneys arising through the insolvency or the act or default or omission of any other depository in which such moneys shall have been deposited under the provisions of this Indenture. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Indenture.

The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

**Section 8.4 Compensation.** The Trustee shall be entitled to reasonable compensation for its ordinary services hereunder consistent with the results of the process by which the Trustee was selected and any extraordinary services rendered hereunder and to reimbursement for all expenses incurred in good faith hereunder, including the compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustee may employ in connection with the exercise and performance of its powers and duties hereunder. Subject to the provisions of any contract relating to the compensation of the Trustee, the Issuer shall cause the Board to pay to the Trustee as administrative expenses its reasonable fees and charges as Additional Rent in accordance with the Phase Four Facilities Lease upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue. If the Board shall fail to make any payment required by this Section, the Trustee may, but shall be under no obligation to, make such payment from any moneys in its possession under the provisions of this Indenture, and the Trustee shall be entitled to a preference therefor over any of the Bonds Outstanding hereunder.

**Section 8.5 Trustee to Preserve Records.** All records and files pertaining to the Corporation in the custody of the Trustee shall be open at all reasonable times to the inspection of the Issuer, the Board, the Corporation, the Bond Insurer and their agents and representatives.

**Section 8.6 Trustee May be Bondholder.** The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds issued under and secured by this Indenture, and may join in the capacity of a Bondholder in any action which any Bondholder may be entitled to take with like effect as if such institution were not the Trustee under this Indenture.

**Section 8.7 Trustee Not Responsible for Recitals.** The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee shall not be under any responsibility for the correctness of the same.

**Section 8.8 Trustee Responsible for Reinscription and Continuation Statements.** In the event that any continuation statement shall be required to keep current any financing statement or other filings with respect to security interests or other security devices securing the Bonds, the Trustee shall be obligated to file any such continuation statements and shall provide written notice to the Issuer of such filing, if any.

**Section 8.9 Trustee May Rely on Certificates.** Subject to the provisions of Section 8.1(b), the Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Agreement or this Indenture, or upon the written opinion of any attorney, engineer, accountant or other expert believed by it to be qualified in relation to the subject matter, and the Trustee shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

**Section 8.10 Qualification of the Trustee.** There shall at all times be a Trustee hereunder. Any successor Trustee hereunder shall be a trust company or commercial bank (having trust powers) organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having unimpaired capital and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. If such trust company or bank publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the unimpaired capital and surplus of such association or corporation shall be deemed to be its unimpaired capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in Section 8.11 hereof.

**Section 8.11 Resignation and Removal of Trustee.** (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.12 hereof and until notice of resignation or removal and appointment, as the case may be, shall have been provided to the Bond Insurer.

(b) The Trustee may resign at any time by giving written notice thereof to the Issuer, the Bond Insurer, the Board, the Corporation and the Bondholders. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed with or without cause at any time by an instrument or instruments in writing to the Trustee, with copies to the Issuer, the Bond Insurer, the Board and the Corporation, signed by the Bond Insurer or by the Bond Insurer and the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding or by their attorneys, legal representatives or agents and delivered to the Trustee, the Issuer, the Bond Insurer, the Board and the Corporation (such instruments to be effective only when received by the Trustee).

(d) If at any time

(i) the Trustee shall cease to be eligible under Section 8.10 hereof and shall fail to resign after written request therefor by the Corporation for the Board or by any Bondholder, or

(ii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (1) the Issuer, in its discretion and without obligation, may or the Corporation, on behalf of the Board, may remove the Trustee, or (2) any Bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor but only, in each case, with the prior written approval of the Bond Insurer.

(e) If the Trustee shall be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause other than resignation (it being understood that no vacancy may occur as a result of resignation since the Trustee may not resign unless a successor has been appointed) or if the Trustee tenders its resignation, the Issuer with the approval of the Bond Insurer (so long as the Bond Insurer is not in default under the Bond Insurance Policies) shall promptly appoint a successor provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue. If, within one (1) year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by an instrument or concurrent instruments in writing executed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding and delivered to the Corporation for the Board and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer. If no successor Trustee shall have been so appointed by the Issuer or the Bondholders and accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide owner of a Bond for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to all Bondholders upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorney's fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue. Each notice shall include the name and address of the principal corporate trust office of the successor Trustee.

**Section 8.12 Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, the Bond Insurer and the Corporation, on behalf of the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessors; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer and upon payment of the expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Section 8.4 hereof, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor, subject, nevertheless, to its preference, if any, provided for in Sections 8.2 and 8.4 hereof. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee any such instrument in writing shall and will be executed, acknowledged and delivered by the Issuer upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue.

Notwithstanding any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Indenture and otherwise qualified to act as Trustee hereunder with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the corporate trust assets and corporate trust business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

**Section 8.13 Co-Trustee.** It is the purpose hereof that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banks or trust companies to transact business as trustee in such jurisdiction. It is recognized that in case of litigation hereunder and in particular in case of the enforcement of this Indenture upon the occurrence of an Event of Default, it may be necessary that the Trustee appoint an additional individual or institution as a separate Trustee or Co-Trustee. The following provisions of this Section are adapted to these ends.

Upon the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers and trusts herein granted to the Trustee or to hold title to the trust estate or to take any other action which may be necessary or desirable in connection therewith, each and every remedy, power, right, claim, demand, cause of

action, immunity, estate, title, interest and lien expressed or intended to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in a separate Trustee or Co-Trustee appointed by the Trustee but only to the extent necessary to enable the separate Trustee or Co-Trustee to exercise such rights, powers and trusts, and every agreement and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate Trustee or Co-Trustee so appointed by the Trustee in order to more fully and certainly vest in and confirm to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments shall, on request, be executed, acknowledged and delivered by the Issuer upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue. In case any separate Trustee or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

**Section 8.14 Disclosure Documents.** The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

## ARTICLE IX

### SUPPLEMENTAL INDENTURES

**Section 9.1 Supplemental Indentures Not Requiring Consent of Bondholders.** The Issuer and the Trustee may, with the consent of the Bond Insurer but without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof and in the opinion of the Trustee shall not materially and adversely affect the interest of the Bondholders for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Bondholders or the Trustee or either of them;
- (c) To subject to the lien and pledge of this Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof or thereof under any federal statute hereafter in effect or under any state Blue Sky Law, and, in connection therewith, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted or required by any said federal statute or Blue Sky Law; provided, that any such indenture supplemental hereto referred to in this Section 9.1(d) shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of the Bonds; or
- (e) To provide any other modifications which, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders.

**Section 9.2 Supplemental Indentures Requiring Consent of Bondholders.** Anything contained in this Indenture to the contrary notwithstanding, except for indentures supplemental hereto authorized by Section 9.1 of this Indenture and subject to the terms and provisions contained in this Section 9.2, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right from time to time, with the consent of the Bond Insurer, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any indenture supplemental hereto; provided, however, that nothing contained in this Section 9.2 shall permit, or be construed as permitting, without the consent of the Bond Insurer and the owners of all the Bonds then outstanding (a) an extension of the stated maturity or reduction in the principal amount or premium of, or reduction in the rate or extension of the time of payment of interest on, any Bonds, or (b) the creation of any lien on the Trust Estate or any part thereof pledged under this Indenture prior to or on a parity with the lien of this Indenture, or (c) a

reduction in the aforesaid aggregate outstanding principal amount of Bonds the owners of which are required to consent to any such indenture supplemental hereto. No such amendment shall modify the rights, duties or immunities of the Trustee without the written consent of the Trustee.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section 9.2, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given to the Bondholders in the manner provided in Section 12.8 of this Indenture. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. If, within ninety (90) days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the owners of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section 9.2 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

**Section 9.3 Filing.** Copies of any supplemental indenture shall be filed with the Trustee and delivered to the Issuer and the Corporation for the Board.

**Section 9.4 Reliance on Counsel.** The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel satisfactory to the Trustee, who may be counsel for the Issuer, as conclusive evidence that any such proposed supplemental indenture complies with the provisions of this Article prior to joining in the execution of such supplemental indenture.

**Section 9.5 Supplement Binding.** Upon the execution of any supplemental indenture pursuant to the provisions of this Article, this Indenture shall be deemed to be supplemented, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Trustee, the Issuer, the Corporation, the Board and the owners of Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modification and amendment.

**Section 9.6 Supplemental Agreement.** The Issuer and the Corporation, with the approval of the Board, the Bond Insurer and the Trustee in certain events, may consent to supplemental loan agreements for the purposes and in the manner provided in Article VIII of the Agreement and the Trustee agrees that it shall take the actions required of it as provided thereunder.



**Section 9.7 Notice to Rating Agencies and Bond Insurer.** No supplemental indenture shall be executed and delivered pursuant to Sections 9.1 or 9.2 hereof without prior written notice having been given by the Trustee, to the Bond Insurer and Standard & Poor's Ratings Group (Attention: Bond Insurance Administration) of the Trustee's intention to execute such supplemental indenture not less than fifteen (15) days in advance of the execution of said supplemental indenture. The Issuer shall also furnish to the Bond Insurer a full transcript of all proceedings relative to the supplemental indenture.

## ARTICLE X

### COVENANTS OF ISSUER

**Section 10.1 Payment of Principal, Premium and Interest.** The Issuer covenants that it will promptly pay, or cause to be paid, the principal of, premium, if any, and the interest on every Bond at the places, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof but solely from the revenues of the Trust Estate and not from any other fund or source. The Issuer further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Indenture, the Agreement or in any Bond executed, authenticated and delivered hereunder or in any proceedings of the Issuer pertaining thereto.

**Section 10.2 Additional Security.** The Issuer covenants, whenever and so often as reasonably required to do so by the Trustee, promptly to execute and deliver or cause to be delivered all such other and further instruments, documents or assurances, and to promptly do or cause to be done all such other further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the owners of the Bonds all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture.

**Section 10.3 Cure Title Defects.** The Issuer covenants to promptly, upon the request of the Trustee, from time to time, take or cause to be taken such action as may be necessary or proper to remedy or cure any material defect in or cloud upon the title to the Trust Estate or any part thereof, whether now existing or hereafter developing, and to prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and to indemnify and save the Trustee and every owner of Bonds, solely from the Trust Estate, harmless from all loss, cost, damage and expense, including attorneys' fees, which they or either of them may ever incur by reason of any such defect, cloud, suit, action or proceedings.

**Section 10.4 Defend Against Actions.** The Issuer covenants to defend or cause to be defended every suit, action or proceeding at any time brought against the Trustee or any owner of Bonds upon any claim arising out of the receipt, application or disbursement of any of the revenues of the Trust Estate or involving the Issuer's, the Trustee's or such Bondholders' rights under this Indenture or the Agreement and to indemnify and save harmless, solely from the Trust Estate, the Trustee and Bondholders against any and all liability claimed or asserted by any person whomsoever, arising out of such receipt, application or disbursement of any such revenues; provided, however, that the Trustee or any owner of Bonds at its or his election may appear in and defend against any such suit, action or proceeding; and notwithstanding any contrary provision hereof, this covenant shall continue and remain in full force and effect until all indebtedness, liabilities, obligations and other sums secured hereby have been fully paid and satisfied, and this Indenture has been released of record and the lien hereof discharged.

**Section 10.5 Non-Impairment of Security.** The Issuer covenants that so long as any of the Bonds issued pursuant to this Indenture are outstanding and unpaid, the Issuer will not voluntarily consent to any amendment to the Agreement or otherwise take any action which will reduce the amount of moneys made available thereunder to the Trustee, or which will in any

manner impair or adversely affect the rights of the Issuer or the Trustee or the security provided by this Indenture to the owners from time to time of the Bonds.

**Section 10.6 Issuer's Obligation Limited.** Nothing in the Agreement or this Indenture is intended to require or obligate nor shall anything therein be interpreted to require or obligate the Issuer for any purpose or at any time whatsoever, to provide, apply or expend any funds coming into the hands of the Issuer other than from the Trust Estate.

Any other term or provision in this Indenture or in the Agreement, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Bonds or elsewhere to the contrary notwithstanding:

(a) Any and all obligations (including without limitation, fees, claims, demands, payments, damages, liabilities, penalties, assessments and the like) of or imposed upon the Issuer or its members, officers, agents, employees, representatives, advisors or assigns, whether under this Indenture or any of the Agreement, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Bonds or elsewhere and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever (collectively, the "**Obligations**"), shall in all events be absolutely limited obligations and liabilities, payable solely out of the following, if any, available at the time the Obligation in question is asserted:

(i) Bond Proceeds and investments therefrom; and

(ii) Payments derived from the Bonds, this Indenture (including the Trust Estate to the extent provided in this Indenture), and the Agreement (except the fees and expenses of the Issuer and the Issuer's right to indemnification under the Agreement as set forth therein);

(the above provisions (i) and (ii) being collectively referred to as the "**Exclusive Sources of the Obligations**").

(b) The Obligations shall not be deemed to constitute a debt or liability of the State of Louisiana or of any political subdivision thereof within the meaning of any State of Louisiana constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State of Louisiana or of any political subdivision thereof, including the Issuer, but shall be payable solely from and out of the Exclusive Sources of the Obligations and shall otherwise impose no liability whatsoever, primary or otherwise, upon the State of Louisiana or any political subdivision thereof, including the Issuer, or any charge upon their general credit or taxing power.

(c) In no event shall any member, officer, agent, employee, representative or advisor of the Issuer, or any successor or assign of any such person or entity, be liable, personally or otherwise, for any Obligation.

(d) In no event shall this Indenture be construed as:

- (1) depriving the Issuer of any right or privilege; or
- (2) requiring the Issuer or any member, officer, agent, employee, representative or advisor of the Issuer to take or omit to take, or to permit of suffer the taking of, any action by itself or anyone else; which deprivation or requirement would violate or result in the Issuer's being in violation of the Act or any other applicable state or federal law.

**Section 10.7 Immunity of Officers, Employees and Members of Issuer.** No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer, director, member, employee or agent of the Issuer, and all such liability of any such officers, directors, members, employees, or agents except for criminal or intentional acts as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any incorporator, director, or officer of the Issuer past, present or future in his or her individual capacity, and neither members of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability be reason of the issuance thereof. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer, director, member, employee or agent of the Issuer, and all such liability of any such officers, directors, members, employees, or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds.

**Section 10.8 Role of Issuer.** The Issuer shall not be required to take any action not expressly provided for herein. The Issuer shall have no obligation to review, control or oversee the activities of Trustee in collecting any amounts payable pursuant to the Agreement or the Indenture, or in making any payments on the Bonds. Furthermore, the Issuer shall not be obligated to take any action or execute any documents, which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for liability of the Issuer, its incorporators, directors, officers and counsel.

**Section 10.9 No Additional Pledge.** The Issuer shall grant no security interest or lien of any type in the Payments other than the pledge set forth in Article II hereof and shall issue no debt or obligation that is to be paid from the Payments other than the payment of principal of and interest on the Bonds and the other payments required hereunder. The Issuer shall grant no security interest or lien or encumbrance of any type on the Payments other than the pledge made by Article II hereof.

## ARTICLE XI

### DEFEASANCE

**Section 11.1 Payment.** When all of the Bonds shall have been paid and discharged, and there shall have been paid all fees and charges of the Trustee due or to become due through the date on which the last of the Bonds is retired, then this Indenture shall cease, terminate and become null and void, and thereupon the Trustee shall release this Indenture including the cancellation and discharge of the lien hereof, and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof and, if necessary, to enter on the records such satisfaction and discharge and to re-convey to the Issuer any property or interest therein or other rights hereby conveyed and such other instruments to evidence such release and discharge as may be reasonably required by the Issuer, and the Trustee shall assign and deliver to the Issuer any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in any fund otherwise required to be paid by this Indenture and except such cash and investments as are held by the Trustee for the payment of interest and premium, if any, on and retirement of the Bonds.

Notwithstanding the foregoing, the obligation of the Board to pay the fees and expenses of the Trustee in accordance with the terms of this Indenture shall survive the defeasance of the Bonds, the discharge of this Indenture and the termination of the Agreement.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policies, or amounts are due to the Bond Insurer under the Reimbursement Agreement, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

**Section 11.2 Provision for Payment.** Any Bonds shall be deemed to have been paid and discharged within the meaning of Section 11.1, if the Trustee, or an escrow trustee, shall hold, in trust for and irrevocably committed thereto, moneys or Defeasance Obligations of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient for the payment of such Bonds, at their maturity or redemption date, of the principal thereof, together with the redemption premium, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been duly made for the giving of such notice. Any moneys held in accordance with the provisions of this Section shall be invested only in Defeasance Obligations the maturities or redemption dates and interest payment dates of which, at the option of the owner, shall coincide as nearly as practicable with, but not later than, the time or times at which said moneys will be required for the aforesaid purposes. Any income or

interest earned by the Defeasance Obligations held under this Section shall, as determined by the Trustee or the escrow trustee, to the extent not required for the purposes of this Section, be paid to the Board as overpayment of Payments. No forward supply contract may be entered into in connection with a defeasance without the prior written consent of the Bond Insurer.

**Section 11.3 Certifications.** The Issuer and the Corporation, for the Board, covenant and agree that they will furnish to the Trustee and the Bond Insurer:

Certificates or opinions made by officers of the Issuer and the Corporation required by this Indenture stating that provisions of this Article relating to the satisfaction and discharge of this Indenture have been fulfilled; and

An opinion of Bond Counsel in form and substance satisfactory to the Bond Insurer to the effect that the payment of the Bonds has been provided for in the manner set forth in this Indenture and the Agreement and that all obligations of the Issuer and the Corporation with respect to the Bonds have been discharged and satisfied; and

In the case of an advance refunding, a mathematical verification prepared by a nationally recognized firm of independent certified public accountants (or other verification agent satisfactory to the Bond Insurer) that the Defeasance Obligations are sufficient to pay the principal of, premium, if any, and interest on the Bonds, which are defeased.

## ARTICLE XII

### MISCELLANEOUS

**Section 12.1 Covenants of Issuer Binds its Successors.** In the event of the dissolution of the Issuer, all of the covenants, stipulations, obligations and agreements contained in this Indenture by or on behalf of or for the benefit of the Issuer shall bind or inure to the benefit of the successor or successors of the Issuer from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the word "**Issuer**" as used in this Indenture shall include such successor or successors.

**Section 12.2 Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, the Corporation, the Board, the Bond Insurer and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

**Section 12.3 Parties Interest Herein.** Nothing in this Indenture expressed or implied, is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Trustee, the Corporation, the Bond Insurer and the Bondholders, any right, remedy or claim or by reason of this Indenture or any covenant, agreement, condition or stipulation therein.

**Section 12.4 No Recourse on the Bonds.** No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereunder or under this Indenture against any trustee, director, officer, employee or agent of the Issuer or of the Trustee.

**Section 12.5 Severability.** If any clause, provision or Section of this Indenture be held illegal or invalid by any court, the invalidity of such clause, provision or Section shall not affect any of the remaining clauses, provisions or Sections hereof and this Indenture shall be construed and enforced as if such illegal or invalid clause, provision or Section had not been contained herein. In case any agreement or obligation contained in this Indenture be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer, the Corporation or the Board, as the case may be, only to the extent permitted by law.

**Section 12.6 Consents and Approvals.** Whenever the written consent or approval of the Issuer, the Trustee or the Corporation shall be required under the provisions of this Indenture, such consent or approval shall not be unreasonably withheld or delayed.

**Section 12.7 Notices.** All notices demands and requests to be given or made hereunder to or by the Issuer, the Trustee or the Corporation, or their designated successors, shall be in writing and shall be properly made if hand delivered or sent by United States mail, postage prepaid, and addressed as follows:

If to the Issuer: Louisiana Local Environmental Facilities Community and  
Development Authority  
8712 Jefferson Highway, Suite A  
Baton Rouge, Louisiana 70809-2233  
Attention: Executive Director

If to the Corporation: University Facilities, Inc.  
SLU Box 10709  
Hammond, Louisiana 70402  
Attention: Executive Director

If to the Trustee: The Bank of New York Trust Company, N.A.  
10161 Centurion Parkway  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department  
Facsimile: 904-645-1997  
E-mail: robsmith@bankofny.com

If to the Bond Insurer: MBIA Insurance Corporation  
113 King Street  
Armonk, New York 10504  
Attention: Insured Portfolio Management

Notice hereunder shall be deemed effective on the date of its receipt by the addressee. At such time as the Trustee may alter its policy to accept notice by facsimile or electronic mail, notice by such transmission at the facsimile number and/or the e-mail address for the Trustee listed above will be considered properly made. The above addresses may be changed at any time upon written notice of such change sent by United States mail, postage prepaid, to the other parties by the party effecting the change.

Any notice required to be given by any party hereunder, and copies of notices received by the Trustee under the Phase Four Facilities Lease and the Phase Four Ground Lease, shall also be given to the Bond Insurer at the address specified above.

**Section 12.8 Notices to Bondholders.** Any notices or other communications required or permitted to be given to the Bondholders pursuant to this Indenture shall be mailed by first class mail in a sealed envelope, postage prepaid, addressed to each such Bondholder as his address last appears on the Bond Register. In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice to the Bondholders of any event when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be sufficient giving of such notice. Any notice herein required may be omitted if the owners of all the Bonds entitled to such notice give to the Trustee a written waiver of such notice.

**Section 12.9 Applicable Law.** This Indenture shall be governed exclusively by the applicable laws of the State.



**Section 12.10 Captions.** The table of contents, captions and headings of the several articles and sections of this Indenture are for convenience only and shall not control, affect the meaning of or be taken as an interpretation of any provisions of this Indenture.

**Section 12.11 Indenture to Constitute a Contract.** This Indenture, upon execution by the Issuer and the Trustee shall constitute a third party beneficiary contract between the Issuer and the Trustee for the benefit of the Bond Insurer and of the owners of all Bonds issued hereunder.

**Section 12.12 Performance on Legal Holidays.** In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption or purchase of any Bonds or the date fixed for the giving of notice or the taking of any action under this Indenture shall not be a Business Day, then payment of such interest, principal, purchase price and redemption premium, if any, the giving of such notice or the taking of such action need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or purchase, and no interest on such payment shall accrue for the period after such date.


**Section 12.13 Continuing Disclosure Agreement.** The Board has undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuer shall have no liability to the holders of the Bonds or any other person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of the Board to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; however, the Trustee may (and, at the request of the Underwriter (as defined in the Continuing Disclosure Agreement) or the holders of at least a majority in aggregate principal amount of Outstanding Bonds or the Bond Insurer, shall), upon being provided indemnity satisfactory to the Trustee, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Board to comply with its obligations under this Section 12.13. The Trustee shall have no responsibility for the failure of the Board to report any material event and shall have no responsibility as to any determination by the Board of whether any event would constitute material information for holders of the Bonds.

**IN WITNESS WHEREOF**, the Issuer has caused this Indenture to be executed by its Executive Director and has caused the seal of the Issuer to be affixed hereto and attested by its Assistant Secretary and the Trustee has caused this Indenture to be executed in its behalf by a Trust Officer and its seal to be impressed hereon, all as of the day and year above written.

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES  
AND COMMUNITY  
DEVELOPMENT AUTHORITY

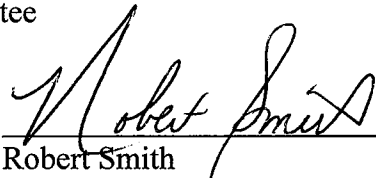
By:   
Steve A. Dicharry  
Executive Director

ATTEST:

By:   
Linda D'Antoni  
Assistant Secretary

SEAL

THE BANK OF NEW YORK  
TRUST COMPANY, N.A.,  
as Trustee

By:   
Robert Smith  
Assistant Vice President

**FORM OF SERIES 2007A BOND**

FORM OF SERIES 2007A BOND

Unless this Series 2007A Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to the Authority or its agent for registration of transfer, exchange, or payment, and any Series 2007A Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2007A Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

UNITED STATES OF AMERICA  
STATE OF LOUISIANA

**Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bond  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

No. RA- 1

\$ \_\_\_\_\_

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
	February 1, _____	March 14, 2007	March _____, 2007	

REGISTERED OWNER: CEDE & Co.  
TAX ID#13-2555119

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100 DOLLARS

The LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "Authority"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the Interest Rate specified above and on the dates set forth herein. The principal of and interest on this Series 2007A Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2007A Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Interest on this Series 2007A Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2007A Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on January 15 or July 15, as the case may be next preceding such interest payment date, or if such day shall not be a Business Day, the next preceding Business Day (the "Record Date") irrespective of any transfer or exchange of this Series 2007A Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2007A Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2007A Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2007A Bond not fewer than fifteen (15) days preceding such special record date.

This Series 2007A Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2007A Bond is one of the duly authorized issue of the Authority's Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "Series 2007A Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Authority is issuing \$5,545,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the "Corporation") for the purpose of (i) developing and constructing the Phase Four Facilities as defined in the Indenture, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds. Simultaneously with the issuance of the Series 2007A Bonds, the Authority will issue \$2,490,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc.: Phase Four Parking Project) Series 2007B" (the "Series 2007B Bonds" and, together with the Series 2007A Bonds, the "Series 2007 Bonds"), authorized to be issued on behalf of the Corporation for the purpose of: (i) developing and constructing the Phase Four Facilities, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance

policy insuring the Series 2007 Bonds. The proceeds of the Series 2007A Bonds have been loaned to the Corporation pursuant to a Loan Agreement dated as of March 1, 2007, between the Authority and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes. The Board of Supervisors for the University of Louisiana System (the "Board"), acting on behalf of Southeastern Louisiana University (the "University"), has leased the land upon which the Facilities are and will be located on the campus of the University (the "Land") and the Facilities to the Corporation pursuant to a Phase Four Ground Lease, and will lease the Facilities from the Corporation pursuant to a Phase Four Facilities Lease.

The Series 2007A Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"), and pursuant to a Trust Indenture dated March 1, 2007, between the Authority and the Trustee (together with all amendments and supplements thereto called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2007A Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2007A Bonds. The registered owner of this Series 2007A Bond shall have no rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2007A Bond, the owner hereof assents to all of the provisions of the Indenture and the Assignment (hereinafter defined). All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Series 2007A Bonds are on a parity with the Series 2007B Bonds under the Indenture.

### **The Insurance Policy**

Simultaneously with the delivery of the Series 2007A Bonds, in order to provide the registered Owners of the Series 2007A Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2007A Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2007A Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2007A Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. RA-1 upwards. The Series 2007A Bonds are limited and special revenue obligations of the Authority and are payable solely from (i) payments received by the Authority from the Corporation pursuant to the Agreement (except however, the Authority's rights to exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2007A Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Authority and the Trustee. The Agreement imposes upon the Corporation

certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

THE SERIES 2007A BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE SERIES 2007A BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2007A BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2007A Bonds remain outstanding, there shall be permitted the exchange of Series 2007A Bonds at the principal corporate trust office of the Trustee. Any Series 2007A Bond or Series 2007A Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2007A Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2007A Bonds during the fifteen (15) day period next preceding the selection of Series 2007A Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2007A Bonds selected for redemption, or (b) any Series 2007A Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2007A Bond to be redeemed in part, the portion thereof not so to be redeemed.

## **REDEMPTION PROVISIONS**

### **Optional Redemption**

The Series 2007A Bonds maturing on and after February 1, 2018, are subject to redemption prior to maturity, at the option of the Issuer, upon written direction from the Board Representative, on or after February 1, 2017, as a whole or in part at any time and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

### **Extraordinary Redemption**

The Series 2007A Bonds are subject to redemption in part at the option of the Issuer, upon written direction from the Board Representative, on any Phase Four Interest Payment Date from amounts transferred by the Trustee from the 2007 Account of the Project Fund to the Series 2007 Principal

Account of the Debt Service Fund upon completion of construction of the Phase Four Facilities in accordance with this Indenture, the Series 2007A Bonds to be redeemed to be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption.

**Mandatory Redemption**

If the Board shall purchase the Corporation's leasehold interest in the Phase Four Facilities pursuant to the provisions of the Phase Four Facilities Lease, the Series 2007A Bonds will be redeemed as a whole on the later of (a) February 1, 2017, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2007A Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2007A Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Phase Four Interest Payment Date at least thirty (30) days after the Trustee receives notice that insurance proceeds, or proceeds derived as a result of Phase Four Expropriation proceedings with respect to the Phase Four Facilities will not be applied to restoration, repair, or reconstruction of the Phase Four Facilities at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds or Phase Four Expropriation proceeds not used for restoration, repair, or reconstruction. If the amount of any insurance proceeds or Phase Four Expropriation proceeds to be applied in redemption of the Series 2007A Bonds is not an Authorized Denomination, the principal amount of Series 2007A Bonds to be so redeemed will be decreased to the next lower Authorized Denomination.

**Mandatory Sinking Fund Redemption**

The Series 2007A Bonds maturing on February 1, 2027 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date as follows:

**Series 2007A Bonds  
\$2,515,000 Term Bonds due February 1, 2027**

<u>Maturity</u> <u>(February 1)</u>	<u>Principal Amount</u>
2018	\$210,000
2019	215,000
2020	225,000
2021	235,000
2022	245,000
2023	255,000
2024	265,000
2025	275,000
2026	290,000
2027*	300,000

\*Final Maturity

The Series 2007A Bonds maturing on February 1, 2031 will be subject to mandatory redemption



prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007A Bonds**  
**\$1,335,000 Term Bonds due February 1, 2031**

<b><u>Maturity</u></b> <b><u>(February 1)</u></b>	<b><u>Principal Amount</u></b>
2028	\$315,000
2029	325,000
2030	340,000
2031*	355,000

\*Final Maturity

If on any occasion less than all of the Series 2007A Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described in the Indenture, then the principal amount of the Series 2007A Bonds so redeemed shall be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above shall be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

**Partial Redemption of Series 2007A Bonds.**

Unless otherwise specified above, if fewer than all of the Series 2007A Bonds are redeemed, the maturity of the Series 2007A Bonds to be redeemed will be designated by the Corporation on behalf of the Board and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, that the portion of any Series 2007A Bond to be redeemed will be in the principal amount of an Authorized Denomination. If a portion of a Series 2007A Bond is redeemed, a new Series 2007A Bond in a principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

**Notice of Redemption**

In the case of a redemption other than by mandatory sinking fund redemption, at least thirty (30) days prior to any date fixed for redemption of Series 2007A Bonds, the Trustee will be required to cause notice of redemption, signed by an authorized officer of the Trustee, to be mailed, postage prepaid to all Bondholders of record owning Series 2007A Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register. Any defect in mailing of any notice will not affect the validity of the proceedings for such redemption. Each notice will be required to set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2007A Bonds then outstanding shall be called for redemption, the numbers of such Series 2007B Bonds to be redeemed and, in the case of Series 2007A Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case of partial redemption, the notice will be required to state that on and after the redemption date, upon surrender of such Series 2007A Bond, a new Series 2007A Bond in principal amount equal to the unredeemed portion will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2007A Bond, do exist, have happened and have been performed in regular and due form as required by law.

***IN WITNESS WHEREOF***, the **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** has caused this Series 2007A Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Executive Director on the date of authentication hereof.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL  
FACILITIES AND COMMUNITY DEVELOPMENT  
AUTHORITY**

[S E A L]

By \_\_\_\_\_  
M. E. "Toye" Taylor, Chairman

Attest:

\_\_\_\_\_  
Steve A. Dicharry, Executive Director

**CERTIFICATE OF AUTHENTICATION**

This Series 2007A Bond is one of the Series 2007A Bonds described in the within mentioned Indenture.

Date of Authentication:  
\_\_\_\_\_, 2007

**THE BANK OF NEW YORK  
TRUST COMPANY, N.A.,**  
as Trustee

By: \_\_\_\_\_  
Authorized Trust Officer

## STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$5,545,000

Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term

owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

**ASSIGNMENT**

*FOR VALUE RECEIVED* the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please print or typewrite Name and Address,  
including Zip Code, and Federal Taxpayer Identification  
or Social Security Number of Assignee)

\_\_\_\_\_  
the within Series 2007A Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
Attorney to register the transfer of the Series 2007A within Bond on the books kept for registration  
thereof,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed by: \_\_\_\_\_

**NOTICE:** Signature must be guaranteed by a  
Participant in the Securities Transfer Agent  
Medallion Program.

**NOTICE:** The signature to this assignment must  
correspond with the name as it appears on the  
face of the within Series 2007A Bond in every  
particular, without alteration, enlargement or any  
change whatever.

**TRANSFER FEE MAY BE REQUIRED**

**LEGAL OPINION CERTIFICATE**

I, the undersigned Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2007A Bonds.

By: \_\_\_\_\_  
Steve A. Dicharry, Executive Director

**FORM OF SERIES 2007B BOND**



FORM OF SERIES 2007B BOND

Unless this Series 2007B Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”) to the Issuer or its agent for registration of transfer, exchange, or payment, and any Series 2007B Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2007B Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

UNITED STATES OF AMERICA  
STATE OF LOUISIANA

***Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bond  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc. Project)  
Series 2007B***

No. RB- 1

\$2,500,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
	February 1, 2037	March 14, 2007	March ____, 2007	

REGISTERED OWNER: CEDE & Co.  
TAX ID#13-2555119

**PRINCIPAL AMOUNT: TWO MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS**

The **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** (the “Issuer”), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the “State”), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the Interest Rate specified above and on the dates set forth herein. The principal of and interest on this Series 2007B Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2007B Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). Interest on this Series 2007B Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2007B Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on January 15 or July 15, as the case may be next preceding such interest payment date, or if such day shall not be a Business Day, the next preceding Business Day (the “Record Date”) irrespective of any transfer or exchange of this Series 2007B Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2007B Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2007B Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2007B Bond not fewer than fifteen (15) days preceding such special record date.

This Series 2007B Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2007B Bond is one of the duly authorized issue of the Issuer’s Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the “Series 2007B Bonds”), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Issuer is issuing \$2,490,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the “Corporation”) for the purpose of (i) developing and constructing the Phase Four Facilities as defined in the Indenture, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds. Simultaneously with the issuance of the Series 2007B Bonds, the Issuer will issue \$5,545,000 of revenue bonds designated “Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc.: Phase Four Parking Project) Series 2007A” (the “Series 2007A Bonds” and, together with the Series 2007B Bonds, the “Series 2007 Bonds”), authorized to be issued on behalf of the Corporation for the purpose of: (i) developing and constructing the Phase Four Facilities, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Series 2007 Bonds. The proceeds of the Series 2007B Bonds have been loaned to the

Corporation pursuant to a Loan Agreement dated as of March 1, 2007, between the Issuer and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes.

The Series 2007B Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive ) (the "Act"), and pursuant to a Trust Indenture dated March 1, 2007, between the Issuer and the Trustee (together with all amendments and supplements thereto called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2007B Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2007B Bonds. The registered owner of this Series 2007B Bond shall have no rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2007B Bond, the owner hereof assents to all of the provisions of the Indenture and the Assignment (hereinafter defined). All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Series 2007B Bonds are on a parity with the Series 2007A Bonds under the Indenture.

### **The Insurance Policy**

Simultaneously with the delivery of the Series 2007B Bonds, in order to provide the registered Owners of the Series 2007B Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2007B Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2007B Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2007B Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. RB-1 upwards. The Series 2007B Bonds are limited and special revenue obligations of the Issuer and are payable solely from (i) payments received by the Issuer from the Corporation pursuant to the Agreement (except however, the Issuer's rights to exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2007B Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Issuer and the Trustee. The Agreement imposes upon the Corporation certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

**THE SERIES 2007B BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE**

TRUST ESTATE. THE SERIES 2007B BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2007B BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2007B Bonds remain outstanding, there shall be permitted the exchange of Series 2007B Bonds at the principal corporate trust office of the Trustee. Any Series 2007B Bond or Series 2007B Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2007B Bonds, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2007B Bonds during the fifteen (15) day period next preceding the selection of Series 2007B Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2007B Bonds selected for redemption, or (b) any Series 2007B Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2007B Bond to be redeemed in part, the portion thereof not so to be redeemed.

## **REDEMPTION PROVISIONS**

### **Optional Redemption.**

The Series 2007B Bonds maturing on and after February 1, 2010 are subject to redemption prior to maturity, at the option of the Issuer, upon written direction from the Board Representative, on or after February 1, 2009, as a whole or in part on any Phase Four Interest Payment Date and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

### **Extraordinary Redemption**

The Series 2007B Bonds are subject to redemption in part at the option of the Issuer, upon written direction from the Board Representative, on any Phase Four Interest Payment Date from amounts transferred by the Trustee from the 2007 Account of the Project Fund to the Series 2007 Principal Account of the Debt Service Fund upon completion of construction of the Phase Four Facilities in accordance with this Indenture, the Series 2007B Bonds to be redeemed to be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption.

## **Mandatory Redemption**

If the Board shall purchase the Corporation's leasehold interest in the Phase Four Facilities pursuant to the provisions of the Phase Four Facilities Lease, the Series 2007B Bonds will be redeemed as a whole on the later of (a) February 1, 2017, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2007B Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2007B Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Phase Four Interest Payment Date at least thirty (30) days after the Trustee receives notice that insurance proceeds, or proceeds derived as a result of Phase Four Expropriation proceedings with respect to the Phase Four Facilities will not be applied to restoration, repair, or reconstruction of the Phase Four Facilities at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds or Phase Four Expropriation proceeds not used for restoration, repair, or reconstruction. If the amount of any insurance proceeds or Phase Four Expropriation proceeds to be applied in redemption of the Series 2007B Bonds is not an Authorized Denomination, the principal amount of Series 2007B Bonds to be so redeemed will be decreased to the next lower Authorized Denomination.

## **Mandatory Sinking Fund Redemption**

The Series 2007B Bonds maturing on February 1, 2037 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

### **Series 2007B Bonds \$2,490,000 Term Bonds due February 1, 2037**

<b><u>Maturity (February 1)</u></b>	<b><u>Principal Amount</u></b>
2032	\$370,000
2033	390,000
2034	405,000
2035	425,000
2036	440,000
2037*	460,000

\*Final Maturity

If on any occasion less than all of the Series 2007B Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described above under the subheadings "Optional Redemption" or "Mandatory Redemption", then the principal amount of the Series 2007B Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

### **Partial Redemption of Series 2007B Bonds.**

Unless otherwise specified above, if fewer than all of the Series 2007B Bonds are redeemed, the maturity of the Series 2007B Bonds to be redeemed will be designated by the Corporation on behalf of the Board and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, that the portion of any Series 2007B Bond to be redeemed will be in the principal amount of an Authorized Denomination. If a portion of a Series 2007B Bond is redeemed, a new Series 2007B Bond in a principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

### **Notice of Redemption**

In the case of a redemption other than by mandatory sinking fund redemption, at least thirty (30) days prior to any date fixed for redemption of Series 2007B Bonds, the Trustee will be required to cause notice of redemption, signed by an authorized officer of the Trustee, to be mailed, postage prepaid to all Bondholders of record owning Series 2007B Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register. Any defect in mailing of any notice will not affect the validity of the proceedings for such redemption. Each notice will be required to set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2007B Bonds then outstanding shall be called for redemption, the numbers of such Series 2007B Bonds to be redeemed and, in the case of Series 2007B Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case of partial redemption, the notice will be required to state that on and after the redemption date, upon surrender of such Series 2007B Bond, a new Series 2007B Bond in principal amount equal to the unredeemed portion will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2007B Bond, do exist, have happened and have been performed in regular and due form as required by law.

***IN WITNESS WHEREOF***, the **LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY** has caused this Series 2007B Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Executive Director on the date of authentication hereof.

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL  
FACILITIES AND COMMUNITY DEVELOPMENT  
AUTHORITY**

[S E A L]

By \_\_\_\_\_  
M. E. "Toye" Taylor, Chairman

Attest:

\_\_\_\_\_  
Steve A. Dicharry, Executive Director

**CERTIFICATE OF AUTHENTICATION**

This Series 2007B Bond is one of the Series 2007B Bonds described in the within mentioned Indenture.

Date of Authentication:  
\_\_\_\_\_, 2007

**THE BANK OF NEW YORK  
TRUST COMPANY, N.A.,**  
as Trustee

By: \_\_\_\_\_  
Authorized Trust Officer

## STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$2,490,000  
Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term



owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

**ASSIGNMENT**

*FOR VALUE RECEIVED* the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please print or typewrite Name and Address,  
including Zip Code, and Federal Taxpayer Identification  
or Social Security Number of Assignee)

\_\_\_\_\_  
the within Series 2007B Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
Attorney to register the transfer of the Series 2007B within Bond on the books kept for registration  
thereof,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature guaranteed by: \_\_\_\_\_

**NOTICE:** Signature must be guaranteed by a  
Participant in the Securities Transfer Agent  
Medallion Program.

**NOTICE:** The signature to this assignment must  
correspond with the name as it appears on the  
face of the within Series 2007B Bond in every  
particular, without alteration, enlargement or any  
change whatever.

**TRANSFER FEE MAY BE REQUIRED**

**LEGAL OPINION CERTIFICATE**

I, the undersigned Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2007B Bonds.

By: \_\_\_\_\_  
Steve A. Dicharry, Executive Director

**EXHIBIT B**

**FORM OF PROJECT FUND REQUISITION**

\$5,545,000

Louisiana Local Government Environmental Facilities and Community  
Development Authority Revenue Bonds (Southeastern Louisiana University  
Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A

\$2,490,000

Louisiana Local Government Environmental Facilities and Community  
Development Authority Revenue Bonds (Southeastern Louisiana University  
Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B

The Bank of New York  
10161 Centurion Parkway  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department  
Facsimile: 904-645-1997  
E-mail: robsmith@bankofny.com

Date: \_\_\_\_\_

Requisition Number: \_\_\_\_\_

The undersigned Authorized Corporate Representative, acting for and on behalf of University Facilities, Inc. pursuant to a Trust Indenture dated as of March 1, 2007 (the "Indenture") by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and The Bank of New York Trust Company, N.A., as trustee, relating to the above captioned issue of Bonds (the "Bonds") hereby requests payment be made from amounts on deposit in the Project Fund held by the Trustee pursuant to Section 4.4 of the Indenture to the person, firm or corporation in the amount and for the purpose set forth below. Capitalized terms used herein shall have the meanings ascribed thereto in the Indenture.

Name and address of payee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Amount of Payment: \$ \_\_\_\_\_

Purpose of Payment and costs heretofore paid and remainder of budgeted costs:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned Authorized Corporation Representative further certifies with respect to this Requisition as follows:

1. The amount paid to be paid, as set forth herein, has been incurred by the Corporation and is either (i) presently due and payable or (ii) has been paid by the Corporation and is a proper charge against the Project Fund created pursuant to the Indenture and has not been the subject of any prior requisition;

2. This requisition contains no item representing payment on account of any retainage to which the Corporation is entitled as of this date; and

3. All work, materials, supplies and equipment which are the subject of this requisition have been performed or delivered and are in accordance with the description of the Facilities.

By: \_\_\_\_\_  
Name:  
Title:

Required to be approved by Architect:

\_\_\_ Yes  
\_\_\_ No

APPROVAL OF ARCHITECT (if required):

By: \_\_\_\_\_  
Name:  
Title:

Paid: \_\_\_\_\_, 20\_\_

Authorized Officer of Trustee:

\_\_\_\_\_

FORM OF REPLACEMENT FUND REQUISITION

\$5,545,000

Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A

\$3,240,000

Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B

The Bank of New York
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Department
Facsimile: 904-645-1997
E-mail: robsmith@bankofny.com

Date: \_\_\_\_\_

Requisition Number: \_\_\_\_\_

The undersigned representative, acting for and on behalf of Southeastern Louisiana University (the "University") pursuant to a Trust Indenture dated as of \_\_\_\_\_, 2007 (the "Indenture") by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and The Bank of New York Trust Company, N.A., as Trustee, relating to the above captioned issue of Bonds (the "Bonds") hereby requests payment be made from amounts on deposit in the Replacement Fund held by the Trustee pursuant to Section 4.20 of the Indenture to be used by the University in the amount and for the purpose set forth below. Capitalized terms used herein shall have the meanings ascribed thereto in the Indenture.

Amount of Payment: \$ \_\_\_\_\_

Purpose of Payment pursuant to Section 4.20 of the Indenture:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Paid: \_\_\_\_\_, 20\_\_

Authorized Officer of Trustee:

\_\_\_\_\_

**EXECUTION COPY**

**LOAN AGREEMENT**

by and between

**Louisiana Local Government Environmental Facilities  
and Community Development Authority**

and

**UNIVERSITY FACILITIES, INC.**

Dated as March 1, 2007

in connection with:

\$5,545,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc. Project: Phase Four Parking)  
Series 2007A

\$2,490,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc. Project: Phase Four Parking)  
Series 2007B

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## Loan Agreement

This Loan Agreement dated as of March 1, 2007 (together with any amendments hereto, the “**Agreement**”), is between the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana (the “**Issuer**”), and University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State of Louisiana (the “**Corporation**”).

W i t n e s s e t h :

WHEREAS, the Issuer, a political subdivision established for public purposes under and pursuant to the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the “**Act**”), and other constitutional and statutory authority, is authorized by the provisions of the Act to issue revenue bonds payable out of the income, revenues and receipts received by the Issuer from its properties and facilities or from properties or facilities pledged to it or from contracts or agreements relating to such facilities, and to secure its revenue bonds and reimbursement obligations by a pledge of the foregoing revenues or from other moneys which, by law or contract, may be available to the Issuer; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the Issuer is authorized to issue revenue bonds and loan the funds derived from the sale thereof to the Corporation for the purpose of allowing the Corporation to finance the development and construction of additional student housing and related facilities, including parking facilities and all furnishings, fixtures and facilities incidental or necessary in connection therewith (the “**Phase Four Facilities**”) for University Facilities, Inc. (the “**Corporation**”), to be located on the campus of Southeastern Louisiana University (the “**University**”) in Tangipahoa Parish, Hammond, Louisiana, and to be leased back to the Board of Supervisors for the University of Louisiana System (the “**Board**”) acting on behalf of the University; and

WHEREAS, the Corporation has requested that the Issuer issue \$5,545,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the “**Series 2007A Bonds**”) and \$2,490,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the “**Series 2007B Bonds**”) and, with the Series A Bonds, the “**Series 2007 Bonds**” or the “**Bonds**”), the proceeds of the sale of such Bonds to be loaned to the Corporation pursuant to this Loan Agreement (the “**Agreement**”) for the purpose of (i) developing and constructing the Phase Four Facilities, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds; and

WHEREAS, the Corporation and the Issuer are empowered to consummate the transactions contemplated hereunder and to do all acts and exercise all powers and assume all obligations necessary or incident thereto; and

WHEREAS, in consideration of the issuance of the Bonds by the Issuer, the Corporation will assign its rights under that certain Agreement to Lease with Option to Purchase (as amended, the “**Facilities Lease**”) pursuant Part II of which (the “**Phase Four Facilities Lease**”) the Corporation, as Lessor, leases the Phase Four Facilities as well as the Stadium Expansion to the Board, as Lessee, including its right to all Phase Four Rental (as defined the Phase Four Facilities Lease) received thereunder, to the Issuer, and agree to make payments in an amount sufficient to make timely payments of principal of, premium, if any, and interest on the Bonds and to pay such other amounts as are required by this Agreement; and

WHEREAS, MBIA Insurance Corporation (the “**Bond Insurer**”) will issue its financial guaranty insurance policies unconditionally and irrevocably guaranteeing the full and complete payment of the regularly-scheduled principal of and interest on the Bonds as such payments shall become due but shall be unpaid; and

WHEREAS, the Issuer has adopted a resolution authorizing the sale and the issuance of the Bonds, the execution and delivery of instruments pertaining to the issuance thereof and other actions to be taken by the Issuer in connection with the authorization, issuance, sale and delivery of the Bonds and the application of the proceeds thereof; and

WHEREAS, all acts, conditions and things required by the laws of the State of Louisiana (the “**State**”) to happen, exist and be performed precedent to and in the execution and delivery of this Agreement have happened, exist and have been performed as so required in order to make this Agreement a valid and binding agreement in accordance with its terms; and

WHEREAS, each of the parties hereto represents that it is fully authorized to enter into and perform and fulfill the obligations imposed upon it under this Agreement and the parties are now prepared to execute and deliver this Agreement; and

WHEREAS, in consideration of the respective representations and agreements contained herein, the parties hereto, recognizing that under the Act this Agreement shall not in any way obligate the State or any public corporation thereof, including, without limitation, the Issuer, to raise any money by taxation or use other public moneys for any purpose in relation to the Bonds and that neither the State nor the Issuer, shall pay or promise to pay any debt or meet any financial obligation to any person at any time in relation to the Bonds except from moneys received or to be received under the provisions of this Agreement and the Indenture or derived from the exercise of the rights of the Issuer thereunder, agree as follows:

**ARTICLE I**  
**DEFINITIONS AND RULES OF CONSTRUCTION**

Section 1.01 **Definitions.** All capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the preamble hereto or in the Indenture. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

“**Act**” means Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 4548.1 to 4548.16, inclusive), and all future acts supplemental thereto and amendatory thereof.

“**Phase Four Additional Rental**” means the amounts specified as such in the Facilities Lease.

“**Agreement**” means this Loan Agreement dated as of March 1, 2007 between the Corporation and the Issuer, including any amendments and supplements hereof and hereto as permitted hereunder.

“**Authorized Corporation Representative**” means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice-Chairperson of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

“**Authorized Issuer Representative**” means the person(s) at the time designated to act under this Agreement and the Indenture on behalf of the Issuer by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person(s) and signed on behalf of the Issuer by the Chairman, Vice Chairman or Executive Director of the Issuer. Such certificate may designate an alternate or alternates.

“**Board**” means the Board of Supervisors for the University of Louisiana System or its legal successor as the management board of the University, acting on behalf of the University.

“**Bond Counsel**” means Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., and its successors, or such other nationally recognized bond counsel as may be selected by the Issuer and acceptable to the Corporation and the Bond Insurer.

“**Bond Insurance Policies**” means the financial guaranty insurance policies issued by the Bond Insurer that unconditionally and irrevocably guarantees the full and complete payment of the regularly-scheduled principal of and interest on the Bonds as such payments shall become due but shall be unpaid.

“**Bond Insurer**” means MBIA Insurance Corporation, or any successor thereto.

“**Bondholder**” or “**owner**,” when used with reference to a Bond or Bonds, means the registered owner of any outstanding Bond or Bonds.

**“Bonds”** means, collectively, the Series 2007 Bonds.

**“Business Day”** means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

**“Closing Date”** means the date on which the Series 2007 Bonds are delivered and payment therefor is received by the Issuer.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

**“Corporation”** means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

**“Costs of the Phase Four Facilities”** means those costs incurred by the Corporation in connection with the development and construction of Phase Four Facilities, as set forth in Section 4.13 of the Indenture.

**“Debt Service Fund”** means the fund of that name created under the Indenture.

**“Defeasance Obligations”** means noncallable direct obligations of the United States of America (including direct obligations of the United States of America which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities) or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

**“Facilities Lease”** means that certain Agreement to Lease with Option to Purchase dated as of August 1, 2004, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby certain facilities are leased by the Corporation to the Board, on behalf of the University, as amended.

**“First Amendment to Facilities Lease”** means that certain First Amendment to Agreement to Lease with Option to Purchase by and between the Board and the Corporation dated as of March 1, 2007.

**“First Amendment to Ground Lease”** means that certain First Amendment to Agreement to Ground and Buildings Lease by and between the Corporation and the Board dated as of March 1, 2007.

**“Fiscal Year”** means any period of twelve consecutive months adopted by the Corporation as its Fiscal Year for financial reporting purposes, presently the period beginning on July 1 and ending on June 30 of the following year.

**“Ground Lease”** means that certain Ground and Buildings Lease Agreement dated as of August 1, 2004 by and between the Corporation, as Lessee, and the Board, as Lessor, whereby the Land upon which certain facilities shall be constructed and/or renovated and such facilities, as completed are leased by the Board to the Corporation, as amended.

**“Indenture”** means the Trust Indenture dated as of March 1, 2007 between the Issuer and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the provisions thereof.

**“Interest Account”** means the Interest Account within the Debt Service Fund created pursuant to Article IV of the Indenture.

**“Issuer”** means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act, or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Issuer by said provisions shall be given by law.

**“Loan”** means the aggregate amount of the moneys loaned to the Corporation pursuant to this Agreement.

**“Outstanding”** or **“outstanding,”** when used with reference to Bonds, means all Bonds which have been authenticated and issued under the Indenture except:

- (a) Bonds canceled by the Trustee pursuant to the Indenture;
- (b) Bonds for the payment of which moneys or Defeasance Obligations shall be held in trust for their payment by the Trustee as provided in the defeasance provisions of the Indenture;
- (c) Bonds which have been duly called for redemption and for which the redemption price thereof is held in trust by the Trustee as provided in the Indenture;
- (d) Bonds in exchange for which other Bonds shall have been authenticated and delivered by the Trustee as provided in the Indenture; and
- (e) for all purposes regarding consents and approvals or directions of Bondholders under this Agreement or the Indenture, Bonds held by or for the Issuer, the Corporation or any person controlling, controlled by or under common control with either of them.

**“Payments”** means the amounts of repayments under this Agreement with respect to the Bonds to be made by the Corporation as provided in Article IV of this Agreement.

**“Permitted Encumbrances”** means:

(a) any lien arising by reason of any good faith deposit with the Corporation in connection with any lease of real estate, bid or contract (other than any contract for the payment of money);

(b) any lien arising by reason of any deposit with or giving of security to any governmental agency as a condition to the transaction of any business or the participation by the Corporation in any funds established to cover insurance risk or in connection with worker’s compensation, unemployment insurance, pension plans or other social security;

(c) any right reserved to any municipality or other public authority by the terms of any franchise, grant, license or provision of law affecting any property of the Corporation and any lien on any property of the Corporation for taxes, assessments or other municipal charges so long as such charges are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such lien is stayed);

(d) mechanics’ and materialmen’s liens in connection with any property of the Corporation so long as any amounts secured by such lien are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such lien is stayed);

(e) the Indenture, this Agreement, the Ground Lease or the Facilities Lease;

(f) any lien on property received by the Corporation through a gift, grant or bequest constituting a restriction imposed by the donor, grantor or testator on such gift, grant or bequest (or the income therefrom), provided that any such lien may not be extended, renewed or modified in any way or applied to any additional property of the Corporation unless it would otherwise qualify as a Permitted Encumbrance; and

(g) such easements, rights-of-way, servitudes, restrictions and other defects as are determined not to materially impair the use of the Corporation’s facilities for their intended purposes or the value of such facilities, such determination to be made in a certificate of an authorized officer of the Corporation supported by an opinion of independent counsel or a report or opinion of an independent management consultant (unless the Bond Insurer shall waive the requirement of such supporting opinion or report).

In addition, encumbrances in existence as of the date of issuance of the Series 2007 Bonds as set forth in **Exhibit B** hereof are hereby qualified as Permitted Encumbrances. Any such existing encumbrance may not be extended, renewed or modified in any way or applied to any additional Properties of the Corporation unless it would otherwise qualify as a Permitted Encumbrance.



**“Phase Four Base Rental”** means the amounts referred to as such in Section 6(b) of the Facilities Lease (as such amounts may be adjusted from time to time in accordance with the terms thereof) but does not include Phase Four Additional Rental.

**“Phase Four Facilities”** means parking and related facilities described in **Exhibit A** to this Agreement, as amended and supplemented in accordance with the provisions of the Agreement, which Exhibit A to this Agreement does not include the Stadium Expansion.

**“Phase Four Facilities Documents”** means collectively this Agreement, the Phase Four Ground Lease, the Phase Four Facilities Lease, the Plans and Specifications, construction contracts and amendments thereto, other contract documents and agreements, and surety bonds and instruments pertaining to the Phase Four Facilities.

**“Phase Four Facilities Lease”** means Part II of the Facilities Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms thereof, which Part II of the Facilities Lease covers the Stadium Expansion as well as the Phase Four Facilities.

**“Phase Four Ground Lease”** means Part II of the Ground Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms thereof, which Part II of the Ground Lease covers the land on which the Stadium Expansion is being constructed as well as the land on which the Phase Four Facilities are being constructed.

**“Phase Four Interest Payment Date”** or **“interest payment date,”** means each February 1 and August 1, commencing August 1, 2007.

**“Phase Four Land”** means the real property and improvements thereon more particularly described on Exhibit A attached to the First Amendment to the Ground Lease upon which the Phase Four Facilities are to be constructed and located.

**“Plans and Specifications”** means the plans and specifications prepared for each phase of the Phase Four Facilities, as implemented and detailed from time to time, and as the same may be revised from time to time prior to the completion of the Phase Four Facilities in accordance with this Agreement and the Ground Lease.

**“Principal Account”** means the Principal Account within the Debt Service Fund created pursuant to Article IV of the Indenture.

**“Principal Payment Date”** when used with respect to the Bonds means each February 1, commencing February 1, 2008.

**“Project Fund”** means the fund of that name created under the Indenture.

**“Properties”** means any and all rights, title and interests in and to any and all of the Corporation’s property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired, including the Phase Four Land.

The term “Properties,” without intending to limit the generality of the foregoing, as of any particular time, shall include all buildings, structures, fixtures, furnishings, equipment and other property, movable and immovable, and all franchises, land, rights-of-way, privileges, servitudes, easements, licenses, rights and any other interests in immovable property owned, leased, subleased or otherwise acquired by the Corporation and used or useful in connection with or incident to such facilities, or used or useful by the Corporation in connection with or incident to its authorized purposes.

“**Reimbursement Agreement**” means the Reimbursement and Indemnity Agreement dated as of March 1, 2007 between the Corporation and the Bond Insurer.

“**Rental**” means and includes the Phase Four Base Rental and Phase Four Additional Rental.

“**Series 2007 Bonds**” has the meaning set forth in the recitals to this Agreement.

“**State**” means the State of Louisiana.

“**Tax Regulatory Agreement**” means the Tax Regulatory Agreement and Arbitrage Certificate dated March 14, 2007 by and among the Issuer, the Corporation, the Board and the Trustee.

“**Trust Estate**” means all the property assigned by the Issuer to the Trustee pursuant to the Indenture as security for the Bonds.

“**Trustee**” means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under the Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of the Indenture, initially The Bank of New York Trust Company, N.A.

“**University**” means Southeastern Louisiana University in Hammond, Louisiana.

Section 1.02 **Rules of Construction.** (a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context shall otherwise indicate, the word “person” shall include the plural as well as the singular number, and “person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

(c) Provisions calling for the redemption of Bonds or the calling of Bonds for redemption do not mean or include the payment of Bonds at their stated maturity or maturities.

(d) All references in this Agreement to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

## ARTICLE II REPRESENTATIONS

Section 2.01 **Representations by the Issuer.** The Issuer represents and warrants as follows:

- (a) The Issuer is a political subdivision of the State.
- (b) Under the provisions of the Act, the Issuer is duly authorized to enter into, execute and deliver this Agreement, to undertake the transactions contemplated by this Agreement and to carry out its obligations hereunder.
- (c) The Issuer has duly authorized the execution and delivery of this Agreement, the Indenture and the Bonds.
- (d) The Issuer agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

Section 2.02 **Representations of the Corporation.** The Corporation makes the following representations and warranties:

- (a) The Corporation is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State, has all requisite power and authority and all necessary licenses and permits to own and operate its properties and to carry on its business as it is now being conducted and as it is currently proposed to be conducted. The Corporation has power to execute and deliver this Agreement, the Tax Regulatory Agreement, the First Amendment to the Ground Lease, and the First Amendment to the Facilities Lease and by proper action has been duly authorized to execute and deliver this Agreement, the Tax Regulatory Agreement, the First Amendment to the Ground Lease, and the First Amendment to the Facilities Lease.
- (b) Each of the statements made with respect to the Corporation in the recitals of this Agreement is true, correct and complete.
- (c) The Corporation is not in breach of or in default under any of the provisions of (i) the Articles of Incorporation of the Corporation, as amended, or By-laws, as amended, (ii) any judgment, decree, order, statute, rule or regulation applicable to it or to its Properties, or (iii) any material provision of any material indenture, mortgage, loan agreement, financing agreement or other contract or instrument to which it is a party or by which it or any of its Properties are bound.
- (d) The Corporation is not required in connection with the transactions contemplated by this Agreement, the First Amendment to the Ground Lease, and the First Amendment to the Facilities Lease to obtain any consent not already obtained.
- (e) The Corporation has or timely will obtain as required all authority, permits, licenses, consents and authorizations as are necessary to own, lease and operate

its Properties and to carry on its business and to carry out and consummate all the transactions contemplated by this Agreement, the First Amendment to the Ground Lease, and the First Amendment to the Facilities Lease.

(f) This Agreement, the First Amendment to the Ground Lease, and the First Amendment to the Facilities Lease, are legal, valid and binding obligations of the Corporation in accordance with their terms, and the authorization, execution and delivery hereof and thereof and compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the Corporation a violation of, breach of, or default under (i) any provision of any indenture, mortgage, deed of trust, loan agreement or other contract or instrument to which the Corporation is a party or by which it or any of its Properties are bound, (ii) any order, injunction or decree of any court or governmental authority, or (iii) the provisions of its charter, as amended, or by-laws, as amended.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against the Corporation, wherein an unfavorable decision, ruling or finding would materially and adversely affect the validity or enforceability of this Agreement, the First Amendment to the Ground Lease, the First Amendment to the Facilities Lease, or any other agreement or instrument to which the Corporation is a party used in consummation of the transactions contemplated hereunder.

(h) The Corporation has obligated itself to renovate, develop and construct the Phase Four Facilities pursuant to this Agreement, the First Amendment to the Ground Lease and the First Amendment to the Facilities Lease, and the Corporation has the full power, right and authority to renovate, develop and construct the Phase Four Facilities and has obtained, or timely will obtain, all permits, licenses and approvals of governmental agencies necessary to undertake and complete such renovation, development and construction in accordance with the Plans and Specifications.

(i) As of the date of this Agreement, (i) the Corporation is an organization described in §501(c)(3) of the Internal Revenue Code (the "Code") that is not a "private foundation" within the meaning of §501(c)(3) of the Code, (ii) the Corporation received a determination letter from the IRS to the effect that it is a tax-exempt organization, (iii) the Corporation is in full compliance with all terms, conditions, and limitations, if any, contained in such determination letter, (iv) such status as a tax-exempt organization has not been adversely modified, limited, or revoked, (v) the facts and circumstances that formed the basis for the status of the Corporation, as represented to the IRS in the Corporation's application for a determination letter, either substantially exist for the Corporation or differ in a manner consistent with the requirements of §501(c)(3) of the Code. The Corporation has conducted its operations and has filed all required reports and documents with the IRS so as to maintain its status as a tax-exempt organization. The Corporation is organized and operated exclusively for religious, educational, and charitable purposes, and not for pecuniary profit, and no part of its net earnings inures to the benefit of any person, private stockholder, or individual. The Corporation has received no notice or communication of any kind from the IRS directly or indirectly

questioning its status under §501(c)(3) or indicating that the Corporation is or will be audited with respect to such status.

**ARTICLE III**  
**TERM, NATURE AND BENEFITS OF AGREEMENT;**  
**CONSTRUCTION OF PHASE FOUR FACILITIES**

Section 3.01 **Term.** The term of this Agreement shall commence on the Closing Date for the Series 2007 Bonds, and shall terminate (unless discharged upon prepayment of all sums due hereunder by the Corporation prior thereto as hereinafter provided) on the date on which the Series 2007 Bonds and all other sums secured hereunder or under the Reimbursement Agreement shall have been paid or provision for their payment shall have been made in accordance herewith. Notwithstanding the foregoing, the indemnification provisions of this Agreement shall survive the termination hereof and the defeasance of the Series 2007 Bonds under the Indenture.

Section 3.02 **Nature and Benefits.** This Agreement has been executed and delivered in part to induce concurrently herewith the purchase by others of the Series 2007 Bonds, and, accordingly, all covenants and agreements on the part of the Corporation and the Issuer, as set forth therein and herein, are hereby declared to be for the benefit of the Trustee for the owners from time to time of the Series 2007 Bonds. The Corporation consents and agrees to the assignment by the Issuer to the Trustee under the Indenture of all of the Issuer's right, title and interest (except for certain rights relating to exculpation, indemnification and payment of expenses) in, to and under this Agreement and agrees that the provisions hereof may be enforced by the Trustee under the provisions of the Indenture. The Corporation agrees to do all things within its power in order to comply with, and to enable the Issuer to comply with, all requirements and to fulfill, and to enable the Issuer to fulfill, all covenants of the Indenture and the Series 2007 Bonds.

This Loan Agreement is a limited obligation of the Corporation, payable solely from the Phase Four Base Rental, and this Agreement shall remain in full force and effect until the Bonds and the interest therein have been fully paid or otherwise provided for or discharged.

Section 3.03 **Development and Construction of the Phase Four Facilities.** The Corporation shall lease the Phase Four Land and develop and construct, or cause to be developed and constructed, the Phase Four Facilities with all reasonable dispatch and in accordance with the Phase Four Facilities Documents, and shall take all action necessary to enforce the provisions of the Phase Four Facilities Documents.

Section 3.04 **Revision of Phase Four Facilities Documents.** The Corporation may revise the Phase Four Facilities Documents and the description of the Phase Four Facilities in **Exhibit A** hereto from time to time (including, without limitation, the deletion or revision of any of the facilities included in the Phase Four Facilities and/or the substitution therefor of other facilities) in accordance with the Phase Four Ground Lease without the consent of the Issuer, the Trustee or the holders of the Bonds but with the consent of the Board and the Bond Insurer; provided, however, that no such revision shall impair the exclusion from gross income of interest on the Series 2007 Bonds for federal income tax purposes. In the case of any change that would render materially inaccurate the description of the Phase Four Facilities in **Exhibit A** hereto, there shall be delivered to the Trustee and the Issuer a revised **Exhibit A** containing a description of the Phase Four Facilities that reflects the change in the Phase Four Facilities Documents, the accuracy of which shall have been certified by an Authorized Corporation Representative.

Prior to effecting any change in or revision of the Phase Four Facilities Documents, the Corporation shall deliver to the Issuer evidence of all governmental or regulatory approvals required therefor.

Section 3.05 **Disbursements from Project Fund**. The money in the Project Fund shall be applied by the Trustee, and in connection therewith requisitions shall be presented by the Corporation signed by an Authorized Corporation Representative, for payment of the Costs of the Phase Four Facilities in accordance with Article IV of the Indenture and Article III of this Agreement, and pending such application such money shall be invested and reinvested in accordance with Article IV of the Indenture.

Section 3.06 **Completion of Payment of Costs of the Phase Four Facilities**. At such time as the Corporation has notice that the funds initially deposited in the Project Fund on the date of delivery of the Bonds issued to finance the Phase Four Facilities, together with the investment earnings thereon, are insufficient to pay the completion Costs of the Phase Four Facilities, the Corporation shall deliver to the Trustee and the Issuer written estimates by an architect and an Authorized Corporation Representative of the additional funds required to pay the completion Costs of the Phase Four Facilities, and such additional information and data as may be reasonably requested by the Issuer and the Trustee. The Corporation shall complete the renovation, development and construction of the Phase Four Facilities and pay that portion of the completion Costs of the Phase Four Facilities as may be in excess of the money available therefor in the Project Fund. The obligation of the Corporation to pay in full the completion Costs of the Phase Four Facilities shall be a limited obligation of the Corporation payable solely from the Phase Four Base Rental.

Upon the request of the Corporation, the Issuer will use its best efforts to issue and sell, upon terms and at prices acceptable to the Issuer and the Corporation, one or more series of additional Bonds for the purpose of financing the completion Costs of the Phase Four Facilities; provided, however, that the failure of the Issuer to issue such bonds shall not relieve the Corporation of its obligation to provide the additional money required to pay the completion Costs of the Phase Four Facilities. If after exhaustion of the money in the Project Fund the Corporation should pay any portion of the Costs of the Phase Four Facilities, it shall not be entitled to any reimbursement therefor from the Issuer or from the Trustee, and shall not be entitled to any abatement, diminution or postponement of payments required to be made by it under this Agreement.

Section 3.07 **Establishment of Completion Date**. The date upon which the renovation, development and construction of the Phase Four Facilities are substantially complete shall be evidenced to the Issuer and the Trustee by a certificate signed by an Authorized Corporation Representative. The certificate shall set forth the Costs of the Phase Four Facilities and state that, except for amounts not then due and payable, or the liability for the payment of which is being contested or disputed in good faith by the Corporation, (a) the development and construction of the Phase Four Facilities have been completed substantially in accordance with the Plans and Specifications and the Costs of the Phase Four Facilities have been paid, and (b) all other facilities necessary in connection with the Phase Four Facilities have been acquired, constructed and installed in accordance with the Plans and Specifications therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing,

such certificate shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or which may subsequently come into being.

Section 3.08 **No Warranty of Condition or Suitability.** The Corporation acknowledges its full familiarity with the Phase Four Facilities and that the Issuer has no responsibility for the Plans and Specifications and other Phase Four Facilities Documents. The Issuer makes no representation or warranty, either expressed or implied, and offers no assurance that the proceeds of the Bonds will be sufficient to pay in full the Costs of the Phase Four Facilities in accordance with the Phase Four Facilities Documents.



**ARTICLE IV**  
**DISBURSEMENT OF BOND PROCEEDS; PAYMENTS;**  
**CREDITS; OBLIGATIONS UNCONDITIONAL; PREPAYMENT**

Section 4.01 **Disbursement of Series 2007 Bond Proceeds.** In order to provide funds for paying the Costs of the Phase Four Facilities, the Issuer, as soon as practicable after the execution of this Agreement will proceed to issue, sell and deliver the Series 2007 Bonds to the purchasers thereof and will deposit the proceeds thereof as provided by Section 4.2 of the Indenture with the Trustee for disbursement in accordance with the provisions of the Indenture.

Section 4.02 **Amounts Payable.** Upon the terms and conditions of this Agreement, the Issuer shall lend to the Corporation the proceeds of the sale of the Series 2007 Bonds. The proceeds of the Loan shall be deposited with the Trustee and applied in accordance with the Indenture.

The Corporation, for and in consideration of the issuance of the Series 2007 Bonds under the Indenture by the Issuer and the application of the proceeds thereof by the Issuer as provided in the Indenture for the benefit of the Corporation, hereby promises to repay the Loan, but solely from the Phase Four Base Rental, by making the following payments (collectively called the "Payments") to or for the account of the Issuer in an amount sufficient for the payment in full of all Series 2007 Bonds from time to time issued under the Indenture and then outstanding, including (i) the total interest becoming due and payable on the Bonds to the date of payment thereof, and (ii) the total principal amount of and premium, if any, on the Bonds. The Payments with respect to the Bonds shall be payable directly to the Trustee for the account of the Issuer in installments as follows:

(a) At such time as may be required by the Tax Regulatory Agreement, to the Rebate Fund the amount required to be deposited thereunder;

(b) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Interest Account of the Debt Service Fund an amount equal to one-fifth (1/5<sup>th</sup>) of the interest due and payable on such Series 2007 Bonds on August 1, 2007 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing August 25, 2007, an amount equal to one-sixth (1/6<sup>th</sup>) of the interest due and payable on such Series 2007 Bonds on the next February 1 and August 1 or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund, will be sufficient to pay interest on such Series 2007 Bonds on such Phase Four Interest Payment Date;

(c) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Principal Account of the Debt Service Fund an amount equal to one-eleventh (1/11<sup>th</sup>) of the principal of the Series 2007 Bonds payable on February 1, 2008 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing February 25, 2008, an amount equal to one-twelfth (1/12<sup>th</sup>) of the principal due and payable on such Series 2007 Bonds on the next Principal Payment Date;

(d) On the twenty-fifth (25<sup>th</sup>) day of each month any amounts due to the Bond Insurer under the Reimbursement Agreement.

(e) On the twenty-fifth (25<sup>th</sup>) day of each month following any drawing on the Debt Service Reserve Fund in accordance with Section 4.18 hereof, an amount equal to the lesser of (i) one twelfth (1/12<sup>th</sup>) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund; and

(f) Annually, beginning June 25, 2009, an amount equal to one-half of one percent (1/2%) of funds available for construction pursuant to the Construction Contract, as determined by the University, into the Replacement Fund, or such lesser annual amount as is permitted by the Louisiana State Board of Regents and approved by the Bond Insurer.

Each installment of the Payments payable by the Corporation hereunder shall be in an amount which, without regard to the payments required under Section 4.02(e) above, but including moneys in the Debt Service Fund then available, shall be designed to provide for the timely payment in full of the principal of, premium, if any, and interest on the Bonds.

Notwithstanding anything to the contrary contained herein, the Corporation promises that it will pay the Payments from the Phase Four Base Rental, at such times and in such amounts as to assure that no default in the payment of the principal of, premium, if any, or interest on the Bonds shall at any time occur.

Whenever the Corporation shall fail to pay the full amount of any installment of Payments payable under Sections 4.2(a) through 4.2(e) above by the day of the month in which such installment is due, the Trustee shall give immediate telephonic notice thereof, promptly confirmed in writing, to an Authorized Corporation Representative.

The Corporation shall also cause the Board to promptly pay when due under the Facilities Lease all amounts of Phase Four Additional Rental owed by the Board thereunder, including, but not limited to, all Default or Delay Rentals and Administrative Expenses (each as defined in the Phase Four Facilities Lease) owed to the Corporation, the Issuer and/or the Trustee thereunder.

Section 4.03 **Credits Against Payments.** A credit against and reduction of the Payments shall be derived only from the following sources:

(a) Accrued interest, if any, derived from the sale of the Bonds;

(b) Moneys deposited with the Trustee in the Receipts Fund in accordance with the Indenture; and

(c) Surplus moneys (including investment earnings) contained in the Funds and Accounts held by the Trustee under the Indenture, including the Debt Service Fund, the Debt Service Reserve Fund and the Replacement Fund;

Section 4.04 **Obligation to Make Payments.** The obligation of the Corporation to repay the Loan by making the Payments from the Phase Four Base Rental shall be absolute and unconditional and shall not be subject to, nor shall the Corporation be entitled to assert, any rights of abatement, deduction, reduction, deferment, recoupment, setoff, offset or counterclaim by the Corporation or any other person, nor shall the same be abated, abrogated, waived, diminished, postponed, delayed or otherwise modified under or by reason of any circumstance or occurrence that may arise or take place, irrespective of what statutory rights the Corporation may have to the contrary, including but without limiting the generality of the foregoing:

- (a) Any damage to or destruction of part or all of the Phase Four Facilities;
- (b) The taking or damaging of part or all of the Phase Four Facilities or any temporary or partial use thereof by any public authority or agency in the exercise of the power of eminent domain, sequestration or otherwise;
- (c) Any assignment, novation, merger, consolidation, transfer of assets, leasing or other similar transaction of, by or affecting the Corporation, except as otherwise provided in this Agreement;
- (d) Any change in the tax or other laws of the United States, the State or any governmental authority;
- (e) The termination of the Phase Four Ground Lease or the Phase Four Facilities Lease, any failure of title or any lawful or unlawful prohibition of the Corporation's use of the Phase Four Facilities or any portion thereof or the interference with such use by any person or any commercial frustration of purpose or loss or revocation of any permits, licenses or other authorizations required for the operation of the Phase Four Facilities; and
- (f) Any failure of the Issuer or the Trustee to perform and observe any agreement or covenant, expressed or implied, or any duty, liability or obligation arising out of or in connection with this Agreement, the invalidity, unenforceability or disaffirmance of any of this Agreement, the Indenture or the Bonds or for any other cause similar or dissimilar to the foregoing.

Furthermore, the Corporation covenants and agrees that it will remain obligated under this Agreement in accordance with its terms, and that it will not take or participate or acquiesce in any action to terminate, rescind or avoid this Agreement.

Section 4.05 **Prepayment of Payments.** The Corporation is obligated to prepay the Payments, in whole or in part, on any date on which the Bonds are subject to optional redemption pursuant to the Indenture, including, without limitation, redemption at the direction of the Board pursuant to Section 3.4 of the Indenture.

To exercise such option, the Corporation shall give written notice to the Issuer, the Bond Insurer and the Trustee and shall specify therein the date of such prepayment, which prepayment

date shall be not less than forty-five (45) days from the date such notice is received by the Trustee. The Issuer and the Trustee shall make all necessary arrangements satisfactory to the Trustee for the redemption of Bonds to be redeemed under the Indenture in accordance with the provisions thereof.

The prepayment price payable by the Corporation, in the event of its exercise of the option granted in this Section, or in the case of its obligation to prepay the Payments shall be the sum of the following:

(a) An amount of money which, when added to the moneys and investments held by the Trustee pursuant to the provisions of the Indenture and available for such redemption, is sufficient to pay and discharge the Bonds to be redeemed (including the total principal amount of such Bonds and interest to accrue thereon to the date fixed for redemption of such Bonds to be redeemed, plus a premium equal to the amount of premium required to be paid in connection with the redemption of such Bonds) on the date fixed for redemption; plus

(b) An amount of money equal to the fees and expenses of the Trustee and the Issuer accrued and to accrue through the date of such redemption and any amounts due under the Reimbursement Agreement.

**ARTICLE V**  
**NON-ARBITRAGE**

Section 5.01 **Covenants as to Arbitrage**. The Corporation hereby agrees to prepare and provide instructions to the Trustee as to the investment and reinvestment of moneys held as part of any fund or account relating to the Bonds. Any such moneys so held as part of any fund or account shall be invested or reinvested by the Trustee in Permitted Investments as specified in Section 4.9 of the Indenture. The Corporation hereby covenants that it will comply with the terms of the Tax Regulatory Agreement and that it will make such use of the proceeds of the Bonds and all other funds held by the Trustee under the Indenture, regulate the investment of such proceeds and other funds and take such other and further action as may be required so that the Series 2007 Bonds will not constitute arbitrage bonds under Section 148 of the Code and the regulations promulgated thereunder. The Corporation agrees that it will comply with the terms of any letter of instructions provided to it by Bond Counsel relating to compliance with the provisions of Section 148 of the Code.

If the Corporation determines that it is necessary to restrict or limit the yield on the investment of any money paid to or held by the Trustee hereunder or under the Indenture in order to avoid classification of the Series 2007 Bonds as arbitrage bonds within the meaning of the Code, the Corporation may issue to the Trustee an instrument to such effect (along with appropriate written instructions), in which event the Trustee will take such action as is necessary to restrict or limit the yield on such moneys in accordance with such instrument and instructions.

**ARTICLE VI  
CERTAIN COVENANTS OF THE CORPORATION**

Section 6.01 **General Covenants of Corporation**. The Corporation further expressly represents, covenants and agrees:

(a) To comply with the terms, covenants and provisions expressed or implied, of all contracts pertaining to, affecting or involving the Phase Four Facilities or the business of the Corporation, the violation or breach of which would materially and adversely affect the ability of the Corporation to fulfill its obligations hereunder;

(b) Whenever and so often as requested so to do by the Trustee or the Issuer, promptly to execute and deliver or cause to be executed and delivered all such other and further instruments and documents, and to promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Issuer, the Trustee and the owners of the Bonds all rights, interests, powers, benefits, privileges and advantages conferred upon them under this Agreement and the Indenture;

(c) To defend against every suit, action or proceeding at any time brought against the Issuer or the Trustee based on any claim arising out of the receipt, application or disbursement of any of the Trust Estate or involving the Issuer's or the Trustee's rights or obligations under this Agreement or under the Indenture (except in the case of the Issuer's or the Trustee's negligence or willful misconduct), to indemnify and hold harmless the Trustee and each officer, employee, agent, or other representative of the Trustee against claims arising out of the Trustee's responsibilities under this Agreement, the Indenture or any other document entered into by the Trustee in connection with the Bonds (except in the case of the Trustee's negligence or willful misconduct), to indemnify and hold harmless the Issuer and any officer, employee, agent, servant or trustee of the Issuer against claims during the term of this Agreement that may be occasioned by any cause (other than the negligence or willful misconduct of the Issuer, its officers, employees, agents, servants and trustees) pertaining to the construction, use, possession, operation, service, design or management or leasing or subleasing of the Phase Four Facilities and any liabilities or losses resulting from violations by the Corporation of conditions, agreements and requirements of law affecting the Phase Four Facilities or the ownership, occupancy or use thereof or arising from any defect in or from the operation of the Phase Four Facilities, and to protect and insulate the Issuer and its members individually from any and all financial responsibility or liability whatsoever with respect to the Phase Four Facilities;

(d) At all times to maintain the Corporation's rights to carry on the business of the Corporation and to duly procure all licenses and other authorizations required for the carrying on of its business and to provide all renewals and replacements and improvements to, and extensions of, the Phase Four Facilities and to diligently maintain, preserve and renew all the rights, powers, privileges, approvals, licenses and franchises required for the carrying on of its business;

(e) To fulfill its obligations and to perform punctually its duties and obligations under this Agreement and to otherwise carry on its business in accordance with the terms hereof to assure the continued proper operation, management, repair and maintenance of the Phase Four Facilities;

(f) To cause compliance with all material provisions of applicable federal, State and local laws;

(g) To pay, discharge, indemnify and save the Issuer and the Trustee, except in the case of their negligence or willful misconduct, and their respective officers, agents, employees, servants and trustees harmless of, from and against any and all costs, claims, damages, expenses, liabilities, liens, obligations, penalties and taxes of every character and nature, by or on behalf of any person, firm, corporation, entity or governmental Issuer regardless of by whom advanced, asserted, held, imposed or made, which may be imposed upon, incurred by or asserted against the Issuer and the Trustee and their respective officers, agents, employees, servants and trustees arising out of, resulting from or in any way connected with this Agreement, the Bonds or the Indenture. The Corporation also covenants and agrees, at its expense, to pay and to indemnify and to save the foregoing harmless of, from and against, all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand; and

(h) To maintain its status as an exempt organization under Section 501(c)(3) of the Code organized and operated exclusively for religious, charitable, scientific and educational purposes and it shall not perform any act or enter into any agreement which shall adversely affect its ability to obtain such status as set forth in this Section.

Section 6.02 **Covenants Regarding Operation and Maintenance by the Corporation of its Properties.** The Corporation acknowledges and agrees that it shall pay during the term hereof all Payments and other sums required hereunder and shall cause the Board to pay, as Phase Four Additional Rental under The Phase Four Facilities Lease, all Operating Expenses. The Corporation also expressly covenants and agrees:

(a) That it shall cause the Board and/or the University to maintain the Phase Four Facilities, and each and every portion thereof, including all additions and improvements and all facilities adjoining and/or appurtenant thereto, in good operating order and condition, reasonable and ordinary wear and tear alone excepted, and make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen, and otherwise to make all replacements, alterations, improvements and modifications to the Phase Four Facilities necessary to ensure that the same at all times shall be suitable for the efficient operation thereof for the purpose intended;

(b) That the Issuer, the Bond Insurer, the Trustee and their agents shall have the right to inspect the Phase Four Facilities at any reasonable time in a manner which will not interfere unreasonably with the Corporation's use thereof; however, any right of access to any portion of the Phase Four Facilities leased to the students, faculty, staff and

Permitted Sublessees, as defined in The Phase Four Facilities Lease, shall be subject to their rights pursuant to their rental agreements and University policy;

(c) That no construction undertakings, including development and construction of the Phase Four Facilities, shall be commenced until the Corporation shall have first procured, so far as the same may be required from time to time, all necessary approvals and authorizations from municipal departments and governmental subdivisions having jurisdiction, and all construction undertakings shall be made and effected promptly and in a good and workmanlike manner and in full compliance with The Phase Four Ground Lease, all applicable permits, authorizations and laws and in accordance with all such requirements as insurers of the Properties, and all components thereof, may reasonably establish;

(d) That it shall cause the Board to pay, as Phase Four Additional Rental under The Phase Four Facilities Lease, as the same respectively become due, all taxes and assessments, whether general or special, and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Phase Four Facilities. The Corporation shall not allow any part of the Phase Four Facilities to become and remain subjected to any mechanics', laborer's or materialmen's liens of record. Notwithstanding the foregoing, the Corporation may, at its own expense and in its own name, contest any such item of tax, assessment, liens or other governmental charge and, in the event of such contest, may permit the item so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Issuer or the Trustee shall notify the Corporation that, in the opinion of nationally recognized bond counsel by nonpayment of any such items the security afforded the Bonds pursuant to the terms of the Indenture or this Agreement will be materially endangered, in which event such taxes, assessments or charges shall be paid forthwith. The Issuer will cooperate to the extent reasonably necessary with the Corporation in any such claim, defense or contest. In the event the Corporation fails to do so, the Issuer or the Trustee may, but shall be under no obligation to, pay any such item and any amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Corporation to the one making the advancement, which amount the Corporation agrees to pay together with interest thereon at the rate of the Trustee's prime lending rate, but solely from Phase Four Base Rental;

(e) That it shall comply promptly with all material provisions of present and future laws, ordinances, orders, rules, regulations and requirements of every duly constituted governmental authority or agency and all material orders, rules and regulations of any regulatory, licensing, insurance underwriting or rating organization or other body exercising similar functions. The Corporation shall likewise perform and comply with all duties and obligations of any kind imposed by law, covenant, condition, agreement or easement and the requirements of all policies of insurance at any time in force with respect to the Phase Four Facilities;

(f) That it shall not use or allow the Phase Four Facilities to be used or occupied for any unlawful purpose or in violation of any private covenant, restriction,



condition, easement or agreement covering or affecting the use of the Phase Four Facilities. The Corporation likewise shall not suffer any act to be done or any condition to exist in the Phase Four Facilities or any article to be brought therein or thereon which may be dangerous, unless safeguarded as required by law, or which, under law, constitutes a nuisance, public or private, or which may make void or voidable any insurance then in force with respect thereto;

(g) That it shall provide or cause to be provided all equipment, furnishings, supplies, facilities, services and personnel required for the proper renovation, development and construction of the Phase Four Facilities in an economical and efficient manner, consistent with standards of operation and administration generally acceptable for facilities of comparable size and scope of operations; and

(h) That it shall take all action, if any, that may be required to obtain such consents, exceptions, exemptions or approvals of governmental authorities as may be necessary to permit it to comply fully with all covenants, stipulations, obligations and agreements of the Corporation contained in this Agreement.

Section 6.03 **Covenant as to Encumbrances.** The Corporation covenants that, so long as any of the Bonds remain outstanding, it shall not hereafter create or suffer to be created any assignment, pledge, mortgage, hypothecation or lien on the Phase Four Facilities, its interest in The Phase Four Facilities Lease or any Phase Four Base Rental under any circumstances, except for Permitted Encumbrances.

Section 6.04 **Covenants, Representations and Warranties Relating to Federal Income Taxation.** The Corporation covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds thereof and take such other and further actions as may be required by the Code and applicable temporary, proposed and final regulations and procedures, necessary to assure that interest on the Series 2007 Bonds and Series 2007B Bonds is excludable from gross income for federal income tax purposes. Without limiting the generality of the foregoing covenant, the Corporation hereby covenants, represents and warrants, as follows:

(a) The Corporation will not take, fail to take or permit the commission of any action within its control necessary to be taken in order that interest on the Series 2007 Bonds will continue to be excludable from gross income for federal income tax purposes;

(b) The Corporation will preserve its status as an organization described in Section 501(c)(3) of the Code or corresponding provisions of prior law and to not be determined to be a private foundation as defined in Section 509 of said Code; the Corporation shall not perform any act or enter into any agreement which shall adversely affect its ability to obtain such federal income tax status; the Corporation shall not perform any act, enter into any agreement or use or permit any property of the Corporation to be used in any manner (including any unrelated trade or business) which could adversely affect the exclusion from gross income of interest on the Series 2007 Bonds for federal income tax purposes pursuant to Section 103 of the Code; the Corporation shall not carry on or permit to be carried on in any property of the Corporation or permit any property of the Corporation to be used in or for any trade or

business to the extent that such use of such property would adversely affect the exclusion from gross income of interest on the Series 2007 Bonds for federal income tax purposes; and the Corporation is duly organized and existing as a nonprofit corporation under the laws of the State of Louisiana and it will maintain, extend and renew its corporate existence under the laws of the State of Louisiana and will not do, suffer or permit any act or thing to be done whereby its right to transact its functions might or could be terminated or its activities restricted;

(c) The Corporation will assist the Issuer in preparing Form 8038 to be filed pursuant to Section 149(e) of the Code.

(d) The average term of the Series 2007 Bonds, calculated in proportion to the “issue price” (as defined in Section 1273 of the Code) of the bonds of each stated maturity of such Series 2007 Bonds, will not exceed 120% of the average reasonably expected economic life of the Phase Four Facilities financed with the proceeds of the Series 2007 Bonds or the investment earnings thereon, weighted in proportion to the respective cost of each item comprising the Phase Four Facilities financed with the proceeds of such Series 2007 Bonds. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (i) the date on which the Series 2007 Bonds are issued or (ii) the date on which such property is placed in service (or expected to be placed in service);

(e) The Corporation will not cause the Series 2007 Bonds to be treated as “federally guaranteed” obligations within the meaning of Section 149(b) of the Code (as may be modified in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to “federally guaranteed” obligations described in Section 149(b) of the Code);

(f) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Series 2007 Bonds are delivered, the Corporation reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Series 2007 Bonds or any portion thereof to be an “arbitrage bond” within the meaning of Section 148 of the Code;

(g) As provided in Article V hereof, the Corporation will monitor the yield on the investment of the proceeds of the Series 2007 and moneys pledged to the repayment of the Series 2007 Bonds, other than amounts not subject to yield restriction and will restrict the yield on such investments to the extent required by the Code;

(h) The Corporation (or any “related person,” within the meaning of the Code) shall not, pursuant to an arrangement, formal or informal, purchase the Bonds in an amount related to the principal amounts advanced to the Corporation pursuant to this Agreement; and

(i) The Corporation agrees to comply with all the terms and provisions of the Tax Regulatory Agreement executed in connection with the issuance and sale of the Series 2007 Bonds, and to perform the covenants and duties imposed on it contained therein.

All officers, employees and agents of the Corporation are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Corporation as of the date the Series 2007 Bonds are delivered. In complying with the foregoing covenants, the Corporation may rely from time to time upon an opinion issued by Bond Counsel to the effect that any action by the Corporation or reliance upon any interpretation of the Code contained in such opinion will not cause interest on the Series 2007 Bonds to be includable in gross income for federal income tax purposes under existing law.

Section 6.05 **Information**. The Corporation agrees, whenever reasonably requested by the Issuer, the Bond Insurer or the Trustee, to provide and certify or cause to be provided and certified such information concerning the Properties, the Phase Four Facilities, the Corporation, its finances, and other topics as the Issuer, the Bond Insurer or Trustee, as the case may be, considers necessary to enable counsel to the Issuer, the Bond Insurer or the Trustee, as the case may be, to issue its opinions and otherwise advise the Issuer, the Bond Insurer or the Trustee, as the case may be, as to the transaction or the legal capacity of the parties to enter into the same, or to enable it to make any reports required by law, governmental regulation or the Indenture. When any such information is provided by the Corporation pursuant to this Section 6.05 the Corporation shall provide such information to the Issuer, the Bond Insurer and the Trustee. The Bond Insurer shall have the right to inspect and make copies of all books and records of the Corporation, the Trustee and the Issuer.

Section 6.06 **Source of Payments**. The Corporation agrees to pay or cause to be paid the payments required by this Agreement solely from the Phase Four Base Rental in the manner and at the times provided by this Agreement.

Section 6.07 **Insurance**. The Corporation shall or it shall cause the Board to maintain insurance covering such risks and in such amounts as is required by Section 9 of The Phase Four Facilities Lease, the provisions of which are incorporated herein by reference.

Insurance proceeds and condemnation awards shall be applied in accordance with the Indenture and the Corporation shall be obligated to repair or restore the Phase Four Facilities upon a casualty or a Phase Four Expropriation to the extent provided therein.

Section 6.08 **Annual Reports**. Annually, within one hundred eighty (180) days from the end of each Fiscal Year, the Corporation will have made a complete audit of its records and accounts by an independent certified public accountant. A signed counterpart of its audited financial statements shall be furnished to the Issuer, the Bond Insurer and the Trustee, and a copy thereof shall be furnished by the Corporation to any Bondholder who requests the same in writing.

Any independent accountant which audits and reports on the Corporation's financial statements or provides any certificate, report or opinion under the Indenture or this Agreement

shall be (i) a nationally recognized firm of independent certified public accountants or (ii) shall otherwise be acceptable to the Bond Insurer.

Section 6.09 **Merger or Consolidation**. The Corporation shall not merge into, or consolidate with, one or more corporations, or allow one or more of such corporations to merge into it, or sell or convey all or substantially all of its assets to any person or entity or acquire all or substantially all of the assets of any person or entity (any such merger, consolidation, sale, conveyance or acquisition being referred to as a “Merger”), unless it has obtained the prior written consent of the Bond Insurer and:

(a) Any successor corporation to the Corporation (including, without limitation, any purchaser of all or substantially all the Properties of the Corporation (the “Successor Corporation”) is a 501(c)(3) corporation organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Trustee an appropriate instrument, satisfactory to the Bond Insurer, the Issuer and the Trustee, containing the agreement of such successor corporation to assume, jointly and severally and in solido, the due and punctual payment of the principal of, premium, if any, and interest on all obligations of the Corporation (including, without limitation, the Bonds) according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Indenture and this Agreement to be kept and performed by the Corporation, accompanied by an opinion of counsel as to the validity and enforceability of such assumption (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Bond Insurer, the Issuer and the Trustee);

(b) Immediately after such Merger, there would not be a default in the performance or observance of any covenant or condition of the Indenture, this Agreement, The Phase Four Ground Lease and The Phase Four Facilities Lease; and

(c) There shall be delivered to the Bond Insurer, the Issuer and the Trustee an opinion of Bond Counsel (which counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Bond Insurer and the Trustee) to the effect that under existing laws the consummation of such Merger, whether or not contemplated on the original date of delivery of the Series 2007 Bonds, would not adversely affect the validity of the Series 2007 Bonds or the exclusion otherwise available from gross income of interest on the Series 2007 Bonds for federal or State income tax purposes.

In case of any such Merger and upon any such assumption by the Successor Corporation, the Successor Corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named in the Indenture or this Agreement as the Corporation.

Section 6.10 **Disposition of Assets**. The Corporation covenants that, so long as any of the Bonds remain outstanding, it shall not hereafter alienate its interest in the Phase Four Facilities, The Phase Four Ground Lease or The Phase Four Facilities Lease or enter into any termination of, or amendment to, The Phase Four Facilities Lease or The Phase Four Ground Lease without the prior written consent of the Bond Insurer.

Section 6.11 **Debt Service Coverage Ratio**. The Corporation shall or it shall cause the Board to maintain a Phase Four Debt Service Coverage Ratio as provided in Section 3 (h) of the Phase Four Facilities Lease, the provisions of which, including the applicable cure and default provisions, are incorporated herein by reference.

Section 6.12 **Bond Hedges**. The Bonds shall bear interest at a fixed rate and neither the Issuer nor the Corporation shall enter into any swap agreements, payment exchange agreements, forward purchase agreements or any other agreement providing for payments between parties based on levels of or changes in interest rates including, without limitation, interest rate floors or caps, options, puts or calls, which allow the Corporation to manage or hedge payment, rate, spread or similar risk with respect to any Bonds without the prior written consent of the Bond Insurer.

## ARTICLE VII ASSIGNMENT

Section 7.01 **Assignment of this Agreement.** With the consent of the Bond Insurer, the rights of the Corporation under this Agreement may be assigned as a whole or in part but no such assignment shall constitute a release of the Corporation from its obligations hereunder.

Each transferee of the Corporation's interest in this Agreement shall assume the obligations of the Corporation hereunder to the extent of the interest assigned, sold or leased, and the Corporation shall, not more than sixty (60) nor less than thirty (30) days prior to the effective date of any such assignment or lease, furnish or cause to be furnished to the Issuer, the Bond Insurer and the Trustee a true and complete copy of each such assignment or lease.

Section 7.02 **Restrictions on Transfer of Issuer's Rights.** The Issuer agrees that, except for the assignment of certain of its rights, title and interest under this Agreement (including its rights to receive payments to be made hereunder) to the Trustee pursuant to the Indenture, it will not during the term of this Agreement sell, assign, transfer or convey its interests in this Agreement except pursuant to the Indenture and as hereinafter in Section 7.03 provided.

Section 7.03 **Assignment by the Issuer.** It is understood, agreed and acknowledged that the Issuer will assign to the Trustee pursuant to the Indenture certain of its rights, title and interests in and to this Agreement (reserving its rights, however, pursuant to sections of this Agreement providing that notices, reports and other statements be given to the Issuer and also reserving its rights to reimbursement and payment of costs and expenses under Sections 4.02 and 9.05 hereof, its rights to indemnification under Section 6.01(g) hereof and its individual and corporate rights to exemption from liability under Section 10.12 hereof), and the Corporation hereby assents to such assignment and pledge.

**ARTICLE VIII  
SUPPLEMENTS AND AMENDMENTS**

Section 8.01 **Amendment to Agreement Without Consent**. The Issuer and the Corporation, with the consent of the Bond Insurer but without the consent of the owners of any of the Bonds outstanding under the Indenture, may enter into supplements to this Agreement which shall not be inconsistent with the terms and provisions hereof for any of the purposes heretofore specifically authorized in this Agreement or the Indenture, and in addition thereto for the following purposes:

- (a) To cure any ambiguity or formal defect, inconsistency or omission in this Agreement or to clarify matters or questions arising hereunder;
- (b) To add covenants and agreements for the purpose of further securing the obligations of the Corporation hereunder;
- (c) To confirm as further assurance any mortgage or pledge of additional property, revenues, securities or funds;
- (d) To conform the provisions of this Agreement in connection with the provisions of any supplements or amendments to the Indenture entered into pursuant to the provisions of Section 9.1 thereof;
- (e) To provide any other modifications which, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders; or
- (f) to conform the covenants and provisions of the Corporation contained herein to any different financial statement presentation required by the Financial Accounting Standard Board which is different than the presentation required as of the date of issuance of the Bonds, so long as the effect of such conformed covenants and provisions is substantially identical to the effect of the covenants and provisions as in effect on the date of issuance of the Bonds.

Section 8.02 **Amendment to Agreement Upon Approval of a Majority of Bondholders**. The provisions of this Agreement may be amended in any particular with the written consent of the Bond Insurer and the owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding; provided, however, that no such amendment may be adopted which decreases the percentage of owners of Bonds required to approve an amendment, or which permits a change in the date of payment of the principal of or interest on any Bonds or of any redemption price thereof or the rate of interest thereon without the consent of the owners of all of the aggregate principal amount of the Bonds then Outstanding.

If at any time the Issuer and the Corporation shall request the Trustee to consent to a proposed amendment for any of the purposes of this Section 8.02, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such proposed amendment to be given in the manner required by the Indenture to redeem Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that

copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. If, within ninety (90) days or such longer period as shall be prescribed by the Issuer, as advised by the Corporation, following such notice, the owners of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such proposed amendment shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee, the Corporation or the Issuer from executing or approving the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such proposed amendment as in this Section permitted and provided, this Agreement shall be and be deemed to be modified and amended in accordance therewith.

Section 8.03 **Amendments to Facilities Lease or the Ground Lease Not Requiring Owner Consent.** Subject to the terms and provisions of Section 8.05 and 8.07 of this Agreement, with the written consent of the Bond Insurer, The Phase Four Facilities Lease or the Part II of Ground Lease may be amended or modified in any manner not inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (1) to cure any ambiguity or formal defect or omission in The Phase Four Facilities Lease or The Phase Four Ground Lease which does not have an adverse effect upon the interest of the Owners; (2) to grant to or confer upon the Issuer or the Trustee, for the benefit of the Owners, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Issuer or the Trustee; (3) to more clearly identify the Phase Four Facilities or to add to or subtract from the Phase Four Facilities any property; (4) to amend or modify The Phase Four Facilities Lease or The Phase Four Ground Lease in any manner specifically required or permitted by the terms thereof, including as may be necessary to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; (5) to make any amendment or modification required as a condition to obtaining any rating by Moody's or S&P with respect to the Bonds; (6) to make any amendment or modification required as a condition to the issuance of the Bond Insurance Policy; and (7) to amend or modify The Phase Four Facilities Lease or The Phase Four Ground Lease in any other manner that, in the judgment of the Trustee, is not materially adverse to the interests of the owners of the Bonds, the Bond Insurer or the Trustee and which does not involve a change described in Section 8.05 hereof.

Section 8.04 **Amendments to the Facilities Lease or the Ground Lease Requiring Owner Consent.** Exclusive of amendments and modifications covered by Section 8.03 hereof, The Phase Four Facilities Lease or The Phase Four Ground Lease may be amended or modified only as provided in Section 8.04 and 8.05 of this Agreement. Subject to the terms and provisions contained in Section 8.05 of this Agreement, the Bond Insurer, the Issuer and the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Agreement to the contrary notwithstanding, to consent to and approve the amendment or modification of The Phase Four Facilities Lease or The Phase Four Ground Lease. If at any time there is a proposed amendment or modification to The Phase Four Facilities Lease or The Phase Four Ground Lease, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such modification or amendment to be mailed to the Bond Insurer and to each of the owners of the Bonds at the address indicated on the registration books of the Trustee. Such notice shall briefly set forth the nature of the proposed amendment or modification and shall state that copies



thereof are on file at the principal office of the Trustee for inspection by all Bond owners. If, within sixty (60) days, or such longer period as shall be prescribed by the Issuer, as advised by the Corporation, following the mailing of such notice, the owners of the requisite percentage in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such amendment or modification shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof; or to enjoin or restrain the parties thereto from executing the same or from taking any action pursuant to the provisions hereof.

Section 8.05 **Consent Required Under Certain Circumstances for Amendment of Facilities Lease or Ground Lease.** Nothing contained in Sections 8.03 and 8.04 of this Agreement shall permit, or be construed as permitting, without the approval and consent of the Bond Insurer and all of the owners of the Bonds, (1) a reduction in the amount of, or the extension of the time for, any payment of Phase Four Base Rental due under The Phase Four Facilities Lease or any amount due under the Bond Insurance Policy; or (2) the termination of The Phase Four Facilities Lease or The Phase Four Ground Lease prior to the expiration of their stated term.

Section 8.06 **Opinion Required for Amendment of Facilities Lease or Ground Lease.** Anything to the contrary herein notwithstanding, no amendment or modification of The Phase Four Facilities Lease or The Phase Four Ground Lease shall become effective unless and until the Trustee has been provided with an opinion of Bond Counsel to the effect that such amendment or modification will not have an adverse effect upon the validity of the Bonds and to the effect that such amendment or modification will maintain the exclusion from gross income of interest on the Series 2007 Bonds for federal income tax purposes.

Section 8.07 **Consent of the Board.** Anything herein to the contrary notwithstanding, an amendment to The Phase Four Facilities Lease or The Phase Four Ground Lease under this Article VIII shall not become effective unless and until the Board shall have consented to the execution and delivery of such amendment to The Phase Four Facilities Lease or The Phase Four Ground Lease, unless an Event of Default has occurred and is continuing, and no amendment to The Phase Four Facilities Lease or The Phase Four Ground Lease shall not be effective without the prior written consent of the Board that would affect the date or amounts of payments required on the Bonds or required under The Phase Four Facilities Lease.

Section 8.08 **Filing.** Copies of any such supplement or amendment to this Agreement, The Phase Four Ground Lease or The Phase Four Facilities Lease shall be filed with the Trustee and delivered to the Issuer and the Corporation before such supplement or amendment may become effective.

Section 8.09 **Reliance on Counsel.** The Issuer and the Trustee shall be entitled to receive, and shall be fully protected in relying upon the opinion of counsel satisfactory to the Trustee, who may be counsel for the Issuer, as conclusive evidence that any such proposed supplement or amendment to this Agreement, The Phase Four Ground Lease or The Phase Four Facilities Lease complies with the provisions of this Agreement and the Indenture and that it is proper for the Issuer and the Trustee under the provisions of this Article to execute or approve such supplement or amendment.

Section 8.10 **Notice to Rating Agencies and Bond Insurer.** No supplemental agreement or amendment to this Agreement, The Phase Four Ground Lease or The Phase Four Facilities Lease shall be executed and delivered pursuant hereto without prior written notice having been given by the Corporation to the Bond Insurer and Standard & Poor's Ratings Group (Attention: Bond Insurance Administration) of the Corporation's intention to execute such supplemental agreement or amendment thereof not less than fifteen (15) days in advance of the execution of said supplemental agreement or amendment. The Corporation shall provide the Bond Insurer a full transcript of all proceedings relative to said supplemental agreement or amendment.

**ARTICLE IX  
EVENTS OF DEFAULT AND REMEDIES**

Section 9.01 **Events of Default Defined.** The terms “Event of Default” and “Default” shall mean any one or more of the following events:

(a) The Corporation shall default in the timely payment of any Payment pursuant to Article IV of this Agreement.

(b) An Event of Default shall exist under the Indenture, the Facilities Lease with respect to the Bonds or the Tax Regulatory Agreement.

(c) The termination of The Phase Four Facilities Lease.

(d) The Corporation shall fail duly to perform, observe or comply with any other covenant, condition or agreement on its part under this Agreement (other than a failure to make any payment required under this Agreement), and such failure continues for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Trustee; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such thirty (30) day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as the Corporation shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion.

(e) The entry of a decree or order by a court having jurisdiction in the premises adjudging the Corporation a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Corporation under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.

(f) The institution by the Corporation of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due.

Section 9.02 **Remedies.** Whenever any Event of Default under Section 9.01 hereof shall have happened and be continuing, any one or more of the following remedial steps may be taken with the consent of the Bond Insurer and shall be taken at the direction of the Bond Insurer:

(a) The Issuer or the Trustee may declare all installments of Payments under Section 4.02 hereof to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) The Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement;

(c) The Issuer or the Trustee may have access to and inspect, examine and make copies of any and all books, accounts and records of the Corporation; and/or

(d) The Issuer or the Trustee (or the owners of the Bonds in the circumstances permitted by the Indenture) may exercise any option and pursue any remedy provided by the Indenture.

Section 9.03 **No Remedy Exclusive; Selective Enforcement.** No remedy conferred upon or reserved to the Issuer or the Trustee by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement and as now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any event of nonperformance shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event the Issuer or the Trustee shall elect to selectively and successively enforce its rights under this Agreement, such action shall not be deemed a waiver or discharge of any other lien, encumbrance or security interest securing payment of the indebtedness secured hereby or thereby until such time that it shall have been paid in full all sums secured hereunder and thereunder. The foreclosure of any lien provided pursuant to this Agreement without the simultaneous foreclosure of all such liens shall not merge the liens granted which are not foreclosed with any interest which the Issuer or the Trustee might obtain as a result of such selective and successive foreclosure.

Section 9.04 **Indenture Overriding.** All of the provisions of this Article are subject to and subordinate to the rights and remedies of the Bond Insurer, the Bondholders and the Trustee pursuant to the Indenture. The Issuer shall have no power to waive any event of default hereunder, except with respect to indemnification and its administrative payments, without the consent of the Trustee and the Bond Insurer to such waiver.

Section 9.05 **Agreement to Pay Attorneys' Fees and Expenses.** In any Event of Default, if the Issuer or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the Corporation herein contained, whether or not such suit is commenced, the Corporation agrees that it will on demand therefor pay to the Issuer or the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee.

Section 9.06 **Issuer and Corporation to Give Notice of Default.** The Issuer and the Corporation severally covenant that they will, at the expense of the Corporation, promptly give to the Trustee written notice of any Event of Default under this Agreement of which they shall have actual knowledge or written notice, but the Issuer shall not be liable (except as provided in Section 6.01(c) hereof) for failing to give such notice.

Section 9.07 **Correlative Waivers.** If an Event of Default under Section 8.2 of the Indenture shall be cured or waived and any remedial action by the Trustee rescinded, any correlative default under this Agreement shall be deemed to have been cured or waived.

**ARTICLE X  
MISCELLANEOUS**

Section 10.01 **References to the Bonds Ineffective After Bonds Paid**. Upon payment of the Bonds, all references in this Agreement to the Bondholders shall be ineffective and the Issuer and any holder of the Bonds shall not thereafter have any rights hereunder, excepting those that shall have theretofore vested.

Section 10.02 **Amounts Remaining in Funds**. It is agreed by the parties hereto that any amounts remaining in the funds and accounts existing pursuant to the Indenture upon the expiration or sooner cancellation or termination of this Agreement, as provided herein, after payment in full of all Bonds then outstanding under the Indenture (or provisions for payment thereof having been made in accordance with the provisions of the Indenture), and the fees, charges and expenses of the Issuer and the Trustee and all other amounts required to be paid hereunder and under the Indenture (other than amounts payable as arbitrage rebate pursuant to the Code) and payment of amounts due under the Reimbursement Agreement, shall belong to and be paid to the University.

Section 10.03 **Notices**. All notices demands and requests to be given or made hereunder to or by the Issuer, the Trustee or the Corporation, or their designated successors, shall be in writing, with a copy to the Bond Insurer, and shall be properly made if hand delivered or sent by United States mail, postage prepaid, and addressed as follows:

If to the Issuer: Louisiana Local Government Environmental Facilities and  
Community Development Authority  
8712 Jefferson Highway, Suite A  
Baton Rouge, Louisiana 70809  
Attention: Executive Director

If to the Corporation: University Facilities, Inc.  
SLU Box 10709  
Hammond, Louisiana 70402  
Attention: Executive Director

If to the Trustee: The Bank of New York Trust Company, N.A.  
10161 Centurion Parkway  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department  
Facsimile: 904-645-1997  
E-mail: [robsmith@bankofny.com](mailto:robsmith@bankofny.com)

If to the Bond Insurer: MBIA Insurance Corporation  
113 King Street  
Armonk, New York 10504  
Attention: Insured Portfolio Management

Notice hereunder shall be deemed effective on the date of its receipt by the addressee. At such time as the Trustee may alter its policy to accept notice by facsimile or electronic mail, notice by such transmission at the facsimile number and/or the e-mail address for the Trustee listed above will be considered properly made. The Corporation, the Issuer, the Bond Insurer and the Trustee may, by notice given hereunder, designate any further or different addresses, counsel or counsel addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 10.04 **Binding Effect**. This Agreement shall inure to the benefit and shall be binding upon the Issuer, the Corporation and their respective successors and assigns, subject to the limitation that any obligation of the Issuer created by or arising out of this Agreement shall not be a general debt of the Issuer, but shall be payable solely out of the proceeds derived from this Agreement and the sale of the Bonds under the Indenture.

Section 10.05 **Performance on Legal Holidays**. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption or purchase of any Bonds or the date fixed for the giving of notice or the taking of any action under the Indenture shall not be a Business Day, then payment of such interest, principal, purchase price and redemption premium, if any, the giving of such notice or the taking of such action need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or purchase, and no interest on such payment shall accrue for the period after such date.

Section 10.06 **Execution in Counterparts**. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument; provided, however, that upon the assignment and pledge to the Trustee provided for in Section 3.02 hereof, the Issuer shall deliver to the Trustee an executed counterpart of this Agreement which executed counterpart shall be deemed to be collateral of which the Trustee has taken possession and no other counterpart shall be deemed to be collateral for any other purpose.

Section 10.07 **Applicable Law**. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.08 **Severability**. If any clause, provision or Section of this Agreement be held illegal or invalid by any court, the invalidity of such clause, provision or Section shall not affect any of the remaining clauses, provisions or Sections hereof and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or Section had not been contained herein. In case any agreement or obligation contained in this Agreement be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer or the Corporation, as the case may be, only to the extent permitted by law.

Section 10.09 **Captions**. The table of contents, captions or headings of the several articles and sections of this Agreement are for convenience only and shall not control, affect the meaning of or be taken as an interpretation of any provisions of this Agreement.

Section 10.10 **Consents and Approvals**. Whenever the consent or approval of the Issuer, the Corporation or the Trustee shall be required under the provisions of this Agreement, such consent or approval shall not be unreasonably withheld or delayed.

Section 10.11 **Third Party Beneficiaries**. It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of any part of this Agreement to make the public or any member thereof, other than the Trustee and the Bond Insurer and except as expressly provided herein or as contemplated in the Indenture, a third party beneficiary hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement. The duties, obligations and responsibilities, if any, of the parties to this Agreement with respect to third parties shall remain as imposed by law.

Section 10.12 **Exculpatory Provision**. In the exercise of the powers of the Issuer, the Trustee and their respective trustees, directors, officers, employees and agents (each, an "Indemnified Party") under this Agreement, each Indemnified Party shall not be accountable or liable to the Corporation (i) for any actions taken or omitted by such Indemnified Party in good faith and believed by it or them to be authorized or within their discretion or rights or powers conferred upon them (other than the negligence or willful misconduct of such Indemnified Party), or (ii) for any claims based on this Agreement against any such Indemnified Party, all such liability, if any, being expressly waived by the Corporation by the execution of this Agreement. The Corporation shall indemnify and hold harmless each Indemnified Party against any claim or liability based on the foregoing asserted by any other person.

In case any action shall be brought against an Indemnified Party in respect of which indemnity may be sought against the Corporation, such Indemnified Party shall promptly notify the Corporation in writing and the Corporation shall assume the defense thereof, including the employment of counsel of the Corporation's choice and the payment of all expenses. Such Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party unless the employment of such counsel has been authorized by the Corporation. The Corporation shall not be liable for any settlement of any such action without its consent but if any such action is settled with the consent of the Corporation or if there be final judgment for the plaintiff of any such action, the Corporation agrees to indemnify and hold harmless such Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

Section 10.13 **Accounts and Audits**. The Issuer shall cause the Trustee to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Bonds.



Section 10.14 **Reliance**. It is expressly understood and agreed by the parties to this Agreement that:

(a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any Bondholder or the Corporation as to the existence of a fact or state of affairs required under this Agreement to be noticed by the Issuer;

(b) the Issuer shall not be under any obligation to perform any recordkeeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Trustee or the Corporation; and

(c) none of the provisions of this Agreement shall require the Issuer to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights under this Agreement unless it first shall have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

Section 10.15 **Issuer Not Liable**. Notwithstanding any other provision of this Agreement, the Indenture, the Bond Purchase Agreement or the Tax Regulatory Agreement, (a) the Issuer shall not be required to take action under this Agreement, the Indenture, the Bond Purchase Agreement or the Tax Regulatory Agreement unless the Issuer (i) is requested in writing by an appropriate Person to take such action; and (ii) is assured of payment of or reimbursement for any expense incurred in taking such action, and (b) except with respect to any action for specific performance or any action in the nature of a prohibitory or mandatory injunction, neither the Issuer nor any official, officer, member, director, agent, employee or servant of the Issuer shall be liable to the Corporation, the Trustee or any other Person for any action taken by the Issuer or by its officials, officers, members, directors, agents, employees, or servants, or for any failure to take action under this Agreement, the Indenture, the Bond Purchase Agreement, or the Tax Regulatory Agreement. In acting or in refraining from acting under this Agreement, the Indenture, the Bond Purchase Agreement or the Tax Regulatory Agreement, the Issuer may conclusively rely on the advice of its counsel.

Section 10.16 **No Violations of Law**. Any other term or provision in this Agreement to the contrary notwithstanding:

(a) In no event shall this Agreement be construed as:

(1) depriving the Issuer of any right or privilege; or

(2) requiring the Issuer or any member, agent, employee, representative or advisor of the Issuer to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else;

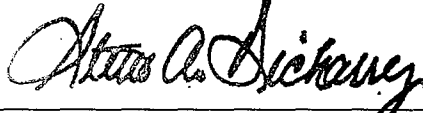
which deprivation or requirement would violate, or result in the Issuer's being in violation of the Act or any other applicable state or federal law; and

(b) At no time and in no event will the Corporation permit, suffer or allow any of the proceeds of this Agreement or the Bonds to be transferred to any Person in violation of, or to be used in any manner that is prohibited by, the Act or any other state or federal law.

[Signature Page to Loan Agreement]

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed by its Executive Director and has caused the seal of the Issuer to be affixed hereto and attested by its Assistant Secretary, and the Corporation has caused this Agreement to be executed in its behalf by its Vice Chairman all as of the day and year above written.

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY


By:   
Steve A. Dicharry, Executive Director

ATTEST:

By:   
Linda D'Antoni, Assistant Secretary

[SEAL]

UNIVERSITY FACILITIES, INC.

By:   
Phil K. Livingston, Vice Chairman

**EXHIBIT A  
TO THE LOAN AGREEMENT**

**DESCRIPTION OF PHASE FOUR FACILITIES**

Phase Four of the housing development is comprised of:

**Intermodal Parking Facility**

The Intermodal Parking Facility will consist of approximately 450 vehicular parking spaces, shuttle-waiting area, bike racks, concession area, restrooms, and appropriate circulation spaces for elevators and stairs. It will contain four parking levels containing 154,000 square feet.

**EXHIBIT B  
TO THE LOAN AGREEMENT  
AND TO THE GROUND LEASE**

**PERMITTED ENCUMBRANCES**

1. Amended and Restated Ground Lease Agreement dated July 27, 2000 by and between the Board of Supervisors for the University of Louisiana System, as lessor, and University Facilities, Inc., as lessee, relating to the 11.28 acre tract described as Tract 2 in Exhibit B to the Ground Lease and the portion of the Facilities located thereon.
2. Amended and Restated Agreement to Lease with Option to Purchase dated July 27, 2000 by and between University Facilities, Inc., as lessor, and the Board of Supervisors for the University of Louisiana System, as lessee, relating to the 11.28 acre tract described as Tract 2 in Exhibit B to the Ground Lease and the portion of the Facilities located thereon.
3. Assignment of Leases and Rents dated July 27, 2000 by and between University Facilities, Inc., as assignor, and Hibernia National Bank, as assignee, relating to all leases and rents from the portion of the Facilities located on the 11.28 acre tract described as Tract 2 in Exhibit B to the Ground Lease.
4. Ground and Buildings Lease Agreement dated as of August 1, 2004 by and between the Board of Supervisors for the University of Louisiana System, as lessor, and University Facilities, Inc., as lessee, relating to the aggregate 33.595 acre tracts described in Exhibit A to the Ground Lease and the portion of the Facilities located thereon.
5. Agreement to Lease with Option to Purchase dated as of August 1, 2004 by and between University Facilities, Inc., as lessor, and the Board of Supervisors for the University of Louisiana System, as lessee, relating to the aggregate 33.595 acre tracts described in Exhibit A to the Ground Lease and the portion of the Facilities located thereon.

**FIRST AMENDMENT TO GROUND AND BUILDINGS LEASE AGREEMENT**

**BY AND BEWEEN**

**BOARD OF SUPERVISORS FOR THE  
UNIVERSITY OF LOUISIANA SYSTEM**

**AND**

**UNIVERSITY FACILITIES, INC.**

**RELATIVE TO**

**\$60,985,000**

**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS (SOUTHEASTERN  
LOUISIANA UNIVERSITY STUDENT  
HOUSING/UNIVERSITY FACILITIES, INC.  
PROJECT) SERIES 2004A;**

**\$15,000,000**

**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS (SOUTHEASTERN  
LOUISIANA UNIVERSITY STUDENT  
HOUSING/UNIVERSITY FACILITIES, INC.  
PROJECT) SERIES 2004B;**

**\$925,000**

**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND COMMUNITY  
DEVELOPMENT AUTHORITY REVENUE BONDS  
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT  
HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)  
SERIES 2004C**

**AND**

**\$5,545,000**

**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS (SOUTHEASTERN  
LOUISIANA UNIVERSITY STUDENT HOUSING/  
UNIVERSITY FACILITIES, INC.: PHASE FOUR  
PARKING PROJECT)  
SERIES 2007A**

**\$2,490,000**

**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS (SOUTHEASTERN  
LOUISIANA UNIVERSITY STUDENT  
HOUSING/UNIVERSITY FACILITIES, INC.:  
PHASE FOUR PARKING PROJECT) SERIES  
2007B**

**FIRST AMENDMENT TO GROUND AND  
BUILDING LEASE AGREEMENT**

This **FIRST AMENDMENT TO GROUND AND BUILDINGS LEASE AGREEMENT** (this "First Amendment") is effective as of the 1<sup>st</sup> day of March, 2007, by and between **UNIVERSITY FACILITIES, INC.**, a non-profit corporation incorporated and existing under the laws of the State of Louisiana (the "Corporation") and the **BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM** (the "Board"), a public constitutional corporation organized and existing under the laws of the State of Louisiana, acting herein on behalf of the University of Louisiana System (the "University").

**SECTION 1. EXHIBIT A** to the Ground and Buildings Lease is hereby amended to read as follows:

**LEGAL DESCRIPTIONS**

**Tract 1 (20.615 Acre Tract):**

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" containing 20.615 acres (898,003 sq. ft.) located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

**Tract 2 (11.28 Acre Tract – Oaks/Village):**

A certain tract or parcel of land containing 11.28 acres situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

**Tract 3 (1.70 Acre Tract - Taylor Hall):**

A certain tract or parcel of land containing 1.70 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

**SECTION 2. EXHIBIT A-1** to the Ground and Buildings Lease is hereby added with respect to the Phase Four Ground Lease to read as follows:

**Tract 4 (1.06 Acre Tract - Intermodal Facility):**

A certain piece or portion of land being situated in Section 23, Township 6 South, Range 7 East, Tangipahoa Parish, Louisiana, being more fully described as follows:

Commencing at the Northeast Intersection of West Dakota Street and Galloway Drive and run along the East right-of-way of Galloway Drive North 14 Degrees 50 Minutes 00 Seconds West for a distance of 317.00 feet to a point; thence leaving said right-of-way run South 75 Degrees 13



Minutes 18 Seconds West for a distance of 21.78 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 30.32 feet to the Point of Beginning;

From the Point of Beginning run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 17.83 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 6.93 feet to a point; thence run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 164.91 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 251.49 feet to a point; thence run North 75 Degrees 13 Minutes 18 Seconds East for a distance of 164.91 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 6.93 feet to a point; thence run North 75 Degrees 13 Minutes 18 Seconds East for a distance of 17.83 feet to a point; thence run South 14 Degrees 46 Minutes 42 Seconds East for a distance of 265.35 feet back to the Point of Beginning.

**Tract 5 (0.40 Acre Tract – Stadium Expansion):**

A certain piece or portion of land being situated in Section 23, Township 6 South, Range 7 East, Tangipahoa Parish, Louisiana, being more fully described as follows:

Commencing at the Northeast Intersection of West Dakota Street and Galloway Drive and run along the East right-of-way of Galloway Drive North 14 Degrees 50 Minutes 00 Seconds West for a distance of 317.00 Feet to the Point of Beginning;

From the Point of Beginning and leaving said right-of-way run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 21.78 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 326.00 feet to a point; thence run North 75 Degrees 13 Minutes 18 Seconds East for a distance of 52.92 Feet to a point; thence run South 14 Degrees 46 Minutes 42 Seconds East for a distance of 326.00 feet to a point; thence run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 31.13 feet back to the Point of Beginning.

**SECTION 3. EXHIBIT D** to the Ground and Buildings Lease is hereby amended to read as follows:

**DESCRIPTION OF FACILITIES**

**Phase One**

Phase One of the housing development is comprised of two primary elements:

1. Hazardous material abatement and demolition of the following existing residence halls:
  - (a) Holloway Smith Hall (to occur March, 2004)
  - (b) Hammond Hall (to occur March, 2004)
  - (c) Carter Harris Hall (to occur May / June, 2004)

2. Construction of a new residence hall ("Residence Hall I") to provide approximately seven hundred fourteen (714) student beds in a mix of private and shared occupancy suites (scheduled to open January, 2005)

The total scope has yet to be determined. It is anticipated that the project shall include: (1) removal of existing built-in furniture; (2) renovation of the building to bring the facility up to code compliance; (3) installation of life-safety equipment; (4) provision of modern amenities (power, cable television, data) to each student bed; and provision of extensive interior and exterior cosmetic improvements to the facility.

### **Construction of Residence Hall I (169,032 square feet)**

Residence Hall I shall be comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately three hundred sixty-four (357) units of two-bedroom / one-bathroom suites configured for private and shared occupancy, yielding a total of approximately seven hundred twenty-eight (714) beds. One hundred seventy-nine (179) of the units are designed for private occupancy (358 total beds) and one hundred seventy-eight (178) of the units are designed for shared occupancy (356 total beds). Additionally, the Residence Hall I phase shall include a common area laundry facility in two of the buildings and resident manager units in two of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

The first phase of development includes a park at the main entrance and an approximately 2,000 square feet maintenance facility for use by the property manager. Residence Hall I is scheduled for completion by January 1, 2005.

### **Phase Two**

Phase Two of the housing development is comprised of:

1. Construction of a new residence hall ("Residence Hall II") to provide approximately eight hundred (800) student beds in a mix of private and shared occupancy suites (scheduled to open August, 2005).

2. Hazardous materials abatement and demolition of Lee Hall.

### **Construction of Residence Hall II (185,616 square feet)**

Residence Hall II shall be comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately four hundred (400) units of housing configured in two-bedroom / one-bathroom suites for private and shared occupancy, yielding a total of approximately eight hundred (800) beds. Ninety-two (92) of the units (184 total beds) are designed for private occupancy and three hundred eight (308) of the units (616 total beds) are designed for shared occupancy. Additionally, the Residence Hall II phase shall include one laundry facility and one resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided. The second phase of development includes relocation of the campus police facility into one of the buildings, along

with office / meeting space for the property manager. Residence Hall II is scheduled for completion by August 1, 2005.

Residence Hall II unit mix and design is subject to further revision based upon University input.

### **Phase Three**

Phase Three of the housing development is comprised of two primary elements and is subject to further revision based upon input from the University. The following is preliminary scope and design:

1. Hazardous material abatement and demolition of the following existing residence hall:

(a) Taylor Hall (to occur June / July 2006)

2. Construction of a new residence hall ("Residence Hall III") to provide approximately two hundred (200) student beds in private occupancy suites (scheduled to open August, 2006).

#### **Construction of Residence Hall III (56,640 square feet)**

Residence Hall III shall be comprised of two wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately one hundred (100) units of two-bedroom / one-bathroom suites configured for private occupancy, yielding a total of approximately two hundred (200) beds. Additionally, the Residence Hall III phase shall include a common area laundry facility in one of the buildings and a resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

Residence Hall III is scheduled for completion by August 1, 2006.

Residence Hall III unit mix and design is subject to further revision based upon University input.

**SECTION 4. EXHIBIT D-1** with respect to the Phase Four Ground Lease is hereby included and shall read as follows:

### **Phase Four**

Phase Four of the housing development is comprised of:

#### **Intermodal Parking Facility**

The Intermodal Parking Facility will consist of approximately 450 vehicular parking spaces, shuttle-waiting area, bike racks, concession area, restrooms, and appropriate circulation spaces for elevators and stairs. It will contain four parking levels containing 154,000 square feet.

## **Football Stadium Improvements**

The Strawberry Football Stadium improvements will include expansion of appropriate press and coaching facilities, suites and club seating, open viewing decks, as well as circulation and restroom spaces. It will consist of two levels containing approximately 24,000 square feet.

**SECTION 5.** Part II of the Ground Lease relative to the Phase Four Facilities and the Stadium Expansion shall be added to read as follows:

### **ARTICLE I LEASE OF PROPERTY - TERMS OF GROUND LEASE**

**Section 1.01 Lease of Land.** The Board does hereby let, demise, and rent unto the Corporation, and the Corporation does hereby rent and lease from the Board, the real property (the "Phase Four Land" and the "Stadium Expansion Land," respectively) more particularly described on **Exhibit A-1** attached hereto, together with all existing and future improvements, alterations, additions and attached fixtures located or to be located on the Phase Four Land and Stadium Expansion Land (the "Phase Four Facilities and the Stadium Expansion") and the right of uninterrupted access to and from all streets and roads now or hereafter adjoining the Phase Four Land and the Stadium Expansion Land for vehicular and pedestrian ingress and egress. The Corporation, by execution of this Phase Four Ground Lease, accepts the leasehold estate herein demised subject only to the matters described on **Exhibit B** attached hereto.

**Section 1.02 Habendum.** To have and to hold the Phase Four Land and the Stadium Expansion Land and the Phase Four Facilities and Stadium Expansion, together with all and singular the rights, privileges, and appurtenances thereto attaching or anywise belonging, exclusively unto the Corporation, its successors and assigns, for the term set forth in Section 1.03 below, subject to the covenants, agreements, terms, provisions, and limitations herein set forth.

**Section 1.03 Term.** Unless sooner terminated as herein provided, this Phase Four Ground Lease shall continue and remain in full force and effect for a term commencing on the effective date hereof and ending on the earlier of (i) August 1, 2047 or (ii) the date on which any of the following events occur: (a) repayment of the Phase Four Bonds in full, including principal, premium, if any, interest and all Administrative Expenses with respect to the Phase Four Bonds or the defeasance of the Phase Four Bonds, all as set forth in the Phase Four Indenture, or (b) the exercise by the Board of the Option to Purchase and the purchase of the Corporation's interest in all of the Phase Four Facilities and the Stadium Expansion pursuant to the Option.

## ARTICLE II DEFINITIONS

**Section 2.01 Definitions.** In addition to such other defined terms as may be set forth in the Ground Lease, the following terms shall have the following meanings for this Phase Four Ground Lease:

**"Affiliate"** means, with respect to a designated Person under The Phase Four Ground Lease, any other Person that, directly or indirectly, controls is controlled by, or is under common control with such designated Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person.

**"Applicable Laws"** means all present and future statutes, regulations, ordinances, resolutions and orders of any Governmental Authority that are applicable to the parties performing their obligations under this Phase Four Ground Lease.

**"Award"** means any payment or other compensation received or receivable as a consequence of a Taking from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

**"Board"** means Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities or its legal successor as the management board of the University, acting on behalf of the University.

**"Board Representative"** means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under this Phase Four Ground Lease; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Assistant Vice President for Operations and Facilities, or his or her designee, or any other representative designated by resolution of the Board, of whom the Corporation has been notified in writing.

**"Board's Interest"** means the Board's ownership interest in and to the Phase Four Land and the Phase Four Facilities.

**"Bond Documents"** shall have the meaning set forth in Section 3.12 of the Phase Four Indenture.

**"Business Day"** means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

**"Campus"** means the campus of the University.

**"Commencement of Construction"** means the date on which excavation or foundation work is begun for the Phase Four Facilities, which date shall occur on or about January 1, 2007.

**"Commencement Date"** means the effective date of this Phase Four Ground Lease, which is March 1, 2007.

**"Corporation"** means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Phase Four Bonds.

**"Date of Opening"** means, with respect to the Phase Four Facilities, the date the Phase Four Facilities are opened for occupancy or use, which date shall be on or before March 31, 2008 and, with respect to the Stadium Expansion, the date the Stadium Expansion is opened for occupancy or use, which date shall be on or before December 31, 2008.

**"Event of Default"** means any matter identified as an event of default under Section 11.01 hereof.

**"Expiration Date"** means August 1, 2047.

**"Facilities Lease"** means that certain Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by the First Amendment to the Agreement to Lease with Option to Purchase, dated March 1, 2007, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby certain facilities are leased by the Corporation to the Board, on behalf of the University, as further amended.

**"Force Majeure"** means any (a) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, act of terrorism, war, blockade, insurrection, riot, or civil disturbance; (b) labor dispute, strike, work slowdown, or work stoppage; (c) order or judgment of any Governmental Authority, if not the result of willful or negligent action of the Corporation; (d) adoption of or change in any Applicable Laws after the date of execution of this Phase Four Ground Lease; (e) any actions by the Board which may cause delay; or (f) any other similar cause or similar event beyond the reasonable control of the Corporation.

**"Governmental Authority"** means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

**"Ground Lease"** means that certain Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by the First Amendment to the Ground and Buildings Lease Agreement, dated as of March 1, 2007, by and between the Corporation, as Lessee, and the Board, as Lessor, whereby the land upon which certain facilities shall be constructed and/or renovated and such facilities, as completed are leased by the Board to the Corporation, as further amended.

**"Indenture"** or **"Phase Four Indenture"** means the Indenture dated as of March 1, 2007, between the Issuer and the Trustee, including any amendments and supplements thereof and thereto as permitted thereunder.

**"Issuer"** means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana created by the provisions of the Act (as defined in the Phase Four Indenture), or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Issuer by said provisions shall be given by law.

**"Permitted Sublessees"** means persons other than University students, faculty and staff who are participants in any activities related to the mission of the University and who are using the Phase Four Facilities for a period of one (1) month or less pursuant to a lease, license agreement, concession or other arrangement with the University and all sublessees of the Stadium Expansion without restriction as to term.

**"Permitted Use"** means the operation of the Phase Four Facilities and Stadium Expansion as an intermodal parking facility and football stadium for University students, faculty, staff and Permitted Sublessees and for purposes related to or associated with the foregoing.

**"Person"** means an individual, a trust, an estate, a Governmental Authority, partnership, joint venture, corporation, company, firm or any other entity whatsoever.

**"Phase Four Agreement"** means the Loan Agreement dated as of March 1, 2007, between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

**"Phase Four Bonds"** the bonds issued pursuant to the Phase Four Indenture to finance the Phase Four Facilities.

**"Phase Four Facilities"** means parking and related facilities described in **Exhibit D-1** hereto, as amended and supplemented in accordance with the provisions of the Phase Four Agreement.

**"Phase Four Facilities Land"** means the real property more particularly described on **Exhibit A-1** attached hereto upon which the Phase Four Facilities are to be renovated, constructed and located.

**"Phase Four Facilities Lease"** means Part II of the Facilities Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms thereof.

**"Phase Four Ground Lease"** means this Part II of the Ground Lease, including the Exhibits attached hereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms hereof.

**"Phase Four Independent Architect"** means the architect, engineer, or consultant selected and retained by the Board to inspect the Phase Four Facilities and Stadium Expansion on behalf of the Board.

**"Phase Four Plans and Specifications"** means the plans and specifications for the construction of each phase of the Phase Four Facilities and the Stadium Expansion, as implemented and detailed from time to time, as the same may be revised from time to time prior to the completion of the Phase Four Facilities and the Stadium Expansion in accordance with the Phase Four Agreement and the Phase Four Ground Lease.

**"Phase Four Rent"** means the annual rent paid by the Corporation as set forth in Section 3.01 hereof.

**"Phase Four Term"** means the term of this Phase Four Ground Lease as set forth in Section 1.03 hereof.

**"Stadium Expansion"** shall the Football Stadium Improvements described in Exhibit D-1 hereto, as amended and supplemented in accordance with the provisions of the Phase Four Agreement, which improvements are not financed with Bond proceeds.

**"Stadium Expansion Land"** means the real property more particularly described on **Exhibit A-1** attached hereto upon which the Stadium Expansion is to be renovated, constructed and located.

**"Taking"** means the actual or constructive condemnation, or the actual or constructive acquisition by condemnation, eminent domain or similar proceeding by or at the direction of any Governmental Authority or other Person with the power of eminent domain.

**"Trustee"** shall have the meaning set forth in the Phase Four Facilities Lease.

**"University"** means Southeastern Louisiana University in Hammond, Louisiana.



**ARTICLE III  
PHASE FOUR RENT**

**Section 3.01 Phase Four Rent.** Commencing on the Commencement Date and continuing throughout the Phase Four Term the Corporation shall pay to the Board, at the address set forth in Section 18.02 hereof or such other place as the Board may designate from time to time in writing, as annual rent for the Phase Four Land and the Stadium Expansion Land, the sum of \$1.00 per year. Phase Four Rent shall be due and payable annually in advance, with the first such payment of Phase Four Rent being due on the Commencement Date and a like installment due on each anniversary thereafter during the Phase Four Term.

**Section 3.02 Additional Obligations.** As further consideration for the entering into of this Phase Four Ground Lease by the Board, the Corporation agrees to perform its construction obligations as set forth in Article Five herein, and to execute and perform its obligations under the Phase Four Facilities Lease and all other documents contemplated by and ancillary to this Phase Four Ground Lease and the Phase Four Facilities Lease. Title to all improvements constructed or placed in service on the Phase Four Land and the Stadium Expansion Land by the Corporation shall vest in the Board and the cost thereof incurred by the Corporation shall constitute additional rent hereunder. In addition, the Corporation agrees to pay the costs of developing and/or constructing the Phase Four Facilities and the Phase Four Stadium Expansion pursuant to the terms of this Phase Four Ground Lease and the Phase Four Facilities Lease, title to which shall vest in the Board, which payment obligation shall constitute additional rent hereunder.

**ARTICLE IV  
USE OF LAND**

**Section 4.01 Purpose of Lease.** The Corporation enters into this Phase Four Ground Lease for the purpose of renovating, developing and constructing the Phase Four Facilities and the Stadium Expansion in accordance with the Phase Four Plans and Specifications and leasing the Phase Four Facilities and Stadium Expansion to the Board in accordance with the Phase Four Facilities Lease. Except as otherwise provided herein, the Phase Four Facilities and Stadium Expansion are to be used for no other purpose.

**Section 4.02 Benefit of the Board and the University.** The Board shall own the Phase Four Facilities and the Stadium Expansion subject to the Corporation's rights under this Phase Four Ground Lease and, for so long as the Phase Four Facilities Lease remains in full force and effect, the Board shall lease back the Phase Four Facilities and Stadium Expansion from the Corporation for the support, maintenance and benefit of the Board and the University. The Phase Four Facilities and Stadium Expansion shall be owned and leased solely for a public purpose related to the performance of the duties and functions of the Board and the University. Under no circumstances shall the Phase Four Facilities or Stadium Expansion be used for any purpose other than the Permitted Use.

**Section 4.03 Data and Voice Communication Systems.** The Board, at its expense, agrees to provide to the Phase Four Facilities and Stadium Expansion appropriate cabling to tie its computer system into the Phase Four Facilities and the Stadium Expansion. The Board shall provide the Phase Four Facilities and Stadium Expansion access to its computer system at no charge to the Corporation. The internal installation of such computer wiring within the Phase Four Facilities and Stadium Expansion in accordance with the Phase Four Plans and Specifications shall be at the expense of the Corporation.

**Section 4.04 Compliance with Statutory Requirements.** Section 3361, et. seq. of Title 17 of the Louisiana Revised Statutes prescribes rules and regulations for leases of any portion of the campus by a college or university. By execution of this Phase Four Ground Lease, the Board represents that it has complied with applicable statutory requirements of such Title 17 including, without limitation:

(A) the waiver by written consent of the formulation and adoption of rules, regulations and requirements, if any, relative to the erection, construction and maintenance of the Phase Four Facilities and Stadium Expansion referenced in Section 3362 A of Title 17 of the Louisiana Revised Statutes, other than those set forth in this Phase Four Ground Lease or specifically referenced in this Phase Four Ground Lease;

(B) the waiver by written consent of the Board's right to require removal of the Phase Four Facilities or Stadium Expansion referenced in Section 3362 B of Title 17 of the Louisiana Revised Statutes, except as set forth in this Phase Four Ground Lease; and

(C) the waiver by written consent of the Board's right to adopt such rules or regulations as it deems necessary or desirable relative to the conduct and social activities of

people in structures erected on the leased grounds referenced in Section 3364 of Title 17 of the Louisiana Revised Statutes, except as may be specified in this Phase Four Ground Lease.

**ARTICLE V**  
**CONSTRUCTION OF THE FACILITIES**

**Section 5.01 The Corporation's Construction Obligations.** The Corporation will renovate, develop and construct the Phase Four Facilities and Stadium Expansion on the Phase Four Land and Stadium Expansion Land at its own cost and expense. The Corporation shall lease the Phase Four Facilities and Stadium Expansion to the Board pursuant to the Phase Four Facilities Lease. The Board shall not have any financial obligation or other obligation of any kind under this Phase Four Ground Lease except to review and approve the Corporation's activities and as specifically set forth herein.

(A) The Corporation shall furnish or cause to be furnished all supervision, tools, implements, machinery, labor, materials and accessories such as are necessary and proper for the construction of the Phase Four Facilities and Stadium Expansion, shall pay all applicable permit and license fees, and shall construct, build, and complete the Phase Four Facilities and Stadium Expansion in a good, substantial and workmanlike manner all in accordance with this Phase Four Ground Lease, and generally in compliance with the Phase Four Plans and Specifications and all documents executed pursuant hereto and thereto. The Corporation and the Board agree to cooperate fully to the end that fee and permit exemptions available with respect to the Phase Four Facilities and Stadium Expansion under applicable law are obtained by the party or parties entitled thereto.

(B) Subject to the provisions of this Section 5.01, all decisions regarding construction matters shall be made by the Corporation. The parties hereto acknowledge that the Board Representative and any other party whose consent is necessary to the Board's authority have previously reviewed and approved the Phase Four Plans and Specifications for the Phase Four Facilities and Stadium Expansion. Prior to the application of Bond proceeds or the issuance of any Additional Phase Four Bonds (as defined in the Phase Four Indenture) to finance any subsequent phase of the Phase Four Facilities, the Board Representative and any other party whose consent is necessary to the Board's authority shall review and approve the Phase Four Plans and Specifications relating to such subsequent phase of the Phase Four Facilities.

(C) Changes in work and materials are subject to review and approval of the Board Representative; however minor changes in work or materials, not affecting the general character of the Phase Four Facilities and Stadium Expansion or increasing the cost of construction may be made in the Phase Four Plans and Specifications at any time by the Corporation without the approval of the Board Representative, but a copy of the altered Phase Four Plans and Specifications shall promptly be furnished to the Board Representative. The Corporation shall notify the Board Representative of any changes in work or materials that require the Board Representative's approval and the Board Representative shall either approve or disapprove any such changes within ten (10) business days after receipt of such notice from the Corporation. Notification shall include sufficient information for the Board Representative to make a determination and to approve or disapprove any changes in work or materials.

(D) After completion of the Phase Four Facilities or the Stadium Expansion, at least sixty (60) days prior to undertaking any structural alteration, renovation, or remodeling of the Phase Four Facilities or the Stadium Expansion during the Phase Four Term, the Corporation shall submit plans for such renovation or remodeling to the Board Representative for approval which approval must be obtained prior to the Corporation making or causing to be made any such structural alteration, renovation, or remodeling of the Phase Four Facilities or the Stadium Expansion. The Board Representative shall either approve or disapprove any such alteration within thirty (30) days after receipt of such plans from the Corporation. All alterations, renovations or additions to the Phase Four Facilities or the Stadium Expansion undertaken by the Corporation shall be in conformance with all applicable laws, codes, rules and regulations, and amendments thereto, including 1988 Standard Building Code with 1989 and 1990 revisions, ANSIA 1117.1 1986 edition, and NFPA 101 Life Safety Code and all local and state building codes. The Corporation shall have the right to contest any such codes for reasonable grounds by ordinary and proper procedures.

(E) Subject to Force Majeure, the Corporation covenants that the Corporation shall substantially complete construction of the Phase Four Facilities and Stadium Expansion, subject to punch list items, on or before its respective Date of Opening. Notwithstanding anything to the contrary contained herein, a breach by the Corporation of the covenant set forth in this Section 5.01(E). shall not be an Event of Default hereunder. The Board shall be entitled to institute an action seeking specific performance of this covenant by the Corporation.

(F) Upon commencement of construction of the Phase Four Facilities and commencement of the construction of the Stadium Expansion, the Corporation shall deliver to the Board Representative a copy of the labor and materials payment and performance bonds in an amount equal to the contract price set forth in the Construction Contract for such Phase Four Facilities or the Construction Contract for the Stadium Expansion, respectively, issued by a company qualified, permitted or admitted to do business of the State of Louisiana and approved by the Board. The Corporation shall take the action specified by La. R.S. 9:4802(C) to be taken by an owner to protect the premises from any liens related to the design or construction of the Phase Four Facilities or Stadium Expansion.

(G) Prior to the Commencement of Construction of the Phase Four Facilities or Stadium Expansion, any architect whose services have been retained shall provide a standard errors and omissions policy, with such additional provisions as may be approved by counsel to the Corporation.

(H) Any performance bond, labor and material payment bond, or completion bond provided by a contractor hired by the Corporation shall be for 100% of the amount of the contract with such contractor, and shall contain a dual obligee rider in favor of the Board; subject, however, to the reasonable underwriting guidelines of the surety issuing the bond and rules of the Governmental Authorities regulating the surety.

(I) The Corporation shall, upon written request of the Board, make in such detail as may reasonably be required, and forward to the Board Representative, reports in writing as to the actual progress of the construction of the Phase Four Facilities and Stadium Expansion. During such period, the construction work shall be subject to inspection by the Phase Four

Independent Architect and by authorized personnel of the Board in order to verify reports of construction, determine compliance with safety, fire, and building codes, determine compliance with approved construction plans, or such other inspections as may be necessary in the reasonable opinion of the Board Representative.

(J) The Corporation shall inspect the Phase Four Land and Stadium Expansion and arrange for boundary surveys, topographical surveys, soil borings and other site investigations at its expense to the extent these things have not been done by the Board. The Board does not guarantee that the Phase Four Land and Stadium Expansion Land is suitable for construction of the Phase Four Facilities and the Stadium Expansion. Subject to the matters shown on **Exhibit B-1** attached to this Phase Four Ground Lease, the Corporation accepts the Phase Four Land and Stadium Expansion Land in its present condition. However, the Board represents that to the best of its knowledge and belief there are no Hazardous Materials or other materials on or under the Phase Four Land or Stadium Expansion Land that would materially impact the construction of the Phase Four Facilities.

(K) Except as provided in Section 4.03 hereof, part of the cost of construction of the Phase Four Facilities and the Stadium Expansion shall include all costs necessary for the contractor or applicable utility company to bring lines for all such utilities to the Phase Four Facilities and Stadium Expansion so that such utilities will be available when required for construction and operation of the Phase Four Facilities and Stadium Expansion.

**ARTICLE VI  
ENCUMBRANCES**

**Section 6.01 Mortgage of Leasehold of the Phase Four Facilities.** The Corporation shall not mortgage, lien or grant a security interest in the Corporation's leasehold interest in the Phase Four Land or the Phase Four Facilities, the Stadium Expansion Land or Stadium Expansion, or any other right of the Corporation hereunder without the prior written consent of the Board.

**ARTICLE VII  
MAINTENANCE AND REPAIR**

**Section 7.01 Maintenance, Repairs and Renovations.** (a) For as long as the Phase Four Facilities Lease is in effect, the University, at the direction of the Board, shall be responsible for maintaining and repairing the Phase Four Facilities and Stadium Expansion in accordance with Section 7 of the Phase Four Facilities Lease.

(b) In the event that the Phase Four Facilities Lease has been terminated, the Corporation will: (1) maintain or cause to be maintained the Phase Four Facilities and Stadium Expansion, and will keep the Phase Four Facilities and Stadium Expansion in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; and (2) make from time to time any additions, modifications or improvements to the Phase Four Facilities and Stadium Expansion the Corporation may deem desirable for its business purposes that do not materially impair the effective use of the Phase Four Facilities and Stadium Expansion, provided that all such additions, modifications and improvements will become a part of the Phase Four Facilities and Stadium Expansion.

**ARTICLE VIII  
CERTAIN LIENS PROHIBITED**

**Section 8.01 No Mechanics' Liens.** Except as permitted in Section 8.02 hereof the Corporation shall not suffer or permit any mechanics' liens or other liens to be enforced against the Board's ownership interest in the Phase Four Land or the Phase Four Facilities, the Stadium Expansion Land or the Stadium Expansion nor against the Corporation's leasehold interest in the Phase Four Land or the Phase Four Facilities or the Stadium Expansion Land or Stadium Expansion by reason of a failure to pay for any work, labor, services, or materials supplied or claimed to have been supplied to the Corporation or to anyone holding the Phase Four Land or Phase Four Facilities, the Stadium Expansion Land or Stadium Expansion or any part thereof through or under the Corporation.

**Section 8.02 Release of Recorded Liens.** If any such mechanics' liens or materialmen's liens shall be recorded against the Phase Four Land or Phase Four Facilities or the Stadium Expansion Land or Stadium Expansion, the Corporation shall cause the same to be released of record or, in the alternative, if the Corporation in good faith desires to contest the same, the Corporation shall be privileged to do so, but in such case the Corporation hereby agrees to indemnify and save the Board harmless from all liability for damages occasioned thereby and shall in the event of a judgment of foreclosure on said mechanics' lien, cause the same to be discharged and released prior to the execution of such judgment. In the event the Board reasonably should consider the Board's interest in the Phase Four Land or the Phase Four Facilities or the Stadium Expansion Land or Stadium Expansion endangered by any such liens and should so notify the Corporation and the Corporation should fail to provide adequate security for the payment of such liens, in the form of a surety bond, cash deposit or cash equivalent, or indemnity agreement reasonably satisfactory to the Board within thirty (30) days after such notice, then the Board, at the Board's sole discretion, may discharge such liens and recover from the Corporation immediately as additional Phase Four Rent under this Phase Four Ground Lease the amounts paid, with interest thereon from the date paid by the Board until repaid by the Corporation at the rate of ten percent (10%) per annum.

**Section 8.03 Memorandum of Recitals.** The memorandum of lease to be filed pursuant to Section 18.04 of this Phase Four Ground Lease shall state that any third party entering into a contract with the Corporation for improvements to be located on the Phase Four Land and Stadium Expansion Land, or any other party claiming under said third party, shall be on notice that neither the Board nor the Board's property shall have any liability for satisfaction of any claims of any nature in any way arising out of a contract with the Corporation.



**ARTICLE IX  
OPERATION AND MANAGEMENT OF FACILITIES**

**Section 9.01 Management of Phase Four Facilities and Stadium Expansion.** For as long as the Phase Four Facilities Lease is in effect, the University, at the direction of the Board, shall operate and manage the Phase Four Facilities and Stadium Expansion or cause the Phase Four Facilities or Stadium Expansion to be operated and managed in accordance with the Section 7 of the Phase Four Facilities Lease.

**Section 9.02 Books and Records.** The Corporation shall keep, or cause to be kept, accurate, full and complete books, including bank statements, and accounts showing exclusively its assets and liabilities, operations, transactions and the financial condition of the Corporation.

**Section 9.03 Audits.** The Board may, at its option and at its own expense, and during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of the Corporation. Audits may be made on either a continuous or a periodic basis or both, and may be conducted by employees of the Board, by the Louisiana Legislative Auditor or by independent auditors retained by the Board desiring to conduct such audit, but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs by the Corporation.

## **ARTICLE X INDEMNIFICATION**

**Section 10.01 Indemnification by the Corporation.** Excluding the acts or omissions of the Board, its employees, agents or contractors, the Corporation shall and will indemnify and save harmless the Board, its agents, officers, and employees, from and against any and all liability, claims, demands, damages, expenses, fees, fines, penalties, suits, proceedings, actions, and causes of action of any and every kind and nature arising or growing out of or in any way connected with the Corporation's construction of the Phase Four Facilities or Stadium Expansion. This obligation to indemnify shall include reasonable fees of legal counsel and third-party investigation costs and all other reasonable costs, expenses, and liabilities from the first notice that any claim or demand has been made; however, the Corporation and the Board shall use the same counsel if such counsel is approved by the Board, which approval shall not be unreasonably withheld or delayed. If the Board does not approve such counsel then the Board may retain independent counsel at the Board's sole cost and expense. It is expressly understood and agreed that the Corporation is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that the Board shall in no way be responsible therefor.

**Section 10.02 Contributory Acts.** Whenever in this Phase Four Ground Lease any party is obligated to pay an amount or perform an act because of its negligence or misconduct (or that of its agents, employees, contractors, guests, or invitees), such obligations shall be mitigated to the extent of any comparative fault or misconduct of the other party (or that of its agents, employees, contractors, guests, or invitees) as determined by a court of law, and in any disputes damages shall be apportioned based on the relative amounts of such negligence or willful misconduct as determined by a court of law.

**ARTICLE XI  
TERMINATION, DEFAULT AND REMEDIES**

**Section 11.01 Events Of Default.** Any one of the following events shall be deemed to be an "Event of Default" by the Corporation under this Phase Four Ground Lease.

(A) The Corporation shall fail to pay any sum required to be paid to the Board under the terms and provisions of this Phase Four Ground Lease and such failure shall not be cured within thirty (30) days after the Corporation's receipt of written notice from the Board of such failure.

(B) The taking by execution of the Corporation's leasehold estate for the benefit of any Person.

(C) The Corporation shall fail to perform any other covenant or agreement, other than the payment of money, to be performed by the Corporation under the terms and provisions of this Phase Four Ground Lease, other than the covenant set forth in Section 5.01(E) hereof, and such failure shall not be cured within ninety (90) days after receipt of written notice from the Board of such failure; provided that if during such ninety (90) day period, the Corporation takes action to cure such failure but is unable, by reason of the nature of the work involved, to cure such failure within such period and continues such work thereafter diligently and without unnecessary delays, such failure shall not constitute an Event of Default hereunder until the expiration of a period of time after such ninety (90) day period as may be reasonably necessary to cure such failure.

(D) A court of competent jurisdiction shall enter an order for relief in any involuntary case commenced against the Corporation, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or the entry of a decree or order by a court having jurisdiction over the Phase Four Facilities and Stadium Expansion appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation or ordering the winding up or liquidation of the affairs of the Corporation, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.

(E) The commencement by the Corporation of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or the consent or acquiescence by the Corporation to the commencement of a case under such Code or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation.

(F) The Corporation, after Commencement of Construction but prior to substantially completing construction of the Phase Four Facilities or Stadium Expansion, abandons (with no intent to continue) renovation or construction for a period of forty-five (45) consecutive days.

**Section 11.02 The Board's Rights Upon Default.** Upon the occurrence and during the continuance of an Event of Default, the Board may at its option seek any and all damages

occasioned by the Event of Default or may seek any other remedies available at law or in equity, including specific performance.

**Section 11.03 Termination of Right of Occupancy.** Notwithstanding any provision of law or of this Phase Four Ground Lease to the contrary, except as set forth in Section 1.03 hereof, the Board shall not have the right to terminate this lease prior to the Expiration Date hereof. However, in the event there is an Event of Default by the Corporation hereunder, the Board shall have the right to terminate the Corporation's right to occupancy of the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and Stadium Expansion, except that the Phase Four Facilities and Stadium Expansion, at the option of the Board, shall remain thereon. The Board shall have the right upon ninety (90) days' written notice and opportunity to cure provided to the Bond Insurer and the Trustee, to take possession of the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and Stadium Expansion and to re-let the Phase Four Land and the Phase Four Facilities or Stadium Expansion or take possession in its own right for the remaining Phase Four Term of the Ground Lease upon such terms and conditions as the Board is able to obtain. Upon such re-letting, the Corporation hereby agrees to release its leasehold interest and all of its rights under this Phase Four Ground Lease and the Phase Four Facilities Lease to the new lessee of the Phase Four Land or Stadium Expansion Land (or to the Board, if the Board wishes to remain in possession on its own behalf) in consideration for the new lessee (or the Board, as applicable) agreeing to assume all of the Corporation's obligations under this Phase Four Ground Lease, the Phase Four Facilities Lease and under any debt incurred by the Corporation in connection with the construction of the Phase Four Facilities and Stadium Expansion.

**Section 11.04 Rights of The Board Cumulative.** All rights and remedies of the Board provided for and permitted in this Phase Four Ground Lease shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other that is consistent with the former. The Board shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by the Board of a breach of any of the covenants, conditions or restrictions of this Phase Four Ground Lease shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of the Board to insist in any one or more cases upon the strict performance of any of the covenants of this Phase Four Ground Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future breaches of such covenant or option.

**ARTICLE XII  
TITLE TO THE FACILITIES**

**Section 12.01 Title to Phase Four Facilities.** Title to the existing Phase Four Facilities and Stadium Expansion and any new Phase Four Facilities and Stadium Expansion as they are constructed or placed in service upon completion thereof shall be vested in the Board. The Board's right to obtain title to the Phase Four Facilities and Stadium Expansion unencumbered by the leasehold interest of the Corporation granted hereunder shall be as set forth in the Phase Four Facilities Lease. All furniture, fixtures, equipment and furnishings permanently affixed to the Phase Four Facilities and the Stadium Expansion shall be the property of the Board upon termination of this Phase Four Ground Lease whether such termination be by expiration of the Phase Four Term or an earlier termination under any provision of this Phase Four Ground Lease.

**Section 12.02 The Board's Option to Require Demolition.** Upon the Expiration Date of the Phase Four Term or earlier termination hereof, in the event the Phase Four Facilities or Stadium Expansion are no longer suitable for the Board's purposes, the Board in its sole discretion may require the Corporation to demolish the Phase Four Facilities or Stadium Expansion and remove the Phase Four Facilities from the Phase Four Land or the Stadium Expansion from the Stadium Expansion Land, and restore the Phase Four Land and/or Stadium Expansion Land to substantially the same condition as it existed on the date of this Phase Four Ground Lease, to be accomplished within one hundred eighty (180) days of such Expiration Date or earlier termination hereof. However, such demolition and removal of the Phase Four Facilities and/or the Stadium Expansion shall be at the Board's sole cost and expense. In the event of such election upon the expiration of the Phase Four Term, the Board shall notify the Corporation no later than six (6) months prior to the expiration of the Phase Four Term. If this Phase Four Ground Lease is terminated earlier, the Board shall notify the Corporation within thirty (30) days after the termination.

**Section 12.03 Termination of Facilities Lease.** Upon the termination of the Phase Four Facilities Lease as a result of the Board's exercise of its option to purchase all of the Phase Four Facilities and Stadium Expansion granted under the Phase Four Facilities Lease, all right and interest of the Corporation in and to this Phase Four Ground Lease, the Phase Four Facilities Lease and the Phase Four Facilities and Stadium Expansion shall be transferred to the Board, and the Corporation hereby agrees to execute any documents necessary to effectuate such transfer, or the Board may require the demolition of the Phase Four Facilities and Stadium Expansion as set forth in Section 12.02 above.

**Section 12.04 Insurance Proceeds.** Notwithstanding the fact that title to the Phase Four Facilities is vested in the Board, if the Phase Four Facilities Lease is no longer in force and effect, and all or any portion of the Phase Four Facilities is damaged or destroyed by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise (collectively "Phase Four Casualty"), the proceeds of any insurance received on account of any such Phase Four Casualty shall be disbursed in accordance with the provisions of the Bond Documents, or if the Bond Documents are no longer in effect shall be disbursed to the Corporation as though the Corporation were the owner of the Phase Four Facilities.

**Section 12.05 Condemnation, Phase Four Casualty and Other Damage.** The risk of loss or decrease in the enjoyment and beneficial use of the Phase Four Facilities or Stadium Expansion due to any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise or in consequence of any foreclosures, attachments, levies or executions; or the taking of all or any portion of the Phase Four Facilities or Stadium Expansion by condemnation, expropriation, or eminent domain proceedings (collectively "Phase Four Expropriation") is expressly assumed by the Board. The Corporation and the Trustee shall in no event be answerable, accountable or liable therefor, nor shall any of the foregoing events entitle the Board to any abatements, set-offs or counter claims with respect to its Base Rental, Additional Rental or any other obligation hereunder.

## ARTICLE XIII CONDEMNATION

**Section 13.01 Condemnation.** If the Phase Four Facilities Lease has been terminated, upon the permanent Taking of all the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and the Stadium Expansion, this Phase Four Ground Lease shall terminate and expire as of the date of such Taking, and both the Corporation and the Board shall thereupon be released from any liability thereafter accruing hereunder except for Phase Four Rent and all other amounts secured by this Phase Four Ground Lease owed to the Board apportioned as of the date of the Taking or the last date of occupancy, whichever is later. The Corporation shall receive notice of any proceedings relating to a Taking and shall have the right to participate therein.

**Section 13.02 Partial Condemnation if Facilities Lease is No Longer in Effect.** Upon a temporary Taking or a Taking of less than all of the Phase Four Land and the Phase Four Facilities and Stadium Expansion Land and Stadium Expansion and if the Phase Four Facilities Lease is no longer in effect, the Corporation, at its election, may terminate this Phase Four Ground Lease by giving the Board notice of its election to terminate at least sixty (60) days prior to the date of such termination. Upon any such termination, the Phase Four Rent accrued and unpaid hereunder shall be apportioned to the date of termination. In the event there is a partial condemnation of the Phase Four Land and Stadium Expansion and the Corporation decides not to terminate this Phase Four Ground Lease, the Board and the Corporation shall either amend this Phase Four Ground Lease or enter into a new lease so as to cover an adjacent portion of property, if necessary to restore or replace any portion of the Phase Four Land and/or Phase Four Facilities and/or Stadium Expansion Land and/or Stadium Expansion.

**Section 13.03 Partial or Total Condemnation if Facilities Lease is in Effect.** If this Phase Four Ground Lease is terminated under Section 13.01 or in the event of a Taking of less than all of the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and the Stadium Expansion while the Phase Four Facilities Lease is in force and effect, and the Board decides to restore or replace the Phase Four Facilities or Stadium Expansion in accordance with the Phase Four Facilities Lease, the Board and the Corporation agree to enter into a new lease (in form and substance substantially the same as this Phase Four Ground Lease) of a portion of property necessary to place thereon the Phase Four Facilities and to enter into a new Phase Four Facilities Lease (in form and substance substantially the same as Phase Four Facilities Lease) covering such replacement Phase Four Facilities or Stadium Expansion.

**Section 13.04 Payment of Awards - If Facilities Lease is in Effect.** Upon the Taking of all or any portion of the Phase Four Land or the Phase Four Facilities or Stadium Expansion Land or Stadium Expansion while the Phase Four Facilities Lease remains in full force and effect (a) the proceeds of the Award allocable to the value of the Phase Four Facilities or Stadium Expansion shall be disbursed in accordance with the provisions of the Phase Four Facilities Lease and the Bond Documents, and (b) the Board shall be entitled (free of any claim by the Corporation) to the Award for the value of the Board's Interest (such value to be determined as if this Phase Four Ground Lease were in effect and continuing to encumber the Board's Interest); and (c) the Corporation shall be entitled to the Award for the value of the Corporation's interest

in the Phase Four Land or Stadium Expansion Land under this Phase Four Ground Lease that is the subject of the Taking.

**Section 13.05 Payment of Awards - If Facilities Lease is not in Effect.** Upon the Taking of all or any portion of the Phase Four Land or the Phase Four Facilities or the Stadium Expansion Land or the Stadium Expansion at any time after the Phase Four Facilities Lease is no longer in force and effect, (a) the proceeds of the Award allocable to the value of the Phase Four Facilities shall be disbursed in accordance with the provisions of the Bond Documents, or if the Bond Documents are no longer in effect shall be disbursed to the Corporation, (b) the Board shall be entitled (free of any claim of the Corporation) to the Award for the value of the Board's Interest in the Phase Four Land (such value to be determined as if this Phase Four Ground Lease were in effect and continuing to encumber the Board's Interest) and (c) the Corporation shall be entitled to the Award for the value of the Corporation's interest in the Phase Four Land under this Phase Four Ground Lease that is the subject of the Taking.

**Section 13.06 Bond Documents Control.** Notwithstanding anything in this Phase Four Ground Lease to the contrary, in the event of a Phase Four Casualty or a Taking of all or any portion of the Phase Four Facilities, the provisions in the Bond Documents shall control the division, application and disbursement of any insurance proceeds or Award paid as a result thereof for so long as the Bond Documents remain in effect.



**ARTICLE XIV  
ASSIGNMENT, SUBLETTING, AND TRANSFERS  
OF THE CORPORATION'S INTEREST**

**Section 14.01 Assignment of Leasehold Interest.** Except as expressly provided for in Article Six and in this Article Fourteen, the Corporation shall not have the right to sell or assign the leasehold estate created by this Phase Four Ground Lease, or the other rights of the Corporation hereunder to any Person without the prior written consent of the Board.

**Section 14.02 Subletting.** The Corporation is not authorized to sublet the leasehold estate to any entity other than the Board; provided, however, that if the Phase Four Facilities Lease terminates, the Corporation shall have the right to sublease the Phase Four Facilities to University students, faculty and staff and Permitted Sublessees.

**Section 14.03 Transfers of the Corporation's Interest.** Except as otherwise expressly provided herein, any Person succeeding to the Corporation's interest as a consequence of any permitted conveyance, transfer or assignment shall succeed to all of the obligations of the Corporation hereunder and shall be subject to the terms and provisions of this Phase Four Ground Lease.

**ARTICLE XV  
COMPLIANCE CERTIFICATES**

**Section 15.01 The Corporation Compliance.** The Corporation agrees, at any time and from time to time upon not less than thirty (30) days prior written notice by the Board, to execute, acknowledge and deliver to the Board or to such other party as the Board shall request, a statement in writing certifying (a) that this Phase Four Ground Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) to the best of its knowledge, whether or not there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of the Corporation to be performed (and if so specifying the same), (c) the dates to which the Phase Four Rent and other charges have been paid, and (d) the dates of commencement and expiration of the Phase Four Term, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser of the Board's Interest or by any other Person.

**Section 15.02 The Board's Compliance.** The Board agrees, at any time and from time to time, upon not less than thirty (30) days prior written notice by the Corporation, to execute, acknowledge and deliver to the Corporation a statement in writing addressed to the Corporation or to such other party as the Corporation shall request, certifying (a) that this Phase Four Ground Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications); (b) the dates to which the Phase Four Rent and other charges have been paid; (c) to the best of its knowledge after due inquiry, whether an Event of Default has occurred and is continuing hereunder (and stating the nature of any such Event of Default; (d) during the construction period, the status of construction of the Phase Four Facilities and Stadium Expansion and the estimated date of completion thereof; and (e) the dates of commencement and expiration of the Phase Four Term, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective (and permitted) assignee, sublessee or mortgagee of this Phase Four Ground Lease or by any assignee or prospective assignee of any such permitted mortgage or by any undertenant or prospective undertenant of the whole or any part of the Phase Four Facilities or the Stadium Expansion, or by any other Person.

**ARTICLE XVI  
TAXES AND LICENSES**

**Section 16.01 Payment of Taxes.** The Board shall pay, and, upon request by the Corporation, shall provide evidence of payment to the appropriate collecting authorities of, all federal, state and local taxes and fees, which are now or may hereafter be, levied upon the Corporation's interest in the Phase Four Land or in the Phase Four Facilities or in the Stadium Expansion Land or in the Stadium Expansion or upon any of the Corporation's property used in connection therewith or upon the Board or the Board's Interest. The Board may pay any of the above items in installments if payment may be so made without penalty other than the payment of interest. The obligations of the Board to pay taxes and fees under this Section 16.01 shall apply only to the extent that the Board or the Corporation are not exempt from paying such taxes and fees and to the extent that such taxes and fees are not otherwise abated. The Board and the Corporation agree to cooperate fully with each other to the end that tax exemptions available with respect to the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and the Stadium Expansion under applicable law are obtained by the party or parties entitled thereto.

**Section 16.02 Contested Tax Payments.** The Board shall not be required to pay, discharge or remove any such taxes or assessments so long as the Board is contesting the amount or validity thereof by appropriate proceeding that shall operate to prevent or stay the collection of the amount so contested. The Corporation shall cooperate with the Board in completing such contest and the Corporation shall have no right to pay the amount contested during the contest. The Corporation, at the Board's expense, shall join in any such proceeding if any law shall so require.

**ARTICLE XVII**  
**FORCE MAJEURE**

**Section 17.01 Discontinuance During Force Majeure.** Whenever a period of time is herein prescribed for action to be taken by the Corporation, the Corporation shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to Force Majeure. The Board shall not be obligated to recognize any delay caused by Force Majeure unless the Corporation shall within ten (10) days after the Corporation is aware of the existence of an event of Force Majeure, notify the Board thereof.

**ARTICLE XVIII  
MISCELLANEOUS**

**Section 18.01 Nondiscrimination, Employment and Wages.** Any discrimination by the Corporation or its agents or employees on account of race, color, sex, age, religion, national origin, sexual orientation or handicap, in employment practices or in the performance of the terms, conditions, covenants and obligations of this Phase Four Ground Lease, is prohibited.

**Section 18.02 Notices.** Notices or communications to the Board or the Corporation required or appropriate under this Phase Four Ground Lease shall be in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) registered or certified United States mail, postage prepaid, or (d) prepaid telecopy if confirmed by expedited delivery service or by mail in the manner previously described, addressed as follows:

If to the Board:

Board of Supervisors for the University of Louisiana System  
1201 North Third Street, Suite 7-300  
Baton Rouge, Louisiana 70802  
Attention: Vice President for Operations and Facilities

with copies to:

Southeastern Louisiana University  
Western Avenue  
Friendship Circle (SLU Box 10709)  
Hammond, Louisiana 70402  
Attention: Vice President for Administration and Finance

and

Southeastern Louisiana University  
Auxiliary Services  
SLU Box 11850  
Hammond, Louisiana 70402  
Attention: Director of Auxiliary Services

If to the Corporation:

University Facilities, Inc.  
SLU Box 10709  
Hammond, Louisiana 70402  
Attention: Executive Director

with a copy to:

Seale & Ross  
200 North Cate Street  
Hammond, LA 70404  
Attention: T. Jay Seale

If to Bond Insurer:

MBIA Insurance Corporation  
113 King Street  
Armonk, New York 10504  
Attention: Insured Portfolio Management

If to Trustee:

The Bank of New York Trust Company, N.A.  
10161 Centurion Parkway  
Jacksonville, FL 32256  
Attention: Corporate Trust Division  
Facsimile: 904-645-1997  
E-mail: robsmith@bankofny.com

or to such other address or to the attention of such other person as hereafter shall be designated in writing by such party. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of deposit in the mail in the manner provided herein, or in the case of telecopy, upon receipt.

**Section 18.03 Relationship of Parties.** Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto. It is understood and agreed that no provision contained herein nor any acts of the parties hereto creates a relationship other than the relationship of Lessor and Lessor hereunder.

**Section 18.04 Memorandum of Lease.** Neither the Board nor the Corporation shall file this Phase Four Ground Lease for record in Tangipahoa Parish, Louisiana or in any public place without the written consent of the other. In lieu thereof the Board and the Corporation agree to execute in recordable form a memorandum of this Phase Four Ground Lease in the form of **Exhibit C** attached hereto. Such memorandum shall be filed for record in Tangipahoa Parish, Louisiana.

**Section 18.05 Attorney's Fees.** If either party is required to commence legal proceedings relating to this Phase Four Ground Lease, the prevailing party shall be entitled to receive reimbursement for its reasonable attorneys' fees and costs of suit.

**Section 18.06 Louisiana Law to Apply.** This Phase Four Ground Lease shall be construed under and in accordance with the laws of the State of Louisiana, and all obligations of the parties created hereunder are performable in Tangipahoa Parish, Louisiana.

**Section 18.07 Warranty of Peaceful Possession.** The Board covenants that the Corporation, on paying the Phase Four Rent and performing and observing all of the covenants and agreements herein contained and provided to be performed by the Corporation, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and the Stadium Expansion during the Phase Four Term, subject to the Phase Four Facilities Lease, and may exercise all of its rights hereunder; and the Board agrees to warrant and forever defend the Corporation's right to such occupancy, use, and enjoyment and the title to the Phase Four Land and Stadium Expansion Land against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof subject only to the provisions of this Phase Four Ground Lease, the Phase Four Facilities Lease, and the matters listed on **Exhibit B-1** attached hereto.

**Section 18.08 Curative Matters.** Except for the express representations and warranties of the Board set forth in this Phase Four Ground Lease, any additional matters necessary or desirable to make the Phase Four Land and Stadium Expansion Land useable for the Corporation's purpose shall be undertaken, in the Corporation's sole discretion, at no expense to the Board. The Corporation shall notify the Board in writing of all additional matters (not contemplated by the Phase Four Plans and Specifications) undertaken by the Corporation to make the Phase Four Land usable for the Corporation's purpose.

**Section 18.09 Nonwaiver.** No waiver by the Board or the Corporation of a breach of any of the covenants, conditions, or restrictions of this Phase Four Ground Lease shall constitute a waiver of any subsequent breach of any of the covenants, conditions or restrictions of this Phase Four Ground Lease. The failure of the Board or the Corporation to insist in any one or more cases upon the strict performance of any of the covenants of the Ground Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt by the Board or acceptance of payment by the Board of Rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach. No waiver, change, modification or discharge by the Board or the Corporation of any provision of this Phase Four Ground Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by the party to be charged.

**Section 18.10 Terminology.** Unless the context of this Phase Four Ground Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the word "includes" or "including" shall mean "including without limitation"; (d) the word "or" shall have the inclusive meaning represented by the phrase "and/or"; (e) the words "hereof," "herein," "hereunder," and similar terms in this Phase Four Ground Lease shall refer to this Phase Four Ground Lease as a whole and not to any particular section or article in which such words appear. The section, article and other headings in this Phase Four Ground Lease and the Table of Contents to this Phase Four Ground Lease are for reference purposes and shall not control or affect the construction of this Phase Four Ground Lease or the interpretation hereof in any respect. Article,

section and subsection and exhibit references are to this Phase Four Ground Lease unless otherwise specified. All exhibits attached to this Phase Four Ground Lease constitute a part of this Phase Four Ground Lease and are incorporated herein. All references to a specific time of day in this Phase Four Ground Lease shall be based upon Central Standard Time (or the other standard of measuring time then in effect in Hammond, Louisiana).

**Section 18.11 Counterparts.** This agreement may be executed in multiple counterparts, each of which shall be declared an original.

**Section 18.12 Severability.** If any clause or provision of this Phase Four Ground Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Phase Four Ground Lease, then and in that event, it is the intention of the parties hereto that the remainder of Ground Lease shall not be affected thereby.

**Section 18.13 Authorization.** By execution of this Phase Four Ground Lease, the Corporation and the Board each represent to the other that they are entities validly existing, duly constituted and in good standing under the laws of the jurisdiction in which they were formed and in which they presently conduct business; that all acts necessary to permit them to enter into and be bound by this Phase Four Ground Lease have been taken and performed; and that the persons signing this Phase Four Ground Lease on their behalf have due authorization to do so.

**Section 18.14 Ancillary Agreements.** In the event it becomes necessary or desirable for the Board to approve in writing any ancillary agreements or documents concerning the Phase Four Land or concerning the construction, operation or maintenance of the Phase Four Facilities or to alter or amend any such ancillary agreements between the Board and the Corporation or to give any approval or consent of the Board required under the terms of this Phase Four Ground Lease, all agreements, documents or approvals shall be forwarded to the Board Representative.

**Section 18.15 Amendment.** No amendment, modification, or alteration of the terms of this Phase Four Ground Lease shall be binding unless the same be in writing dated on or subsequent to the date hereof and duly executed by the parties hereto and consented to the extent required by Article VIII of the Agreement. No such amendment to this Phase Four Ground Lease shall alter the obligations of the parties hereto in any manner inconsistent with the scope of their obligations as contemplated.

**Section 18.16 Successors and Assigns.** All of the covenants, agreements, terms and conditions to be observed and performed by the parties hereto shall be applicable to and binding upon their respective successors and assigns including any successor by merger or consolidation of the University into another educational institution or the Board into another educational management board.

**Section 18.17 Entire Agreement.** This Phase Four Ground Lease, together with the exhibits attached hereto, contains the entire agreement between the parties hereto with respect to the Phase Four Land and the Stadium Expansion Land and contains all of the terms and conditions agreed upon with respect to the lease of the Phase Four Land and the Stadium Expansion Land, and no other agreements, oral or otherwise, regarding the subject matter of this Phase Four Ground Lease shall be deemed to exist or to bind the parties hereto; it being the



intent of the parties that neither shall be bound by any term, condition, or representations not herein written.

**SECTION 6.** The Ground and Buildings Lease is hereby amended to add the following provision:

The Corporation and the Board agree that immediately upon the occurrence of an Event of Default under either Section 11.01 of the Ground and Buildings Lease or under Section 11.01 of Part II of the Ground and Buildings Lease, that this Ground and Buildings Lease, as amended, will be bifurcated and Sections 1.01 through 18.17 shall be treated as a wholly separate lease apart from Part II of the Ground and Buildings Lease which shall also be treated as a wholly separate lease between the parties. Further, the Corporation and the Board agree that upon such an Event of Default, the parties will execute all other documents necessary and appropriate to reflect and record such bifurcation of this Ground and Buildings Lease into two separate lease agreements.

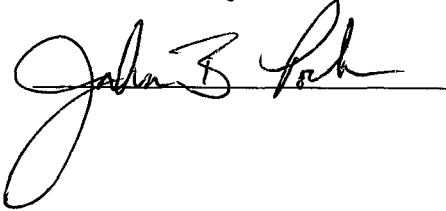
*[Remainder of page intentionally left blank. Signatures appear on following page.]*

[Signature page to Amendment to Ground Lease]

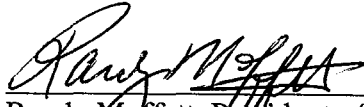
IN WITNESS WHEREOF, the undersigned representative has signed this Amendment to the Ground Lease on behalf of the Board of Supervisors for the University of Louisiana System effective on the 1<sup>st</sup> day of March, 2007.

WITNESSES:

  
\_\_\_\_\_

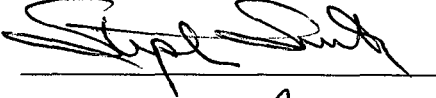
  
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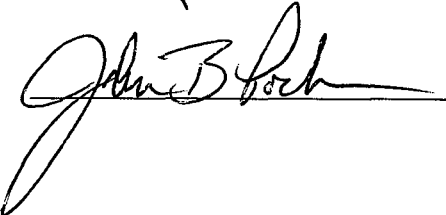
BOARD OF SUPERVISORS FOR THE  
UNIVERSITY OF LOUISIANA SYSTEM

By:   
\_\_\_\_\_   
Randy Moffett, President of Southeastern  
Louisiana University

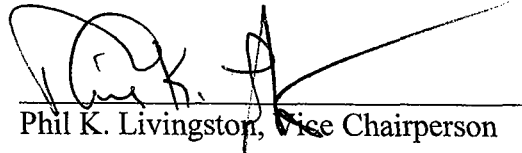
IN WITNESS WHEREOF, the undersigned representative has signed this Amendment to the Ground Lease on behalf of University Facilities, Inc. effective on the 1<sup>st</sup> day of March, 2007.

WITNESSES:

  
\_\_\_\_\_

  
\_\_\_\_\_

UNIVERSITY FACILITIES, INC.

By:   
\_\_\_\_\_   
Phil K. Livingston, Vice Chairperson

**CONSENT and APPROVAL:**

**MBIA INSURANCE CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

[Signature page to Amendment to Ground Lease]

IN WITNESS WHEREOF, the undersigned representative has signed this Amendment to the Ground Lease on behalf of the Board of Supervisors for the University of Louisiana System effective on the 1<sup>st</sup> day of March, 2007.

WITNESSES:

BOARD OF SUPERVISORS FOR THE  
UNIVERSITY OF LOUISIANA SYSTEM

\_\_\_\_\_

By: \_\_\_\_\_

Randy Moffett, President of Southeastern  
Louisiana University

IN WITNESS WHEREOF, the undersigned representative has signed this Amendment to the Ground Lease on behalf of University Facilities, Inc. effective on the 1<sup>st</sup> day of March, 2007.

WITNESSES:

UNIVERSITY FACILITIES, INC.


\_\_\_\_\_

By: \_\_\_\_\_

Phil K. Livingston, Vice Chairperson

**CONSENT and APPROVAL:**

**MBIA INSURANCE CORPORATION**

By:   
Name: Stephanie Taylor Ciavarelli  
Title: Assistant Secretary  
Date: March 12, 2007

**EXHIBIT B  
TO THE LOAN AGREEMENT  
AND TO THE GROUND LEASE**

**PERMITTED ENCUMBRANCES**

1. Amended and Restated Ground Lease Agreement dated July 27, 2000 by and between the Board of Supervisors for the University of Louisiana System, as lessor, and University Facilities, Inc., as lessee, relating to the 11.28 acre tract described as Tract 2 in Exhibit B to the Ground Lease and the portion of the Facilities located thereon.
2. Amended and Restated Agreement to Lease with Option to Purchase dated July 27, 2000 by and between University Facilities, Inc., as lessor, and the Board of Supervisors for the University of Louisiana System, as lessee, relating to the 11.28 acre tract described as Tract 2 in Exhibit B to the Ground Lease and the portion of the Facilities located thereon.
3. Assignment of Leases and Rents dated July 27, 2000 by and between University Facilities, Inc., as assignor, and Hibernia National Bank, as assignee, relating to all leases and rents from the portion of the Facilities located on the 11.28 acre tract described as Tract 2 in Exhibit B to the Ground Lease.
4. Ground and Buildings Lease Agreement dated as of August 1, 2004 by and between the Board of Supervisors for the University of Louisiana System, as lessor, and University Facilities, Inc., as lessee, relating to the aggregate 33.595 acre tracts described in Exhibit A to the Ground Lease and the portion of the Facilities located thereon.
5. Agreement to Lease with Option to Purchase dated as of August 1, 2004 by and between University Facilities, Inc., as lessor, and the Board of Supervisors for the University of Louisiana System, as lessee, relating to the aggregate 33.595 acre tracts described in Exhibit A to the Ground Lease and the portion of the Facilities located thereon.

Tangipahoa Parish Recording Page

5

Julian E. Dufreche  
Clerk of Court  
P. O. Box 667  
110 North Bay Street, Suite 100  
Amite, LA 70422  
(985) 748-4146

Received From :  
SEALE DAIGLE & ROSS A P C  
ATTENTION: CATHY  
P.O. BOX 699  
HAMMOND, LA 70404

First VENDOR

UNIVERSITY FACILITIES INC

First VENDEE

THE BANK OF NEW YORK TRUST CO

Index Type : Conveyances

Instrument # : 745732

Type of Document : Assignment - Conveyance Book

Book : 1091 Page : 486

Recording Pages : 16

Recorded Information

I hereby certify that the attached document was filed for registry and recorded in the Clerk of Court's office for Tangipahoa Parish, Louisiana

s/Jessica Husser

Deputy Clerk

On (Recorded Date) : 03/14/2007

At (Recorded Time) : 1:34:37:000 PM



Doc ID - 008926990016



CLERK OF COURT  
JULIAN E. DUFRECHE  
Parish of Tangipahoa

I certify that this is a true copy of the attached document that was filed for registry and  
Recorded 03/14/2007 at 1:34:37  
Recorded in Book 1091 Page 486  
File Number 745732

Jessica Husser  
Deputy Clerk

Return To :

RECORD IN CONVEYANCE RECORDS  
WHERE PROPERTY LOCATED

ASSIGNMENT OF AGREEMENTS AND DOCUMENTS

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by

UNIVERSITY FACILITIES, INC.

in favor of

THE BANK OF NEW YORK TRUST COMPANY, N.A.,  
as Trustee

---

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in connection with:

\$5,545,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

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**DATED AS OF MARCH 1, 2007**

Record and Return to:

Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P.  
Four United Plaza  
8555 United Plaza Boulevard  
Baton Rouge, Louisiana 70809  
Attention: Fred Chevalier, Esq.

ASSIGNMENT OF AGREEMENTS AND DOCUMENTS

This ASSIGNMENT OF AGREEMENTS AND DOCUMENTS (this "*Assignment*"), made and entered into as of the first day of March, 2007, is by UNIVERSITY FACILITIES, INC. (the "*Corporation*"), a non-profit corporation organized and existing under the laws of the State of Louisiana (the "*State*"), in favor of THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association duly organized and having its principal corporate trust office in the City of Jacksonville, Florida, as Trustee (together with its successors and assigns, the "*Trustee*").

WITNESSETH:

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana (the "*Issuer*") has, pursuant to the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 to 4548.16, inclusive) (the "*Act*") and other constitutional and statutory authority, issued (i) its \$5,545,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "*Series 2007A Bonds*") and (ii) its \$2,490,000 aggregate principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "*Series 2007B Bonds*") and together with the Series 2007A Bonds, the "*Series 2007 Bonds*") for the purpose of (i) developing and constructing the Phase Four Facilities, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Series 2007 Bonds, including the premium for any bond insurance policy insuring the Series 2007 Bonds; and

WHEREAS, the land on which the Phase Four Facilities will be constructed and which is described in Exhibit A attached hereto and made a part hereof (the "*Phase Four Land*") is being leased to the Corporation pursuant to Part II of a Ground and Buildings Lease Agreement (the "*Phase Four Ground Lease*") dated as of August 1, 2004, as amended by the First Amendment to the Ground and Buildings Lease, dated March 1, 2007, between the Board of Supervisors for the University of Louisiana System (the "*Board*"), as lessor, and the Corporation, as lessee; and

WHEREAS, the Board and the Corporation have agreed that the Corporation shall develop and construct parking and related facilities (the "*Phase Four Facilities*") and together with the Phase Four Land, the "*Property*") on the land leased under the Phase Four Ground Lease, which Phase Four Facilities will be owned by the Board as constructed and leased to the Corporation pursuant to the Phase Four Ground Lease; and

WHEREAS, the Corporation shall lease the Phase Four Facilities back to the Board pursuant to Part II of an Agreement to Lease with Option to Purchase (the "*Phase Four Facilities Lease*") dated as of August 1, 2004, as amended by the First Amendment to the Agreement to Lease with Option to Purchase dated March 1, 2007, for use by students, faculty and staff of the University and such other persons as set forth in the Phase Four Facilities Lease; and

**WHEREAS**, the Issuer has, pursuant to a Loan Agreement (as now or hereafter, amended, supplemented, modified, and/or restated, the "**Loan Agreement**") of even date herewith between the Issuer and the Corporation, loaned the proceeds of the Series 2007 Bonds to the Corporation for the purpose of (i) developing and constructing the Phase Four Facilities, (ii) funding a deposit to the Debt Service Reserve Fund; and (iii) paying costs of issuance of the Series 2007 Bonds, including the premium for any bond insurance policy insuring the Series 2007 Bonds and in return, the Corporation has agreed to make payments in an amount sufficient to make timely payments of principal of, premium, if any, and interest (collectively, the "**Debt Service Payments**") on the Series 2007 Bonds and to pay such other amounts as are required by the Loan Agreement; and

**WHEREAS**, it is anticipated that additional amounts may be necessary to improve or expand the Phase Four Facilities, and as a result, provision should be made for the issuance of additional parity bonds of the Issuer from time to time as specified in the Trust Indenture (as now or hereafter, amended, supplemented, modified, and/or restated, the "**Indenture**") of even date herewith between the Issuer and the Trustee or other debt incurred by the Corporation for such purposes (collectively, the "**Additional Debt**"); and

**WHEREAS**, MBIA Insurance Corporation (the "**Bond Insurer**") has issued its bond insurance policies with respect to the payments of principal of and interest on the Series 2007 Bonds; and

**WHEREAS**, the Corporation wishes to assign to the Trustee all of its right, title, and interest in and to all agreements, instruments, documents, and obligations described below, all of which relate to the Phase Four Facilities; and

**WHEREAS**, the Corporation desires to secure the payment by the Corporation of the loan payments to be made under the Loan Agreement and any loan payments required by any amendment or supplement thereto relating to Additional Debt or any loan, financing, or similar agreement relating to Additional Debt (collectively, the "**Additional Loan Agreements**," and together with the Loan Agreement, the "**Loan Agreements**"), including any judgments thereon, and the performance and observance by the Corporation of all covenants and conditions contained in the Loan Agreements, in this Assignment, and in all other agreements, instruments, or documents executed by the Corporation governing or securing the payment of any of the obligations of the Corporation under the Loan Agreements (collectively, the "**Secured Obligations**"), and all extensions, renewals, modifications, and substitutions of all of the foregoing (each, a "**Security Document**," and collectively, the "**Security Documents**" and together with the Loan Agreements and the Indenture, the "**Bond Documents**").

**NOW, THEREFORE**, in consideration of \$8,035,000 loaned pursuant to the Loan Agreement by the Issuer to the Corporation (the "**Maximum Amount**") and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation does hereby irrevocably, absolutely and unconditionally transfer, sell, assign, pledge and convey to the Trustee, its successors and assigns, all of the right, title and interest of the Corporation in and to, under and pursuant to the provisions of La. R. S. 9:4401, et. seq., as amended:



(a) any and all leases, subleases, licenses, rental agreements and occupancy agreements of whatever form now or hereafter affecting all or any part of the Property and any and all guarantees, extensions, renewals, replacements and modifications thereof (collectively, the "Leases"); and

(b) all deposits (whether for security (subject to the rights of tenants) or otherwise), rents, rent equivalents, receivables, issues, profits, revenues, royalties, accounts, rights, benefits and income of every nature of and from the Property including, without limitation, minimum rents, additional rents, termination payments, forfeited security deposits, liquidated damages following default and all proceeds payable under any policy of insurance covering loss or rents resulting from untenability due to destruction or damage to the Property, together with the immediate and continuing right to collect and receive the same, whether now due or hereafter becoming due, and together with all rights and claims of any kind that the Corporation may have against any tenant, lessee or licensee under the Leases or against any other occupant of the Property (collectively, the "Rents").

TO HAVE AND TO HOLD the same unto the Trustee, its successors and assigns.

IT IS AGREED that, notwithstanding that this instrument is a present, absolute and executed assignment of the Leases and of the Rents and a present, absolute and executed grant of the powers herein granted to the Trustee, the Corporation is hereby granted a license by Trustee, to retain possession of the Leases and to collect and retain the Rents unless and until there shall be a default under the terms of any of the Bond Documents, which default has not been cured within any applicable grace or cure period. In the event of such uncured default, the aforementioned license granted to the Corporation shall automatically terminate without notice to the Corporation, and the Trustee may thereafter, without taking possession of the Property, take possession of the Leases and collect the Rents. Further, from and after such termination, the Corporation shall be the agent of the Trustee in collection of the Rents, and any Rents so collected by the Corporation shall be held in trust by the Trustee for the sole and exclusive benefit of the Trustee and the Corporation shall, within one (1) business day after receipt of any Rents, pay the same to the Trustee to be applied by the Trustee as hereinafter set forth. Furthermore, from and after such uncured default and termination of the aforementioned license, the Trustee shall have the right and authority, without any notice whatsoever to the Corporation and without regard to the adequacy of the security therefor, to: (a) manage and operate the Property, with full power to employ agents to manage the same; (b) demand, collect, receive and sue for the Rents, including those past due and unpaid; and (c) do all acts relating to such management of the Property, including, but not limited to, negotiation of new Leases, making adjustments of existing Leases, contracting and paying for repairs and replacements to the Phase Four Facilities and to the fixtures, equipment and personal property located in the Phase Four Facilities or used in any way in the operation, use and occupancy of the Property as in the sole subjective judgment and discretion of the Trustee may be necessary to maintain the same in a tenantable condition, purchasing and paying for such additional furniture and equipment as in the sole subjective judgment of the Trustee may be necessary to maintain a proper rental income from the Property, employing necessary managers and other employees, purchasing fuel, providing utilities and paying for all other expenses incurred in the operation of the Property, maintaining adequate insurance coverage over hazards customarily insured against and paying the premiums therefor. The Trustee may apply the Rents received by the Corporation from the Property, after deducting the costs of collection thereof, including, without limitation,

reasonable attorneys' fees and a customary management fee for any management agent so employed, against amounts expended for repairs, upkeep, maintenance, service, fuel, utilities, taxes, assessments, insurance premiums and such other expenses as the Trustee incurs in connection with the operation of the Property and against interest, principal, required escrow deposits and other sums which have or which may become due, from time to time, under the terms of the Bond Documents, in such order or priority as to any of the items so mentioned as the Trustee, in its sole subjective discretion, may determine. The exercise by the Trustee of the rights granted the Trustee in this paragraph, and the collection of, the Rents and the application thereof as herein provided, shall not be considered a waiver by the Trustee of any default under the Bond Documents or prevent foreclosure of any liens on the Property nor shall such exercise make the Trustee liable under any of the Leases, the Trustee hereby expressly reserving all of its rights and privileges under the Bond Documents as fully as though this Assignment had not been entered into.

Without limiting the rights granted hereinabove, in the event the Corporation shall fail to make any payment or to perform any act required under the terms hereof and such failure shall not be cured within any applicable grace or cure period, then the Trustee may, but shall not be obligated to, without prior notice to or demand on the Corporation, and without releasing the Corporation from any obligation hereof, make or perform the same in such manner and to such extent as the Trustee may deem necessary to protect the security hereof, including specifically, without limitation, appearing in and defending any action or proceeding purporting to affect the security hereof or the rights or powers of the Trustee, performing or discharging any obligation, covenant or agreement of the Corporation under any of the Leases, and, in exercising any of such powers, paying all necessary costs and expenses, employing counsel and incurring and paying reasonable attorneys' fees. Any sum advanced or paid by the Trustee following an uncured default for any such purpose, including, without limitation, reasonable attorneys' fees, together with interest thereon at the rate of ten percent (10%) per annum (the "**Default Interest Rate**") from the date paid or advanced by the Trustee until repaid by the Corporation, shall immediately be due and payable to the Trustee by the Corporation on demand and shall be secured by all of the other Bond Documents securing all or any part of the Secured Obligations.

IT IS FURTHER AGREED as additional security for the full and punctual payment and performance of the Secured Obligations, up to the Maximum Amount, the Corporation does hereby grant to the Trustee a present and continuing security interest in all of the Corporation's right, title, and interest in and to the following collateral (the "**Agreements and Documents**"), and in its expectancy to acquire the Agreements and Documents in the ordinary course of business:

(a) all those other contracts and/or agreements between the Corporation and any person or firm rendering services or supplying material in connection with the construction of the Phase Four Facilities, including, without limitation, all construction, architectural, engineering, and landscaping or landscape improvement contracts or agreements and all plans, specifications, and drawings prepared pursuant to such contracts or agreements, and any amendments thereof and/or supplements thereto;

(b) all surveys, building permits, fill permits, sewer connection or tap-in permits, water connection or tap-in permits, curb-cut permits, certificates of occupancy, concurrency certificates, entitlements, development rights, zoning and variance approvals, utility service bonds and/or cash deposits, site improvement bonds and/or cash deposits, utility service agreements, site work

agreements with any governmental authority or public utility, and all other agreements, contracts, contract rights, documents of title, choses in action, intangible property, permits, licenses, approvals, consents, authorizations, plans, franchises, trademarks, project logos, building names, insurance policies, bonds, escrow funds, easements, and exclusive agency licenses or leases of any kind now existing or hereafter arising or created or entered in to relating to the acquisition, construction, renovation, or development of the Phase Four Land and the Phase Four Facilities or any portion thereof;

(c) all warranties and guaranties covering any appliances and fixtures now or hereafter located on or placed upon the Phase Four Land and the Phase Four Facilities, including without limitation, air conditioning, heating, and other appliances and equipment;

(d) all accounts, books, records, and other property relating or referring to any of the foregoing; and

(e) all proceeds of any and all of the foregoing and, to the extent not otherwise included, all payments under insurance (whether or not the Trustee is the loss payee thereof), or any indemnity, warranty, or guaranty, payable by reason of damage to, loss with respect to, or otherwise with respect to, any of the foregoing.

IT IS FURTHER AGREED that this Assignment is made upon the following terms, covenants and conditions:

1. This Assignment shall not operate to place responsibility for the control, care, management or repair of the Property upon the Trustee, nor for the performance of any of the terms and conditions of any of the Leases, nor shall it operate to make the Trustee responsible or liable for any waste committed on the Property by the tenants or any other party or for any dangerous or defective condition of the Property or for any negligence in the management, upkeep, repair or control of the Property. The Trustee shall not be liable for any loss sustained by the Corporation resulting from the Trustee's failure to let the Property or from any other act or omission of the Trustee in managing the Property. The Corporation shall and does hereby indemnify and hold the Trustee harmless from and against any and all liability, loss, claim, demand or damage which may or might be incurred by reason of this Assignment, including, without limitation, claims or demands for security deposits from tenants of space in the Improvements deposited with the Corporation, and from and against any and all claims and demands whatsoever which may be asserted against the Trustee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in any of the Leases except for any losses arising from the negligence or willful misconduct of the Trustee. Should the Trustee incur any liability by reason of this Assignment or in defense of any claim or demand for loss or damage as provided above, the amount thereof, including, without limitation, costs, expenses and reasonable attorneys' fees, together with interest thereof at the Default Interest Rate from the date paid or incurred by the Trustee until repaid by the Corporation, shall be immediately due and payable to the Trustee by the Corporation upon demand and shall be secured by all other Bond Documents securing all or any part of the indebtedness evidenced by the Series 2007 Bonds.

2. This Assignment shall not be construed as making the Trustee a mortgagee/beneficiary in possession.

3. The Trustee is obligated to account to the Corporation only for such Rents as are actually collected or received by the Trustee.

4. The Corporation hereby further presently and absolutely assigns to the Trustee subject to the terms and provisions of this Assignment and the license granted to the Trustee herein: (a) any award or other payment which the Corporation may hereafter become entitled to receive with respect to any of the Leases as a result of or pursuant to any bankruptcy, insolvency or reorganization or similar proceedings involving the tenants under such Leases; and (b) any and all payments made by or on behalf of any tenant of any part of the Property in lieu of Rent. The Corporation hereby irrevocably appoints the Trustee as its attorney-in-fact to, from and after the occurrence of a default by the Corporation hereunder or under any of the other Bond Documents which has not been cured within any applicable grace or cure period, appear in any such proceeding and to collect any such award or payment, which power of attorney is coupled with an interest by virtue of this Assignment and is irrevocable so long as any sums are outstanding under the Series 2007 Bonds.

5. The Corporation represents, warrants and covenants to and for the benefit of the Trustee: (a) that the Corporation now is (or with respect to any Leases not yet in existence, will be immediately upon the execution thereof) the absolute owner of its interest in the Leases, with full right and title to assign the same and the Rents due it or to become due it thereunder; (b) that, other than this Assignment and those assignments, if any, specifically permitted in the Bond Documents, there are no outstanding assignments of the Leases or Rents; (c) that no Rents have been anticipated, discounted, released, waived, compromised or otherwise discharged except for prepayment of rent of not more than one (1) month prior to the accrual thereof, except as permitted pursuant to paragraph 6 hereof; (d) that there are no material defaults now existing under any of the Leases by the landlord or tenant, except as disclosed in writing to the Trustee; (e) that the Corporation has and shall duly and punctually observe and perform all covenants, conditions and agreements in the Leases on its part to be observed and performed thereunder; (f) the Leases are in full force and effect and are the valid and binding obligations of the Corporation, and, to the best knowledge of the Corporation, subject to the terms and conditions of the Leases, are the valid and binding obligations of the tenants thereto; (g) the Corporation is the sole owner of its interest under the Agreements and Documents and has the full and complete right, title, and authority to sell, assign, transfer, and set over the same and to grant and confer upon the Trustee the rights, interests, liens, power, and authorities herein granted and conferred; (h) the Corporation has not executed any prior assignment of the Agreements and Documents; (i) the Corporation has not performed any act or executed any other instrument which might prevent the Trustee, or the Trustee as the assignee of the Trustee, from enjoying and exercising any of its rights and privileges evidenced hereby; (j) the Corporation has not executed or granted any modifications to any existing Agreements and Documents except as previously disclosed to the Trustee; (k) all existing Agreements and Documents are valid and in full force and effect; and (l) there are no defaults or events of default now existing under any of the Agreements and Documents and no event has occurred which with the passage of time or the giving of notice, or both, would constitute such a default or event of default.

6. The Corporation covenants and agrees that the Corporation shall not, without the prior written consent of the Trustee: (a) cancel or terminate any Lease (other than for non-payment of Rent) or materially amend or modify any Lease; (b) take or omit to take any action right or option which would permit the tenant under any Lease to cancel or terminate said Lease; (c) anticipate, discount, release, waive, compromise or otherwise discharge any Rents payable or other obligations under the Leases; or (d) further pledge, transfer, mortgage or otherwise encumber or assign the Leases or future payments of Rents except as otherwise expressly given or permitted by the terms of the Bond Documents or incur any material indebtedness, liability or other obligation to any tenant, lessee or licensee under the Leases; or provided, however, that the Corporation may take any of the actions described in subsection (a), (b), or (c) above so long as such actions are taken by the Corporation in the ordinary course of business and are consistent with sound customary leasing and management practices for similar properties.

7. Except as may be permitted by the Loan Agreements, the Corporation agrees that, so long as any of the Secured Obligations shall remain unpaid, the Corporation will make no further assignment, pledge, or disposition of any of the Agreements and Documents or any part of either thereof; nor will the Corporation modify, alter, or amend any of the Agreements and Documents that would have the effect of increasing the remaining costs of acquiring, constructing, furnishing, and/or equipping the Phase Four Facilities to an amount greater than the amount then available to pay such costs in the Project Fund created under the Indenture (the "**Project Fund**") or give any consent, concession, or waiver or exercise any option required or permitted by the terms of any of the Agreements and Documents; nor will the Corporation cancel or terminate any of the Agreements and Documents so as to effect directly or indirectly, proximately or remotely, a termination or diminution of the obligations of the other party or parties thereunder; nor will the Corporation, except to the extent required by the terms of any of the Agreements and Documents, consent to an assignment of the interest and estate of the other party or parties under any of the Agreements and Documents; and any such acts, if done or permitted to be done without the prior written consent of the Trustee and the Bond Insurer, shall be null and void and shall constitute an Event of Default. Nothing contained in the Section shall be deemed to prevent or impair the Corporation's making day-to-day decisions during the construction process, including, but not limited to, permitting minor deviations from the plans, specifications, or construction schedule relating to the Phase Four Facilities; approving, rejecting, or modifying applications for progress payments; agreeing to substitutions of materials; or approving change orders if such decisions shall not individually or collectively delay the final completion of the Phase Four Facilities or increase the remaining costs of acquiring, constructing, furnishing, and/or equipping the Phase Four Facilities to an amount greater than the amount available to pay such costs in the Project Fund.

8. The Corporation covenants and agrees that the Corporation shall, at its sole cost and expense, appear in and defend any action or proceeding arising under, growing out of, or in any manner connected with the Leases or the obligations, duties or liabilities of the landlord or tenant thereunder, and shall pay on demand all costs and expenses, including, without limitation, reasonable attorneys' fees, which the Trustee may incur in connection with the Trustee's appearance, voluntary or otherwise, in any such action or proceeding, together with interest thereon at the Default Interest Rate from the date incurred by the Trustee until repaid by the Corporation.

9. At any time following a default under the Bond Documents, which is not cured within any applicable grace or cure period, the Trustee may, at its option, notify any tenants or other parties of the existence of this Assignment. The Corporation does hereby specifically authorize, instruct and direct each and every present and future tenant, lessee and licensee of the whole or any part of the Property following a default under the Bond Documents, which is not cured within any applicable grace or cure period to pay all unpaid and future Rents to the Trustee upon receipt of demand from the Trustee to so pay the same. The Corporation hereby waives any right, claim or demand which the Corporation may now or hereafter have against any present or future tenant, lessee or licensee by reason of such payment of Rents to the Trustee, and any such payment shall discharge such tenant's, lessee's or licensee's obligation to make such payment to the Corporation.

10. The Trustee may take or release any security for the indebtedness evidenced by the Series 2007 Bonds, may release any party primarily or secondarily liable for the indebtedness evidenced by the Series 2007 Bonds, may grant extensions, renewals or indulgences with respect to the indebtedness evidenced by the Series 2007 Bonds and may apply any other security therefor held by it to the satisfaction of any indebtedness evidenced by the Series 2007 Bonds without prejudice to any of its rights hereunder.

11. The acceptance of this Assignment and the collection of the Rents in the event the Corporation's license is terminated, as referred to above, shall be without prejudice to the Trustee. The rights of the Trustee hereunder are cumulative and concurrent, may be pursued separately, successively or together and may be exercised as often as occasion therefor shall arise, it being agreed by the Corporation that the exercise of any one or more of the rights provided for herein shall not be construed as a waiver of any of the other rights or remedies of the Trustee, at law or in equity or otherwise, so long as any obligation under the Bond Documents remains unsatisfied.

12. All rights of the Trustee hereunder shall inure to the benefit of its successors and assigns; and all obligations of the Corporation shall bind its successors and assigns and any subsequent owner of the Property. All rights of the Trustee in, to and under this Assignment shall pass to and may be exercised by any assignee of such rights of the Trustee. The Corporation hereby agrees that if the Trustee gives notice to the Corporation of an assignment of said rights, upon such notice the liability of the Corporation to the assignee of the Trustee shall be immediate and absolute. The Corporation will not set up any claim against the Trustee or any intervening assignee as a defense, counterclaim or setoff to any action brought by the Trustee or any intervening assignee for any amounts due hereunder or for possession of or the exercise of rights with respect to the Leases or the Rents.

13. It shall be a default hereunder (a) if any representation or warranty made herein by the Corporation is determined by the Trustee to have been false or misleading in any material respect at the time made, or (b) upon any failure by the Corporation to comply with the provisions of Paragraph 6 above or (c) upon any failure by the Corporation in the performance or observance of any other covenant or condition hereof and, to the extent such failure described in this subsection (c) is susceptible of being cured, the continuance of such failure for thirty (30) days after written notice thereof from the Trustee to the Corporation; provided, however, that if such default is susceptible of cure but such cure cannot be accomplished with reasonable diligence within said period of time, and if the Corporation commences to cure such default

promptly after receipt of notice thereof from the Trustee, and thereafter prosecutes the curing of such default with reasonable diligence, such period of time shall be extended for such period of time as may be necessary to cure such default with reasonable diligence, but not to exceed an additional sixty (60) days. Any such default not so cured shall be a default under each of the other Bond Documents, entitling the Trustee to exercise any or all rights and remedies available to the Trustee under the terms hereof or of any or all of the other Bond Documents, and any default under any other Bond Document which is not cured within any applicable grace or cure period shall be deemed a default hereunder subject to no grace or cure period, entitling the Trustee to exercise any or all rights provided for herein.

14. Failure by the Trustee to exercise any right which it may have hereunder shall not be deemed a waiver thereof unless so agreed in writing by the Trustee, and the waiver by the Trustee of any default hereunder shall not constitute a continuing waiver or a waiver of any other default or of the same default on any future occasion. No collection by the Trustee of any Rents pursuant to this Assignment shall constitute or result in a waiver of any default then existing hereunder or under any of the other Bond Documents.

15. If any provision under this Assignment or the application thereof to any entity, person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Assignment and the application of the provisions hereof to other entities, persons or circumstances shall not be affected thereby and shall be enforced to the fullest extent permitted by law.

16. This Assignment may not be amended, modified or otherwise changed except by a written instrument duly executed by the Corporation and the Trustee.

17. If all of the Secured Obligations be paid as the same become due and payable and if all of the covenants, warranties, undertakings, and agreements of the Corporation in the Secured Obligations, the Loan Agreements, this Assignment, and all other Security Documents be kept and performed, this Assignment shall become null and void and of no further force and effect, but the affidavit, certificate, letter, or written statement of any officer, agent, or attorney of the Trustee indicating that any part of the Secured Obligations remains unpaid or any of such covenants, warranties, undertakings, and agreements have not been kept or performed shall be and constitute conclusive evidence of the validity, effectiveness, and continuing force of this Assignment, and any person may, and is hereby authorized to, rely thereon. The Corporation hereby authorizes and directs the parties named in the Agreements and Documents or any other or future party, upon receipt from the Trustee of written notice to the effect that any of the Secured Obligations is outstanding, to render performance and/or pay over to the Trustee or its appointed agent all amounts due and payable with respect to the Agreements and Documents and to continue so to do until otherwise notified by the Trustee.

18. All notices and other communications provided for hereunder shall be in writing and if to the Corporation, mailed or telegraphed or delivered to it and addressed to it at the address of the Corporation and in the manner specified in the Loan Agreement, and if to the Trustee or the Bond Insurer, mailed or delivered to it and addressed to it at the address of the Trustee or the Bond Insurer and in the manner specified in the Loan Agreement or as to any such party at such other addressees as shall be designated by such party in a written notice to each other party complying with the Loan Agreement. Such notices shall be given within the time

specified for notices in the Loan Agreement. Receipt of notices, certificates, or other communications hereunder shall occur upon actual delivery (whether by mail, facsimile transmission, messenger, courier service, or otherwise) to any person who is the Corporation or an officer of the Corporation at any location where such person may be found, or to an officer, agent, or employee of the Corporation, or other party, at the address of such party set forth in the Loan Agreement, subject to change as provided therein. An attempted delivery in accordance with the foregoing, acceptance of which is refused or rejected, shall be deemed to be and shall constitute receipt and an attempted delivery in accordance with the foregoing by mail, messenger, or courier service (whichever is chosen by the sender) which is not completed because of changed address of which no notice was received by the sender in accordance with the provisions of the Loan Agreement prior to the sending of the notice, certificate, or other communication shall also be deemed to be and constitute receipt.

19. This Assignment shall be governed by and construed in accordance with the laws of the State of Louisiana, except to the extent that any of such laws may now or hereafter be preempted by Federal law, in which case such Federal law shall so govern and be controlling; and provided further that the laws of the state in which the immovable (real) property on **Exhibit A** attached hereto is located shall govern as to the creation, priority and enforcement of liens and security interests on property located in such state.

20. This Assignment may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Assignment may be detached from any counterpart of this Assignment without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Assignment identical in form hereto but having attached to it one or more additional signature pages.

21. In addition to, but not in lieu of, any other rights hereunder, the Trustee shall have the right to institute suit and obtain a protective or mandatory injunction against the Corporation to prevent a breach or default, or to reinforce the observance, of the agreements, covenants, terms and conditions contained herein, as well as the right to damages occasioned by any breach or default by the Corporation.

22. This Assignment shall continue and remain in full force and effect during any period of foreclosure with respect to the Property.

23. The Corporation hereby covenants and agrees that the Trustee shall be entitled to all of the rights, remedies and benefits available by statute, at law, in equity or as a matter of practice for the enforcement and perfection of the intents and purposes hereof. The Trustee shall, as a matter of absolute right, be entitled, upon application to a court of applicable jurisdiction, to the appointment of a receiver to obtain and secure the rights of the Trustee hereunder and the benefits intended to be provided to the Trustee hereunder.

24. Notwithstanding anything contained herein to the contrary, no recourse under or upon any obligation, covenant, or agreement contained in this Assignment or in any other documents delivered in connection with the issuance of the Series 2007 Bonds, or for any claim based thereon, or under any judgment obtained against the Corporation, or by the enforcement of



any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent hereof, shall be had against the Authorized Corporation Representative, any incorporator, director, member, officer, consultant, or agent, as such, past, present, or future of the Corporation, or any incorporator, director, member, officer, consultant, or agent of any successor entity, as such, either directly or through the Corporation or any successor entity, or otherwise; provided, however, nothing in this Section shall be construed to relieve any Person of liability for tortious acts that are, or intentional wrongdoing that is, outside the intended scope of such Person's employment.

24. In case of a conflict between any provision of this Assignment and any provision of the other Bond Documents, the provision set forth in this Assignment shall prevail and be controlling.

25. For the purpose of Louisiana executory process procedures, the Corporation hereby confesses judgment in favor of the Trustee for the full amount of the indebtedness secured by the Assignment, for attorney's fees stipulated therein and court costs, and for any sums that the Trustee may advance or expend in accordance with the terms and provisions of this Assignment.

26. Upon or at any time after default in the payment of any indebtedness secured by the Series 2007 Bonds or the performance of any obligation secured hereby which is not cured within any applicable grace or cure period:

(a) any of the Rents thereafter delivered to or received or collected by the Trustee, including, without limitation, those past due and unpaid, will be applied against the indebtedness secured by the Series 2007 Bonds in such order as the Trustee may determine. In the event the Property is seized in connection with any legal proceedings for the enforcement of the obligations of any of the documents executed in connection with the indebtedness secured by the Series 2007 Bonds, the Rents will be held by the sheriff or the keeper of the Property pending the judicial sale of such Property, and will be applied to the indebtedness secured by the Series 2007 Bonds sought to be enforced, in accordance with the law;

(b) to the extent allowed by the Leases or as permitted by law, the Trustee may enforce, modify or accept the surrender of the Leases, obtain and evict the lessee under the Leases, modify the rent payable under the Leases, and do any other reasonable acts as may be permitted by the Leases or by law, which the Trustee deems proper to protect its interests hereunder;

(c) to the extent allowed by the Leases, or as permitted by law, the Trustee may sue for or otherwise enforce (i) collection of the Rents, including, without limitation, those past due and unpaid, and (ii) performance of any of the lessee's agreements and obligations under the Leases; and

(d) The Trustee is hereby irrevocably authorized to sell, assign, transfer and effectively deliver the Corporation's right, title and interest in and to the Leases and Rents at public or private sale as the Trustee may, in its sole discretion, elect, without recourse to judicial proceedings, and without either demand for payment, appraisalment, advertisement or notice of

any kind, all of which are hereby expressly waived, at which sale the Trustee may itself purchase the Corporation's right, title and interest in and to the Leases and Rents pledged hereby.


27. The Corporation hereby acknowledges and agrees if the adjudicatee of the Property at any judicial sale resulting from executory or other judicial proceedings is bound by the obligations of the lessor under the Leases, such adjudicatee will likewise be entitled to the Rents payable under the Leases. Accordingly, upon or at any time after default in the payment of any indebtedness secured by the Series 2007 Bonds or the performance of any obligation secured by this pledge which is not cured within any applicable grace or cure period, as an alternative to the remedy provided for above, it will be lawful for and the Corporation does hereby authorize the Trustee without making additional demand or giving notice or a putting in default, the same being hereby expressly waived, to cause all and singular the pledged property to be seized and sold in the same judicial proceedings under executory or other legal process issued by any court of competent jurisdiction, with or without appraisalment, in which event the Corporation's right, title and interest in and to the Leases and Rents may be offered and sold at the option of the Trustee in globo with the Property at the judicial sale resulting from any such proceedings, the Corporation hereby waiving any rights the Corporation otherwise may have under Article 2295 of the Louisiana Code of Civil Procedure and notice of demand and delay provided for by Article 2639 of the Louisiana Code of Civil Procedure.

28. To the extent that this Assignment confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason hereof, the Bond Insurer shall be and is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy, or claim conferred, given, or granted hereunder.


THUS DONE AND PASSED, on the day, month and year first written above, by the undersigned, in the presence of the undersigned Notary Public, and the undersigned competent witnesses, who hereunto signed their names after reading of the whole.

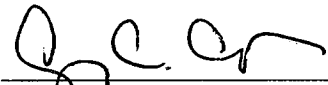
WITNESSES:

UNIVERSITY FACILITIES, INC.

  
Name: Patricia Dunbar  
(please print)

By:   
Name: Phil K. Livingston  
Title: Vice Chairman

  
Name: Robert Corcoran  
(please print)

  
Print Name: Ashley C. Atchison  
NOTARY PUBLIC  
Notary Id. No. 23628  
My commission is for life.

**Exhibit A**  
**Legal Description of Land**

**Tract 4 (1.06 Acre Tract - Intermodal Facility):**

A certain piece or portion of land being situated in Section 23, Township 6 South, Range 7 East, Tangipahoa Parish, Louisiana, being more fully described as follows:

Commencing at the Northeast Intersection of West Dakota Street and Galloway Drive and run along the East right-of-way of Galloway Drive North 14 Degrees 50 Minutes 00 Seconds West for a distance of 317.00 feet to a point; thence leaving said right-of-way run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 21.78 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 30.32 feet to the Point of Beginning;

From the Point of Beginning run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 17.83 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 6.93 feet to a point; thence run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 164.91 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 251.49 feet to a point; thence run North 75 Degrees 13 Minutes 18 Seconds East for a distance of 164.91 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 6.93 feet to a point; thence run North 75 Degrees 13 Minutes 18 Seconds East for a distance of 17.83 feet to a point; thence run South 14 Degrees 46 Minutes 42 Seconds East for a distance of 265.35 feet back to the Point of Beginning.

**EXECUTION COPY**

**FIRST AMENDMENT TO AGREEMENT TO LEASE  
WITH OPTION TO PURCHASE**

**BY AND BEWEEN**

**BOARD OF SUPERVISORS FOR THE  
UNIVERSITY OF LOUISIANA SYSTEM**

**AND**

**UNIVERSITY FACILITIES, INC.**

**RELATIVE TO**

**\$60,985,000**  
**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS (SOUTHEASTERN  
LOUISIANA UNIVERSITY STUDENT  
HOUSING/UNIVERSITY FACILITIES, INC.  
PROJECT) SERIES 2004A;**

**\$15,000,000**  
**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS (SOUTHEASTERN  
LOUISIANA UNIVERSITY STUDENT  
HOUSING/UNIVERSITY FACILITIES, INC.  
PROJECT) SERIES 2004B;**

**\$925,000**  
**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND COMMUNITY  
DEVELOPMENT AUTHORITY REVENUE BONDS  
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT  
HOUSING/UNIVERSITY FACILITIES, INC. PROJECT)  
SERIES 2004C**

**AND**

**\$5,545,000**  
**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS (SOUTHEASTERN  
LOUISIANA UNIVERSITY STUDENT HOUSING/  
UNIVERSITY FACILITIES, INC.: PHASE FOUR  
PARKING PROJECT)  
SERIES 2007A**

**\$2,490,000**  
**LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS (SOUTHEASTERN  
LOUISIANA UNIVERSITY STUDENT  
HOUSING/UNIVERSITY FACILITIES, INC.:  
PHASE FOUR PARKING PROJECT) SERIES  
2007B**

**FIRST AMENDMENT TO AGREEMENT TO LEASE  
WITH OPTION TO PURCHASE**

The Agreement to Lease with Option to Purchase by and between the **UNIVERSITY FACILITIES, INC.**, a non-profit corporation incorporated and existing under the laws of the State of Louisiana (the "Corporation") and the **BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM** (the "Board"), a public constitutional corporation organized and existing under the laws of the State of Louisiana, acting herein on behalf of the University of Louisiana System (the "University") (the "Facilities Lease"), is hereby amended by this **FIRST AMENDMENT TO AGREEMENT TO LEASE WITH OPTION TO PURCHASE** (this "First Amendment") which is effective as of the 1<sup>st</sup> day of March, 2007.

**SECTION 1. EXHIBIT A** to the Facilities Lease is hereby amended to read as follows:

**DESCRIPTION OF FACILITIES**

**Phase One**

Phase One of the housing development is comprised of two primary elements:

1. Hazardous material abatement and demolition of the following existing residence halls:
  - (a) Holloway Smith Hall (to occur March, 2004)
  - (b) Hammond Hall (to occur March, 2004)
  - (c) Carter Harris Hall (to occur May / June, 2004)
2. Construction of a new residence hall ("Residence Hall I") to provide approximately seven hundred fourteen (714) student beds in a mix of private and shared occupancy suites (scheduled to open January, 2005)

The total scope has yet to be determined. It is anticipated that the project shall include: (1) removal of existing built-in furniture; (2) renovation of the building to bring the facility up to code compliance; (3) installation of life-safety equipment; (4) provision of modern amenities (power, cable television, data) to each student bed; and provision of extensive interior and exterior cosmetic improvements to the facility.

**Construction of Residence Hall I (169,032 square feet)**

Residence Hall I shall be comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately three hundred sixty-four (357) units of two-bedroom / one-bathroom suites configured for private and shared occupancy, yielding a total of approximately seven hundred twenty-eight (714) beds. One hundred seventy-nine (179) of the units are designed for private occupancy (358 total beds) and one hundred seventy-eight (178) of the units are designed for shared occupancy (356 total beds). Additionally, the Residence Hall I

phase shall include a common area laundry facility in two of the buildings and resident manager units in two of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

The first phase of development includes a park at the main entrance and an approximately 2,000 square foot maintenance facility for use by the property manager. Residence Hall I is scheduled for completion by January 1, 2005.

### **Phase Two**

Phase Two of the housing development is comprised of:

1. Construction of a new residence hall ("Residence Hall II") to provide approximately eight hundred (800) student beds in a mix of private and shared occupancy suites (scheduled to open August, 2005).
2. Hazardous materials abatement and demolition of Lee Hall.

#### **Construction of Residence Hall II (185,616 square feet)**

Residence Hall II shall be comprised of four wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately four hundred (400) units of housing configured in two-bedroom / one-bathroom suites for private and shared occupancy, yielding a total of approximately eight hundred (800) beds. Ninety-two (92) of the units (184 total beds) are designed for private occupancy and three hundred eight (308) of the units (616 total beds) are designed for shared occupancy. Additionally, the Residence Hall II phase shall include one laundry facility and one resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided. The second phase of development includes relocation of the campus police facility into one of the buildings, along with office / meeting space for the property manager. Residence Hall II is scheduled for completion by August 1, 2005.

Residence Hall II unit mix and design is subject to further revision based upon University input.

### **Phase Three**

Phase Three of the housing development is comprised of two primary elements and is subject to further revision based upon input from the University. The following is preliminary scope and design:

1. Hazardous material abatement and demolition of the following existing residence hall:
  - (a) Taylor Hall (to occur June / July 2006)

2. Construction of a new residence hall ("Residence Hall III") to provide approximately two hundred (200) student beds in private occupancy suites (scheduled to open August, 2006).

### **Construction of Residence Hall III (56,640 square feet)**

Residence Hall III shall be comprised of two wood-frame buildings with partial brick and hardi-plank exteriors. There shall be approximately one hundred (100) units of two-bedroom / one-bathroom suites configured for private occupancy, yielding a total of approximately two hundred (200) beds. Additionally, the Residence Hall III phase shall include a common area laundry facility in one of the buildings and a resident manager unit in one of the buildings. In each building, community meeting rooms and tenant mail facilities shall be provided.

Residence Hall III is scheduled for completion by August 1, 2006.

Residence Hall III unit mix and design is subject to further revision based upon University input.

**SECTION 2. EXHIBIT A-1** to the Facilities Lease shall read as follows:

#### **Phase Four**

Phase Four of the housing development is comprised of:

#### **Intermodal Parking Facility**

The Intermodal Parking Facility will consist of approximately 450 vehicular parking spaces, shuttle-waiting area, bike racks, concession area, restrooms, and appropriate circulation spaces for elevators and stairs. It will contain four parking levels containing 154,000 square feet.

#### **Stadium Improvements**

Stadium Expansion is comprised of:

#### **Football Stadium Improvements**

The Strawberry Football Stadium improvements will include expansion of appropriate press and coaching facilities, suites and club seating, open viewing decks, as well as circulation and restroom spaces. It will consist of two levels containing approximately 24,000 square feet.

**SECTION 3.** Part II of the Facilities Lease relative to the Phase Four Facilities and Stadium Expansion provisions shall be added to read as follows:

**Section 1. Definitions.** Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of and as used in this Phase Four Facilities Lease, have the meanings as set forth below. All other capitalized terms used herein without definition shall have the meanings as set forth in the Phase Four Indenture (as hereinafter defined). Other terms shall have the meanings assigned to them in other Sections of this Phase Four Facilities Lease.



**"Additional Bonds"** means bonds, if any, issued in one or more series on a parity with the Series 2007 Bonds pursuant to Article V of the Phase Four Indenture.

**"Additional Phase Four Debt"** means any obligation (whether present or future, contingent or otherwise, as principal or security or otherwise): (i) in respect of borrowed money, including without limitation, bonds, notes and similar obligations; or (ii) under a lease arrangement, installment sale agreement or other similar arrangement, that is secured by or payable from Phase Four Lawfully Available Funds.

**"Additional Phase Four Facilities"** means any additional intermodal parking facilities owned or leased by the Board or the Corporation that have been incorporated with the Phase Four Facilities into a single intermodal parking system pursuant to Section 3(i) hereof.

**"Administrative Expenses"** means the necessary, reasonable and direct out-of-pocket expenses incurred by the Issuer or the Trustee pursuant to the Phase Four Indenture and the Phase Four Agreement, the compensation of the Trustee under the Phase Four Indenture (including, but not limited to any annual administrative fee charged by the Trustee), the compensation of the Issuer, any amounts due to the Bond Insurer under the Reimbursement Agreement and the necessary, reasonable and direct out-of-pocket expenses of the Trustee incurred by the Trustee in the performance of its duties under the Phase Four Indenture.

**"Annual Debt Service"** means the amount required to pay all principal of and interest on a series of Phase Four Bonds and any Additional Phase Four Debt (as defined in the Phase Four Facilities Lease), as applicable, in any Fiscal Year.

**"Authorized Corporation Representative"** means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice Chairperson of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

**"Auxiliary Revenues"** means the amount of all funds or revenues held by the University derived by Auxiliary Enterprises and any earnings thereof from the self generated fees, rates, charges or income received by students, faculty or the public in connection with the utilization or operation of Auxiliary Enterprises after payment of any Auxiliary Enterprises expenses. The Auxiliary Enterprises of the University include the following, subject to modification from time to time: 1) student service fees for the operation of the University's Textbook Rental, ID Card Services, Student Health Center and Student Union 2) certain commissions received from Food Service contractors, Retail Bookstore operations and Vending operations and 3) the sales of copying services. Auxiliary Revenues shall not include student fees specifically assessed by the University to service any outstanding obligations or any capital funds received by outside contractors required to make building improvements for their delivery of services.

**"Board"** means Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities, or its legal successor as the management board of the University, acting on behalf of the University.

**"Board Representative"** means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under this Phase Four Facilities Lease; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Vice President for Operations and Facilities, or his or her designee, or any other representative designated by resolution of the Board, of whom the Corporation has been notified in writing.

**"Bond Documents"** shall have the meaning set forth in Section 3.12 of the Phase Four Indenture.

**"Budget"** means the University's budget as approved by the Board for any Fiscal Year during the Term.

**"Business Day"** means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

**"CERCLA"** means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§9601 et seq.).

**"Claim"** collectively means any claim, liability, demand, loss, damage, deficiency, litigation, cause of action, penalty, fine, judgment, defense, imposition, fee, lien, bonding cost, settlement, disbursement, penalty, cost or expenses of any and every kind and nature (including without limitation Litigation Expenses), whether known or unknown, incurred or potential, accrued, absolute, direct, indirect, contingent or otherwise and whether imposed by strict liability, negligence, or otherwise, and consequential, punitive and exemplary damage claims.

**"Code"** means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

**"Commencement Date"** means the effective date of this Phase Four Facilities Lease, which is March 1, 2007.

**"Corporation"** means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payments or provision for payment of all of the Phase Four Bonds.

**"Date of Opening"** shall have the meaning set forth in the Phase Four Ground Lease.

**"Debt Service Fund"** means the fund of that name created under of the Phase Four Indenture.

**"Debt Service Reserve Fund"** means the fund of that name created under the Phase Four Indenture.

**"Debt Service Reserve Fund Requirement"** means, with respect to the Phase Four Bonds, at the time of determination, means the least of (a) ten percent (10%) of the stated principal amount thereof (less any original issue discount that exceeds a *de minimis* amount), (b) one hundred twenty-five percent (125%) of the average Annual Debt Service thereon from the date of calculation to the final maturity thereof, (c) the Maximum Annual Debt Service thereon, or (d) such lesser sum as shall be required by the Code and the Regulations to ensure the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes.

**"Default or Delay Rental"** means and shall consist of (i) all amounts, fees or expenses which the Corporation may be legally obligated to pay to Other Parties by reason of any default of the Board hereunder or any delay in payment of any sums due by the Board hereunder; and (ii) all costs, expenses and charges, including reasonable Legal Expenses, incurred by the Corporation whether by suit or otherwise, in collecting sums payable hereunder or in enforcing any covenant or agreement of the Board contained in this Phase Four Facilities Lease or incurred in obtaining possession of the Phase Four Facilities or the Stadium Expansion after default by the Board.

**"Encumbrance"** means any lien, mortgage, encumbrance, privilege, charge, option, right of first refusal, conditional sales contract, security interest, mechanic's and materialmen's liens, or any lien or encumbrance securing payment of any Claims, including environmental Claims, or of any charges for labor, materials, supplies, equipment, taxes, or utilities, excluding the Option granted to the Board herein.

**"Environmental Requirements"** means all State, federal, local, municipal, parish, and regional laws, statutes, rules, regulations, ordinances, codes, permits, approvals, plans, authorizations, concessions, investigation results, guidance documents; all legislative, judicial, and administrative judgments, decrees, orders, rules, rulings, and regulations; and all agreements and other restrictions and requirements in effect on or prior to the Commencement Date, of any Governmental Authority, including, without limitation, federal, state, and local authorities, relating to the regulation or protection of human health and safety, natural resources, conservation, the environment, or the storage, treatment, disposal, processing, release, discharge, emission, use, remediation, transportation, handling, or other management of industrial, gaseous, liquid or solid waste, hazardous waste, hazardous or toxic substances or chemicals, or pollutants, and including without limitation the following environmental laws: The Clean Air Act (42 U.S.C.A. §1857); the Federal Water Pollution Control Act (33 U.S.C. §1251); the Resource Conservation and Recovery Act of 1976, (42 U.S.C. §6901); CERCLA, as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub.L. 99-499, 100 Stat. 1613); the Toxic Substances Control Act (15 U.S.C. §2601); the Clean Water Act (33 U.S.C. §1251); the Safe Drinking Water Act (42 U.S.C. §30); the Occupational Safety and Health Act (29 U.S.C. §651); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §135); the Louisiana Environmental Quality Act (La. R.S. 30:2001); and the Louisiana Air Quality Regulations (La. C. 33:III.2595) including any amendments or extensions thereof and any rules, regulations, standards or guidelines issued pursuant to or promulgated under any of the foregoing.

**"Event of Default"** means any default specified in and defined as such by Section 21 hereof.

**"Expiration Date"** means August 1, 2047.

**"Facilities Lease"** means that certain Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by the First Amendment to the Agreement to Lease with Option to Purchase, dated March 1, 2007, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby certain facilities are leased by the Corporation to the Board, on behalf of the University, as further amended.

**"Fiscal Year"** means the fiscal year of the State, which at the date of this Phase Four Facilities Lease is the period from July 1 to and including the following June 30.

**"Governmental Authority"** means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

**"Governmental Regulations"** means any and all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, writs, injunctions, rules, regulations, restrictions, permits, plans, authorizations, concessions, investigation reports, guidelines, and requirements or accreditation standards of any Governmental Authority having jurisdiction over the Corporation and/or the Board, or affecting the Phase Four Facilities.

**"Ground Lease"** means that certain Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by the First Amendment to the Ground and Buildings Lease Agreement, dated as of March 1, 2007, by and between the Corporation, as Lessee, and the Board, as Lessor, whereby the Land upon which certain facilities shall be constructed and/or renovated and such facilities, as completed are leased by the Board to the Corporation, as further amended.

**"Hazardous Substance"** means (a) any "hazardous substance" as defined in §101(14) of CERCLA or any regulations promulgated thereunder; (b) petroleum and petroleum by-products; (c) asbestos or asbestos containing material ("ACM"); (d) polychlorinated biphenyls; (e) urea formaldehyde foam insulation; or (f) any additional substances or materials which at any time are classified, defined or considered to be explosive, corrosive, flammable, infectious, radioactive, mutagenic, carcinogenic, pollutants, hazardous or toxic under any of the Environmental Requirements.

**"Interest Payment Date"** or **"interest payment date,"** when used with respect to the Series 2007 Bonds means each February 1 and August 1, commencing August 1, 2007.

**"Issuer"** means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act (as defined in the Phase Four Indenture), or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Issuer by said provisions shall be given by law.

**"Legal Expenses"** means the reasonable fees and charges of attorneys and of legal assistants, paralegals, law clerks and other persons and entities used by attorneys and under

attorney supervision and all costs incurred or advanced by any of them irrespective of whether incurred in or advanced prior to the initiation of any legal, equitable, arbitration, administrative, bankruptcy, trial or similar proceedings and any appeal from any of same.

**"Litigation Expenses"** means all out-of-pocket costs and expenses incurred as a result of an Event of Default, or in connection with an indemnification obligation, including Legal Expenses, the reasonable fees and charges of experts and/or consultants, and all court costs and expenses.

**"Maximum Annual Debt Service"** with respect to a series of Phase Four Bonds issued under the Phase Four Indenture, means the maximum Annual Debt Service thereon in the then current Bond Year or in any future Bond Year, whether at maturity or subject to mandatory sinking fund redemption.

**"Notice"** shall have the meaning set forth in Section 50 hereof.

**"Option to Purchase"** or **"Option"** means the option to purchase the Corporation's interest in any portion of the Phase Four Facilities or Stadium Expansion granted in Section 23 of this Phase Four Facilities Lease.

**"Other Parties"** means a Person other than the Parties.

**"Parties"** means, collectively, the Corporation and the Board.

**"Permitted Sublessees"** means persons other than University students, faculty and staff who are participants in any activities related to the mission of the University and who are using the Phase Four Facilities for a period of one (1) month or less pursuant to a lease, license agreement, concession or other arrangement with the University and all sublessees of the Stadium Expansion without restriction as to term.

**"Permitted Use"** means the operation of the Phase Four Facilities and Stadium Expansion as an intermodal parking facility and football stadium for University students, faculty, staff and Permitted Sublessees and for purposes related to or associated with the foregoing.

**"Person"** means all juridical persons, whether corporate or natural, including individuals, firms, trusts, corporations, associations, joint ventures, partnerships, and limited liability companies or partnerships.

**"Phase Four Additional Rental"** means the amounts specified as such in Section 6(c) of this Phase Four Facilities Lease.

**"Phase Four Agreement"** means the Loan Agreement dated as of March 1, 2007 between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

**"Phase Four Base Rental"** means the amounts referred to as such in Section 6(b) of this Phase Four Facilities Lease (as such amounts may be adjusted from time to time in accordance with the terms hereof) but does not include Phase Four Additional Rental.

**"Phase Four Bonds"** means, collectively, the Series 2007 Bonds and any Additional Phase Four Bonds issued pursuant to the Phase Four Indenture as authorized hereby.

**"Phase Four Debt Service Coverage Ratio"** means, for any Fiscal Year, the ratio determined by the Vice President for Administration and Finance of the University by dividing the amount of Auxiliary Revenues and the Student Fee for such Fiscal Year by Annual Debt Service on the Phase Four Bonds outstanding and on any Additional Phase Four Debt issued and proposed to be issued for such Fiscal Year.

**"Phase Four Facilities"** means parking and related facilities described in **Exhibit A-1** hereto, as amended and supplemented in accordance with the provisions of the Phase Four Agreement.

**"Phase Four Facilities Land"** means the real property more particularly described on Exhibit A-1 to the Phase Four Ground Lease upon which the Phase Four Facilities are to be renovated, constructed and located.

**"Phase Four Facilities Lease"** means this Part II of the Facilities Lease, including the Exhibits attached hereto, and any amendment or supplement hereto entered into from time to time in accordance with the terms hereof.

**"Phase Four Ground Lease"** means Part II of the Ground Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms thereof.

**"Phase Four Indenture"** means the Trust Indenture dated as of March 1, 2007, between the Issuer and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the provisions thereof.

**"Phase Four Lawfully Available Funds"** means the Auxiliary Revenues and the Student Fee Revenues, as designated by the Board in its budget process to make Rental payments.

**"Phase Four Principal Payment Date"** means each February 1, commencing February 1, 2008.

**"Phase Four Project Fund"** means the fund of that name created under the Phase Four Indenture.

**"Phase Four Receipts Fund"** means the fund of that name created under the Phase Four Indenture.

**"Phase Four Replacement Fund"** means the fund of that name created under the Phase Four Indenture.

**"Remediation"** means any and all costs incurred due to any investigation of the Phase Four Facilities or any remediation, response, cleanup, removal, or restoration required by any Governmental Regulation or Governmental Authority or by Environmental Requirements.

**"Rental"** means and includes the Phase Four Base Rental and Phase Four Additional Rental.

**"Series 2007 Bonds"** means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007, in one or more series, authorized to be issued by the Issuer in the aggregate principal amount of \$8,035,000, including such Series 2007 Bonds issued in exchange for other such Series 2007 Bonds pursuant to the Phase Four Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2007 Bonds pursuant to the Phase Four Indenture.

**"Stadium Expansion"** means the Football Stadium Improvements described in **Exhibit A-1** hereto, as amended and supplemented in accordance with the provisions of the Phase Four Agreement.

**"Stadium Expansion Land"** means the real property more particularly described on Exhibit A-1 to the Phase Four Ground Lease upon which the Stadium Expansion is to be renovated, constructed and located.

**"State"** means the State of Louisiana.

**"Student Fee"** means the student parking garage fee assessed on all University students for the planning, building and maintaining of a University parking garage, as designated by the Board in its budget process to make Phase Four Rental payments. The referendum for the fee of \$20.00 per semester and \$10.00 each summer was voted on and passed by students at the University on October 24-26, 2005.

**"Student Fee Revenues"** means the amount of all funds or revenues held by the University derived by the Student Fee.

**"Term"** means the term of this Phase Four Facilities Lease, as provided in Section 2 hereof.

**"Trustee"** means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under the Phase Four Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Phase Four Bonds issued and secured under the terms of the Phase Four Indenture, initially The Bank of New York Trust Company, N.A.

**"University"** means Southeastern Louisiana University in Hammond, Louisiana.

**Section 2. Agreement to Lease; Term of Lease.** The Corporation hereby leases the Phase Four Facilities and the Stadium Expansion to the Board, and the Board hereby leases the Phase Four Facilities and Stadium Expansion from the Corporation effective as of the Commencement Date of this Phase Four Facilities Lease and agrees upon completion of construction of the Phase Four Facilities and Stadium Expansion to accept possession of the Phase Four Facilities and Stadium Expansion and agrees to pay the Phase Four Base Rental and the Phase Four Additional Rental as provided herein for the use and occupancy of the Phase Four

Facilities and Stadium Expansion, all on the terms and conditions set forth herein. The Board agrees that it will take immediate possession of the Phase Four Facilities and Stadium Expansion under the terms and provisions of this Phase Four Facilities Lease upon the Date of Opening (as defined in the Phase Four Ground Lease) of the Phase Four Facilities and Stadium Expansion. The Board understands and agrees that Rental shall accrue from the Commencement Date hereof notwithstanding the fact that the Phase Four Facilities and Stadium Expansion have yet to be constructed. No delay in the Date of Opening of the Phase Four Facilities or the Stadium Expansion beyond the time set forth in the Phase Four Ground Lease will extend the Term. The Term of this Phase Four Facilities Lease begins on the Commencement Date and ends on the Expiration Date; provided, however, this Phase Four Facilities Lease shall terminate prior to the Expiration Date upon the happening of any of the following events:

- (a) repayment of the Phase Four Bonds in full, including principal, premium, if any, interest and all Administrative Expenses with respect to the Phase Four Bonds or the defeasance of the Phase Four Bonds, all as set forth in the Phase Four Indenture;
- (b) the exercise by the Board of the Option to Purchase with respect to all portions of the Phase Four Facilities and Stadium Expansion, and the purchase of the Corporation's interest in all of the Phase Four Facilities and Stadium Expansion pursuant to the Option; or
- (c) any other event described in this Phase Four Facilities Lease which is specifically stated to cause a termination of this Phase Four Facilities Lease, including without limitation a Default by the Board, and the failure of the Board to appropriate or cause to be appropriated an amount necessary to pay the Phase Four Base Rental, all as set forth in Sections 21 and 29 hereof.

Upon the termination of the Phase Four Facilities Lease under the circumstances set forth in Section 2(a) above, at the Board's option, the Board may require the demolition of the Phase Four Facilities or Stadium Expansion as set forth in Section 12.02 of the Phase Four Ground Lease.

**Section 3. Acknowledgments, Representations and Covenants of the Board.** The Board represents, covenants and agrees as follows:

- (a) The Board has full power and authority to enter into this Phase Four Facilities Lease, the Phase Four Ground Lease, and the transactions contemplated thereby and agrees to perform all of its obligations hereunder and under the Phase Four Ground Lease;
- (b) The Board has been duly authorized to execute and deliver this Phase Four Facilities Lease and the Phase Four Ground Lease and further represents and covenants that this Phase Four Facilities Lease and the Phase Four Ground Lease constitute the valid and binding obligations of the Board and that all requirements have been met and procedures have occurred in order to ensure the enforceability of this Phase Four Facilities Lease and the Phase Four Ground Lease and the Board has complied with all constitutional and other statutory requirements as may be applicable to the Board in the authorization, execution, delivery and performance of this Phase Four Facilities Lease and the Phase Four Ground Lease;



(c) The execution and delivery of this Phase Four Facilities Lease and the Phase Four Ground Lease, and compliance with the provisions hereof, will not conflict with or constitute on the part of the Board a violation of, breach of, or default under any constitutional provision, statute, law, resolution, bond indenture or other financing agreement or any other agreement or instrument to which the Board is a party or by which the Board is bound, or any order, rule or regulation of any court or Governmental Authority or body having jurisdiction over the Board or any of its activities or properties with respect to the Phase Four Facilities and the Stadium Expansion; and all consents, approvals or authorizations required of the Board for the consummation of the transactions contemplated hereby have been obtained or timely will be obtained;

(d) Other than that which was previously disclosed, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or threatened against or affecting the Board, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated hereunder or which in any way would adversely affect the validity or enforceability of this Phase Four Facilities Lease and the Phase Four Ground Lease;

(e) The Board will not take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on any of the Series 2007 Bonds to be included in gross income for federal income tax purposes;

(f) The Board agrees to cause the Phase Four Facilities and Stadium Expansion to be used for the Permitted Use and shall not allow the Phase Four Facilities or Stadium Expansion to be used for any other use. No more than five percent (5%) of the gross area of the Phase Four Facilities will be subleased by the Board or by any sublessees or assigns of the Board to, or otherwise used by, private business and the Board agrees to take all action, to the extent it is legally authorized and able to do so, necessary to prevent the Phase Four Bonds from being deemed "private activity bonds" within the meaning of Section 141 of the Code; and

(g) The use of the Phase Four Facilities is essential to the operation of the University by providing modern intermodal parking facilities for students, faculty and staff of the University. The Board presently intends to make all payments from Phase Four Lawfully Available Funds for use of the Phase Four Facilities. There are no alternative facilities available for use as contemplated for the Phase Four Facilities since there is currently a shortage of available, modern on-campus parking at the University.

(h) The Board will covenant that, as long as any bonds, notes, or lease obligations remain outstanding that are payable from Phase Four Lawfully Available Funds, if the Phase Four Debt Service Coverage Ratio shall fall below 1.25:1.0, the Board will use its best efforts to continue to levy and collect the fees and charges relating to the Phase Four Facilities so that within two (2) full semesters after the Phase Four Debt Service Coverage Ratio shall become deficient, the Phase Four Debt Service Coverage Ratio equals 1.25:1.0. At the end of two (2) full semesters, if the Phase Four Debt Service Coverage Ratio shall remain below 1.25:1.0, the Board will be required to hire an outside consultant, approved by the Bond Insurer, and the Board will be required to follow any reasonably feasible recommendations of such consultant regarding the operation and management of the Phase Four Facilities. So long as the Board shall

be working in good faith with such consultant to increase any deficient Phase Four Debt Service Coverage Ratio, there will not be an Event of Default under this Phase Four Facilities Lease unless (i) the Phase Four Debt Service Coverage Ratio shall be less than 1.25 to 1.00 for two (2) full consecutive semesters after retention of an outside consultant by the Board. For purposes of the foregoing, when establishing such fees and charges and calculating the Phase Four Debt Service Coverage Ratio, the Board will be required to take into account payments required to be made into the Debt Service Reserve Fund pursuant to the provisions of the Indenture. The Board will further covenant that it will seek any required approval necessary in order to comply with the covenant described under this subheading.

(i) Without the prior written consent of the Bond Insurer, the University will not build, acquire or renovate any similar parking facilities, whether such facilities are owned by the University or a private entity, unless (i) the Phase Four Debt Service Coverage Ratio for the prior Fiscal Year has been met, (ii) the Phase Four Debt Service Coverage Ratio is projected to be met for the two Fiscal Years following the projected completion of the proposed facility and (iii) based on a market analysis prepared by a market research company with experience in university parking facilities, which is independent from the University, the University's proposed project is not expected to have a material adverse affect on the Phase Four Facilities.

**Section 4. Representations and Covenants of the Corporation.** The Corporation makes the following representations and covenants:

(a) The Corporation has been validly created under the Louisiana Nonprofit Corporation Law, is currently in good standing under the laws of the State, has the power to enter into the transactions contemplated by, and to carry out its obligations under this Phase Four Facilities Lease, the Phase Four Ground Lease and the Phase Four Agreement. The Corporation is not in breach of or in default under any of the provisions contained in any contract, instrument or agreement to which it is a party or in any other instrument by which it is bound. By proper action, the Corporation has been duly authorized to execute and deliver this Phase Four Facilities Lease, the Phase Four Ground Lease and the Phase Four Agreement;

(b) The execution and delivery of this Phase Four Facilities Lease, the Phase Four Ground Lease and the Phase Four Agreement, and compliance with the provisions thereof and hereof, will not conflict with or constitute on the part of the Corporation a violation of, breach of, or default under any statute, indenture, mortgage, declaration or deed of trust, loan agreement or other agreement or instrument to which the Corporation is a party or by which the Corporation is bound or any order, rule or regulation of any court or Governmental Agency or body having jurisdiction over the Corporation or any of its activities or properties; and all consents, approvals and authorizations which are required of the Corporation for the consummation of the transactions contemplated thereby and hereby have been or timely will be obtained;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or threatened against or affecting the Corporation, wherein an unfavorable decision, ruling or finding would materially and adversely affect the transactions contemplated hereunder or which in any way would adversely affect the validity or enforceability of this Phase Four Facilities Lease, the Phase Four Ground Lease or any agreement or instrument to which the Corporation is a party;

(d) The Corporation will not take or permit to be taken any action that would have the effect, directly or indirectly, of causing interest on any of the Series 2007 Bonds to be included in gross income for federal income tax purposes.

(e) No bonds, notes or other obligations secured by Phase Four Lawfully Available Funds may be issued except as Additional Phase Four Bonds. Additional Phase Four Bonds may be issued secured by Phase Four Lawfully Available Funds which will be on a parity with the Bonds only as and to the extent authorized and described in the Indenture, provided that, at the time of issuance thereof, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing. The issuance of Additional Phase Four Bonds is permitted as follows:

(A) Additional Phase Four Bonds may be issued with the prior approval of the Bond Insurer but without the need for prior approval of the Bondholders.

(B) Bonds issued to refund the Phase Four Bonds in their entirety may be issued without the need for prior approval of the Bondholders or the Bond Insurer.

**Section 5. Waiver and Disclaimer of Warranties.** The Board acknowledges that the Corporation has not made any representations or warranties as to the suitability or fitness of the Phase Four Facilities and Stadium Expansion for the needs and purposes of the Board or for any other purpose.

The Board further declares and acknowledges that the Corporation in connection with this Phase Four Facilities Lease, does not warrant that the Phase Four Facilities and Stadium Expansion will be upon completion of construction free from redhibitory or latent defects or vices and releases the Corporation of any liability for redhibitory or latent defects or vices under Louisiana Civil Code Articles 2520 through 2548 and Louisiana Civil Code Article 2695. The Board declares and acknowledges that it does hereby waive the warranty of fitness for intended purposes and guarantee against hidden or latent redhibitory defects and vices under Louisiana law, including Louisiana Civil Code Articles 2520 through 2548 and Louisiana Civil Code Article 2695, and the warranty imposed by Louisiana Civil Code Articles 2476 and 2695, and waives all rights in redhibition pursuant to Louisiana Civil Code Articles 2520, et seq. The Board further declares and acknowledges that this waiver has been brought to the attention of the Board and explained in detail and that the Board has voluntarily and knowingly consented to this waiver of warranty of fitness and/or warranty against redhibitory defects and vices for the Phase Four Facilities and Stadium Expansion. Notwithstanding the foregoing, the Board hereby retains all of its rights to proceed against any third parties with respect to such defects.

The Corporation disclaims and the Board waives any warranties and representations with respect to compliance with Governmental Regulations, including Environmental Requirements, or the disposal of, or existence in, on, under, or about the Phase Four Facilities or the Stadium Expansion of any Hazardous Substance. The Board acknowledges that the Corporation reserves in this Phase Four Facilities Lease all rights to recover from the Board all costs and expenses imposed on the Corporation to bring the Phase Four Facilities and Stadium Expansion into compliance with any Environmental Requirement, and all costs of Remediation or cleanup of such Hazardous Substance imposed on the Corporation or the Board, which shall be payable by

the Board as Phase Four Additional Rental hereunder to the extent imposed upon the Corporation.

**Section 6. Rental.**

(a) The Board, for and in consideration of the Corporation entering into the Phase Four Ground Lease, renovating and/or constructing the Phase Four Facilities and the Stadium Expansion in accordance with the Phase Four Ground Lease and leasing the Phase Four Facilities and Stadium Expansion to the Board pursuant to the terms hereof, hereby covenants and agrees to pay the Phase Four Base Rental and Phase Four Additional Rental in the amounts, subject to amounts for which the Board is entitled to a credit as described in Section 6(d) hereof, at the times and in the manner set forth herein, such amounts constituting in the aggregate the total of the rental payable under this Phase Four Facilities Lease. The obligation of the Board to make Phase Four Base Rental and Phase Four Additional Rental payments shall commence on the Commencement Date and shall not be subject to abatement, set-off or reduction as a result of a failure by the Corporation to complete construction of the Phase Four Facilities and Stadium Expansion on a timely basis.

(b) The Board agrees to pay Phase Four Base Rental from Phase Four Lawfully Available Funds. Payments of Phase Four Base Rental shall be due on the dates and in the amounts as hereinafter provided:

(i) Phase Four Base Rental shall be paid on the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, in an amount equal to one-fifth (1/5<sup>th</sup>) of the interest due and payable on the Series 2007 Bonds on August 1, 2007 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing August 25, 2007, in an amount equal to one-sixth (1/6<sup>th</sup>) of the interest due and payable on such Series 2007 Bonds on the next February 1 and August 1, or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2007 Bonds on such Phase Four Interest Payment Date; and

(ii) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, in an amount equal to one-eleventh (1/11<sup>th</sup>) of the principal of the Series 2007 Bonds payable on February 1, 2008 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing February 25, 2008, in an amount equal to one-twelfth (1/12<sup>th</sup>) of the principal of such Series 2007 Bonds payable on the next Phase Four Principal Payment Date;

(iii) On the twenty-fifth (25<sup>th</sup>) day of each month following any drawing on the Debt Service Reserve Fund in accordance with Section 4.18 of the Indenture, an amount equal to the lesser of (i) one twelfth (1/12<sup>th</sup>) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund;

(iv) On the dates required in the Phase Four Indenture, to the Trustee for deposit into any of the funds established in the Phase Four Indenture, including, without

limitation, the Debt Service Reserve Fund and the Phase Four Replacement Fund, an amount sufficient to make up any deficiency in any prior payment required to be made into such fund and to restore any loss resulting from investment or other causes from such fund and any other payment required to be made to such fund by the Phase Four Indenture; and

(v) Annually, beginning June 25, 2009, an amount equal to one-half of one percent (1/2%) of funds available for construction pursuant to the Construction Contract, as determined by the University, into the Replacement Fund, or such lesser annual amount as is permitted by the Louisiana State Board of Regents and approved by the Bond Insurer.

(c) In addition to the Phase Four Base Rental set forth herein, the Board agrees to pay as Phase Four Additional Rental but only from Phase Four Lawfully Available Funds, any and all expenses, of every nature, character, and kind whatsoever, incurred by the Corporation on behalf of the Board and/or by the Board or the University in the management, operation, ownership, and/or maintenance of the Phase Four Facilities, including but not limited to the following costs and expenses:

(i) all taxes, assessments and impositions against the Phase Four Facilities, including without limitation ad valorem taxes attributed to the Corporation on behalf of the Board (and any tax levied in whole or in part in lieu of or in addition to ad valorem taxes);

(ii) any costs incurred by the Corporation in maintaining the Phase Four Facilities for the Board and making any alterations, restorations and replacements to the Phase Four Facilities;

(iii) insurance premiums and other charges for insurance obtained with respect to the Phase Four Facilities including insurance premiums, if any, on all insurance required under the provisions of Section 9 of this Phase Four Facilities Lease;

(iv) any Default or Delay Rentals;

(v) all costs incurred by the Corporation in connection with its performance of its obligations relating to the Phase Four Facilities and/or the Phase Four Facilities Land under the Phase Four Ground Lease and this Phase Four Facilities Lease;

(vi) all Administrative Expenses owed to the Issuer or the Trustee;

(vii) Litigation Expenses, if any, incurred pursuant to Section 43 hereof;

(viii) any reimbursement amounts payable pursuant to Section 20 hereof or pursuant to any other provision hereof; and

(ix) any other costs, charges, and expenses commonly regarded as ownership, management, maintenance, and operating expenses, if any, incurred by the Corporation under this Phase Four Facilities Lease.

Amounts constituting Phase Four Additional Rental payable hereunder shall be paid by the Board directly to the person or persons to whom such amounts shall be due. The Board shall pay all such amounts when due or within thirty (30) days after notice in writing from the Corporation or the Trustee to the Board stating the amount of the Phase Four Additional Rental then due and the purpose thereof.

In addition to Base Rental and Additional Rental required hereby, the Board (a) covenants to make an extraordinary rental payment to fund a portion of the capital cost of the Phase Four Facilities and the Stadium Expansion described in **Exhibit A-1** hereto from funds on hand, not to exceed \$5,170,000, on or after October 1, 2006; and (b) shall have the option to make Rental payments for the express purpose, and only for the purpose, of prepayment of the Bonds pursuant to Section 3.4 of the Indenture and Section 4.05 of the Loan Agreement, such payment of extraordinary rent shall be solely at the option of the University and the Board and shall be paid in accordance with the provisions hereof and of the Indenture and the Loan Agreement, and such provisions shall control regarding written directions to the Trustee for redemption.

(d) The Board shall be entitled to a credit against and reduction of each Phase Four Base Rental payment in an amount equal to any amounts derived from the following sources:

- (i) Accrued interest derived from the sale of the Phase Four Bonds;
- (ii) Any capitalization of interest from the proceeds of the Phase Four Bonds contained in the Capitalized Interest Fund under the Phase Four Indenture;
- (iii) the Phase Four Lawfully Available Funds and any other moneys deposited with the Trustee in the Phase Four Receipts Fund in accordance with the Phase Four Indenture.
- (iv) Surplus moneys (including investment earnings) contained in the funds and accounts held by the Trustee under the Phase Four Indenture, including the Debt Service Fund, the Debt Service Reserve Fund and the Phase Four Replacement Fund;

(e) Notwithstanding any other provision of the Facilities Lease, the obligation of the Board to make payments under this Phase Four Facilities Lease, including payments of Phase Four Base Rental and Phase Four Additional Rental, shall be subject to, and dependent upon, appropriation of Phase Four Lawfully Available Funds necessary to make the payments required under this Phase Four Facilities Lease. The Vice President for Operations and Facilities of the Board shall cause the University to include in the Budget and, if necessary, any amendments to the Budget, an amount of Phase Four Lawfully Available Funds sufficient to make the payments of Phase Four Base Rental and Phase Four Additional Rental described herein which amounts may or may not ultimately be appropriated by the Board for such purpose. Subject to the foregoing and Section 29 hereof, the obligations of the Board to make payments pursuant to this

Phase Four Facilities Lease, and to perform and observe the other agreements and covenants on its part contained herein, shall be absolute and unconditional and shall not be subject to any diminution, abatement, set-off, or counterclaim. Subject to the foregoing and Section 29 hereof, until such time as the principal of, premium, if any, and interest on the Phase Four Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with this Phase Four Facilities Lease, the Board shall not suspend or discontinue payment of Rental or any other payments pursuant to this Phase Four Facilities Lease for any cause, and shall continue to perform and observe all of its agreements contained in this Phase Four Facilities Lease. The Corporation and the Board acknowledge and agree that the obligation of the Board to pay Rental shall constitute a current expense of the Board payable by the Board from funds budgeted and appropriated in accordance with law for and in consideration of the right to use the Phase Four Facilities and Stadium Expansion during the Term and that such obligation shall not in any manner be construed to be a debt of the Board in contravention of any constitutional or statutory limitations or requirements concerning indebtedness of the Board and nothing contained herein shall constitute a pledge, lien or encumbrance upon any specific tax or other revenues of the Board.

(f) The payments of Phase Four Base Rental and Phase Four Additional Rental under this Phase Four Facilities Lease for each Fiscal Year or portion thereof during the Term shall constitute the total Rental for such Fiscal Year or portion thereof and shall be paid by the Board for and in consideration of the construction by the Corporation of the Phase Four Facilities and Stadium Expansion and the right to the use and occupancy of the Phase Four Facilities and Stadium Expansion by the Board for and during such Fiscal Year or portion thereof.

(g) Amounts necessary to pay each Phase Four Base Rental payment shall be deposited by the Board on the dates set forth in Section 6(b) hereof in lawful money of the United States of America at the office of the Trustee or at such other place or places as may be established by the Corporation and/or Trustee in accordance with the Phase Four Indenture. Any amount necessary to pay any Phase Four Base Rental payment or portion thereof which is not so deposited shall remain due and payable until received by the Trustee. Notwithstanding any dispute between the Board and the Corporation hereunder, the Board shall make all Rental payments when due and shall not withhold payment of any Rental pending the final resolution of such dispute or for any other reason whatsoever.

(h) This Phase Four Facilities Lease is intended to be a triple net lease. The Board agrees that the Rental provided for herein shall be an absolute net return to the Corporation free and clear of any expenses, charges, taxes, abatements, counterclaims, reductions or set-offs whatsoever of any kind, character or nature; it being understood and agreed to by the Board that the Board shall bear responsibility for the payment of all costs and expenses associated with the ownership, management, operation, and maintenance of the Phase Four Facilities and Stadium Expansion. Under no circumstances will the Corporation be required to make any payment on the Board's behalf or for the Board's benefit under this Phase Four Facilities Lease, or assume any monetary obligation of the Board under this Phase Four Facilities Lease, or with respect to the Phase Four Facilities and Stadium Expansion.

(i) The State, through the Division of Administration, is not, at any time whatsoever, obligated, committed or required to provide funds by legislative appropriation or any other

means to pay debt service on the Series 2007 Bonds or to support the continued operation and maintenance of the Phase Four Facilities and Stadium Expansion, it being understood that the lease payments payable by the Board under this Phase Four Facilities Lease are payable solely from Student Fees and Auxiliary Revenues and the Board is not legally committed, obligated or required to make available any other funds to make the lease payments hereunder.

**Section 7. Operation, Alterations, Maintenance, Repair, Replacement and Security Service.**

(a) The University, at the direction of the Board, shall be responsible for ensuring that all services necessary or required in order to adequately operate the Phase Four Facilities and the Stadium Expansion in accordance with the Permitted Use are provided and maintained. The University shall continuously operate or cause to be operated the Phase Four Facilities and Stadium Expansion each from their respective Date of Opening and continuing for the remainder of the Term for the Permitted Use, and in accordance with all Governmental Regulations.

(b) The University, at the direction of the Board, shall be responsible for maintaining the Phase Four Facilities and Stadium Expansion and shall make or contract or cause to be made or contracted with a suitable contractor for the making of all alterations, repairs, restorations, and replacements to the Phase Four Facilities and Stadium Expansion, including without limitation the heating, ventilating, air conditioning, mechanical, electrical, elevators, plumbing, fire, sprinkler and theft systems, air and water pollution control and waste disposal facilities, structural roof, walls, and foundations, fixtures, equipment, and appurtenances to the Phase Four Facilities and Stadium Expansion as and when needed to preserve them in good working order, condition and repair (ordinary wear and tear excepted), regardless of whether such repairs, alterations, restorations or replacements are ordinary or extraordinary, foreseeable or unforeseeable, or are at the fault of the Board, the Corporation or some Other Party. All alterations, repairs, restoration, or replacements shall be of a quality and class equal to or better than the quality and class presently located in the Phase Four Facilities and Stadium Expansion.

(c) The University, at the direction of the Board, shall have the right during the Term to cause the Corporation or some other Party to make or construct any additions or improvements to the Phase Four Facilities and Stadium Expansion, alter the Phase Four Facilities and Stadium Expansion, attach fixtures, structures, or signs to or on the Phase Four Facilities and Stadium Expansion, and affix personal property to the Phase Four Facilities and Stadium Expansion without the Corporation's prior written consent to the extent allowed under the terms of any insurance covering the Phase Four Facilities and Stadium Expansion. All such alterations, improvements, additions, attachments, repairs, restorations, and replacements of all or any portion of the Phase Four Facilities and Stadium Expansion shall (i) be at the sole cost and expense of the University; (ii) not reduce the then fair market value of the Phase Four Facilities and Stadium Expansion; (iii) be constructed in a good and workmanlike manner; and (iv) be in compliance with all Governmental Regulations.

(d) The University, at the direction of the Board, shall provide or cause to be provided all security service, custodial service, janitorial service, trash disposal, and all other services necessary for the proper upkeep and maintenance of the Phase Four Facilities and Stadium Expansion as required herein. The Board acknowledges that the Corporation has made



no representation or warranty with respect to systems and/or procedures for the security of the Phase Four Facilities, any persons occupying, using or entering the Phase Four Facilities and Stadium Expansion, or any equipment, furnishings, or contents of the Phase Four Facilities and Stadium Expansion. It is the sole responsibility of the Board, through the University to cause to be provided or to provide for the security of persons on or entering the Phase Four Facilities and Stadium Expansion and/or property located at the Phase Four Facilities and Stadium Expansion, in accordance with reasonable and prudent business practices.

**Section 8. Utilities.** All utilities which are used or consumed in or upon or in connection with the Phase Four Facilities and Stadium Expansion during the Term, including, without limitation water, gas, electricity, sewerage, garbage, or trash removal, light, cable, heat, telephone, power, computer data and other utilities necessary for the operation of the Phase Four Facilities and Stadium Expansion ("Utility Service") shall be the responsibility of the Board and/or the Permitted Sublessees using the Phase Four Facilities and Stadium Expansion. Payments for Utility Services provided to the entire Phase Four Facilities and Stadium Expansion or to the common areas of the Phase Four Facilities and Stadium Expansion under such contract or contracts therefor as the Board may make shall be made by the Board directly to the respective utility companies furnishing such Utility Services.

The Corporation shall have no responsibility to the Board for the quality or availability of Utility Service to the Phase Four Facilities and Stadium Expansion, or for the cost to procure Utility Service. The Corporation shall not be in Default under this Phase Four Facilities Lease or be liable to the Board or any other Person for direct or consequential damage, or otherwise, for any failure in supply of any Utility Service, heat, air conditioning, elevator service, cleaning service, lighting, security, or for surges or interruptions of electricity.

**Section 9. Insurance.**

(a) The University, at the direction of the Board, shall cause to be secured and maintained at the University's cost and expense:

(i) A policy or policies of insurance covering the Phase Four Facilities and Stadium Expansion against loss or damage by fire, lightening, earthquake, collapse, vandalism and malicious mischief, flood and storm surge, and against such other perils as are included in so-called "extended coverage" and against such other insurable perils as, under good insurance practice, from time to time are insured for properties of similar character and location, which insurance shall be not less than the full replacement cost of the Phase Four Facilities or Stadium Expansion, without deduction for depreciation. In the event that the Phase Four Facilities or Stadium Expansion are not repaired or replaced, insurance proceeds shall be no greater than the actual cash value (replacement cost less depreciation) of the Phase Four Facilities or Stadium Expansion at the time of the loss. The policy shall be adjusted to comply with any applicable co-insurance provisions of such insurance policy. Full payment of insurance proceeds shall not be contingent on the degree of damage sustained at other facilities leased by the Board. The policy or policies covering such loss must explicitly waive any co-insurance penalty.

(ii) A policy of comprehensive public liability insurance with respect to the Phase Four Facilities and Stadium Expansion and the operations related thereto, whether conducted on or off the Phase Four Facilities or Stadium Expansion, against liability for personal injury (including bodily injury and death) and property damage, of not less than \$2,000,000 in combined single limit liability coverage. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability, water damage legal liability, motor vehicle liability for all owned and non-owned vehicles, including rented or leased vehicles.

(iii) Boiler and machinery insurance coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Phase Four Facilities and Stadium Expansion, in an amount not less than \$5,000,000 with deductible provisions not exceeding \$100,000 per accident.

(iv) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act hereafter enacted as an amendment thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the Corporation in connection with the Phase Four Facilities and Stadium Expansion and to cover full liability for compensation under any such act aforesaid.

(b) The Corporation shall:

(i) cause all of the construction professionals to secure and maintain:

(A) Comprehensive or Commercial General Liability insurance;

(B) Errors and Omissions insurance;

(C) Automobile Liability insurance;

(D) Worker's Compensation insurance;

(E) an all Risk Builder's Policy upon the construction on the Property;  
and

(F) boiler and machinery or additional property insurance;

all as required by the terms of any construction contracts entered into with regards to the demolition of certain existing facilities and the renovation, development and construction of the Phase Four Facilities and Stadium Expansion.

All insurance required in this Section and all renewals of such insurance (excepting self insurance or commercial insurance, through ORM) shall be issued by commercial insurers authorized to transact business in the State, and rated at least A- by Best's Insurance Reports (property/liability) or in the two highest rating categories of S&P and Moody's. All insurance

policies provided or caused to be provided by the Corporation shall expressly provide that the policies shall not be canceled or altered without thirty (30) days' prior written notice to the University and the Trustee; and shall, to the extent obtainable, provide that no act or omission of the Corporation or other provider of the insurance that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained.

All policies of liability insurance that the University is obligated to maintain according to this Phase Four Facilities Lease (other than any policy of worker's compensation insurance) will name the Corporation, the Trustee and such other Persons or firms as the University may be required to name from time to time as additional insureds and shall expressly provide that the policies shall not be cancelled or altered without thirty (30) days' prior written notice to the Corporation and the Trustee; and shall, to the extent obtainable, provide that no act or omission of the University or other provider of the insurance that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained. All public liability, property damage liability, and casualty policies maintained by the University shall be written as primary policies.

Proceeds of insurance received and/or the amount of any loss that is self-insured with respect to destruction of or damage to any portion of the Phase Four Facilities by fire, earthquake or other casualty or event shall be paid to the Trustee (or, in the case of ORM insurance, to the Board for delivery in full to the Trustee) for application in accordance with the provisions of Section 11 of this Phase Four Facilities Lease and the Phase Four Indenture.

The Corporation shall certify annually to the Bond Insurer that all insurance policies required by this Section 9 are as of the date of such certification in place and in effect with respect to the Phase Four Facilities.

**Section 10. Condemnation, Casualty and Other Damage.** The risk of loss or decrease in the enjoyment and beneficial use of the Phase Four Facilities and Stadium Expansion due to any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise (collectively "Casualty") or in consequence of any foreclosures, attachments, levies or executions; or the taking of all or any portion of the Phase Four Facilities or Stadium Expansion by condemnation, expropriation, or eminent domain proceedings (collectively "Expropriation") is expressly assumed by the Board. The Corporation and the Trustee shall in no event be answerable, accountable or liable therefor, nor shall any of the foregoing events entitle the Board to any abatements, set-offs or counter claims with respect to its Phase Four Base Rental, Phase Four Additional Rental or any other obligation hereunder.

**Section 11. Application of Insurance Proceeds; Condemnation Award.** (a) If during construction, all or any portion of the Phase Four Facilities or Stadium Expansion is damaged or destroyed by a Casualty, or is taken by Expropriation proceedings, the Board shall instruct the Corporation, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof; provided however, that the Corporation shall in no way be liable for any costs of the repair, restoration or replacement of the Phase Four Facilities or the Stadium Expansion in excess of the proceeds of any insurance or of

any Expropriation award received because of such Casualty or Expropriation. Following the completion of construction and acceptance of the Phase Four Facilities and Stadium Expansion by the Board on behalf of the Corporation, the Board shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted, the repair, restoration, or replacement thereof. The proceeds of any insurance, including the proceeds of any self-insurance fund, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction or taking of all or any portion of the Phase Four Facilities shall be delivered to the Trustee and held by the Trustee in trust (or in the case of self insurance through ORM, as set forth in paragraph (b) below), and shall be made available for, and to the extent necessary be applied to, such restoration, repair and replacement. Any amounts so held by the Trustee shall be disbursed to pay the costs of restoration, replacement and repair of the Phase Four Facilities with respect to which they are held, in each case promptly after receipt of a written request of the Corporation stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing or repairing or restoring the Phase Four Facilities and that no amount previously has been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee may conclusively rely upon such written requests and shall have no liability or responsibility to investigate any matter stated therein, or for any inaccuracy or misstatement therein. In no event shall the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Phase Four Facilities, or for the improper use of moneys properly disbursed pursuant to request made under this Section. Any proceeds remaining on deposit with Trustee following completion of the repairs, restoration or replacement of the Phase Four Facilities shall be paid by Trustee in accordance with the terms of the Phase Four Indenture.

In the event the proceeds of any insurance, and any additional funds deposited with the Trustee, are insufficient to fully repair, restore or replace the Phase Four Facilities, the proceeds shall be paid to the Board for immediate delivery to Trustee and used to redeem the Outstanding Phase Four Bonds.

Notwithstanding the foregoing, the Corporation's obligation to replace the Phase Four Facilities and Stadium Expansion in the event of Expropriation Proceedings is dependent on the Board entering into a lease with a different portion of the Campus as provided in Section 13.03 of the Phase Four Ground Lease. In the event it is necessary to restore or replace the Phase Four Facilities or the Stadium Expansion in a different location because of the Expropriation of all or a portion of the Phase Four Facilities or Stadium Expansion, the Corporation and the Board agree to amend or enter into a new Facilities Lease and Ground Lease in accordance with Sections 13.03 of the Phase Four Ground Lease. In the event the Board, pursuant to the Phase Four Ground Lease, decides not to repair, restore or replace the Phase Four Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation) shall be paid to the Board for immediate delivery to the Trustee and applied to the prepayment of the Phase Four Bonds in accordance with the terms of the Phase Four Indenture, and this Phase Four Facilities Lease and the Phase Four Ground Lease shall terminate on the date that the events described in Section 2 (a) or 2 (b) hereof have occurred.

(b) In the event that ORM insures the Phase Four Facilities or Stadium Expansion, the Board shall use the insurance proceeds received from ORM in accordance with Policy and

Procedure Memorandum Number 10 (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration or replacement of the Phase Four Facilities or Stadium Expansion.

**Section 12. Encumbrances.**

(a) **Payment by the Board.** The Board shall pay or cause to be paid all costs and charges for alterations, improvements, additions, repairs and maintenance ("Work") (i) done by the Board or caused to be done by the Board in or to the Phase Four Facilities and Stadium Expansion, and (ii) for all materials furnished for or in connection with such Work. The Corporation reserves all rights to collect for any loss or damage sustained or incurred by the Corporation resulting from any and all Encumbrances, demands or liabilities arising on account of the Work, which shall be payable by the Board as Additional Rent hereunder.

(b) **Failure to Discharge.** If the Board fails to pay any charge for which an Encumbrance has been filed, and the Phase Four Facilities and Stadium Expansion or any portion thereof is placed in imminent danger of being seized, the Corporation may, but shall not be obligated to, pay such charge and related costs and interest, and the amount so paid, together with reasonable Legal Expenses incurred in connection with such Encumbrance, will be immediately due from the Board to the Corporation as Phase Four Additional Rental. Nothing contained in this Phase Four Facilities Lease will be deemed the consent or agreement of the Corporation to subject the Corporation's interest in the Phase Four Facilities or the Stadium Expansion to liability under any Encumbrance, or any mechanics', materialman's or other lien law. If the Board receives written notice that an Encumbrance has been or is about to be filed against the Phase Four Facilities or the Stadium Expansion, or that any action affecting title to the Phase Four Facilities or the Stadium Expansion has been commenced on account of Work done by or for the Board or for materials furnished to or for the Board, it shall immediately give the Corporation Notice of such notice.

(c) **Notice of Work.** At least fifteen (15) days prior to the commencement of any Work in or to the Phase Four Facilities and Stadium Expansion, by or for the University, the University shall give the Corporation Notice of the proposed Work and the names and addresses of the Persons supplying labor and materials for the proposed Work. The Corporation will have the right to post notices of nonresponsibility or similar written notices on the Phase Four Facilities and the Stadium Expansion in order to protect the Phase Four Facilities and Stadium Expansion against any such claimants.

**Section 13. Assignment and Sublease.** (a) Neither this Phase Four Facilities Lease nor any interest of the Board in the Phase Four Facilities shall be mortgaged, pledged, assigned or transferred by the Board by voluntary act or by operation of law, or otherwise; provided, however, the Board may sublease all or any portion of the Phase Four Facilities or Stadium Expansion, or grant concessions involving the use of all or any portion of the Phase Four Facilities or Stadium Expansion, whether such concessions purport to convey a leasehold interest or a license to use all or a portion of the Phase Four Facilities or Stadium Expansion to any University student, faculty, staff or Permitted Sublessee. No such concession, leasehold interest or license to use the Phase Four Facilities or Stadium Expansion shall be granted to any

University students, faculty or staff for a term of more than one (1) year. The Board shall, however, at all times remain liable for the performance of the covenants and conditions on its part to be performed under this Phase Four Facilities Lease (including, without limitation, the payment of Phase Four Base Rental and Phase Four Additional Rental), notwithstanding any subletting or granting of concessions which may be made. Nothing herein contained shall be construed to relieve the Board from its obligations to pay Phase Four Base Rental and Phase Four Additional Rental as provided in this Phase Four Facilities Lease or to relieve the Board from any other obligations contained herein. Other than subleases to University students, faculty, staff and Permitted Sublessees, in no event will the Board sublease or permit the use of all or any part of the Phase Four Facilities to any person without an opinion of Bond Counsel that such will not cause interest on the Phase Four Bonds to be included in the gross income of the owners of the Series 2007 Bonds for federal income tax purposes.

(b) The Corporation shall, concurrently with the execution hereof, assign all of its right, title and interest in and to this Phase Four Facilities Lease, including without limitation its right to receive Phase Four Base Rental payable hereunder, to the Issuer pursuant to the Phase Four Agreement, and the Issuer will in turn assign its rights under this Phase Four Facilities Lease to the Trustee pursuant to the Phase Four Indenture. The parties hereto further agree to execute any and all documents necessary and proper in connection therewith. Anything required or permitted to be done by the Corporation under this Phase Four Facilities Lease may be done by the Trustee under the Phase Four Indenture.

(c) Except as set forth in Section 13(b) hereof, the Corporation shall not sell or assign its interest in the Facility or this Phase Four Facilities Lease without the prior written consent of the Board.

**Section 14. Additions and Improvements Removal.** At the expiration of the Term, or termination of this Phase Four Facilities Lease, all alterations, fixtures, improvements and additions made by the Board or the University and all equipment placed upon the Phase Four Facilities and Stadium Expansion that are incorporated into or made into component parts of the Phase Four Facilities and Stadium Expansion, as well as, title to all property, furniture, equipment, fixtures, and other property installed at or placed upon the Phase Four Facilities and Stadium Expansion by the Board which is not incorporated into or made a component part of the Phase Four Facilities and Stadium Expansion remain the property of the Board.

The Board hereby agrees to replace such property from time to time as such property becomes worn out, obsolete, inadequate, unsuitable or undesirable. The Board may add to or remove such property from time to time, and upon expiration of the Term, provided that the Board repairs any damage to the Phase Four Facilities and Stadium Expansion caused by such removal.

**Section 15. Right of Entry.** Representatives of the Corporation and the Bond Insurer shall, subject to reasonable security precautions, and upon giving the Board not less than twenty-four (24) hours advance Notice, have the right to enter upon the Phase Four Facilities during reasonable business hours (and in emergencies without notice and at all times) accompanied by a Board Representative (i) to inspect the same, (ii) for any purpose connected with the rights or obligations of the Corporation under this Phase Four Facilities Lease, or (iii) for all other lawful

purposes. Any right of access to any portion of the Phase Four Facilities leased to the students, faculty, staff or Permitted Sublessees shall be subject to their rights pursuant to their rental agreements and University policy.

**Section 16. Mortgage Prohibition.** Except as set forth in the Phase Four Indenture, the Phase Four Ground Lease and the Phase Four Agreement, the Corporation shall not be entitled to mortgage or grant a security interest in the Phase Four Facilities or Stadium Expansion.

**Section 17. Sale of Phase Four Facilities; Attornment; and Conveyance and Transfer of the Corporation's Interest.** If a person other than the Corporation shall succeed to the rights of the Corporation hereunder (in any case with the prior written consent of the Board as required hereby), upon the declaration of the successor to the Corporation's interest in this Phase Four Facilities Lease, the Board agrees to fully attorn to and recognize any such successor as the Board's landlord under this Phase Four Facilities Lease upon the then existing terms of this Phase Four Facilities Lease, provided that such successor shall agree in writing to accept the Board's attornment and not to disturb the Board's possession so long as the Board shall observe the provisions and all covenants of this Phase Four Facilities Lease. This attornment provision shall inure to the benefit of any such successor and shall be self-operative upon the election and declaration by such successor, and no further instrument shall be required to give effect to the provisions. However, the Board agrees to evidence and confirm the foregoing attornment provisions by the execution and delivery of instruments in recordable form satisfactory to such successor.

If the Phase Four Facilities or the Stadium Expansion, or any part thereof, shall be sold or otherwise transferred by sale, assignment, transfer or other contract, or by operation of law or otherwise (in the case of the Phase Four Facilities, with the prior written consent of the Board as required hereby and with an opinion of Bond Counsel that such action will not cause interest on the Series 2007 Bonds to be included in the gross income of the owner of the Series 2007 Bonds for federal tax purposes), and if such written consent specifically so provides, the Corporation shall be automatically and entirely released and discharged to the extent of the interest in or the portion of the Phase Four Facilities or Stadium Expansion sold, assigned or transferred from and after the effective date of such sale, assignment or transfer of all liability for the performance of any of the covenants of this Phase Four Facilities Lease on the part of the Corporation thereafter to be performed. The purchaser or other transferee of the Phase Four Facilities or Stadium Expansion shall be deemed to have agreed to perform such covenants of the Corporation from and after the date of such assignment or sale during such transferee's period of ownership of the Corporation's interest under this Phase Four Facilities Lease, all without further agreement between the Corporation, its successor and the Board. The Corporation's transferee shall not be held responsible for the performance of any of the covenants of this Phase Four Facilities Lease on the part of the Corporation required to be performed prior to such sale and transfer, the Board reserving its rights against the Corporation for any unperformed covenants prior to such sale or transfer.

**Section 18. Quiet Enjoyment.** The Corporation covenants that the Board, on paying the Rental and performing and observing all of the covenants and agreements herein contained and provided to be performed by the Board or the University, shall and may peaceably and

quietly have, hold, occupy, use, and enjoy the Phase Four Facilities and the Stadium Expansion during the Term and may exercise all of its rights hereunder; and the Corporation agrees to warrant and forever defend the Board's right to such occupancy, use, and enjoyment and the title to the Phase Four Facilities and Stadium Expansion against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof subject only to the provisions of this Phase Four Facilities Lease.

**Section 19. Environmental Compliance and Indemnity.**

(a) **Environmental Compliance.** The Board or the University shall operate or cause to be operated the Phase Four Facilities and Stadium Expansion in compliance with all Environmental Requirements continuously during the Term, and for such periods of time prior to the Commencement Date and after the Expiration Date, as long as the Board is in possession of the Phase Four Facilities and Stadium Expansion, in whole or in part. The Board shall not cause or permit any Hazardous Substance to be brought upon, kept, or used in or about the Phase Four Facilities, the Phase Four Facilities Land, the Stadium Expansion or the Stadium Expansion Land, except for such Hazardous Substance as is necessary or useful to the operation of the Phase Four Facilities and Stadium Expansion.

(b) **The Board's Liability.** If the Board fails to comply with any of the foregoing warranties, representations, and covenants, and removal or Remediation of any Hazardous Substance found on the Phase Four Facilities and Stadium Expansion is required by Environmental Requirements or Governmental Authority, the Board shall promptly undertake the removal or Remediation of such Hazardous Substance, at the Board's sole cost and expense. In the event the Board fails or refuses to undertake such removal or Remedial actions, the Corporation may cause the removal or Remediation (or other cleanup reasonable acceptable to the Corporation) of any such Hazardous Substance from the Phase Four Facilities, the Phase Four Facilities Land, the Stadium Expansion or the Stadium Expansion Land. The reasonable costs of removal, Remediation, or any other cleanup (including transportation and storage costs) will be considered as Phase Four Additional Rental under this Phase Four Facilities Lease, whether or not a court has ordered the cleanup, and those costs will become due and payable within ninety (90) days of written demand by the Corporation. In connection therewith, the Board will give the Corporation, its agents, and employees access to the Phase Four Facilities and/or the Stadium Expansion to remove, remediate, or otherwise clean up any Hazardous Substance. The Corporation, however, has no affirmative obligation to remove, remediate, or otherwise clean up any Hazardous Substance, and this Phase Four Facilities Lease will not be construed as creating any such obligation. The Board hereby agrees that it shall be fully liable for all costs and expenses related to the use, storage, and disposal of any Hazardous Substance located in or about the Phase Four Facilities and Stadium Expansion by the Board.

**Section 20. The Corporation's Reservation of Rights.**

(a) The Corporation hereby reserves all of its rights to recover from the Board for any and all Claims asserted against the Corporation, including Litigation Expenses arising out of or by reason of:



(i) any injury to or death of any person or damage to property occurring on or about the Phase Four Facilities or Stadium Expansion occasioned by or growing out of or arising or resulting from any tortious or negligent act on the part of the Board in connection with the operation and management of the Phase Four Facilities or Stadium Expansion; or

(ii) any failure, breach, or default on the part of the Board in the performance of or compliance with any of the obligations of the Board under the terms of this Phase Four Facilities Lease.

(b) Notwithstanding the fact that it is the intention of the parties that the Corporation shall not incur any pecuniary liability by reason of the terms of this Phase Four Facilities Lease or the undertakings required of the Corporation hereunder, nevertheless, if the Corporation should incur any such pecuniary liability, then in that event, the Corporation shall be entitled to assert all rights and remedies granted in law or in equity to recover from the Board the amount of any pecuniary liability incurred by the Corporation, plus all Litigation Expenses incurred in defense of such liability to the extent subject to indemnification pursuant to Subsection (a) above.

(c) No recourse shall be had for the enforcement of any obligation, covenant, or agreement of the Corporation contained in this Phase Four Facilities Lease or any Claim based thereon against the Corporation or of any successor thereto or member thereof, either directly or through the Corporation whether by virtue of any constitutional provision, statute, or rule of law. This Phase Four Facilities Lease and the obligations of the Corporation hereunder, and any Claim asserted against the Corporation are solely corporate obligations, and the enforcement of any obligation or Claim shall be limited solely to the Corporation's interest in the Phase Four Facilities or Stadium Expansion. No personal liability shall attach to, or be incurred by, any officer, director, agent, employee or member of the Corporation and the Board acknowledges that all personal liability of any character against every such officer, director, agent, employee or member by the execution of this Phase Four Facilities Lease, is expressly waived and released. The immunity of any officer, director, agent, employee or member of the Corporation under the provisions contained in this Section 20 shall survive any acquisition of the Phase Four Facilities and Stadium Expansion by the Board and the expiration or other termination of this Phase Four Facilities Lease.

**Section 21. Default by the Board.** If (i) the Board shall fail to deposit with the Trustee any Phase Four Base Rental payment required to be so deposited pursuant to Section 6 hereof by the close of business on the day such deposit is required pursuant to Section 6 hereof, and shall fail to remedy such breach within five (5) days thereof, but in no event later than the date on which such payment is required to enable the Corporation to make payment on the Phase Four Bonds (without use of moneys held in the Debt Service Reserve Fund), or (ii) the Board shall fail to pay or discharge any monetary obligation under this Lease (other than the payment of Phase Four Base Rental) as and when due, or within thirty (30) days after receipt of Notice from the Corporation that such sums are due and owing; or (iii) the Board shall breach any non-monetary terms, covenants or conditions herein, and (except with regard to any breach of the covenant set forth in Section 3(h) which section contains the timeframe whereby the failure to meet the Phase Four Debt Service Coverage Ratio shall be come an Event of Default) shall fail to remedy any such breach with all reasonable dispatch within a reasonable period of time (or

such longer period as the Bond Insurer may approve) after written notice thereof from the Corporation to the Board, then and in any such event the Board shall be deemed to be in default hereunder, and the Corporation shall have the right, at its option, without any further demand or notice to terminate this Phase Four Facilities Lease on the earliest date permitted by law or on any later date specified in any Notice given to the Board, in which case the Board's right to possession of the Phase Four Facilities and the Stadium Expansion will cease and this Phase Four Facilities Lease will be terminated, without, however, waiving the Corporation's right to collect all Rental and other payments due or owing for the period up to the time the Corporation regains possession (which have been approved for payment under this Phase Four Facilities Lease, but not paid by the Board), and to enforce other obligations of the Board which survive termination of this Phase Four Facilities Lease, and in such event the Corporation may without any further demand or notice re-enter the Phase Four Facilities and the Stadium Expansion and eject all parties in possession thereof, subject to the rights of students, faculty, staff and Permitted Sublessees. The foregoing remedies of the Corporation are in addition to and not exclusive of any other remedy of the Corporation. Any such re-entry shall be allowed by the Board without hindrance, and the Corporation shall not be liable in damages for any such re-entry or be guilty of trespass. The Corporation understands and agrees that upon its termination of the Board's right to possession of the Phase Four Facilities and the Stadium Expansion or termination of this Phase Four Facilities Lease, the Corporation upon its re-entry of the Phase Four Facilities shall only be allowed to use the Phase Four Facilities and the Stadium Expansion for the Permitted Use and shall be subject to all applicable Governmental Regulations heretofore or hereafter enacted by any Governmental Authority relating to the use and operation of the Phase Four Facilities and the Stadium Expansion.

Notwithstanding any other provision of this Phase Four Facilities Lease, (i) in no event shall the Corporation have the right to accelerate the payment of any Phase Four Base Rental payment hereunder and (ii) the Bond Insurer shall have ninety (90) days to cure an Event of Default hereunder.

Notwithstanding anything contained in this Section 21 to the contrary, a failure by the Board to pay when due any payment required to be made under this Phase Four Facilities Lease or a failure by the Board to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Phase Four Facilities Lease, resulting from a failure by the Board to appropriate moneys shall not constitute an Event of Default under this Section 21 and the Corporation shall not have any of the remedial rights set forth in this Section 21. Notwithstanding the foregoing, in such event the Board acknowledges that the Phase Four Facilities Lease shall terminate and the Board shall immediately vacate the Phase Four Facilities and Stadium Expansion, and deliver the Phase Four Facilities and Stadium Expansion to the Corporation.

**Section 22. Cumulative Remedies.** Each right and remedy provided for in this Phase Four Facilities Lease is cumulative and is in addition to every other right or remedy provided for in this Phase Four Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Corporation of any one or more of the rights or remedies provided for in this Phase Four Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise will not preclude the simultaneous or later exercise by the Corporation of

any or all other rights or remedies provided for in this Phase Four Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise. All costs incurred by the Corporation in collecting any amounts and damages owing by the Board pursuant to the provisions of this Phase Four Facilities Lease or to enforce any provision of this Phase Four Facilities Lease, including reasonable Litigation Expenses from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by the Corporation, will also be recoverable by the Corporation from the Board. The waiver by the Corporation of any breach by the Board and the waiver by the Board of any breach by the Corporation of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach of the same or any other term, covenant or condition hereof.

**Section 23. Option to Purchase.** For and in consideration of the obligations of the Board under this Phase Four Facilities Lease, the mutual undertakings of the parties, the receipt and adequacy of which is hereby acknowledged, the Corporation grants to the Board an exclusive and irrevocable option to purchase for the price and on the terms, provisions, stipulations and conditions hereinafter set forth, all but not less than all of the Corporation's leasehold interest in that portion of the Phase Four Facilities and/or Stadium Expansion.

(a) **Effective Date.** The effective date of this Option agreement shall be the Commencement Date.

(b) **Term of Option.** The Option shall expire at midnight Central Standard Time, on the Expiration Date, or upon the termination of this Phase Four Facilities Lease, whichever occurs first.

(c) **Limitation on Exercise of Option.** The Board may not exercise the Option, and the Option shall be voidable, at the sole election of the Corporation, if a Default by the Board has occurred and is continuing under the Phase Four Facilities Lease, and the applicable time period in which the Board may cure such default has expired. Notwithstanding any provision of this Option to the contrary, the Board shall be entitled to exercise the Option as long as the Board is legally obligated to make payments of Phase Four Base Rental under the Phase Four Facilities Lease.

(d) **Exercise of Option.** The Board may exercise the Option herein granted at any time on or before expiration of the Term with respect to the Stadium Expansion and on any Interest Payment Date on or after August 1, 2014 or on the date the Phase Four Bonds are defeased pursuant to Article XII of the Phase Four Indenture with respect to the Phase Four Facilities, by Notice to the Corporation of its election to exercise the Option and purchase the Corporation's interest in and to such Phase Four Facilities given not less than sixty (60) days prior to the date on which the Board desires to purchase such portion of the Phase Four Facilities.

(e) **Purchase Price.** The Purchase Price (i) for the Phase Four Facilities shall be equal to the principal of all Phase Four Bonds then Outstanding plus the interest to accrue on such Phase Four Bonds until the purchase date plus any prepayment penalties, charges or costs for early prepayment or defeasance of the Phase Four Bonds and any Administrative Expenses owed prior to the purchase date which payments are necessary to discharge the Phase Four

Indenture pursuant to Article XII thereof ; and (ii) for the Stadium Expansion shall be one dollar (\$1.00) (collectively, the "Purchase Price").

(f) **Effect on Facilities Lease and Ground Lease.** Upon the purchase of the Corporation's leasehold interest in the Phase Four Facilities or the Stadium Expansion, as the case may be, by the Board pursuant to this Option, the Phase Four Facilities Lease and the Phase Four Ground Lease shall terminate with respect to that portion of the Phase Four Facilities Land or the Stadium Expansion Land, as applicable, and that portion of the Phase Four Facilities or Stadium Expansion and all of the Corporation's leasehold interest in that portion of the Phase Four Facilities Land or the Stadium Expansion Land, as applicable, and that portion of the Phase Four Facilities or Stadium Expansion under the Phase Four Facilities Lease shall terminate but shall continue in effect with respect to that portion of the Phase Four Facilities or Stadium Expansion not so purchased. A purchase of the Corporation's leasehold interest in the Stadium Expansion shall (A) require an opinion of Bond Counsel that such purchase will not cause interest on the Phase Four Bonds to be included in the gross income of the owners of the Series 2007 Bonds for Federal income tax purposes and (B) not reduce the Rental payable by the Board hereunder.

(g) **Payment of Purchase Price.** The Board, on the purchase date, shall deposit an amount equal to the applicable Purchase Price with the Trustee in the case of the Phase Four Facilities and with the Corporation with respect to the Stadium Expansion.

(i) Conveyance. In the event of and upon the payment of the applicable Purchase Price and any other sums due under this Phase Four Facilities Lease by the Board, the Corporation will on the purchase date execute and deliver to the Board a written cancellation of the Phase Four Ground Lease and this Phase Four Facilities Lease with respect to that portion of the Phase Four Facilities and/or the Stadium Expansion.

(ii) Assignment of Contract Rights and Obligations. The conveyance of the Corporation's leasehold interest in any portion of the Phase Four Facilities and/or the Stadium Expansion shall also effect a transfer and assignment of all rights, warranties and liabilities of the Corporation under then existing contracts of any nature with respect to that portion of the Phase Four Facilities and/or the Stadium Expansion.

(h) **Closing.** In the event the Option is timely exercised, notice of the Board's election to the Corporation shall constitute an irrevocable conversion of the Option into a binding obligation of the Corporation to sell its leasehold interest in that portion of the Phase Four Facilities and/or the Stadium Expansion and the Board to buy the same under the terms and conditions set forth in this Section 23, and in such event, the Corporation and the Board shall have the right to demand specific performance of this agreement by the other. The closing shall occur at the offices of the Board or its counsel, or at such other time, place, and date as agreed upon by the Corporation and the Board.

(i) **Closing Costs.** The Board shall pay all closing costs and charges incident to the conveyance of the Corporation's interest in the Phase Four Facilities Land, the Stadium Expansion Land, the Phase Four Facilities and the Stadium Expansion.

(j) **No Warranty.** The Corporation shall convey its leasehold interest in the Phase Four Facilities and Stadium Expansion without any warranty whatsoever of any nature. The conveyance of the leasehold interest in the Phase Four Facilities and Stadium Expansion shall be without any warranty as to fitness and condition, as set forth in Section 5 of this Phase Four Facilities Lease. Language substantially similar to the language contained in Section 5 of this Phase Four Facilities Lease shall be incorporated into and made a part of such conveyance. In no event shall the Corporation be responsible for any defects in title.

(k) **Default under the Option:**

(i) In the event the Option is exercised, and the Corporation fails to consummate the transactions contemplated herein for any reason, except default by the Board or the failure of the Board to satisfy any of the conditions set forth herein, the Board may, in addition to any other rights and remedies which may otherwise be available to the Board, enforce this agreement by specific performance. The Board's remedies under this Section are expressly subject to the provisions of Section 30 of this Phase Four Facilities Lease.

(ii) In the event the Option is exercised, and the Board fails to consummate the transactions contemplated herein for any reason, except default by the Corporation or the failure of the Corporation to satisfy any of the conditions set forth herein, the Corporation (a) may enforce this agreement by specific performance and in such action shall have the right to recover damages suffered by reason of the Board's delay; or (b) may bring suit for damages for breach of this agreement.

(iii) No delay or omission in the exercise of any right or remedy accruing to either party upon any breach by the other party under this Section 23 shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by either party of any condition or any subsequent breach of the same or any other term, covenant or condition contained in this Section 23 shall not be deemed to be a waiver of any other condition or of any subsequent breach of the same or of any other term, covenant or condition herein contained.

(l) **Attorney's Fees.** Should either party employ an attorney or attorneys to enforce any of the provisions hereof, or to protect its interest in any matter arising under this agreement, or to recover damages for the breach of this agreement, the party prevailing in any final judgment shall have the right to collect from the losing party all Litigation Expenses incurred in enforcing such rights.

(m) **Notices.** Any notices required or permitted under this Section 23 shall be in writing and delivered either in person to the other party, or the other party's authorized agent, or by United States Certified Mail, return receipt requested, postage prepaid, to the address set forth in Section 50 of this Phase Four Facilities Lease, or to such other address as either party may designate in writing and delivered as herein provided.

(n) **Assignability.** Except as set forth in the Phase Four Indenture or the Phase Four Ground Lease, the Option may not be assigned by the Corporation or its interest in the Phase

Four Facilities and/or the Stadium Expansion sold (subject to the Option or otherwise) to any person or entity without the Board's prior written consent, which consent may be withheld by the Board in its sole discretion.

(o) **Time of Essence.** Time is of the essence of this Option.

(p) **Binding Effect.** This Option shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, successors and assigns.

**Section 24. Severability.** If any provisions of this Phase Four Facilities Lease shall be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable, to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections contained in this Phase Four Facilities Lease shall not affect the remaining portions of this Phase Four Facilities Lease, or any part thereof.

**Section 25. Redemption of Phase Four Bonds.** The Corporation agrees that it will not exercise its option to redeem any Phase Four Bonds pursuant to the Phase Four Indenture unless the Board consents to such redemption or such redemption is to be effected with moneys derived from a source other than payments made by the Board under this Phase Four Facilities Lease, however, in no event shall the mandatory redemption of any Phase Four Bonds pursuant to the Phase Four Indenture require the consent of the Board. The Corporation further agrees that if requested by the Board it will take all actions necessary to redeem all or any portion of the Phase Four Bonds designated by the Board on the first date that it may do so under the terms of the Phase Four Indenture so long as the Board agrees to provide funds in an amount, and at the time, required to effect such redemption.

**Section 26. Additional Phase Four Bonds.** Upon the request and at the expense of the Board, the Corporation shall take action as may be required to effect the issuance of Additional Phase Four Bonds in such amount as the Board may request as permitted by and in accordance with the provisions of the Phase Four Indenture for any purpose permitted thereby.

**Section 27. Execution.** This Phase Four Facilities Lease may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same Phase Four Facilities Lease.

**Section 28. Law Governing.** This Phase Four Facilities Lease is made in the State under the constitution and laws of the State and is to be governed by the laws of the State.

**Section 29. Nonappropriation of Funds.** In the event no funds or insufficient funds are lawfully appropriated in any Fiscal Year enabling the payment of Phase Four Base Rental and Phase Four Additional Rental due during the next succeeding Fiscal Year, the Board will immediately notify the Corporation and the Trustee of such occurrence. On the first day of the

month following the Phase Four Base Rental payment date on which the last payment of Phase Four Base Rental can be made in full from Phase Four Lawfully Available Funds, this Phase Four Facilities Lease shall terminate as to the Phase Four Facilities without penalty or expense to the Board of any kind whatsoever, except as to the portions of Phase Four Base Rental and Phase Four Additional Rental payments herein agreed upon for Fiscal Years for which sufficient funds have been lawfully appropriated. In the event of such termination, the Board agrees peaceably to surrender possession of the Phase Four Facilities to the Corporation on the date of such termination in its original condition (normal wear and tear excepted). The Corporation will have all legal and equitable rights and remedies to take possession of the Phase Four Facilities and re-let or sell the Phase Four Facilities as the Corporation determines and as granted in this Phase Four Facilities Lease. The Board acknowledges that the Corporation's rights to take possession and to re-let or sell the Phase Four Facilities under this Section 29 may be assigned to the Trustee for the benefit of the owners of the Phase Four Bonds, and the Board agrees that the Trustee shall be entitled to exercise all of the rights of the Corporation under this Section 29. The event of an inability by the Board to cause the appropriation of sufficient funds for the payment of sums due under this Phase Four Facilities Lease shall not constitute a default hereunder, but shall ipso facto terminate this Phase Four Facilities Lease as to the Phase Four Facilities. This provision is operative notwithstanding any provisions of this Phase Four Facilities Lease to the contrary. The Board shall be considered in default hereunder if sufficient funds are lawfully appropriated for the payment of Rental required under this Phase Four Facilities Lease and the Board fails to use lawfully appropriated funds for the payment of Rental. In such event, the Corporation shall be entitled to the rights and remedies set forth in Sections 21 and 22 hereof.

**Section 30. Exculpatory Provision.** In the exercise of the powers of the Corporation and its trustees, officers, employees and agents under this Phase Four Facilities Lease and the Phase Four Indenture, the Corporation shall not be accountable or liable to the Board (i) for any actions taken or omitted by it or its officers, employees or agents in good faith and believed by it or them to be authorized or within their discretion or rights or powers conferred upon them, or (ii) for any claims based on this Phase Four Facilities Lease against any officer, employee or agent of the Corporation in his or her personal capacity, all such liability, if any, being expressly waived by the Board by the execution of this Phase Four Facilities Lease. Nothing in this Phase Four Facilities Lease or the Phase Four Indenture is intended to require or obligate, nor shall anything herein or therein be interpreted to require or obligate, the Corporation for any purpose or at any time whatsoever, to provide, apply or expend any funds coming into the hands of the Corporation other than the funds derived from the issuance of the Phase Four Bonds under the Phase Four Indenture and moneys derived pursuant to the Phase Four Indenture and this Phase Four Facilities Lease.

The Board specifically agrees to look solely to the Corporation's interest in the Phase Four Facilities and the Stadium Expansion for the recovery of any judgments from the Corporation. It is agreed that the Corporation will not be personally liable for any such judgments, or incur any pecuniary liability as a result of this Phase Four Facilities Lease to the Board, or the breach of its obligations hereunder. The Corporation's liability under this Phase Four Facilities Lease is "in rem" as to its interest in the Phase Four Facilities and the Stadium Expansion. The provisions contained in the preceding sentences are not intended to and will not limit any right that the Board might otherwise have to obtain injunctive relief against the Corporation or relief in any suit or action in connection with enforcement or collection of

amounts that may become owing or payable under or on account of insurance maintained by the Corporation.

**Section 31. Amendments.** This Phase Four Facilities Lease may be amended only as permitted in Article VIII of the Phase Four Agreement.

**Section 32. Recording.** The Corporation covenants and agrees that it will promptly record and from time to time re-record a memorandum in recordable form of this Phase Four Facilities Lease and the Phase Four Indenture and all supplements thereto and hereto in such manner and in such places as may be required by law in order to fully protect and preserve the security of the holders or owners of the Phase Four Bonds.

**Section 33. Construction Against Drafting Party.** The Corporation and the Board acknowledge that each of them and their counsel have had an opportunity to review this Phase Four Facilities Lease and that each Party was responsible for the drafting thereof.

**Section 34. Time of the Essence.** Time is of the essence of each and every provision of this Phase Four Facilities Lease.

**Section 35. No Waiver.** The waiver by the Corporation of any agreement, condition, or provision contained in this Phase Four Facilities Lease will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this Phase Four Facilities Lease, nor will any custom or practice that may grow up between the parties in the administration of the terms of this Phase Four Facilities Lease be construed to waive or to lessen the right of the Corporation to insist upon the performance by the Board in strict accordance with the terms of this Phase Four Facilities Lease. The subsequent acceptance of Rental by the Corporation will not be deemed to be a waiver of any preceding breach by the Board of any agreement, condition, or provision of this Phase Four Facilities Lease, other than the failure of the Board to pay the particular Rental so accepted, regardless of the Corporation's knowledge of such preceding breach at the time of acceptance of such Rental.

**Section 36. Survival.** To the extent permitted by law and to the extent such will not constitute the incurrence of debt by the Board, all of the Corporation's remedies and rights of recovery under Sections 19 and 20 of this Phase Four Facilities Lease shall survive the Term and/or the purchase of the Phase Four Facilities by the Board under the Option.

**Section 37. Counterparts.** This Phase Four Facilities Lease may be executed in any number of counterparts, each of which shall be an original, but all of which shall together constitute one and the same instrument.

**Section 38. Estoppel Certificates.** At any time and from time to time but within ten (10) days after prior written request by the Corporation, the Board will execute, acknowledge, and deliver to the Corporation, promptly upon request but only to the extent accurate, a certificate certifying (i) that this Phase Four Facilities Lease is unmodified and in full force and effect or, if there have been modifications, that this Phase Four Facilities Lease is in full force and effect, as modified, and stating the date and nature of each modification; (ii) the date, if any, to which Rental and other sums payable under this Phase Four Facilities Lease have been paid; (iii) that no Notice of any default has been delivered to the Corporation which default has not



been cured, except as to defaults specified in said certificate; (iv) that there is no Event of Default under this Phase Four Facilities Lease or an event which, with Notice or the passage of time, or both, would result in an Event of Default under this Phase Four Facilities Lease, except for defaults specified in said certificate; and (v) such other matters as may be reasonably requested by the Corporation. Any such certificate may be relied upon by any prospective purchaser or existing or prospective mortgagee of the Phase Four Facilities or the Stadium Expansion or any part thereof. The Board's failure to notify the Corporation of any inaccuracies in the proposed certificate within the specified time period shall be conclusive evidence that the matters set forth in the certificate are accurate and correct.

**Section 39. Waiver of Jury Trial.** The Corporation and the Board waive trial by jury in any action, proceeding, or counterclaim brought by either of the Parties to this Phase Four Facilities Lease against the other on any matters whatsoever arising out of or in any way connected with this Phase Four Facilities Lease, the relationship of the Corporation and the Board, the Board's use or occupancy of the Phase Four Facilities or the Stadium Expansion, or any other Claims, and any emergency statutory or any other statutory remedy.

**Section 40. Written Amendment Required.** No amendment, alteration, modification of, or addition to the Phase Four Facilities Lease will be valid or binding unless expressed in writing and signed by the Corporation and the Board and consented to the extent required by Article VIII of the Phase Four Agreement.

**Section 41. Entire Phase Four Agreement.** This Phase Four Facilities Lease, the exhibits and addenda, if any, contain the entire agreement between the Corporation and the Board. No promises or representations, except as contained in this Phase Four Facilities Lease, have been made to the Board respecting the condition or the manner of operating the Phase Four Facilities.

**Section 42. Signs.** The Board may attach any sign on any part of the Phase Four Facilities or the Stadium Expansion, or in the halls, lobbies, windows, or elevator banks of the Phase Four Facilities or the Stadium Expansion, without the Corporation approval. The Board may name the Phase Four Facilities or the Stadium Expansion and change the name, number, or designation of the Phase Four Facilities or the Stadium Expansion, without the Corporation's prior consent.

**Section 43. Litigation Expenses.** The Board will pay the Corporation as Phase Four Additional Rental all reasonable Litigation Expenses and all other reasonable expenses which may be incurred by the Corporation in enforcing any of the obligations of the Board under this Phase Four Facilities Lease, in exercising its rights to recover against the Board for loss or damage sustained in accordance with the provisions of this Phase Four Facilities Lease, or in any litigation or negotiation in which the Corporation shall, without its fault, become involved through or because of this Phase Four Facilities Lease.

**Section 44. Brokers.** The Corporation and the Board respectively represent and warrant to each other that neither of them has consulted or negotiated with any broker or finder with regard to the Phase Four Facilities or the Stadium Expansion.

**Section 45. No Easements for Air or Light.** Any diminution or shutting off of light, air, or view by any structure that may be erected on any of the lands constituting the Phase Four Facilities or the Stadium Expansion, or on lands adjacent to the Phase Four Facilities or the Stadium Expansion, will in no way affect this Phase Four Facilities Lease or impose any liability on the Corporation. This Phase Four Facilities Lease does not grant any rights to light, view and/or air over the Phase Four Facilities or the Stadium Expansion whatsoever.

**Section 46. Binding Effect.** The covenants, conditions, and agreements contained in this Phase Four Facilities Lease will bind and inure to the benefit of the Corporation and the Board and their respective permitted successors and assigns.

**Section 47. Rules of Interpretation.** The following rules shall apply to the construction of this Phase Four Facilities Lease unless the context requires otherwise: (a) the singular includes the plural and the plural includes the singular; (b) words importing any gender include the other genders; (c) references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute to which reference is made and all regulations promulgated pursuant to such statutes; (d) references to "writing" include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words "including" "includes" and "include" shall be deemed to be followed by words "without limitation"; (f) references to the introductory paragraph, preliminary statements, articles, sections (or subdivision of sections), exhibits, appendices, annexes or schedules are to those of this Phase Four Facilities Lease unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments; (h) references to Persons include their respective successors and assigns to the extent successors or assigns are permitted or not prohibited by the terms of this Phase Four Facilities Lease; (i) any accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles; (j) "or" is not exclusive; (k) provisions apply to successive events and transactions; (l) references to documents or agreements which have been terminated or released or which have expired shall be of no force and effect after such termination, release, or expiration; (m) references to mail shall be deemed to refer to first-class mail, postage prepaid, unless another type of mail is specified; (n) all references to time shall be to Hammond, Louisiana time; (o) references to specific persons, positions, or officers shall include those who or which succeed to or perform their respective functions, duties, or responsibilities; and (p) the terms "herein", "hereunder" "hereby" "hereof," and any similar terms refer to this Phase Four Facilities Lease as a whole and not to any particular articles, section or subdivision hereof.

**Section 48. Relationship of Parties.** The relationship of the Parties shall be one of lessor and lessee only, and shall not be considered a partnership, joint venture, license arrangement or unincorporated association. The Corporation is not controlled by the Board or under the control of any Person also in control of the Board.

**Section 49. Law Between the Parties.** This Phase Four Facilities Lease shall constitute the law between the Parties, and if any provision of this Phase Four Facilities Lease is in conflict with the provisions of "Title IX - Of Lease" of the Louisiana Civil Code, Articles 2669 through 2777, inclusive, the provisions of this Phase Four Facilities Lease shall control.

**Section 50. Notices.** All notices, filings and other communications ("Notice") shall be in writing and shall be sufficiently given and served upon the other parties if delivered by hand directly to the persons at the addresses set forth below, or shall be sent by first class mail, postage prepaid, addressed as follows:

The Corporation:

University Facilities, Inc.  
SLU Box 10709  
Hammond, Louisiana 70402  
Attention: Executive Director

With copies at the same time to:

Seale & Ross  
200 North Cate Street  
Hammond, Louisiana 70404  
Attention: T. Jay Seale

The Board:

Board of Supervisors for the University of Louisiana System  
1201 North Third Street, Suite 7-300  
Baton Rouge, Louisiana 70802  
Attention: Vice President for Operations and Facilities

With copies at the same time to:

Southeastern Louisiana University  
Western Avenue  
Friendship Circle (SLU Box 10709)  
Hammond, Louisiana 70402  
Attention: Vice President for Administration and Finance

and

Southeastern Louisiana University  
Auxiliary Services  
SLU Box 11850  
Hammond, Louisiana 70402  
Attention: Director of Auxiliary Services

Trustee:

The Bank of New York Trust Company, N.A.  
10161 Centurion Parkway  
Jacksonville, Florida 32256  
Attention: Corporate Trust Department  
Facsimile: 904-645-1997  
E-mail: robsmith@bankofny.com

With copies at the same time to:  
MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504  
Attention: Insured Portfolio Management

**SECTION 4.** The Facilities Lease is hereby amended to add the following provision:

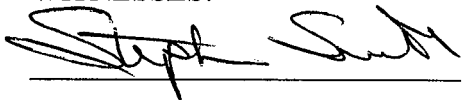
The Corporation and the Board agree that immediately upon the occurrence of an Event of Default under either Section 21 of the Facilities Lease or under Section 21 of Part II of the Facilities Lease, that this Facilities Lease, as amended, will be bifurcated and Sections 1 through 50 shall be treated as a wholly separate lease apart from Part II of the Facilities Lease which shall also be treated as a wholly separate lease between the parties. Further, the Corporation and the Board agree that upon such an Event of Default, the parties will execute all other documents necessary and appropriate to reflect and record such bifurcation of this Facilities Lease into two separate lease agreements.

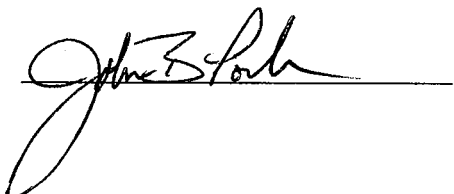
[Remainder of this page intentionally left blank]

[Signature page to Amendment to Facilities Lease]

**IN WITNESS WHEREOF**, each of the Board, acting as governing authority of the University, and the Corporation has caused this First Amendment to Agreement to Lease with Option to Purchase to be executed by its respective officer, hereunto duly authorized on the day, month and year first above written, and the Bond Insurer has noted its consent and approval of this First Amendment to be noted by its respective officer, hereunto duly authorized, as set forth below.

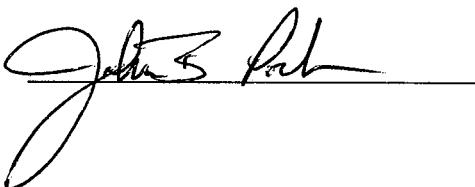
WITNESSES:

  
\_\_\_\_\_

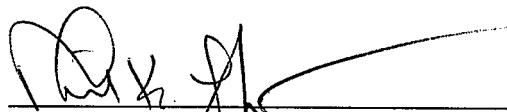
  
\_\_\_\_\_

WITNESSES:

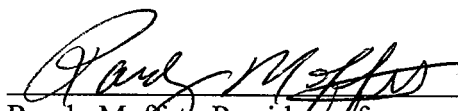
  
\_\_\_\_\_

  
\_\_\_\_\_

**UNIVERSITY FACILITIES, INC.**

By:   
\_\_\_\_\_   
Phil K. Livingston, Vice Chairperson

**BOARD OF SUPERVISORS FOR THE  
UNIVERSITY OF LOUISIANA SYSTEM**

By:   
\_\_\_\_\_   
Randy Moffett, President of  
Southeastern Louisiana University and  
Authorized Board Representative

**CONSENT and APPROVAL:**

**MBIA INSURANCE CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

[Signature page to Amendment to Facilities Lease]

IN WITNESS WHEREOF, each of the Board, acting as governing authority of the University, and the Corporation has caused this First Amendment to Agreement to Lease with Option to Purchase to be executed by its respective officer, hereunto duly authorized on the day, month and year first above written, and the Bond Insurer has noted its consent and approval of this First Amendment to be noted by its respective officer, hereunto duly authorized, as set forth below.

**UNIVERSITY FACILITIES, INC.**

By: \_\_\_\_\_  
Phil K. Livingston, Vice Chairperson

**Attest:**

By: \_\_\_\_\_  
Title: Secretary-Treasurer

**BOARD OF SUPERVISORS FOR THE  
UNIVERSITY OF LOUISIANA SYSTEM**

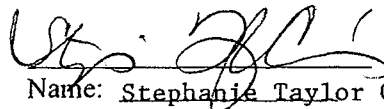
By: \_\_\_\_\_  
Randy Moffett, President of  
Southeastern Louisiana University and  
Authorized Board Representative

**Attest:**

By: \_\_\_\_\_  
\_\_\_\_\_

**CONSENT and APPROVAL:**

**MBIA INSURANCE CORPORATION**

By:   
Name: Stephanie Taylor Ciavarello  
Title: Assistant Secretary  
Date: March 12, 2007

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 26, 2007

NEW ISSUE - BOOK-ENTRY ONLY

RATING: MOODY'S: Aaa

(See "RATING OF THE SERIES 2007 BONDS" herein)

7a

Upon delivery of the Series 2007 Bonds, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, will render its opinion that, assuming continuing compliance with certain covenants designed to satisfy the applicable requirements of the Code, and subject to the matters discussed under the caption "TAX EXEMPTION" herein, under the law existing on the date thereof, interest on the Series 2007 Bonds will (i) be excludable from gross income of the beneficial owners thereof for federal income tax purposes and (ii) will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code, but such interest will be includable in adjusted current earnings in computing the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, pursuant to the Act, the Series 2007 Bonds together with interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State of Louisiana taxes and local taxes. See "TAX EXEMPTION" herein.

\$5,255,000\*

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS

(Southeastern Louisiana University Student Housing/ University Facilities, Inc.: Phase Four Parking Project)

Series 2007A

and

\$2,500,000\*

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS

(Southeastern Louisiana University Student Housing/ University Facilities, Inc.: Phase Four Parking Project)

Series 2007B

Dated: Date of Delivery

Due: February 1, as shown below

The above captioned bonds (collectively, the "Series 2007 Bonds") are being issued by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") to provide funds (i) to finance a portion of the cost of construction of a new intermodal parking facility located on the campus of Southeastern Louisiana University (the "University") in Tangipahoa Parish, Hammond, Louisiana (the "Phase Four Facilities"), (ii) to fund a deposit to the Debt Service Reserve Fund for the Series 2007 Bonds, and (iii) to pay the costs of issuing the Series 2007 Bonds. The Phase Four Facilities will be owned by the Board of Supervisors for the University of Louisiana System (the "Board"). The land on which the Phase Four Facilities will be constructed will be leased to University Facilities, Inc. (the "Corporation"), a nonprofit corporation organized under the laws of the State of Louisiana (the "State") for the benefit of the University by the Board acting on behalf of the University, pursuant to Part II of the Ground and Buildings Lease by and between the Corporation and the Board dated as of August 1, 2004, as amended by a First Amendment to Ground and Buildings Lease dated as of March 1, 2007 (the "Phase Four Ground Lease"), and the Phase Four Facilities will be leased back to, and operated by, the Board pursuant to Part II of an Agreement to Lease With Option to Purchase by and between the Corporation and the Board dated as of August 1, 2004, as amended by a First Amendment to Agreement to Lease With Option to Purchase dated as of March 1, 2007 (the "Phase Four Facilities Lease").

Purchasers of the Series 2007 Bonds will not receive certificates representing their interest in the Series 2007 Bonds purchased. The Series 2007 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Principal of and premium, if any, and interest on the Series 2007 Bonds will be payable by The Bank of New York Trust Company, N.A. (the "Trustee") to Cede & Co., which will remit such payments to the DTC Participants (as defined herein) for subsequent disbursement to the purchasers of the Series 2007 Bonds. See "THE SERIES 2007 BONDS - BOOK ENTRY ONLY SYSTEM" herein.

THE SERIES 2007 BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY, EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE SERIES 2007 BONDS AND TEMPORARY INVESTMENTS THEREOF, FROM PAYMENTS DERIVED BY THE AUTHORITY UNDER THE LOAN AGREEMENT (BOTH AS DEFINED HEREIN), FROM THE ASSETS AND INTERESTS PLEDGED UNDER THE ASSIGNMENT AND FROM THE POLICY (AS DEFINED HEREIN). THE SERIES 2007 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2007 BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO POWER TO TAX.

As further described herein, regularly scheduled payments of principal of and interest on, but excluding any redemption premium on, the Series 2007 Bonds when due will be insured through a financial guaranty insurance policy to be issued by MBIA Insurance Corporation (the "Bond Insurer") simultaneously with the delivery of the Series 2007 Bonds. See "Municipal Bond Insurance" herein and Appendix "E" herein.



AN INVESTMENT IN THE SERIES 2007 BONDS INVOLVES A DEGREE OF RISK BECAUSE OF THE VARIOUS RISKS DESCRIBED HEREIN. SEE "BONDHOLDERS' RISKS" HEREIN.

The Series 2007 Bonds are offered when, as, and if issued by the Authority and received by the Underwriter and are subject to prior sale and the approval of legality by Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Authority by Casten & Pearce, A.P.L.C., Shreveport, Louisiana; for the Corporation by Seale & Ross, P.L.C., Hammond, Louisiana; for the Board by DeCuir, Clark & Adams, L.L.P., Baton Rouge, Louisiana; and for the Underwriter by McGlinchey Stafford PLLC, Baton Rouge, Louisiana. Delivery of the Series 2007 Bonds to DTC in New York, New York is expected on or about March 1<sup>st</sup>, 2007.

Morgan Keegan & Company, Inc.

February 26, 2007

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The final Official Statement with respect to these securities will be made available concurrent with their sale.

The Series 2007 Bonds will be issuable as fully registered bonds without coupons. The Series 2007 Bonds will be issued in denominations of \$5,000 and any multiple thereof. The Series 2007 Bonds will bear interest from their date of delivery. Interest on the Series 2007 Bonds will be payable on each Interest Payment Date (as defined herein). Principal of and premium, if any, on the Series 2007 Bonds will be payable at the principal corporate trust office of The Bank of New York Trust Company, N.A., Jacksonville, Florida (the "*Trustee*"), in Jacksonville, Florida (the "*Office of the Trustee*") at maturity or upon redemption, upon surrender of the Series 2007 Bonds, and interest will be payable by check or draft mailed to the registered owners of Series 2007 Bonds, as shown on the registration books of the bond registrar as of the close of business on the Record Date (as defined herein) for the Series 2007 Bonds or by wire transfer in immediately available funds to the bank account number filed with the Trustee in writing prior to the close of business on the Record Date by the person in whose name such Series 2007 Bond shall be registered if such owner shall be the registered owner of not less than \$1,000,000 in aggregate principal amount of Series 2007 Bonds Outstanding. **The Series 2007 Bonds will be subject to prior mandatory, optional, extraordinary and mandatory sinking fund redemption as described herein. See "THE SERIES 2007 BONDS" herein.**

**MATURITY SCHEDULE\***

**SERIES 2007A BONDS**

**\$1,555,000 SERIAL BONDS**

<u>Maturity February 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2008	\$155,000			
2009	130,000			
2010	140,000			
2011	145,000			
2012	150,000			
2013	155,000			
2014	160,000			
2015	165,000			
2016	175,000			
2017	180,000			

\$2,380,000 \_\_\_\_\_% Term Bonds due February 1, 2027, Yield \_\_\_\_\_%, CUSIP \_\_\_\_\_  
 \$1,320,000 \_\_\_\_\_% Term Bonds due February 1, 2031, Yield \_\_\_\_\_%, CUSIP \_\_\_\_\_

**SERIES 2007B BONDS**

\$2,500,000 \_\_\_\_\_% Term Bonds due February 1, 2037, Yield \_\_\_\_\_%, CUSIP \_\_\_\_\_

---

\* Preliminary, subject to change



No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the Corporation, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2007 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been obtained from the Authority, the Corporation, the Board, the University, or other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Corporation since the date hereof.

The Authority has provided only that information in this Official Statement that is contained under the heading "THE AUTHORITY" and, as to the Authority, under the heading "LITIGATION-THE AUTHORITY." The Authority has not furnished or verified any other information or statements contained in this Official Statement and is not responsible for the sufficiency, completeness, or accuracy of such other information or statements.

The Trustee has not furnished or verified any information or statements contained in this Official Statement and is not responsible for the sufficiency, completeness, or accuracy of such other information or statements.

**OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE BOND INSURER CONTAINED UNDER THE HEADING "MUNICIPAL BOND INSURANCE" AND IN APPENDIX "E" ATTACHED HERETO, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOND INSURER, AND THE BOND INSURER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2007 BONDS; OR (III) THE TAX-EXEMPT STATUS OF THE INTEREST ON THE SERIES 2007 BONDS.**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

The Series 2007 Bonds will not be registered under the Securities Act of 1933, as amended, and neither the Authority nor the Underwriter intend to list the Series 2007 Bonds on any stock or other security exchange. The Securities and Exchange Commission has not passed upon the accuracy or adequacy of this Official Statement. With respect to the various states in which the Series 2007 Bonds may be offered, no attorney general, state official, state agency or bureau, or other state or local governmental entity has passed upon the accuracy or adequacy of this Official Statement or passed upon or endorsed the merits of this offering or the Series 2007 Bonds.

In making an investment decision, investors must rely on their own examination of the Authority, the University, the Board, the Corporation, the Underwriter or the Bond Insurer and the terms of the offering, including the merits and risks involved. The Series 2007 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

This Preliminary Official Statement has been deemed to be final as of its date within the meaning of the rule 15c2-12 under the Securities and Exchange Act of 1934, except for the omissions of the offering prices(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, ratings, and other terms of the Series 2007 Bonds depending on such matters.

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## SUMMARY STATEMENT

*The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Official Statement and the Appendices hereto (collectively, the "Official Statement"). The offering of the Series 2007 Bonds to potential investors is made only by means of this entire Official Statement, and no person is authorized to detach this Summary Statement from the Official Statement or to use it otherwise without the entire Official Statement.*

<b>The Authority</b>	The Louisiana Local Government Environmental Facilities and Community Development Authority (the " <b>Authority</b> ") is a political subdivision of the State of Louisiana (the " <b>State</b> ") and is authorized pursuant to Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended (the " <b>Act</b> ") to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act.
<b>The Corporation</b>	University Facilities, Inc. (the " <b>Corporation</b> ") is a nonprofit corporation duly organized and existing under the laws of the State for the benefit of Southeastern Louisiana University (the " <b>University</b> ") and is an exempt organization under §501(c)(3) of the Internal Revenue Code of 1986. The proceeds of the Series 2007 Bonds will be loaned to the Corporation pursuant to a Loan Agreement dated as of March 1, 2007 (the " <b>Loan Agreement</b> "), between the Authority and the Corporation to finance the costs described below under " <b>The Series 2007 Bonds.</b> " See " <b>THE CORPORATION</b> " herein.
<b>The Board</b>	The Board of Supervisors for the University of Louisiana System (the " <b>Board</b> ") is a public constitutional corporation and agency of the State whose responsibility is the supervision and management of State colleges and universities not managed by a separate higher education board created by the Louisiana Constitution. See " <b>THE BOARD</b> " herein.
<b>The Series 2007 Bonds</b>	The Authority will issue, in two series, \$7,755,000* aggregate principal amount of revenue bonds to be designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007" (the " <b>Series 2007 Bonds</b> "), for the purpose of providing funds (i) to finance a portion of the cost of construction of a new intermodal parking facility located on the campus of Southeastern Louisiana University (the " <b>University</b> ") in Tangipahoa Parish, Hammond, Louisiana (the " <b>Phase Four Facilities</b> "), (ii) to fund a deposit to the Debt Service Reserve Fund for the Series 2007 Bonds, and (iii) to pay the costs of issuing the Series 2007 Bonds.
<b>The Trustee</b>	The Bank of New York Trust Company, N.A., Jacksonville, Florida will act as trustee, bond registrar, and paying agent for the Series 2007 Bonds.
<b>The Bond Insurer</b>	Simultaneously with the issuance of the Series 2007 Bonds, MBIA Insurance Corporation, a New York domiciled stock insurance company, will issue its financial guaranty insurance policy (the " <b>Policy</b> ") relating to the Series 2007 Bonds. See " <b>MUNICIPAL BOND INSURANCE</b> " herein.

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\* Preliminary, subject to change

<b>The University</b>	The University is a member of the eight (8) member University of Louisiana System (the " <b>System</b> "). The System is governed by the Board. The University is a tax-supported, comprehensive regional university that is co-educational and is located in Tangipahoa Parish, Hammond, Louisiana.
<b>The Phase Four Facilities</b>	The Phase Four Facilities will consist of a new multi-level intermodal parking facility with approximately 450 parking spaces. See " <b>THE PHASE FOUR FACILITIES</b> " herein. The Phase Four Facilities will be owned by the Board. The land on which the Phase Four Facilities will be located will be leased to the Corporation by the Board pursuant to Part II of a Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by the First Amendment to Ground and Building Lease Agreement dated as of March 1, 2007 between the Board, as lessor, and the Corporation, as lessee (the " <b>Phase Four Ground Lease</b> "), and the Phase Four Facilities will be leased back to, and operated by, the Board pursuant to Part II of an Agreement to Lease With Option to Purchase dated as of August 1, 2004, as amended by the First Amendment to Agreement to Lease With Option to Purchase dated as of March 1, 2007 between the Corporation, as lessor, and the Board, as lessee (the " <b>Phase Four Facilities Lease</b> ").
<b>The Phase Four Ground Lease</b>	Pursuant to the Phase Four Ground Lease, the Board will lease the land on which the Phase Four Facilities and the Stadium Expansion (as hereinafter defined) will be located to the Corporation, for a term of forty (40) years. The rental payable under the Phase Four Ground Lease will be \$1.00 per year. See " <b>THE PHASE FOUR GROUND LEASE</b> " herein.
<b>The Phase Four Facilities Lease</b>	Pursuant to the Phase Four Facilities Lease, the Corporation will lease the Phase Four Facilities and the Stadium Expansion to the Board, for a term of forty (40) years. The rental payable under the Phase Four Facilities Lease will be equal to the amount of principal of and premium, if any, and interest on the Series 2007 Bonds, the amounts required to be deposited in the various funds or accounts established under the Indenture in accordance with the terms of the Indenture, and all other expenses arising out of or relating to the ownership or operation of the Phase Four Facilities or the issuance of the Series 2007 Bonds. <b>Payments by the Board under the Phase Four Facilities Lease will be subject to, and dependent upon, the designation of Phase Four Lawfully Available Funds by the Board in its budget process.</b> The Corporation's rights under the Phase Four Facilities Lease will be assigned to the Trustee as security for the payment of the Series 2007 Bonds. See " <b>THE PHASE FOUR FACILITIES LEASE</b> " herein.
<b>Outstanding Series 2004 Bonds</b>	The Series 2007 Bonds are being issued pursuant to the same approvals and as a supplement to a Trust Indenture dated as of August 1, 2004 by and between the Authority and the Trustee and are secured by the same leases as the \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, currently outstanding in the amount of \$60,985,000; (ii) the \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, currently outstanding in the amount of \$15,000,000 and (iii) the \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)

Series 2004C, currently outstanding in the amount of \$700,000 (collectively, the "*Series 2004 Bonds*").

The Series 2004 Bonds are payable from Lawfully Available Funds of the University, including Auxiliary Revenues, while the Series 2007 Bonds are payable from Phase Four Lawfully Available Funds, which consist of Auxiliary Revenues and Student Fee Revenues.

#### **Security for the Bondholders**

To secure the Corporation's obligations to the Authority to repay the moneys loaned to the Corporation pursuant to the Loan Agreement, the Corporation will execute and deliver to the Trustee an Assignment of Agreements and Documents (the "*Assignment*") dated as of March 1, 2007, pursuant to which the Corporation will grant to the Trustee a first priority security interest in the Corporation's rights in the leases and subleases affecting the Phase Four Land and/or the Phase Four Facilities, including, without limitation, the Phase Four Facilities Lease (collectively, the "*Leases*") and all revenues, rentals, and other sums due or becoming due to the Corporation under the Leases. As security for its obligations under the Series 2007 Bonds, the Authority will enter into the Indenture with the Trustee. Pursuant to the Indenture, the Authority will pledge to the Trustee its interest in the Loan Agreement. The sum of \$\_\_\_\_\_, the amount required for the amount in the Debt Service Reserve Fund created under the Indenture (the "*Debt Service Reserve Fund*") to equal the Debt Service Reserve Fund Requirement will be used to pay the debt service payments on the Series 2007 Bonds if insufficient funds are on deposit with the Trustee on the date such payments are due. See "**SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS**" and "**BONDHOLDERS' RISKS**" herein.

#### **Bondholders' Risks**

There are certain considerations relating to an investment in the Series 2007 Bonds that are set forth in the sections of this Official Statement, including the heading "**BONDHOLDERS' RISKS**," and that should be carefully reviewed by prospective purchasers of the Series 2007 Bonds. These considerations include the facts that (i) the Corporation's ability to generate revenues and make timely payment under the Loan Agreement, failure to do which may result in the Series 2007 Bonds not being paid or being paid before maturity or applicable redemption dates and which may result in forfeiture of redemption premiums, may be adversely affected by a wide variety of future events and conditions including a decline in the enrollment of the University, increased competition from other schools, loss of accreditation, failure to meet federal guidelines or some other event that results in students being ineligible for federal financial aid, and cost overruns in connection with the Phase Four Facilities or other capital improvements, (ii) the obligation of the Board on behalf of the University to pay rental to the Corporation under the Phase Four Facilities Lease is subject to, and dependent upon, the designation by the Board in its budget process of funds necessary to make payments of rental required under the Phase Four Facilities Lease, and if such amounts are not designated for such purpose, the Corporation may be unable to make timely payment under the Loan Agreement, (iii) the Board is obligated to make payments of Phase Four Base Rental sufficient to pay debt service on the Series 2007 Bonds under the Phase Four Facilities Lease solely from Phase Four Lawfully Available Funds. The ability of the Board to increase or assess new fees may require approval by the Louisiana Legislature or a vote of the student body of the University. The failure of the Board or the University to generate sufficient Auxiliary Revenues could affect the Board's ability to make payments of Base Rental sufficient to pay debt service on the Series 2007 Bonds and result in

a default under the terms of the Phase Four Facilities Lease, (iv) the Series 2007 Bonds constitute limited obligations of the Authority and the only significant sources of payment therefor are the deposits received by the Trustee pursuant to the Loan Agreement and, if such deposits prove insufficient, payments by the Bond Insurer pursuant to the Policy, (v) the Phase Four Facilities will be constructed to serve as student parking facilities and the special use nature of the Phase Four Facilities and the fact that the Phase Four Facilities are located on the campus of the University and the interest of the Corporation serving as collateral is in the nature of a leasehold interest and subject to the terms of the Phase Four Ground Lease may curtail its value as collateral, (vi) there are risks associated with the construction of the Phase Four Facilities, (vii) future clean-up costs with respect to the Phase Four Facilities could be imposed under environmental statutes and liens relating thereto may adversely affect the security for the owners of the Series 2007 Bonds, (viii) certain statutory provisions and interests and claims of others may impair the security interest of the Trustee in the revenues derived by the Corporation from its interest in the Phase Four Facilities, (ix) judicial actions may impair the remedies available to the Trustee and the owners of the Series 2007 Bonds under the Indenture, (x) interest on the Series 2007 Bonds could, in certain events, become includable in the gross income of the owners thereof and owners of the Series 2007 Bonds would be subject to adverse federal tax consequences, (xi) there can be no assurance that there will be a secondary market for the Series 2007 Bonds, (xii) Additional Phase Four Bonds (hereinafter defined) payable from the Trust Estate (hereinafter defined) on a parity with the Series 2007 Bonds may in the future dilute the security for the Series 2007 Bonds, (xiii) a change in the Corporation's or the University's status as a 501(c)(3) organization could cause interest on the Series 2007 Bonds to become includable in the gross income of the owners thereof, (xiv) if the Authority should fail to make payment of the principal of or interest on the Series 2007 Bonds when the same shall become due, any owner of Series 2007 Bonds will have recourse against the Bond Insurer for such payments, and if the Bond Insurer is unable to make payments of principal and interest on the Series 2007 Bonds, such Series 2007 Bonds will be payable solely from moneys received by the Trustee pursuant to the Indenture and the Loan Agreement, (xv) the Policy does not insure the principal of or interest on the Series 2007 Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor does it insure the payment of any redemption premium payable upon the Series 2007 Bonds, and under no circumstances, including the situation in which the interest on the Series 2007 Bonds becomes subject to federal or Louisiana income taxation for any reason, may the maturities of the Series 2007 Bonds be accelerated without the consent of the Bond Insurer, (xvi) so long as the Bond Insurer performs its obligations under the Policy (hereinafter defined), the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee under the Indenture, and (xvii) the obligations of the Bond Insurer under the Policy is a general obligation of the Bond Insurer and rank equally in priority of payment and in all other respects with all other unsecured obligations of the Bond Insurer, and in the event of insolvency of the Bond Insurer, the Owners of the Series 2007 Bonds would have to depend entirely on the ability of the Corporation to pay the principal of and interest on the Series 2007 Bonds. See "BONDHOLDERS' RISKS" herein.



**Tax Status of Interest**

Upon delivery of the Series 2007 Bonds, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, will render its opinion that, assuming continuing compliance with certain covenants designed to satisfy the applicable requirements of the Code, and subject to the matters discussed under the caption “**TAX EXEMPTION**” herein, under the law existing on the date thereof, interest on the Series 2007 Bonds will (i) be excludable from gross income of the beneficial owners thereof for federal income tax purposes and (ii) will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code, but such interest will be includable in adjusted current earnings in computing the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, pursuant to the Act, the Series 2007 Bonds together with interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State of Louisiana taxes and local taxes. See “**TAX EXEMPTION**” herein.

**Continuing Disclosure**

The Board will agree to provide such information as may be required by the provisions of Rule 15c2-12 (“**Rule 15c2-12**”) promulgated by the Securities and Exchange Commission, and neither the Corporation, the Trustee, nor the Authority will undertake any responsibility with respect to continuing disclosure under Rule 15c2-12.

**General**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Official Statement in final form will be deposited with the Municipal Securities Rulemaking Board, 1818 N Street, N.W., Suite 800, Washington, D.C. 20036-2491. Copies of the Official Statement and other relevant documents and information regarding the documents are available upon request from the Underwriter prior to the issuance and delivery of the Series 2007 Bonds and from the Trustee after the issuance and delivery of the Series 2007 Bonds. The Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Series 2007 Bonds, the Authority, and the Corporation and other information pertinent to this issue.

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## OFFICIAL STATEMENT

**\$5,255,000\***

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS  
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING /  
UNIVERSITY FACILITIES, INC.: PHASE FOUR PARKING PROJECT)  
SERIES 2007A**

AND

**\$2,500,000\***

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS  
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING /  
UNIVERSITY FACILITIES, INC.: PHASE FOUR PARKING PROJECT)  
SERIES 2007B**

### INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, furnishes certain information in connection with the sale by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") of \$5,255,000\* in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "**Series 2007A Bonds**") and \$2,500,000\* in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "**Series 2007B Bonds**") and, together with the Series 2007A Bonds, the "**Series 2007 Bonds**") to be issued by the Authority pursuant to a Trust Indenture dated as of March 1, 2007, between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "**Trustee**") (the "**Indenture**") for the purpose of providing funds (i) to finance a portion of the cost of the construction of a new intermodal parking facility, located on the campus of Southeastern Louisiana University (the "**University**") in Tangipahoa Parish, Hammond, Louisiana (the "**Phase Four Facilities**"), (ii) to fund a deposit to the Debt Service Reserve Fund for the Series 2007 Bonds, and (iii) to pay the costs of issuing the Series 2007 Bonds. **Definitions of certain terms used in this Official Statement are set forth in APPENDIX "B" hereto.**

The land on which the Phase Four Facilities will be constructed (the "**Phase Four Land**") will be leased to University Facilities, Inc. (the "**Corporation**"), a nonprofit corporation organized under the laws of the State of Louisiana (the "**State**") for the benefit of the University pursuant to Part II of a Ground and Buildings Lease Agreement dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "**Board**"), as lessor, and the Corporation, as lessee, as amended by a First Amendment to Ground and Buildings Lease Agreement dated as of March 1, 2007 (the "**Phase Four Ground Lease**"), and the Phase Four Facilities will be leased back to, and operated by, the Board pursuant to Part II of an Agreement to Lease With Option to Purchase between the Corporation, as lessor, and the Board, as lessee, dated as of August 1, 2004, as amended by a First Amendment to Agreement to Lease With Option to Purchase dated as of March 1, 2007 (the "**Phase Four Facilities Lease**"). The Authority will lend the proceeds of the Series 2007 Bonds to the Corporation pursuant to a Loan Agreement dated as of March 1, 2007, between the Authority and the Corporation (the "**Loan Agreement**"). The Corporation will be obligated pursuant to the Loan Agreement to pay to the Authority such loan payments as will always be sufficient to pay the principal of, premium, if any, and interest on the Series 2007 Bonds, as the same mature and become due, and under the Loan Agreement, it will be the obligation of the Corporation to pay all expenses of operating and maintaining the Phase Four Facilities in good repair, to keep them properly insured, and to pay all taxes, assessments, and other charges levied or assessed against or with respect to the Phase Four Facilities. The Board will obligate itself pursuant to the Phase Four Facilities Lease to fulfill the obligations of the Corporation pursuant to the Loan Agreement to pay all expenses of operating and maintaining the Phase Four Facilities in good repair, to keep them properly insured, and to pay all taxes, assessments and other charges levied or assessed against or with respect to the Phase Four Facilities.

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\* Preliminary, subject to change.

The Authority, pursuant to the Indenture, will pledge to the Trustee its interest in the Loan Agreement (except for rights relating to exculpation, indemnification, and payment of expenses thereunder). See "SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS" herein.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the Corporation, the Bond Insurer, the Board, the University, the Phase Four Facilities, the Series 2007 Bonds, the Loan Agreement, the Phase Four Ground Lease, the Phase Four Facilities Lease, and the Indenture. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Phase Four Ground Lease, the Phase Four Facilities Lease, the Loan Agreement, and the Indenture are qualified in their entirety by reference to such documents, and references herein to the Series 2007 Bonds are qualified in their entirety to the forms thereof included in the Indenture.

#### THE AUTHORITY

The Authority is a political subdivision created and existing under the laws of the State of Louisiana (the "State") pursuant to the provisions of the laws of the State, including the Act. Any political subdivision, the State, or agency of the State may participate as a member of the Authority by adopting a resolution indicating its intention to do so. The Authority is governed by its Board of Directors, whose membership is limited to those members of the Authority whose governing authorities have previously adopted a resolution indicating their membership in the Authority. Each member appoints a director to the Board of Directors of the Authority in accordance with the Act. Directors are appointed to serve four (4)-year terms and may be removed for just cause by the Board of Directors. Officers of the Authority are elected by and from the ranks of the members of the Board of Directors and consist of a Chairman, Vice-Chairman and Secretary-Treasurer. Officers serve two (2)-year terms and may not be re-elected for successive terms in any one office; however, officers may be elected to another office, but, in no event may a person serve more than two (2) terms in a particular office. The Authority is authorized to issue the Series 2007 Bonds, to finance the costs of the Phase Four Facilities and to secure the Series 2007 Bonds by an assignment of the payments to be received under the Loan Agreement. In order to accomplish the foregoing, the Authority is authorized to enter into and/or accept delivery of the Indenture and the Loan Agreement.

Pursuant to the Authority's bylaws, the Board of Directors has established an Executive Committee and delegated certain duties and authorities of the Board of Directors to the Executive Committee in accordance with the Act, including the authority to approve "Authorized Projects" (as defined in the Act) and authorize the issuance of bonds by the Authority. The Executive Committee consists of seven (7) members, three of whom are the Chairman, the Vice-Chairman, and the Secretary-Treasurer of the Authority. The Chairman, the Vice-Chairman, and the Secretary-Treasurer serve on the Executive Committee as *ex officio* members for as long as they remain officers of the Board of Directors. The four at-large members of the Executive Committee serve staggered four (4) year terms. A member of the Executive Committee may be removed by the Board of Directors for just cause at any special or emergency meeting called for that purpose. The Executive Committee is required to make an annual report to the Board of Directors at its annual meeting.

Pursuant to the Act, the Authority's bylaws, a preliminary resolution adopted by the Authority on February 12, 2004, and resolutions adopted by the Authority on May 13, 2004 and October 12, 2006, the Authority has duly authorized the issuance of the Series 2007 Bonds and the execution, delivery, and performance of the Indenture and the Loan Agreement.

EXCEPT FOR INFORMATION CONCERNING THE AUTHORITY IN THE SECTIONS HEREOF CAPTIONED "THE AUTHORITY" AND "LITIGATION - The Authority," NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY, AND THE AUTHORITY MAKES NO REPRESENTATIONS OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH OTHER INFORMATION.

The Series 2007 Bonds will be limited obligations of the Authority as described under the caption "THE SERIES 2007 BONDS – Series 2007 Bonds Are Limited Obligations" herein.

## THE PHASE FOUR FACILITIES

The Phase Four Facilities consist of an intermodal parking facility with approximately 450 vehicular parking spaces, shuttle-waiting area, bike racks, concession area, restrooms, and appropriate circulation spaces for elevators and stairs. It will contain four parking levels containing 154,000 square feet. Pursuant to the Phase Four Facilities Lease, the Board will also make a cash contribution toward the cost of the Phase Four Facilities of \$625,000 from accumulated Student Fee Revenues.

The construction of the Phase Four Facilities will occur pursuant to the same construction contract as certain improvements to Strawberry Stadium (the "*Stadium Expansion*"). Because of the proximity of the two (2) projects, it is financially beneficial for the two (2) projects to have a shared design team and general contractor. However, in no event will the proceeds of the Series 2007 Bonds be used for the Stadium Expansion. It is anticipated that the Stadium Expansion will be financed from: (i) a cash contribution made by the Board pursuant to the Phase Four Facilities Lease in an amount not to exceed \$4,545,000, generated from the sale of property donated to the University and (ii) a cash contribution of \$600,000 from the Corporation.

## THE BOARD

### General

The Board is a public constitutional corporation and agency of the State whose responsibility is the supervision and management of State colleges and universities not managed by a separate higher education board created by the Louisiana Constitution. The colleges and universities supervised by the Board are the following: Grambling State University, Grambling, Louisiana; Louisiana Tech University, Ruston, Louisiana; McNeese State University, Lake Charles, Louisiana; Nicholls State University, Thibodaux, Louisiana; Northwestern State University, Natchitoches, Louisiana; Southeastern Louisiana University, Hammond, Louisiana; University of Louisiana at Lafayette, Lafayette, Louisiana; and University of Louisiana at Monroe, Monroe, Louisiana.

The Board adopted resolutions on December 5, 2003, June 25, 2004 and August 25, 2006, authorizing the development of the Phase Four Facilities and the execution of the Phase Four Ground Lease and the Phase Four Facilities Lease.

### Membership

The Board is governed by a sixteen (16)-member Board of Trustees. Members are appointed by the Governor and serve six-year overlapping terms (except for the student member whose term is one year) or until their successors are appointed, whichever occurs later. There are two members from each congressional district, one at-large member and one student member. The current Board members are as follows:

<u>Name and Address</u>	<u>Profession/Occupation</u>
Mr. Paul G. Aucoin	Attorney
Mrs. Elsie P. Burkhalter	Educator/Administrator St. Tammany School System
Mr. Victor Bussie	Retired
Mr. Andre G. Coudrain	Attorney Cashe, Lewis, Moody & Coudrain
Dr. Mildred G. Gallot	Retired
Mr. Robert T. Hale	President Lee-Dee Wholesale Distributors

Mr. Jeffrey S. Jenkins	Vice President of Special Projects The Shaw Group
Mr. Jimmy D. Long, Sr.	Retired State Legislator
Mr. D. Wayne Parker	Retired
Mr. Gordon A. Pugh	Attorney Breazeale, Sachse & Wilson, L.L.P.
Dr. Clyde L. Rougeou	Owner Family and Cosmetic Dentistry
Mr. Winfred F. Sibille	Retired Educator
Dr. Eunice W. Smith	Retired Educator
Ms. Renee A. Lapeyrolerie	Public Information Officer/Press Secretary Orleans Parish Criminal Sheriff's Office/ Criminal Sheriff Marlin N. Gusman
Mr. Aron Walker, III	Student Representative
Mr. Michael H. Woods	President Woods Operating Company

#### **Administrative Officers**

The senior administrative officers of the University of Louisiana Systems are as follows:

##### **Dr. Sally Clausen, President**

Dr. Clausen was appointed as President of the University of Louisiana System in July, 2001. Dr. Clausen began her professional career as a classroom teacher for the East Baton Rouge Parish School System in 1968. She has since served the State of Louisiana and its citizens as Louisiana Deputy Commissioner of Administration, Louisiana Commissioner of Higher Education, the Assistant Dean of Students at Southeastern Louisiana University and the Louisiana Secretary of Education. Prior to being appointed as President of the University of Louisiana System, Dr. Clausen was President of Southeastern Louisiana University in Hammond, Louisiana ("*Southeastern*"). Under her leadership, Southeastern had one of the fastest growing enrollments in the country, now exceeding 15,000 students. During her presidency at Southeastern, faculty and staff salaries increased 30%, African-American enrollment rose 68% and international enrollment grew by 48%.

Dr. Clausen received a Bachelor of Science in Education, a Masters of Education and her doctorate from Louisiana State University and Agricultural and Mechanical College.

##### **Dr. Nick Bruno, Vice President for Operations and Facilities**

Dr. Bruno has served as Vice President for Operations and Facilities for the University of Louisiana System since July, 2005. Prior to that time, he served as Vice President for Business Affairs for the University of Louisiana at Monroe. He received his accounting degree and an MBA from Southeastern Louisiana University and his PhD from the University of Mississippi.

##### **Mr. J. Douglas Lee, Assistant Vice President for Facilities Planning and Capital Development**

Mr. J. Douglas Lee has served as Assistant Vice President for Facilities Planning and Capital Development for the University of Louisiana System since October, 1998. Prior to that time he served in various assistant director positions with Louisiana State University and Agricultural and Mechanical College ("*LSU*"), beginning in May

1979. At LSU, he served as Assistant Director of Campus/Facilities Planning and Space Management from 1982 to 1998. He received his Bachelor of Science degree from Northeast Louisiana University (now known as University of Louisiana at Monroe) and his Master of Business Administration degree from the University of North Florida.

The address of the University of Louisiana System is 1201 North Third Street, Suite 7-300, Baton Rouge, Louisiana 70802.

#### **THE CORPORATION**

The Corporation is a Louisiana nonprofit corporation created exclusively to promote, assist, and benefit the educational, scientific, research, and public service mission of the University by engaging in any lawful activity in which a nonprofit corporation meeting the requirements of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*") may participate. The business affairs of the Corporation are administered by a Board of three (3) of Directors, who also comprise the entire membership of the Corporation. Officers of the Corporation are the Chairperson, Vice Chairperson, and Secretary-Treasurer. Information concerning the members of the Board of Directors of the Corporation is set forth below.

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Employment</u>
Stephen M. Smith	Chairperson and President	June 30, 2007	Vice President of Finance and Administration of the University
Phil K. Livingston	Vice Chairperson	June 30, 2009	Banking Officer-AmSouth Bank (Retired)
Jack Gautier	Member	June 30, 2008	Banking Officer-AmSouth Bank (Retired)

Management of the Corporation has been delegated to Joseph Morris, Executive Director/Secretary Treasurer, 8 White Drive, Hammond, Louisiana 70401. See "CONFLICTS OF INTEREST; RELATIONSHIPS" herein.

In accordance with its Articles of Incorporation, the Corporation may specifically engage in acquiring, constructing, developing, managing, leasing, mortgaging, or conveying student housing and other facilities on the campus of the University.

#### **THE SERIES 2007 BONDS**

##### **General Provisions**

The Series 2007 Bonds will be issued pursuant to the Indenture in fully registered form without coupons in book-entry only form. So long as Cede & Co., as nominee of The Depository Trust Company, New York, New York, ("*DTC*"), is the registered owner of the Series 2007 Bonds, references herein to the Bondholders or registered owners of the Series 2007 Bonds mean Cede & Co. and not the beneficial owners of the Series 2007 Bonds. See "**Book-Entry Only System**" below. The Series 2007 Bonds will be issued in denominations of \$5,000 and any multiple thereof. The Series 2007 Bonds will bear interest at the rates shown on the cover hereof. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) thirty (30) day months apportioned for partial months.

##### **Payments of Principal and Interest**

The Series 2007A Bonds will be issued in the aggregate principal amount of \$5,255,000\*, will be dated their date of delivery, and will mature on February 1 of the years 2008 through 2031 subject to earlier redemption as stated herein..

The Series 2007B Bonds will be issued in the aggregate principal amount of \$2,500,000\*, will be dated their date of delivery, and will mature on February 1, 2037 subject to earlier redemption as stated herein.

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\* Preliminary, subject to change

The payment of principal of and premium, if any, on the Series 2007 Bonds will be payable to the registered owners thereof upon surrender of the Series 2007 Bonds at the principal corporate trust office of the Trustee. Interest on the Series 2007 Bonds, when due and payable, shall be paid by check or draft mailed by the Trustee to each person in whose name a Series 2007 Bond is registered, at the address(es) as they appear on the Bond Register maintained by the Trustee at the close of business on the applicable Record Date irrespective of any transfer or exchange of the Series 2007 Bonds subsequent to such Record Date and prior to such Phase Four Interest Payment Date. Owners of \$1,000,000 or more in aggregate principal amount of Series 2007 Bonds may request payment by wire transfer if such owners have requested payment in writing to the Trustee no later than a Record Date. Such request shall be irrevocable until a new request is delivered not later than a Record Date. Payment of interest shall be made in such coin or currency of the United States as is legal tender for payment of public and private debts at the time payment is made.

Any installment of interest or principal payable on any Series 2007 Bonds that is punctually paid or duly provided for by the Authority on the applicable payment date or redemption date will be paid to the person in whose name such Series 2007 Bond (or predecessor bond) is registered on the Record Date for such payment date by check or draft mailed to such person's address as it appears in the Bond Register on such Record Date, except that the final installment of principal payable with respect to such Series 2007 Bond (or the redemption price for any Series 2007 Bond called for redemption in full) will be payable upon presentation and surrender of the Series 2007 Bond on or after the payment date or redemption date thereof at the corporate trust office of the Trustee.

All reductions in the principal amount of a Series 2007 Bond effected by payments of installments of principal made on any payment date or redemption date will be binding upon all registered owners of that Series 2007 Bond and of any Series 2007 Bond issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Series 2007 Bond.

Should the Series 2007 Bonds cease to be book entry only, Series 2007 Bonds may be transferred or exchanged at the principal office of the Trustee. For every exchange or transfer of any Series 2007 Bond, the Authority or the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Trustee will not be required to register the transfer or exchange of (a) any Series 2007 Bond during the fifteen (15) day period next preceding the selection of Series 2007 Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2007 Bonds selected for redemption, or (b) any Series 2007 Bonds selected, called, or being called for redemption in whole or in part, except in the case of any Series 2007 Bond to be redeemed in part, the portion thereof not so to be redeemed.

If any Series 2007 Bond is mutilated, lost, stolen, or destroyed, the Indenture will provide that the Authority may execute and the Trustee will be required to authenticate a replacement Series 2007 Bond or Series 2007 Bonds of the same tenor and principal amount, as the case may be. In the case of a lost, stolen, or destroyed Series 2007 Bond, the Authority and the Trustee may require satisfactory evidence of the ownership of and the circumstances of the loss, destruction, or theft of such Series 2007 Bond and may require satisfactory indemnification prior to executing and authenticating a new Series 2007 Bond. The Authority and the Trustee may charge the owners of the Series 2007 Bonds for their reasonable fees and expenses in connection with replacing mutilated, lost, stolen, or destroyed Series 2007 Bonds.

## **Redemption Prior to Maturity**

### ***Optional Redemption.***

The Series 2007A Bonds maturing on and after February 1, 2018, will be subject to redemption prior to maturity, at the option of the Authority, upon written direction from the Board Representative, on or after February 1, 2017, as a whole or in part at any time and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.



The Series 2007B Bonds maturing on and after February 1, 2010, will be subject to redemption prior to maturity, at the option of the Authority, upon written direction from the Board, on or after February 1, 2009, as a whole or in part on any Interest Payment Date and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

**Extraordinary Redemption.** The Series 2007 Bonds will be subject to redemption in part at the option of the Authority, upon written directions from the Board Representative, on any Interest Payment Date from amounts transferred by the Trustee from the Project Fund to the Principal Account of the Debt Service Fund upon completion of construction of the Phase Four Facilities in accordance with the Indenture, the Series 2007 Bonds to be redeemed to be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption.

**Mandatory Redemption.** If the Board shall purchase the Corporation's leasehold interest in the Phase Four Facilities pursuant to the provisions of the Phase Four Facilities Lease, the Series 2007 Bonds will be redeemed as a whole on the later of (a) February 1, 2017, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2007 Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2007 Bonds will be redeemed as a whole or in part (in any Authorized Denomination) on the first Phase Four Interest Payment Date at least thirty (30) days after the Trustee receives notice that insurance proceeds, or proceeds derived as a result of Phase Four Expropriation proceedings with respect to the Phase Four Facilities will not be applied to restoration, repair, or reconstruction of the Phase Four Facilities at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds or Phase Four Expropriation proceeds not used for restoration, repair, or reconstruction. If the amount of any insurance proceeds or Phase Four Expropriation proceeds to be applied in redemption of the Series 2007 Bonds is not an Authorized Denomination, the principal amount of Series 2007 Bonds to be so redeemed will be decreased to the next lower Authorized Denomination.

**Mandatory Sinking Fund Redemption.** The Series 2007A Bonds maturing on February 1, 2027\* will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007A Bonds  
\$2,380,000 Term Bonds due February 1, 2027\***

<b>Redemption Date</b>	<b>Principal Amount</b>
<b><u>February 1</u></b>	
2018	\$190,000
2019	200,000
2020	210,000
2021	220,000
2022	230,000
2023	240,000
2024	255,000
2025	265,000
2026	280,000
2027	290,000

+Final Maturity

\* Preliminary, subject to change

The Series 2007A Bonds maturing on February 1, 2031\* will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007A Bonds**  
**\$1,320,000 Term Bonds due February 1, 2031\***

<b>Redemption Date</b> <b><u>February 1</u></b>	<b>Principal</b> <b><u>Amount</u></b>
2028	\$305,000
2029	320,000
2030	340,000
2031	355,000+

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+Final Maturity

The Series 2007B Bonds maturing on February 1, 2037\* will be subject to mandatory redemption and payment on a *pro rata* basis prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007B Bonds**  
**\$2,500,000 Term Bonds due February 1, 2037\***

<b>Redemption Date</b> <b><u>February 1</u></b>	<b>Principal</b> <b><u>Amount</u></b>
2032	370,000
2033	390,000
2034	405,000
2035	425,000
2036	445,000
2037	465,000+

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+Final Maturity

If on any occasion less than all of the Series 2007 Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described above under the subheadings “**Optional Redemption**” or “**Mandatory Redemption**,” then the principal amount of the Series 2007 Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

**Partial Redemption of Series 2007 Bonds**

Unless otherwise specified above, if fewer than all of the Series 2007 Bonds are redeemed, the maturity of the Series 2007 Bonds to be redeemed will be designated by the Corporation on behalf of the Board and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, that the portion of any Series 2007 Bond to be redeemed will be in the principal amount of an Authorized Denomination. If a portion of a Series 2007 Bond is redeemed, a new Series 2007 Bond in a principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

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\* Preliminary, subject to change

## **Notice of Redemption**

In the case of a redemption other than by mandatory sinking fund redemption, at least thirty (30) days prior to any date fixed for redemption of Series 2007 Bonds, the Trustee will be required to cause notice of redemption, signed by an authorized officer of the Trustee, to be mailed, postage prepaid to all Bondholders of record owning Series 2007 Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register. Any defect in mailing of any notice will not affect the validity of the proceedings for such redemption. Each notice will be required to set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2007 Bonds then outstanding shall be called for redemption, the numbers of such Series 2007 Bonds to be redeemed and, in the case of Series 2007 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case of partial redemption, the notice will be required to state that on and after the redemption date, upon surrender of such Series 2007 Bond, a new Series 2007 Bond in principal amount equal to the unredeemed portion will be issued.

Any notice of redemption may, at the direction of the Authority upon the written request of the Board, state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of sufficient and legally available funds to pay the redemption price of the Series 2007 Bonds to be redeemed and that if such funds are not so received or are not so legally available such notice shall be of no force or effect and such Series 2007 Bonds will not be required to be redeemed. In the event that such notice contains such a condition and sufficient funds to pay the redemption price of such Series 2007 Bonds shall not be received by the Trustee on or prior to the redemption date, the redemption will not be made and the Trustee will be required, within a reasonable time thereafter, to give notice, in the manner in which the notice of redemption shall have been given, that such funds were not so received.

On the redemption date, notice thereof having been given and money for payment of the redemption price being held in the Debt Service Fund in trust for the owners of the Series 2007 Bonds to be redeemed, the Series 2007 Bonds so called for redemption will become due and payable at the redemption price on such date, interest on the Series 2007 Bonds called for redemption will cease to accrue, such Series 2007 Bonds will cease to be entitled to any benefit or security under the Indenture, and the owners will have no rights in respect thereof except to receive payment of the redemption price, and, in the case of a partial redemption, to receive a new Series 2007 Bond for any unredeemed portion of any Series 2007 Bonds.

Series 2007 Bonds and portions thereof duly called for redemption, or with respect to which irrevocable instructions for redemption shall have been given to the Trustee, and for the payment of the redemption price for which moneys, or Defeasance Obligations, shall be held by the Trustee in a segregated account for the owners of the Series 2007 Bonds to be redeemed, will not thereafter be deemed to be outstanding under the provisions of the Indenture and shall cease to be entitled to any security or benefit under the Indenture, other than to receive payment from such moneys.

## **Additional Phase Four Bonds**

No bonds, notes or other obligations secured by Phase Four Lawfully Available Funds may be issued except as Additional Phase Four Bonds. Additional Phase Four Bonds may be issued which will be on a parity with the Series 2007 Bonds only as and to the extent authorized and described below, provided that, at the time of issuance thereof, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing. The issuance of Additional Phase Four Bonds is permitted as follows:

(a) Additional Phase Four Bonds may be issued with the prior approval of the Bond Insurer but without the need for prior approval of the Bondholders.

(b) Bonds issued to refund any Phase Four Bonds in their entirety may be issued without the need for prior approval of the Bondholders or the Bond Insurer.

## **Book-Entry Only System**

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for the Series 2007 Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2007 Bonds, except in the event that use of the book-entry system for the Series 2007 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2007 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2007 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2007 Bonds may wish to ascertain that the nominee holding the Series 2007 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2007 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2007 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2007 Bonds purchased or tendered, through its Participant, to Remarketing Agent, and shall effect delivery of such Series 2007 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2007 Bonds, on DTC's records, to Remarketing Agent. The requirement for physical delivery of Series 2007 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2007 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2007 Bonds to Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2007 Bonds at any time by giving reasonable notice to the Authority or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2007 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

*Notwithstanding any other provision described herein or contained in the Indenture to the contrary, so long as any Series 2007 Bond is registered in the name of the nominee of DTC, all payments with respect to the principal of and interest on such Series 2007 Bond will be made and given, respectively, to the nominee or DTC in the manner provided in the Blanket Letter of Representation entered into between DTC and the Authority.*

In connection with any notice or communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority, or the Trustee, as the case may be, will establish a record date for such consent or other action and give

the nominee or DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

**NEITHER THE AUTHORITY, THE CORPORATION, THE BOARD, THE UNIVERSITY, NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATIONS TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2007 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2007 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS REGISTERED BONDHOLDER.**

#### **Series 2007 Bonds Are Limited Obligations**

**THE SERIES 2007 BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY, EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE SERIES 2007 BONDS AND TEMPORARY INVESTMENTS THEREOF, FROM PAYMENTS DERIVED BY THE AUTHORITY UNDER THE LOAN AGREEMENT, FROM THE ASSETS AND INTERESTS PLEDGED UNDER THE ASSIGNMENT, AND FROM THE BOND INSURANCE POLICY. THE SERIES 2007 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2007 BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO POWER TO TAX.**

#### **Payment Procedure Pursuant to the Policy**

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Series 2007 Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2007 Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Bond Insurer or its designee.

C. In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Series 2007 Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Series 2007 Bonds as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Series 2007 Bonds, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the "*Insurance Paying Agent*"), in form satisfactory to the Insurance Paying Agent/Trustee, an instrument appointing the Bond Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Bond Insurer of the claims for

interest to which such deficiency relates and which are paid by the Bond Insurer, (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Series 2007 Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Bond Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Series 2007 Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

E. Payments with respect to claims for interest on and principal of Series 2007 Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Authority with respect to such Series 2007 Bonds, and the Bond Insurer shall become the owner of such unpaid Series 2007 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

#### **DESIGN-BUILD**

A Request for Proposals for a Design/Build Team for construction of the Phase Four Facilities and the Stadium Expansion was advertised with proposals due on January 26, 2006. A committee reviewed the proposals and invited four (4) Design/Build Teams to make oral presentations to the evaluation committee on February 9, 2006. Staff members of the Board of Regents, the University of Louisiana System, and the State Office of Facility Planning and Control were also at the presentations and provided input during the selection process. The team of Brice Building /Fauntleroy & Latham Architects was selected as the Design/Build Team with the support of Heery International and Schrenk and Peterson Engineers, Inc.

#### **SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS**

The Series 2007 Bonds are payable solely from Phase Four Lawfully Available Funds of the University, which include Student Fee Revenues and Auxiliary Revenues.

The State, through the Division of Administration, is not, at any time whatsoever, obligated, committed or required to provide funds by legislative appropriation or any other means to pay debt service on the Series 2007 Bonds or to support the continued operation and maintenance of the Phase Four Facilities, it being understood that the lease payments payable by the Board under the Phase Four Facilities Lease are payable solely from Student Fee Revenues and Auxiliary Revenues as provided herein and the Board is not legally committed, obligated or required to make available any other funds to make the lease payments thereunder.

#### **Student Parking Fee**

Effective as of Spring 2006, a student parking fee is being assessed by the University on all students for the planning, building and maintaining of a University parking garage. The referendum for the fee of \$20.00 per semester and \$10.00 each summer was voted on by students at the University on October 24-26, 2005. The referendum passed, with the final outcome of the vote of 1,010 for and 823 against. The student fee, which is expected to generate approximately \$625,000 in annual revenue (the "*Student Fee Revenues*"), based on Fall 2006 enrollment, will stay in effect for the expected 30-year life of the Series 2007 Bonds. Estimated debt service on the Series 2007 Bonds is approximately \$480,000 a year. The Student Fee Revenues will be used by the Board to assist in the payment of Phase Four Rental to the Corporation under the Phase Four Facilities Lease and used by the Corporation to pay debt service on the Series 2007 Bonds. The fund balance in the University's student parking fee fund as of February 1, 2007 was approximately \$920,000.

**Pro-forma Debt Service Coverage – Student Fee Revenues**

The Phase Four Facilities Lease will require the Board to make Rental Payments from Phase Four Lawfully Available Funds, which include Auxiliary Revenues and Student Fee Revenues, however, as a practical matter the Student Fee Revenues will be the primary source for Rental Payments. The following presentation shows, on a pro-forma basis, the University’s estimated Student Fee Revenues and Debt Service Reserve Fund earnings for fiscal year 2006-2007 available for Rental payments under the Phase Four Facilities Lease to satisfy aggregate debt service requirements on the Series 2007 Bonds.

	<u>Fiscal Year 2006-2007</u>
Estimated Annual Student Fee Revenues	\$625,000
Estimated Debt Service Reserve Fund Earnings	<u>\$21,900</u>
Available for Debt Service	\$646,900
Projected Maximum Annual Debt Service	\$487,050
Pro-Forma Coverage of Phase Four Rental Payment	1.328x

**Auxiliary Revenues**

Auxiliary Revenues are the funds or revenues held by the University derived by its Auxiliary Enterprises and any earnings thereof from the self generated fees, rates, charges or income received by students, faculty or the public in connection with the utilization or operation of Auxiliary Enterprises after payment of any auxiliary expenses. The Auxiliary Enterprises of the University currently include the following, subject to modification from time to time: 1) student service fees for the operation of the University’s textbook rental, ID card services, Student Health Center and Student Union, 2) certain commissions received from Food Service contractors, retail Bookstore operations and vending operations and 3) the sales of copying services. From time to time, Auxiliary Revenues may also include the sales of services for the enterprises listed above. Auxiliary Revenues shall not include student fees specifically assessed by the University to service any outstanding obligations or any capital funds received by outside contractors required to make building improvements for their delivery of services. **Auxiliary Revenues shall not include funds appropriated to the Board or the University by the Legislature of the State from time to time.** See "Auxiliary Financial Operations" herein.

**Auxiliary Revenues, Expenditures and Fund Balance**

The following table shows the total Auxiliary Revenues and the relative contribution of each Auxiliary Enterprise, the total Auxiliary Expenses and the beginning and ending Auxiliary Fund balance for Fiscal Years 2003-2004 to 2005-2006.

	<u>Fiscal Year</u> <u>June 30,2004</u>		<u>Fiscal Year</u> <u>June 30,2005</u>		<u>Fiscal Year</u> <u>June 30,2006</u>	
University Auxiliary Services Revenue						
Textbook Rental	2,236,019	24.40%	2,780,635	35.56%	3,505,028	40.18%
ID Card Operation	647,711	7.07%	771,083	9.86%	708,276	8.12%
Health Center Services Fee	521,010	5.69%	521,358	6.67%	516,613	5.92%
Student Union Services Fee	656,866	7.17%	616,055	7.88%	622,382	7.13%
Food Service-Aramark	408,713	4.46%	446,260	5.71%	433,221	4.97%
Housing Services	4,446,562	48.52%	2,416,057	30.90%	2,704,816	31.00%
Auxiliary Services	136,998	1.49%	157,609	2.02%	124,020	1.42%
Coke Sponsorship Agreement	110,000	<u>1.20%</u>	110,000	<u>1.41%</u>	110,000	<u>1.26%</u>
Total Auxiliary Services Revenue	<u>9,163,879</u>	<u>100.00%</u>	<u>7,819,057</u>	<u>100.00%</u>	<u>8,724,356</u>	<u>100.00%</u>
Auxiliary Expenditures (w/o Non-Mandatory Transfers)	(8,851,191)		(7,244,611)		(7,863,798)	
Pledged Funds Available from Auxiliary Revenues	312,688		574,446		860,558	
Non Mandatory Transfers to Other Funds & Repair and Replacement	(509,938)		(315,064)		(1,134,523)	
Fund Balance-Increase/(Decrease)	<u>(197,250)</u>		<u>259,382</u>		<u>(273,965)</u>	



### **Extraordinary Lease Payments**

The University has applied for a grant from the Federal Transit Administration (the "*FTA Grant*") to fund a portion of the Phase Four Facilities. The University received word in August, 2005 that funding for the Phase Four Facilities was included in the federal transportation bill in the amount of \$2,167,200. It is expected that the FTA Grant will be funded over a four (4) year period in accordance with the following schedule:

<u>Federal Fiscal Year</u>	<u>Amount</u>
10/1/2005 - 9/30/2006	\$338,456
10/1/2006 - 9/30/2007	\$490,128
10/1/2007 - 9/30/2008	\$593,472
10/1/2008 - 9/30/2009	\$745,144

**It is expected that if and when the FTA Grant moneys are received by the University, the Series 2007B Bonds will be redeemed in amounts that correlate to such moneys. A portion of the Series 2007B Bonds may also be redeemed with excess Student Fee Revenues, if any.**

In the Phase Four Facilities Lease, the Board will covenant to make an extraordinary Phase Four Rental payment to fund a portion of the cost of the Phase Four Facilities in an approximate amount of \$625,000 from accumulated Student Fee Revenues. In addition, the Board anticipates making an extraordinary Phase Four Rental payment to fund the Stadium Expansion in an amount not to exceed \$4,545,000 from the proceeds of the sale of land donated to the University.

### **Trust Estate**

The Series 2007 Bonds are special limited obligations of the Authority payable from the Trust Estate held for the benefit of the Bondholders pursuant to the Indenture. The Series 2007 Bonds are not payable from any other revenues, funds, or assets of the Authority. The Trust Estate will include: (i) all right, title, and interest of the Authority in, to and under the Loan Agreement and (ii) moneys held in funds and accounts (other than the Rebate Fund) established pursuant to the Indenture. The obligation of the Board to make rental payments under the Phase Four Facilities Lease is subject to, and dependent upon, the University's budgeting and appropriating funds necessary to make payments required under the Phase Four Facilities Lease. Any discussion in this Official Statement concerning the Trust Estate or any other source of payment for the Series 2007 Bonds should be construed with respect to any particular Series 2007 Bond to be limited to the extent described in this paragraph. The Trustee has no authority to extend the time for any Payment of principal, premium, or interest without the prior written consent of or authorization of the owners of the Series 2007 Bonds so affected.

### **Limitation of Authority's Obligations**

THE SERIES 2007 BONDS ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE AUTHORITY, AND DO NOT CONSTITUTE OR CREATE AN OBLIGATION, GENERAL OR SPECIAL, DEBT, LIABILITY OR MORAL OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS WHATSOEVER AND NEITHER THE FAITH OR CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2007 BONDS. THE SERIES 2007 BONDS ARE NOT A GENERAL OBLIGATION OF THE AUTHORITY (WHICH HAS NO TAXING POWER AND RECEIVES NO FUNDS FROM ANY GOVERNMENTAL BODY) BUT ARE A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE, INCLUDING, WITHOUT LIMITATION, THE INCOME, REVENUES AND RECEIPTS DERIVED OR TO BE DERIVED FROM PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT AND FROM ANY MONEYS RECEIVED BY THE TRUSTEE UNDER THE ASSIGNMENT.

## **Funds and Accounts**

The Indenture will create the following funds and accounts which will be held by the Trustee: (i) Bond Proceeds Fund, with a Costs of Issuance Account therein; (ii) Debt Service Fund, and the following accounts therein: (1) Interest Account and (2) Principal Account; (iii) Project Fund; (iv) Debt Service Reserve Fund; (v) Replacement Fund; (vi) Rebate Fund; and (vii) Receipts Fund.

**Bond Proceeds Fund.** The Bond Proceeds Fund will be used to receive the proceeds of the Series 2007 Bonds other than the premium to be paid to the Bond Insurer with respect to the Bond Insurance Policy that shall be transferred from Morgan Keegan & Company, Inc., the underwriter with respect to the Series 2007 Bonds, directly to the Bond Insurer. On the Closing Date, the Trustee will disburse amounts held in the Bond Proceeds Fund as follows:

(a) to the Debt Service Reserve Fund an amount of proceeds equal to the Debt Service Reserve Fund Requirement for the Series 2007 Bonds;

(b) to retain such sum in the Costs of Issuance Account to pay the Costs of Issuance for the Series 2007 Bonds as shall be specified in the request and authorization delivered pursuant to the Indenture; and

(c) to the Project Fund the balance of the proceeds of the Series 2007 Bonds.

Amounts deposited on the Closing Date into the Costs of Issuance Account of the Bond Proceeds Fund will be disbursed, pursuant to the written instructions of the Authority, to pay Costs of Issuance for the Series 2007 Bonds. Any amounts remaining in the Costs of Issuance Account one hundred eighty (180) days after delivery of the Series 2007 Bonds (and not specifically committed to pay additional Costs of Issuance) will be transferred to the Project Fund.

**Debt Service Fund.** The Trustee will deposit into the applicable account of the Debt Service Fund the amounts required by the Indenture.

Moneys on deposit in the Interest Account of the Debt Service Fund will be used solely to pay the interest on the Series 2007 Bonds as it becomes due and payable, whether on a Phase Four Interest Payment Date, at maturity or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of interest on the Series 2007 Bonds.

Moneys on deposit in the Principal Account of the Debt Service Fund will be used solely to pay the principal of the Series 2007 Bonds as it becomes due and payable whether at maturity, upon scheduled sinking fund redemption, or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of principal of the Series 2007 Bonds; and, if funds are available for such purpose and at the written direction of the Authority, to effect the redemption of the Series 2007 Bonds prior to their maturity in accordance with the redemption provisions thereof or, with Bond Insurer consent, the purchase of Series 2007 Bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any, plus accrued interest on the Series 2007 Bonds.

Whenever and to the extent that money on deposit in the Interest Account or the Principal Account is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds, the Trustee will transfer money from the Replacement Fund, and the Debt Service Reserve Fund, in that order and will give immediate notice to the Bond Insurer.

**Project Fund.** The Project Fund will be maintained by the Trustee in trust and be used to receive the immediate transfer from the balance of the proceeds of the Series 2007 Bonds as provided in the Indenture and from a capital contribution of \$625,000 by the Board, made pursuant to the Phase Four Facilities Lease. Moneys in the Project Fund will be applied to the payment of the Costs of the Phase Four Facilities pursuant to the procedure established in the Indenture and, pending such application, will be subject to a lien and charge in favor of the Bondholders for the further security of such Bondholders and the Bond Insurer until paid out or transferred as provided in the Indenture.

**Debt Service Reserve Fund.** Moneys on deposit in the Debt Service Reserve Fund will be maintained in an amount equal to the Debt Service Reserve Fund Requirement. Moneys in the Debt Service Reserve Fund will be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts, and the Replacement Fund, is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds. Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all outstanding Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Fund will be transferred to the Debt Service Fund and shall be available to pay all outstanding Series 2007 Bonds in accordance with their terms. If the balance of the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, all amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement will be transferred to the Interest Account.

**Replacement Fund.** The Replacement Fund will be maintained with the Trustee and used to fund the cost of replacing any worn out, obsolete, inadequate, unsuitable, or undesirable property, furniture, fixtures, or equipment placed upon or used in connection with the Phase Four Facilities or as required above. Moneys in the Replacement Fund will also be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts, is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds.

**Rebate Fund.** Moneys deposited and held in the Rebate Fund will be used to make all rebate payments owed to the United States under the Code, and will not be subject to the pledge of the Indenture. The Corporation will be required to make the calculation(s) required by the Code and the Tax Regulatory Agreement and to direct the Trustee to make deposits to and make disbursements from the Rebate Fund that the Corporation determines are in accordance therewith. The Tax Regulatory Agreement and any provisions of the Indenture governing deposits to the Rebate Fund may be superseded or amended by the Corporation (except the requirement of annual calculations and deposits to the Rebate Fund, if required) if accompanied by an opinion of Bond Counsel addressed to the Corporation and the Trustee to the effect that the use of the new Tax Regulatory Agreement will not cause the interest on the Series 2007 Bonds to become includable in gross income of the recipient thereof for federal tax purposes.

**Receipts Fund.** There will be deposited into the Receipts Fund, Phase Four Lawfully Available Funds from the Board used to make Phase Four Base Rental Payments pursuant to the Phase Four Facilities Lease and any other funds received by or on behalf of the Board pursuant to the Phase Four Facilities Lease and directed by the Board Representative to be so deposited. Moneys on deposit in the Receipts Fund will be applied by the Trustee on the dates indicated below in the following priority:

(a) At such time as may be required by the Tax Regulatory Agreement, to the Rebate Fund the amount required to be deposited thereunder;

(b) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Interest Account of the Debt Service Fund an amount equal to one-fifth (1/5<sup>th</sup>) the interest due and payable on the such Series 2007 Bonds on August 1, 2007 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing August 25, 2007, an amount equal to one-sixth (1/6<sup>th</sup>) of the interest due and payable on such 2007 Bonds on the next August 1 or February 1 or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2007 Bonds on such Phase Four Interest Payment Date;

(c) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Principal Account of the Debt Service Fund an amount equal to one-eleventh (1/11<sup>th</sup>) the principal of the Series 2007 Bonds payable on February 1, 2008 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing February 25, 2008, an amount equal to one-twelfth (1/12<sup>th</sup>) the principal payable on the Series 2007 Bonds on the next Principal Payment Date;

(d) On the twenty-fifth (25<sup>th</sup>) day of the month, any amounts due to the Bond Insurer under the Reimbursement Agreement;

(e) On the twenty-fifth (25<sup>th</sup>) day of each month following any drawing on the Debt Service Reserve Fund to pay debt service on the Series 2007 Bonds, an amount equal to the lesser of (i) one twelfth (1/12th) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund; and

(f) Annually, commencing on June 25, 2009, an amount equal to one-half of one percent (1/2%) of funds available for construction pursuant to the Construction Contract, as determined by the University, into the Replacement Fund or such lesser amount as shall be permitted by the Louisiana State Board of Regents and approved by the Bond Insurer.

## **BONDHOLDERS' RISKS**

### **Introduction**

**AN INVESTMENT IN THE SERIES 2007 BONDS INVOLVES A DEGREE OF RISK BECAUSE OF THE VARIOUS RISKS DESCRIBED IN THIS OFFICIAL STATEMENT.** No person should purchase any of the Series 2007 Bonds without carefully reviewing the following information, which summarizes some, but not all, of the factors that should be carefully considered prior to such a purchase. Furthermore, the tax-exempt feature of the Series 2007 Bonds is relatively more valuable to high tax bracket investors than to investors who are in the lower tax brackets, and so the value of the interest compensation to any particular investor will vary with his or her marginal tax rate. Each prospective investor should, therefore, determine his or her present and anticipated marginal tax rate before investing in the Series 2007 Bonds. Each prospective investor should also carefully examine this Official Statement and his or her own financial condition (including the diversification of his or her investment portfolio) in order to make a judgment as to whether the Series 2007 Bonds are an appropriate investment.

Identified and summarized below are a number of "Bondholders' Risks" that could adversely affect the operation of the Phase Four Facilities and/or the Series 2007 Bonds and that should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors that should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

### **Phase Four Lawfully Available Funds**

Phase Four Lawfully Available Funds include Auxiliary Revenues and Student Fee Revenues as designated by the Board in its budget process to make Phase Four Rental Payments.

If the Board is unable to generate sufficient revenues from the Phase Four Lawfully Available Funds to make Phase Four Rental Payments under the Phase Four Facilities Lease, an Event of Default may occur under the Indenture. Upon an Event of Default, the Series 2007 Bonds may not be paid or may be paid before maturity or applicable redemption dates and a forfeiture of redemption premiums may result. The Board's ability to generate revenues and its overall financial condition may be adversely affected by a wide variety of future events and conditions including (i) a decline in the enrollment of the University, (ii) increased competition from other schools, (iii) loss of accreditation, (iv) failure to meet applicable federal guidelines or some other event that results in students being ineligible for federal financial aid, and (v) cost overruns in connection with the Phase Four Facilities or other capital improvements.

### **Selective Admissions Standards**

Prior to the Fall 2000 semester, the University maintained an open admissions standard, whereby persons with high school diplomas or their equivalent could enroll as a new student at the University regardless of grades or college entrance exam scores. Beginning the Fall 2000 semester, the University implemented selective admissions standards, whereby students may, with certain exceptions, enroll at the University only if they achieve certain standards with grades and college entrance exams. Following implementation of the selective admissions standards, enrollment at the University dropped slightly and, although enrollment is currently reaching levels maintained prior to the implementation of the selective admissions standards, no assurance can be given that current enrollment levels will be maintained.

### **Designation of Phase Four Rental by the Board**

The Phase Four Facilities are being leased by the Corporation to the Board on behalf of the University pursuant to the Phase Four Facilities Lease. The obligation of the Board on behalf of the University to pay rental to the Corporation under the Phase Four Facilities Lease is subject to, and dependent upon, designation by the Board in its budget process of funds necessary to make payments of rental required under the Phase Four Facilities Lease. Although each of the Board and University acknowledges its obligation to budget annually an amount sufficient to make payments of rental under the Phase Four Facilities Lease, notwithstanding this obligation such amounts may or may not ultimately be designated by the Board for such purpose. Further, both the Corporation and the Board acknowledge the Board's obligation on behalf of the University to pay rental shall not be construed as a debt of the Board, nor a pledge, lien, or encumbrance upon any specific tax or other revenues of the Board.

### **United States vs. State of Louisiana**

*United States v. State of Louisiana* is a legal action commenced on March 14, 1974 against the State, the Board, and other parties, in which the plaintiff alleged that the defendants, in violation of federal law, had not sufficiently dismantled the racially dual system of public higher education previously established by law. On November 14, 1994, the Court approved a settlement agreement regarding all issues, except "land grant" issues, which sets forth a ten-year plan to resolve the litigation. "Land grant" issues relate to agricultural research and extension services. The Court issued a ruling dismissing these issues, which is pending on a motion for reconsideration. While the Board cannot predict the ultimate outcome, the litigation is unlikely to materially affect the Board's operation of the University, particularly during the ten-year term of the settlement agreement.

### **Constitutional Limitations**

Article VII, § 2.1 of the Louisiana Constitution limits the ability of the Board and the University to impose or increase fees, charges and assessments, absent legislative approval by a two-thirds majority, or favorable judicial interpretation or subsequent amendment precluding application of this constitutional provision from the imposition and/or increase in such charges or assessments.

### **Litigation**

While there may be lawsuits pending involving either the University or the Board, it is not possible to confer with every attorney handling such matters. Furthermore, it would be impossible to predict the outcome of all such cases. However, to the extent that there are adverse judgments in excess of the Board's insurance policy limits, such judgment may be satisfied only through appropriation by the Louisiana Legislature because Board assets are not available to satisfy such judgments.

### **Recent Events – Hurricanes Katrina and Rita**

On August 29, 2005, Hurricane Katrina struck the Louisiana coast causing severe damage and flooding to the City of New Orleans and other parts of southeastern Louisiana. In addition, on September 24, 2005, Hurricane Rita struck the southwest Louisiana coast causing significant damage to the City of Lake Charles and other parts of southwestern Louisiana, particularly the Parishes of Cameron and Vermillion. None of the facilities of the University are located in the areas most severely impacted by the hurricanes, and the University's facilities are operating normally. However, the impact of these natural disasters to the State of Louisiana and its economy over time is impossible to predict.

### **Limited Obligations of the Authority**

The Series 2007 Bonds constitute limited obligations of the Authority and have three potential sources of payment. The sources of payment are as follows:

- (1) Loan Payments received by the Trustee from the Corporation pursuant to the terms of the Indenture and the Loan Agreement.

The Authority has no obligation to pay the Series 2007 Bonds except from the related Trust Estate, including the loan payments derived from the Loan Agreement. See APPENDIX "B" for the definition of "Trust Estate." The Series 2007 Bonds, together with interest and premium, if any, thereon, will not be or constitute general obligations or indebtedness of the State, the University, the Board, or any other political subdivision of the State, but will be limited obligations of the Authority. Neither the faith and credit nor the taxing power of the State or any other agency or political subdivision thereof is pledged to the payment of the debt service payments on the Series 2007 Bonds, and the owners of the Series 2007 Bonds, will not have the right to compel any exercise of the taxing power of the State or any other political subdivision of the State to pay the Series 2007 Bonds, any premium thereon, or the interest thereon. The Authority has no taxing power. The Corporation will be required to make loan payments ("Loan Payments") (the interest in which the Trustee has received by assignment from the Authority) to the Trustee in amounts sufficient to enable the Trustee to pay the debt service payments on the Series 2007 Bonds. See "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE - Debt Service Fund" in APPENDIX "C" hereto. The Loan Payments will be derived solely from Phase Four Lawfully Available Funds received under the Phase Four Facilities Lease. No assurance can be made that the Corporation will generate sufficient revenues from the Phase Four Lawfully Available Funds to pay debt service payments on the Series 2007 Bonds.

(2) Revenues received from operation of the Phase Four Facilities by a receiver upon a default under the Indenture.

It has been the experience of lenders in recent years that attempts to have a receiver appointed to take charge of properties with respect to which loans have been made are frequently met with defensive measures such as the initiation of protracted litigation and the initiation of bankruptcy proceedings. Such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. See "BONDHOLDERS' RISKS - Enforceability of Remedies" herein. Accordingly, prospects for uninterrupted payment of principal and interest on the Series 2007 Bonds in accordance with their terms are largely dependent upon Loan Payments from the Corporation described in the preceding paragraph, which are largely dependent upon the success of the University in the collection of Student Fee Revenues.

(3) Proceeds available for payment of the Series 2007 Bonds.

Prospects for uninterrupted payment of principal and interest on the Series 2007 Bonds in accordance with their terms are largely dependent upon the Loan Payments described in paragraph (1) above, which are largely dependent upon the University's collection of Student Fee Revenues and the Board's payments under the Phase Four Facilities Lease. Even if the Phase Four Facilities are operating in an efficient manner, other factors could affect the ability of the Corporation to make Loan Payments under the Loan Agreement. The Corporation also may become engaged in other ventures in the future.

### **Special Use Nature of the Phase Four Facilities**

The Phase Four Facilities will be constructed to serve as parking facilities and are located on the campus of the University. For all practical purposes, payment of the Series 2007 Bonds will be almost solely dependent upon the University's collection of the Student Fee Revenues.

### **Risk Factors Inherent in Higher Education**

There are a number of factors affecting institutions of higher education in general, including the University, that could have an adverse effect on the Board's financial position and its ability to make the payments of Phase Four Rental required under the Phase Four Facilities Lease. These factors include the rising costs of providing higher education services; the expected decline in the number of college-age persons in the country generally; the failure to maintain or increase in the future the funds obtained by the Board from other sources, including gifts and contributions from donors, grants or appropriations from governmental bodies and income from investment of endowment funds; adverse results from the investment of endowment funds; increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating the handicapped; and legislation or regulation which may affect student aid and other program funding. The Board cannot assess or predict the ultimate effect of these factors on its operation or financial results of operations.

### **Assignment of Agreements and Documents**

The Corporation will grant to the Trustee a first priority security interest in the leases and subleases affecting the Phase Four Land and/or the Phase Four Facilities, including, without limitation, the Phase Four Facilities Lease (collectively, the "*Leases*") and all revenues, rentals, and other sums due or becoming due under the Leases. Nevertheless, certain interests and claims of others may be on a parity with or prior to the grant of such security interest and certain statutes and other provisions may limit the Corporation's and the Authority's rights to make such pledges, assignments, and/or grants of security interests. Examples of such claims, interests, and provisions are:

- (1) statutory liens,
- (2) the Louisiana Uniform Commercial Code may not recognize a security interest in future revenues derived from the Phase Four Facilities,
- (3) constructive trusts, equitable liens, or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction,
- (4) federal bankruptcy laws as they affect amounts earned with respect to the Phase Four Facilities after any effectual institution of bankruptcy proceedings by or against the Corporation or the Authority,
- (5) as to those items in which a security interest can be perfected only by possession, including items converted to cash, the rights of third parties in such items not in the possession of the Trustee,
- (6) items not in possession of the Trustee, the records to which are located or moved outside the State of Louisiana, which are thereby not subject to or are removed from the operation of Louisiana law, and
- (7) the requirement that appropriate continuation statements be filed in accordance with the Louisiana Uniform Commercial Code as from time to time in effect.

### **Enforceability of Remedies**

The Bonds are payable from the Trust Estate, including payments to be made under the Loan Agreement and the Indenture. The payments to be made by the Corporation under the Loan Agreement are secured by a first priority security interest in the Leases and all revenues, rentals, and other sums due or becoming due thereunder. Pursuant to the Indenture, the Series 2007 Bonds are secured by the Trust Estate, including the pledge to the Trustee of the Authority's interest in the Loan Agreement. The practical realization of value upon any default will depend upon the exercise of various remedies specified by the Indenture. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including, particularly, federal bankruptcy law), the remedies specified by the Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Indenture. The various legal opinions to be delivered concurrently with the delivery of the Series 2007 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

### **Effect of Determination of Taxability**

The Corporation will covenant not to take any action that would cause the Series 2007 Bonds to be arbitrage bonds or that would otherwise adversely affect the federal income tax status of interest in the Series 2007 Bonds. The Corporation will also make representations with respect to certain matters within their knowledge that have been relied on by Bond Counsel and that Bond Counsel has not independently verified. Failure to comply with such covenants could cause interest on the Series 2007 Bonds to become subject to federal income taxation retroactively from their date of issuance.

It is possible that a period of time may elapse between the occurrence of the event that causes interest to become taxable and the determination that such an event has occurred. In such a case, interest previously paid on the Series 2007 Bonds could become retroactively taxable from the date of their issuance. Additionally, certain owners of the Series 2007 Bonds are subject to possible adverse tax consequences. See "TAX EXEMPTION" herein.

#### **Market for the Series 2007 Bonds**

There can be no assurance that a secondary market exists, or that the Series 2007 Bonds can be sold for any particular price. Accordingly, a purchaser of the Series 2007 Bonds should recognize that an investment in the Series 2007 Bonds will in all likelihood be illiquid and be prepared to have his or her funds committed until the Series 2007 Bonds mature or are redeemed.

#### **Additional Phase Four Bonds**

The Authority has the right to issue Additional Phase Four Bonds under the Indenture that will be equally and ratably secured on a parity basis with the Series 2007 Bonds. See "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE -- Additional Phase Four Bonds" in APPENDIX "C" hereto. **SUCH ADDITIONAL PHASE FOUR BONDS COULD DILUTE THE SECURITY FOR THE SERIES 2007 BONDS.**

#### **Outstanding Series 2004 Bonds**

The Series 2007 Bonds are being issued pursuant to the same approvals and as a supplement to a Trust Indenture dated as of August 1, 2004 by and between the Authority and the Trustee and are secured by the same leases as the \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, currently outstanding in the amount of \$60,985,000; (ii) the \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, currently outstanding in the amount of \$15,000,000 and (iii) the \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C, currently outstanding in the amount of \$700,000 (collectively, the "*Series 2004 Bonds*").

The Series 2004 Bonds are payable from Lawfully Available Funds of the University, including Auxiliary Revenues, while the Series 2007 Bonds are payable from Phase Four Lawfully Available Funds, which consist of Auxiliary Revenues and Student Fee Revenues.

The Board is currently required to maintain a Debt Service Coverage Ratio on the facilities financed with the Series 2004 Bonds (the "*Series 2004 Facilities*") of 1.10:1.00. During the Fiscal Year ending June 30, 2006, the Debt Service Coverage Ratio for the Series 2004 Facilities was 1.817:1.00, when considering only revenues generated by the Series 2004 Facilities. In addition, the Board is required to maintain a Debt Service Coverage Ratio of 1.25:1.00 on all debt payable from Auxiliary Revenues. The Debt Service Coverage Ratio for the Series 2004 Facilities, including all Auxiliary Revenues was 2.271:1.00. Pursuant to the Phase Four Facilities Lease, the Board will also be required to maintain a Debt Service Coverage Ratio of 1.25:1.00 for all debt secured by Phase Four Lawfully Available Funds. Including the estimated debt service on both the Series 2007 Bonds and the debt service on the Series 2004 Bonds, the Debt Service Coverage Ratio for the Fiscal Year ending June 30, 2006 would have been **2.082:1.00**, including Auxiliary Revenues and the Student Fee Revenues.

#### **Consequences of Changes in the Corporation's or the University's Tax Status**

The Corporation has obtained a determination letter from the Internal Revenue Service stating that it will be treated as an exempt organization as described in §501(c)(3) of the Code and can reasonably be expected to not be classified as a "private foundation." In order to maintain its exempt status and to not be considered a private foundation, the Corporation will be subject to a number of requirements affecting its operation. The possible modification or repeal of certain existing federal income tax laws, the change of Internal Revenue Service policies or positions, the change of the Corporation's method of operations, purposes or character or other factors could result in loss by the foundation of its tax-exempt status.



The Corporation will covenant to cause to remain eligible for such tax-exempt status and to avoid operating the Phase Four Facilities as an unrelated trade or business (as determined by applying §512(a) of the Code). Failure of the Phase Four Facilities to remain so qualified or of the Corporation so to operate the Phase Four Facilities could affect the funds available to the Corporation for payments under the Loan Agreement by subjecting the Corporation to federal income taxation and could result in the loss of the excludability of interest on the Series 2007 Bonds from gross income for purposes of federal income taxation. Potential investors should note that in such event, the provisions of the Indenture relating to a Determination of Taxability may be applicable. Continuation of the tax-exempt status of the Series 2007 Bonds may also be dependent upon the continuing tax-exempt status of the University. See “**BONDHOLDERS’ RISKS - Effect of Determination of Taxability**” above.

### **Taxation of Series 2007 Bonds**

An opinion of Bond Counsel will be obtained as described under “**TAX EXEMPTION**” herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Series 2007 Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading “**TAX EXEMPTION.**” Failure by the Authority or the Corporation to comply with certain provisions of the Code and covenants contained in the Indenture, the Loan Agreement, and the Tax Agreement could result in interest on the Series 2007 Bonds becoming includable in gross income for federal tax purposes.

An opinion of Bond Counsel will be obtained regarding the exemption of interest on the Series 2007 Bonds from certain taxation by the State of Louisiana, as described under “**TAX EXEMPTION**” herein. Bond Counsel has not opined as to whether interest on the Series 2007 Bonds is subject to state or local income taxation in jurisdictions other than Louisiana. Interest on the Series 2007 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Louisiana under applicable state or local laws. Each purchaser of the Series 2007 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2007 Bonds in a particular state or local jurisdiction.

### **Municipal Bond Insurance**

If the Authority should fail to make payment of the principal of or interest on the Series 2007 Bonds when the same shall become due, any owner of Series 2007 Bonds will have recourse against the Bond Insurer for such payments; however, the Policy does not insure the principal of or interest on the Series 2007 Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor does it insure the payment of any redemption premium payable upon the Series 2007 Bonds, and under no circumstances, including the situation in which the interest on the Series 2007 Bonds becomes subject to federal or Louisiana income taxation for any reason, may the maturities of the Series 2007 Bonds be accelerated without the consent of the Bond Insurer. Furthermore, so long as the Bond Insurer shall perform its obligations under the Policy, the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee under the Indenture. If the Bond Insurer should be unable to make payments of and interest on the Series 2007 Bonds, such Series 2007 Bonds will be payable solely from moneys received by the Trustee pursuant to the Indenture and the Loan Agreement. See the heading “**MUNICIPAL BOND INSURANCE**” herein and **APPENDIX “E”** attached hereto for more information about the Bond Insurer and the Policy.

### **Insolvency of the Bond Insurer**

The obligations of the Bond Insurer under the Policy are general obligations of the Bond Insurer and rank equally in priority of payment and in all other respects with all other unsecured obligations of the Bond Insurer. In the event of insolvency of the Bond Insurer, the Owners of the Series 2007 Bonds would have to depend entirely on the ability of the Corporation to pay the principal of and interest on the Series 2007 Bonds.

### **MUNICIPAL BOND INSURANCE**

The following information has been furnished by the Bond Insurer for use in this Official Statement. Reference is made to **APPENDIX “E”** for a specimen of the Bond Insurance Policy.

## **The MBIA Insurance Corporation Bond Insurance Policy**

The following information has been furnished by MBIA Insurance Corporation ("**MBIA**") for use in this Official Statement. Reference is made to **Appendix "E"** for a specimen of MBIA's policy (the "**Policy**").

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under the heading "MUNICIPAL BOND INSURANCE". Additionally, MBIA makes no representation regarding the Series 2007 Bonds or the advisability of investing in the Series 2007 Bonds.

The Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Authority to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2007 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Series 2007 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a "**Preference**").

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2007 Bonds. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2007 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Policy also does not insure against nonpayment of principal of or interest on the Series 2007 Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Series 2007 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Trustee or any owner of a Series 2007 Bonds the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2007 Bonds or presentment of such other proof of ownership of the Series 2007 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2007 Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Series 2007 Bonds in any legal proceeding related to payment of insured amounts on the Series 2007 Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Series 2007 Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

### **MBIA Insurance Corporation**

MBIA Insurance Corporation ("**MBIA**") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "**Company**"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

### **Regulation**

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

### **Financial Strength Ratings of MBIA**

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2007 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2007 Bonds. MBIA does not guaranty the market price of the Series 2007 Bonds nor does it guaranty that the ratings on the Series 2007 Bonds will not be revised or withdrawn.

### **MBIA Financial Information**

As of December 31, 2005, MBIA had admitted assets of \$11.0 billion (audited), total liabilities of \$7.2 billion (audited), and total capital and surplus of \$3.8 billion (audited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 2006, MBIA had admitted assets of \$11.5 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$4.4 billion (unaudited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2005 and December 31, 2004 and for each of the three years in the period ended December 31, 2005, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2005 and the consolidated financial statements of MBIA and its subsidiaries as of September 30, 2006 and for the nine (9) month periods ended September 30, 2006 and September 30, 2005 included in the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2006, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

### **Incorporation of Certain Documents by Reference**

The following documents filed by the Company with the Securities and Exchange Commission (the “SEC”) are incorporated by reference into this Official Statement:

- (1) The Company’s Annual Report on Form 10-K for the year ended December 31, 2005; and
- (2) The Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company’s most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Series 2007 Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company’s SEC filings (including (1) the Company’s Annual Report on Form 10-K for the year ended December 31, 2005, and (2) the Company’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006 are available (i) over the Internet at the SEC’s web site at <http://www.sec.gov>; (ii) at the SEC’s public reference room in Washington, D.C. (iii) over the Internet at the Company’s web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

### **DISCLAIMER**

The information relating to the Bond Insurer and the Policy contained herein and in APPENDIX “E” has been furnished by the Bond Insurer. No representation is made by the Authority or the Underwriter as to the accuracy, completeness, or adequacy of such information or as to the absence of material adverse changes in the condition of the Bond Insurer subsequent to the date of this Official Statement. Reference is made to APPENDIX “E” for a copy of a specimen financial guaranty insurance policy.

**NO ASSURANCE CAN BE GIVEN THAT THE BOND INSURER WILL BE ABLE TO MEET ITS OBLIGATIONS UNDER THE POLICY.**

### **THE UNIVERSITY**

The University is located in Hammond, Louisiana, the heart of Louisiana’s “Florida Parishes.” Hammond is located at the intersection of Interstate Highways 55 and 12, approximately 60 miles north of New Orleans and 40 miles east of Baton Rouge, the state’s capital. The University has a current enrollment of approximately 15,200 students with a faculty and staff population of 1,800.

The University is the outgrowth of Hammond Junior College, which was established in 1925. By Act No. 136 of 1928 of the Louisiana Legislature, the institution was made part of the state educational system under control of the State Board of Education. The same act of the legislature granted the college the right to establish four-year curricula and to grant the baccalaureate degrees when the facilities of the college permitted and the State Board approved.

In 1937, the State Board of Education authorized the President to submit curricula extending through four years and leading to the baccalaureate degrees. Four-year curricula in the liberal arts, teacher education, business administration, music, the social sciences, and health and physical education were submitted to the State Board and were formally approved. The first degrees were conferred in May 1939.

On July 15, 1970, the Hon. John J. McKeithen, Governor of the State of Louisiana, signed the legislative act changing the name of the institution to Southeastern Louisiana University.

The 1974 Constitution of the State of Louisiana created the Louisiana State Board of Regents with certain powers, duties, and responsibilities relative to all public institution of higher education in the State of Louisiana. The 1974 Constitution also established three higher education management boards, placing the University under the Board of Trustees for State Colleges and Universities (now known as the University of Louisiana System).

The following tables set forth certain demographic information concerning the University:

**DEMOGRAPHIC INFORMATION**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Total Students</b>	15,118	16,068	15,472	15,662	15,195
<b>Total Hours</b>	193,420	198,438	191,896	193,682	183,533
<b>Students, By Class</b>					
Freshman	4,927	5,732	5,002	5,309	5,002
Sophomore	2,712	2,787	2,880	2,753	2,775
Junior	2,405	2,356	2,348	2,281	2,320
Senior	<u>3,508</u>	<u>3,488</u>	<u>3,434</u>	<u>3,286</u>	<u>3,291</u>
<b>Undergraduate Total</b>	13,552	14,363	13,664	13,629	13,388
Grad/Spec	1,566	1,705	1,808	2,033	1,807
<b>New Students</b>					
Undergraduate					
Beginning Freshmen	2,744	2,330	2,387	2,583	2,486
Transfers	659	798	734	751	767
Other	77	33	35	56	53
	3,430	3,161	3,156	3,390	3,306
Graduate	372	323	374	497	398
<b>Beginning Freshmen ACT</b>	21.1	21.0	21.0	19.9	19.6

Source: Southeastern Louisiana University Budget Office

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**COMPOSITION OF STUDENT BODY**

	Fall Semester of Academic Year									
	<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>	
<b>Average Age</b>										
Undergraduate	22.4		22.7		23.0		23.0		23.1	
Graduate	33.2		33.3		33.3		33.7		33.9	
<b>Undergraduates</b>										
Males	5,148	38%	5,476	38%	5,246	38%	5,193	38%	5,067	38%
Females	8,404	62%	8,887	62%	8,418	62%	8,436	62%	8,321	62%
<b>Race (Undergraduate)</b>										
White	12,372		10,904		10,822		10,938		10,911	
African American	2,364		2,630		2,217		2,116		2,112	
Hispanic	279		346		206		205		228	
Other	537		533		419		370		331	
<b>Federal Financial Aid (# of Students)</b>	6,688		8,320		8,131		8,067		7,868	
	(partial year through 11/30/06)									

Source: Southeastern Louisiana University Budget Office

**STATE APPROPRIATIONS 1999 – 2006**

The Chart Shows the Appropriations Received by the University from the State of Louisiana Annually Since 1999.

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
State Appropriations	46,015,098	45,694,764	44,869,829	43,592,407	42,108,729	37,624,452	38,333,384	34,110,351
As a % of Unrestricted General Fund Revenues	50.7%	51.8%	53.0%	52.7%	57.9%	55.0%	57.5%	55.1%

Source: Southeastern Louisiana University Budget Office

**SOURCES OF UNRESTRICTED REVENUE**

	<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>	
Tuition and Fees	45,480,053	42%	37,529,681	38.0%	35,372,172	36.5%	30,339,822	33.8%	26,779,671	31.9%
State Appropriations	46,015,098	42%	45,694,764	46.2%	44,869,829	46.3%	43,592,407	48.5%	42,108,729	50.1%
Auxiliary Revenue	13,100,277	12%	10,666,470	10.8%	12,258,423	12.3%	11,917,232	13.3%	11,227,189	13.4%
Other	4,265,401	4%	5,273,349	5.0%	4,779,134	4.9%	3,985,557	4.4%	3,896,054	4.6%
<b>TOTAL</b>	<b>108,860,829</b>	<b>100%</b>	<b>99,164,263</b>	<b>100.0%</b>	<b>97,279,563</b>	<b>100.0%</b>	<b>89,835,018</b>	<b>100.0%</b>	<b>84,011,643</b>	<b>100.0%</b>

Source: Southeastern Louisiana University Budget Office

## TUITION AND FEES

The University meets the cost of its educational program primarily through tuition, fees, state appropriations and federal grants contracts. The following table sets forth the base tuition and fees charged each semester to full-time undergraduate students on the basis of in-state residence for the year and the past four years.

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tuition	\$1,108.00	\$1,108.00	\$1,063.60	\$1,022.14	\$985.70
Student Union Bond Fee	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Health Center Bond Fee	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Student Rec Building Fee	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Academic Excellence Fee	\$120.00	\$120.00	\$120.00		
Other Fees	<u>\$322.50</u>	<u>\$281.50</u>	<u>\$202.90</u>	<u>\$192.90</u>	<u>\$222.90</u>
<b>TOTAL</b>	\$1,586.50	\$1,545.50	\$1,422.50	\$1,251.04	\$1,244.60
Dormitory and Meal Plan	\$2,715	\$2,470	\$1,820.00	\$1,770.00	\$1,625.00

Source: Southeastern Louisiana University Budget Office

## **Auxiliary Financial Operations**

### **Campus Dining**

Southeastern Louisiana University has a continuing commitment to offer quality dining that reflects the lifestyle of today's college student. Campus Dining provides a unique combination of specialty restaurants that offer a variety of foods. Emphasis is placed on nutritionally balanced diets and tantalizing food specials that are served in each restaurant. At Southeastern, Campus Dining is made up of six specialty restaurants, a quality catering service, an on-going nutrition program, and much more.

### **Office of Student Housing**

All unmarried full-time undergraduate students with less than 60 hours, regardless of age and whether or not they have been emancipated, are required to live in on-campus residence halls as long as space is available.

The University provides living quarters for approximately 2,300 students in campus residence halls and apartments. Only regularly enrolled full-time, unmarried students will be eligible to live in the residence halls without special permission from the Office of Student Housing. Continuous efforts are made to provide educational, social, and cultural advantages as part of the experience in group living for the residents of these halls.

Students who live in the Southeastern Louisiana University residence halls are required to purchase a meal plan. If a resident student fails to select a meal plan during the registration process, the default meal plan will automatically be selected for him or her. Meal plans are non-transferable.

### **War Memorial Student Union**

The War Memorial Student Union is the community center of the University. The Student Union provides services and conveniences to the students, faculty, and staff during their daily life on campus. Services available in the Student Union include the Corner Pocket Game Room, ATM machines, University Post Office, The Document Source, University Bookstore, Lion's Den, and Subway. Meeting rooms are also available and may be reserved by using the on-line reservation form. Various audio visual equipment may be reserved in these rooms as well as catering services.

### University Bookstore

The Bookstore provides students with all required and optional textbooks that are not available from Textbook Rental. The Bookstore also provides a full line of University apparel, souvenirs, office and art supplies, and greeting cards.

### The Document Source

The Document Source, located in the War Memorial Student Union, provides copying and a variety of services for students including: class course packets, syllabus, collating, stapling, folding, cutting, hole-punching, plastic coil binding, and plastic spiral binding.

### Campus Card Operations

Vending services are provided across campus as a convenience to the students. Soft drink, juice and snack machines, as well as copiers are provided in key locations on campus. Lion's Lagniappe is a campus-wide account enabling students to deposit funds and use their ID card as a form of payment at vending machines, copy machines, campus dining locations, University Bookstore, and The Document Source (campus copy center).

### Textbook Rental

The Textbook Rental System issues all hardcover textbooks on a student fee system charged per course. The charge is included on the student invoice and is refundable only upon resignation on or before the last day of regular registration or when a course is dropped, and the book is returned by the drop/add deadline. Students must present their Southeastern Student ID card to rent textbooks from Textbook Rental.

### SOURCES AND USES OF FUNDS\*

The schedule below contains the estimated sources and uses of funds resulting from the sale of the Series 2007 Bonds:

<b>SOURCES OF FUNDS:</b>	<b><u>Series 2007A</u></b> <b><u>Bonds</u></b>	<b><u>Series 2007B</u></b> <b><u>Bonds</u></b>	<b><u>Total</u></b>
Par Amount	\$5,255,000.00	\$2,500,000.00	\$7,755,000.00
Reoffering Premium/Discount	186,899.10	-----	186,899.10
Board Contribution from Student Fee Revenues	<u>215,000.00</u>	<u>410,000.00</u>	<u>625,000.00</u>
Total Sources of Funds	\$5,656,899.10	\$2,910,000.00	\$8,566,899.10

<b>USES OF FUNDS:</b>	<b><u>Series 2007A</u></b> <b><u>Bonds</u></b>	<b><u>Series 2007B</u></b> <b><u>Bonds</u></b>	<b><u>Total</u></b>
Project Fund	\$4,933,634.40	\$2,535,888.09	\$7,469,522.49
Debt Service Reserve Fund	330,038.39	157,011.61	487,050.00
Costs of Issuance (including Bond Insurance Premium and Underwriters' Discount)	<u>393,226.31</u>	<u>217,100.30</u>	<u>610,326.61</u>
Total Uses of Funds	\$5,656,899.10	\$2,910,000.00	\$8,566,899.10

\* Preliminary, subject to change



## THE PHASE FOUR GROUND LEASE

### General

The Phase Four Ground Lease will be entered into between the Board, on behalf of the University, as Lessor, and the Corporation, as Lessee, for lease of the Phase Four Land and the Stadium Expansion Land. As a consideration for the Phase Four Ground Lease, the Corporation will agree to perform its obligations under the Phase Four Facilities Lease and all other documents contemplated by and ancillary to the Phase Four Ground Lease and the Phase Four Facilities Lease.

The Corporation's obligations under the Phase Four Ground Lease may be suspended if by reason of *force majeure*, as described in the Phase Four Ground Lease, the Corporation is unable to carry out such obligations.

### Default and Remedies

Each of the following is an Event of Default under the Phase Four Ground Lease:

(a) failure by the Corporation to make timely payment of any sum required to be paid to the Board under the Phase Four Ground Lease that remains uncured after thirty (30) days following receipt of written notice from the Board of such failure;

(b) the taking by execution of the Corporation's leasehold estate for the benefit of any Person;

(c) failure by the Corporation to perform any other covenant or agreement other than the payment of money, to be performed by the Corporation under the terms and provisions of the Phase Four Ground Lease, other than the covenant to substantially complete the construction of the Phase Four Facilities on or before January 1, 2008 and such failure remaining uncured for more than ninety (90) days following receipt of written notice of such failure; provided that if during such ninety (90) day period, the Corporation shall take action to cure such failure but shall be unable, by reason of the nature of the work involved, to cure such failure within such period and shall continue such work thereafter diligently and without unnecessary delays, such failure will not constitute an Event of Default hereunder until the expiration of a period of time after such ninety (90) day period as may be reasonably necessary to cure such failure;

(d) a court of competent jurisdiction enters an order for relief in any involuntary case commenced against the Corporation, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or the entry of a decree or order by a court having jurisdiction over the Phase Four Facilities and Stadium Expansion appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation or ordering the winding up or liquidation of the affairs of the Corporation, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days;

(e) commencement by the Corporation of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or the consent or acquiescence by the Corporation to the commencement of a case under such Code or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation; and

(f) the Corporation, after Commencement of Construction but prior to substantially completing construction of the Phase Four Facilities or Stadium Expansion, abandons (with no intent to continue) demolition, renovation, or construction for a period of forty-five (45) consecutive days.

Whenever an Event of Default shall have occurred and be continuing, the Board will be permitted to seek any and all damages occasioned by the Event of Default or may seek any other remedies available at law or in equity, including specific performance. Notwithstanding any provision of the Phase Four Ground Lease to the contrary, the Board will not have the right to terminate the Phase Four Ground Lease prior to its Expiration Date. However, in the event there is an Event of Default by the Corporation under the Phase Four Ground Lease, the

Board shall have the right to terminate the Corporation's right to occupancy of the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and Stadium Expansion, except that the Phase Four Facilities and Stadium Expansion, at the option of the Board, shall remain thereon. The Board shall have the right upon ninety (90) days' written notice of the opportunity to cure provided to the Bond Insurer and the Trustee, to take possession of the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and Stadium Expansion and to re-let the same or take possession in its own right for the remainder of the Term of the Phase Four Ground Lease upon such terms and conditions as the Board is able to obtain. Upon such re-letting, the Corporation will agree to release its leasehold interest and all of its rights under the Phase Four Ground Lease and the Phase Four Facilities Lease to the new lessee of the Phase Four Land or Stadium Expansion Land (or to the Board, if the Board wishes to remain in possession on its own behalf) in consideration for the new lessee (or the Board, if applicable) agreeing to assume all of the Corporation's obligations under the Phase Four Ground Lease, the Phase Four Facilities Lease, and under any debt incurred by or for the Corporation in connection with the construction of the Phase Four Facilities and Stadium Expansion.

The Bond Insurer will be required to be notified by the University upon the occurrence of an Event of Default and will have an opportunity to cure said default.

### **THE PHASE FOUR FACILITIES LEASE**

#### **General**

Under the Phase Four Facilities Lease, the Corporation will lease the Phase Four Facilities and the Stadium Expansion to the Board.

#### **Rental**

The Board will agree to pay Phase Four Base Rental and Phase Four Additional Rental as set forth in the Phase Four Facilities Lease. The Phase Four Base Rental amount will be an amount equal to the principal of, premium, if any, and interest due on the Series 2007 Bonds and any Additional Phase Four Bonds, payable prior to the dates that such debt shall become due and payable. The Phase Four Base Rental will also include any amounts required to be paid into any funds established in the Indenture, including the Debt Service Reserve Fund or to make up any deficiency or to restore any loss resulting from investment and any other payment required to be made to such fund by the Indenture.

In addition, the Board will agree in the Phase Four Facilities Lease, to pay as Phase Four Additional Rental any and all expenses incurred by or on behalf of the Corporation on behalf of the Board and/or by the Board in the management, operation, ownership, and/or maintenance of the Phase Four Facilities, owed to the Authority or the Trustee.

#### **Extraordinary Lease Payments**

Pursuant to the Phase Four Facilities Lease, the Board will covenant to make an extraordinary rental payment to fund a portion of the capital cost of the Phase Four Facilities and the Stadium Expansion in an amount not to exceed \$5,170,000.

#### **Rate Maintenance Covenant**

The Board will covenant in the Phase Four Facilities Lease that, as long as any bonds, notes, or lease obligations remain outstanding that are payable from Phase Four Lawfully Available Funds, if the Phase Four Debt Service Coverage Ratio shall fall below 1.25:1.0, the Board will use its best efforts to continue to levy and collect the fees and charges relating to the Phase Four Facilities so that within two (2) full semesters after the Phase Four Debt Service Coverage Ratio shall become deficient, the Phase Four Debt Service Coverage Ratio equals 1.25:1.0. At the end of two (2) full semesters, if the Phase Four Debt Service Coverage Ratio shall remain below 1.25:1.0, the Board will be required to hire an outside consultant, approved by the Bond Insurer, and the Board will be required to follow any reasonably feasible recommendations of such consultant regarding the operation and management of the Phase Four Facilities. So long as the Board shall be working in good faith with such consultant to increase any

deficient Phase Four Debt Service Coverage Ratio, there will not be an Event of Default under the Phase Four Facilities Lease unless (i) the Phase Four Debt Service Coverage Ratio shall be less than 1.25 to 1.00 for two (2) full consecutive semesters after retention of an outside consultant by the Board. For purposes of the foregoing, when establishing such fees and charges and calculating the Phase Four Debt Service Coverage Ratio, the Board will be required to take into account payments required to be made into the Debt Service Reserve Fund pursuant to the provisions of the Indenture. The Board will further covenant that it will seek any required approval necessary in order to comply with the covenant described under this subheading.

#### **Additional Facilities**

Without the prior written consent of the Bond Insurer, the Board will covenant not to build, acquire or renovate any similar parking facilities on the campus of the University, whether such facilities are owned by the Board or a private entity, unless (i) the Phase Four Debt Service Coverage Ratio for the prior Fiscal Year has been met, (ii) the Phase Four Debt Service Coverage Ratio is projected to be met for the two Fiscal Years following the projected completion of the proposed facility and (iii) based on a market analysis prepared by a market research company with experience in university parking facilities, which is independent from the University, the Board's proposed project is not expected to have a material adverse affect on the Phase Four Facilities.

#### **Additional Debt**

In the Phase Four Facilities Lease, the Board will covenant to issue no bonds, notes or other obligations secured by Phase Four Lawfully Available Funds except as Additional Phase Four Bonds. The Board may issue Additional Phase Four Bonds secured by Phase Four Lawfully Available Funds which will be on a parity with the Series 2007 Bonds only as and to the extent authorized and described in the Indenture, provided that, at the time of issuance thereof, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing.

#### **Insurance**

(a) The University, at the direction of the Board, will be required to secure and maintain or cause to be secured and maintained at the University's cost and expense:

(i) A policy or policies covering the Phase Four Facilities and Stadium Expansion against loss or damage by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge, and against such other perils as are included in so-called "extended coverage" and against such other insurable perils as, under good insurance practice, from time to time are insured for properties of similar character and location, which insurance will be required to be not less than the full replacement cost of the Phase Four Facilities or Stadium Expansion, without deduction for depreciation. In the event that the Phase Four Facilities or Stadium Expansion shall not be repaired or replaced, insurance proceeds will be no greater than the actual cash value (replacement cost less depreciation) of the Phase Four Facilities or Stadium Expansion at the time of the loss. The policy will be required to be adjusted to comply with any applicable co-insurance provisions of such insurance policy. Full payment of insurance proceeds shall not be contingent on the degree of damage sustained at other facilities leased by the Board. The policy or policies covering such loss must explicitly waive any co-insurance penalty.

(ii) A policy of comprehensive public liability insurance with respect to the Phase Four Facilities and Stadium Expansion and the operations related thereto, whether conducted on or off the Phase Four Facilities or Stadium Expansion, against liability for personal injury (including bodily injury and death) and property damage, of not less than \$2,000,000 in combined single limit liability coverage. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability, water damage legal liability, motor vehicle liability for all owned and non-owned vehicles, including rented or leased vehicles.

(iii) Boiler and machinery insurance coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar

apparatus are installed on the Phase Four Facilities and Stadium Expansion, in an amount not less than \$5,000,000 with deductible provisions not exceeding \$100,000 per accident.

(iv) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act hereafter enacted as an amendment thereto or in lieu thereof, such worker's compensation insurance to cover all persons employed by the Corporation in connection with the Phase Four Facilities and Stadium Expansion and to cover full liability for compensation under any such act aforesaid.

(b) The Corporation will be required to cause all of the construction professionals to secure and maintain:

- (A) Comprehensive or Commercial General Liability insurance;
- (B) Errors and Omissions insurance;
- (C) Automobile Liability insurance;
- (D) Worker's Compensation insurance;
- (E) an all Risk Builder's Policy upon the construction on the Property; and
- (F) boiler and machinery or additional property insurance;

all as required by the terms of any construction contracts entered into with regards to the demolition of certain existing facilities and the renovation, development and construction of the Phase Four Facilities and Stadium Expansion.

All insurance required in the Phase Four Facilities Lease and all renewals of such insurance (excepting self insurance or commercial insurance through ORM) will be required to be issued by commercial insurers authorized to transact business in the State, and rated at least A- by Best's Insurance Reports (property liability) or in the two highest rating categories of S&P and Moody's. All insurance policies provided or caused to be provided by the Corporation will be required to expressly provide that the policies shall not be canceled or altered without thirty (30) days prior written notice to the University and the Trustee; and will, to the extent obtainable, be required to provide that no act or omission of the Corporation or other provider of insurance that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained.

All policies of liability insurance that the University will be obligated to maintain according to the Phase Four Facilities Lease (other than any policy of worker's compensation insurance) will be required to name the Corporation, the Trustee, and such other Persons or firms as the Board specifies from time to time as additional insureds and will be required to expressly provide that the policies shall not be cancelled or altered without thirty (30) days' prior written notice to the Corporation and the Trustee and will, to the extent obtainable, be required to provide that no act or omission of the University that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained. All public liability, property damage liability, and casualty policies maintained by the University will be required to be written as primary policies.

Proceeds of insurance received and/or the amount of any loss that is self-insured through ORM with respect to destruction of or damage to any portion of the Phase Four Facilities by fire, earthquake, or other casualty or event will be required to be paid to the Trustee (or in the case of ORM insurance, to the Board for delivery in full to the Trustee) for application in accordance with the provisions of the Phase Four Facilities Lease and the Indenture.

#### **Condemnation, Casualty, and Other Damage**

The risk of loss or decrease in the enjoyment and beneficial use of the Phase Four Facilities due to any Casualty or in consequence of any Expropriation will be expressly assumed by the Board. The Corporation and the Trustee will in no event be answerable, accountable, or liable therefor, nor will any of the foregoing events entitle the Board to any abatements, set-offs, or counter claims with respect to its Base Rental, Additional Rental, or any other obligation under the Phase Four Facilities Lease.

### **Application of Insurance Proceeds: Condemnation Award**

If, during construction, all or any portion of the Phase Four Facilities shall be damaged or destroyed by a Casualty, or shall be taken by Expropriation proceedings, the Board will be required to instruct the Corporation, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof; provided however, that the Corporation will in no way be liable for any costs of the repair, restoration, or replacement of the Phase Four Facilities or Stadium Expansion in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. Following the completion of construction and acceptance of the Phase Four Facilities and Stadium Expansion by the Board on behalf of the Corporation, the Board will be required, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted, the repair, restoration, or replacement thereof. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction, or taking of all or any portion of the Phase Four Facilities will be required to be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust (or in the case of self insurance through ORM, as set forth in the third succeeding paragraph below), and will be made available for, and to the extent necessary be applied to, such restoration, repair, and replacement. Any amounts so held by the Trustee will be required to be disbursed to pay the costs of restoration, replacement, and repair of the Phase Four Facilities with respect to which they shall be held, in each case promptly after receipt of a written request of the Corporation stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing, repairing, or restoring the Phase Four Facilities and that no amount previously shall have been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee will be permitted to rely conclusively upon such written requests and will have no liability or responsibility to investigate any matter stated therein or for any inaccuracy or misstatement therein. In no event will the Trustee be responsible for the adequacy of the plans and specifications or the construction contract relating to the replacement, restoration, or repair of the Phase Four Facilities or for the improper use of moneys properly disbursed pursuant to request made under the Phase Four Facilities Lease. Any proceeds remaining on deposit with the Trustee following completion of the repairs, restoration, or replacement of the Phase Four Facilities will be required to be paid by the Trustee in accordance with the terms of the Indenture.

In the event the proceeds of any insurance, and any additional funds deposited with the Trustee, are insufficient to fully repair, restore, or replace the Phase Four Facilities, the proceeds shall be paid to the Trustee and used to redeem the outstanding Phase Four Bonds.

Notwithstanding the foregoing, the Corporation's obligation to replace the Phase Four Facilities and Stadium Expansion in the event of Expropriation Proceedings will be dependent on the Board's entering into a lease with a different portion of the campus of the University as provided in the Phase Four Ground Lease. In the event it shall be necessary to restore or replace the Phase Four Facilities or the Stadium Expansion in a different location because of the Expropriation of all or a portion of the Phase Four Facilities or the Stadium Expansion, the Corporation and the Board will agree to amend or enter into a new Phase Four Facilities Lease and Phase Four Ground Lease in accordance with the Phase Four Ground Lease. In the event the Board, pursuant to the Phase Four Ground Lease, shall decide not to repair, restore or replace the Phase Four Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation) will be required to be paid to the Board for immediate delivery to the Trustee and applied to the prepayment of the Phase Four Bonds in accordance with the terms of the Indenture, and the Phase Four Facilities Lease and the Phase Four Ground Lease will terminate.

In the event that ORM shall insure the Phase Four Facilities or Stadium Expansion, the Board will be required to use the insurance proceeds received from ORM in accordance with the policies and procedures of ORM (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration, or replacement of the Phase Four Facilities

### **Default by the Board**

If (i) the Board shall fail to deposit with the Trustee any Base Rental payment required to be so deposited pursuant to the Phase Four Facilities Lease by the close of business on the day such deposit is required pursuant to the Phase Four Facilities Lease, and shall fail to remedy such breach within five (5) days thereof, but in no event later than the date on which such payment is required to enable the Corporation to make payment on the Phase Four Bonds (without use of moneys held in the Debt Service Reserve Fund), or (ii) the Board shall fail to pay or discharge any monetary obligation under the Phase Four Facilities Lease (other than the payment of Phase Four Base Rental) as and when due, or within thirty (30) days after receipt of Notice from the Corporation that such sums are due and owing; or (iii) the Board shall breach any non-monetary terms, covenants, or conditions therein in connection with the Phase Four Facilities, and shall fail to remedy any such breach with all reasonable dispatch within a reasonable period of time (or such longer period as the Trustee may approve) after written notice thereof from the Corporation to the Board, then and in any such event the Board will be deemed to be in default under the Phase Four Facilities Lease, and the Corporation will have the right, at its option, without any further demand or notice to terminate the Phase Four Facilities Lease on the earliest date permitted by law or on any later date specified in any Notice given to the Board in which case the Board's right to possession of the Phase Four Facilities will cease, and the Phase Four Facilities Lease will be terminated, without, however, waiving the Corporation's right to collect all Rental and other payments due or owing for the period up to the time the Corporation regains possession (and which have been designated by the Board in its budget process for payment to the Corporation under the Phase Four Facilities Lease, but not paid by the Board), and to enforce other obligations of the Board that survive termination of the Phase Four Facilities Lease, and in such event the Corporation may without any further demand or notice re-enter the Phase Four Facilities and the Stadium Expansion and eject all parties in possession thereof, subject to the rights of students, faculty, staff and Permitted Sublessees. The foregoing remedies of the Corporation are in addition to and not exclusive of any other remedy of the Corporation. Any such re-entry will be required to be allowed by the Board without hindrance, and the Corporation will not be liable in damages for any such re-entry or be guilty of trespass. The Corporation will agree that upon its termination of the Board's right to possession of the Phase Four Facilities and the Stadium Expansion or termination of the Phase Four Facilities Lease, the Corporation upon its re-entry of the Phase Four Facilities and the Stadium Expansion will only be allowed to use the Phase Four Facilities and the Stadium Expansion for the Permitted Use and will be subject to all applicable Governmental Regulations heretofore or hereafter enacted by any Governmental Authority relating to the use and operation of the Phase Four Facilities and the Stadium Expansion.

Notwithstanding any other provision of the Phase Four Facilities Lease, (i) in no event will the Corporation have the right to accelerate the payment of any Base Rental payment under the Phase Four Facilities Lease, and (ii) the Bond Insurer will have ninety (90) days to cure an Event of Default thereunder.

**Notwithstanding anything contained in the Phase Four Facilities Lease to the contrary, a failure by the Board to pay when due any payment required to be made under the Phase Four Facilities Lease or a failure by the Board to observe and perform any covenant, condition, or agreement on its part to be observed or performed under the Phase Four Facilities Lease, resulting from a failure by the Board to designate moneys in its budget process will not constitute an Event of Default thereunder, and the Corporation will not have any of the remedial rights set forth in the Phase Four Facilities Lease.** Notwithstanding the foregoing, in such event, the Phase Four Facilities Lease will terminate and the University will be required to vacate the Phase Four Facilities and Stadium Expansion immediately and deliver the Phase Four Facilities and Stadium Expansion to the Corporation.

### **Cumulative Remedies**

Each right and remedy provided for in the Phase Four Facilities Lease shall be cumulative and shall be in addition to every other right or remedy provided for in the Phase Four Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Corporation of any one or more of the rights or remedies provided for in the Phase Four Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise will not preclude the simultaneous or later exercise by the Corporation of any or all other rights or remedies provided for in the Phase Four Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise. All costs incurred by the Corporation in collecting any amounts and damages owing by the Board

pursuant to the provisions of the Phase Four Facilities Lease or to enforce any provision of the Phase Four Facilities Lease, including reasonable Litigation Expenses from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by the Corporation, will also be recoverable by the Corporation from the Board. The waiver by the Corporation of any breach by the Board and the waiver by the Board of any breach by the Corporation of any term, covenant, or condition of the Phase Four Facilities Lease will not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition thereof.

### **Non-Designation of Funds**

In the event no funds or insufficient funds shall lawfully be designated by the Board in its budget process in any Fiscal Year enabling the payment of Phase Four Base Rental and Phase Four Additional Rental payments due during the next succeeding Fiscal Year, the Board will be required to notify the Corporation immediately of such occurrence. On the first day of the month following the Base Rental payment date on which the last payment of Phase Four Base Rental can be made in full from Phase Four Lawfully Available Funds, the Phase Four Facilities Lease will terminate as to the Phase Four Facilities without penalty or expense to the Board of any kind whatsoever, except as to the portions of Phase Four Base Rental and Phase Four Additional Rental payments therein agreed upon for Fiscal Years for which sufficient funds shall have been lawfully designated. In the event of such termination, the Board will agree to surrender possession of the Phase Four Facilities to the Corporation peaceably on the date of such termination in its original condition (normal wear and tear excepted). The Corporation will have all legal and equitable rights and remedies to take possession of the Phase Four Facilities and re-let or sell the Phase Four Facilities as the Corporation determines and as granted in the Phase Four Facilities Lease. The Board will acknowledge that the Corporation's rights to take possession and to re-let or sell the Phase Four Facilities under the Phase Four Facilities Lease may be assigned to the Trustee for the benefit of the owners of the Bonds, and the Board will agree that the Trustee will be entitled to exercise all of the rights of the Corporation under the Phase Four Facilities Lease. The event of an inability by the University to cause the designation of sufficient funds for the payment of sums due under the Phase Four Facilities Lease will not constitute a default thereunder, but will, *ipso facto*, terminate the Phase Four Facilities Lease as to the Phase Four Facilities. This provision will be operative notwithstanding any provisions of the Phase Four Facilities Lease to the contrary. The Board will be considered in default thereunder if sufficient funds shall have been lawfully designated for the payment of Rental required under the Phase Four Facilities Lease and the Board shall fail to use lawfully appropriated funds for the payment of Rental. In such event, the Corporation will be entitled to the rights and remedies set forth in the Phase Four Facilities Lease.

## **LITIGATION**

### **The Authority**

There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that restrains or enjoins the issuance or delivery of the Series 2007 Bonds or questions or affects the validity of the Series 2007 Bonds or the proceedings and authority under which they are to be issued. To the Authority's knowledge, neither the creation, organization, or existence of the Authority, nor the title of the present members or other officers of the Authority to their respective offices, is being contested or questioned. There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that in any manner questions the right of the Authority to enter into the Indenture or the Loan Agreement to secure the Series 2007 Bonds in the manner provided in the Indenture.

### **The Corporation**

There is no litigation now pending or threatened against the Corporation, of which the Corporation has knowledge, that in any manner questions the right of the Corporation to enter into or perform its obligations under the Loan Agreement, the Leases or the Assignment or that individually or in the aggregate would adversely affect the operations of the Corporation, financial or otherwise.

## **CONFLICTS OF INTEREST; RELATIONSHIPS**

Stephen M. Smith is the President and the Chairperson of the Board of Directors of the Corporation and is also Vice President for Administration and Finance of the University.

## TAX EXEMPTION

### General

In the opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, subject to the discussion below, interest on the Series 2007 Bonds (and original issue discount treated as interest (see discussion below)) is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and judicial decisions. Except as hereinafter described under the subheading “**Alternative Minimum Tax Considerations**,” interest on Series 2007 Bonds (and original issue discount treated as interest) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations.

The Internal Revenue Code of 1986, as amended (the “*Code*”) imposes a number of requirements that must be satisfied for interest on state and local obligations to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States government, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service.

In rendering the foregoing opinions, Bond Counsel will assume continuing compliance by the Corporation with the provisions of the Indenture and the Loan Agreement by the Authority and the Corporation subsequent to the issuance of the Series 2007 Bonds which affect the exclusion from gross income of all amounts treated as interest on the Series 2007 Bonds. In addition, Bond Counsel will rely upon certain representations and certifications of the Corporation made in certificates dated the date of initial delivery of the Series 2007 Bonds pertaining to the use, expenditure and investment of the proceeds of the Series 2007 Bonds. These representations relate to matters that are solely within the knowledge of the Corporation, which Bond Counsel has not verified. The Indenture and the Loan Agreement contain certain covenants by the Authority and the Corporation with respect to, among other matters, the above requirements. Failure of the Corporation to comply with any of the covenants may result in interest on the Series 2007 Bonds being included in the gross income of the owners thereof from the date of issue of the Series 2007 Bonds.

Prospective purchasers of the Series 2007 Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred to continued indebtedness to purchase or carry tax-exempt obligations. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

### Alternative Minimum Tax Considerations

As stated above, interest on the Series 2007 Bonds will not be an item of tax preference for purposes of computing the federal alternative minimum tax on individuals and corporations. The Code, however, imposes a 20% alternative minimum tax on the “alternative minimum taxable income” of a corporation, if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, a corporation's alternative minimum taxable income will include 75% of the amount by which a corporation's “adjusted current earnings” exceeds a corporation's alternative minimum taxable income. Because interest on tax-exempt obligations is included in a corporation's “adjusted current earnings,” ownership of the Series 2007 Bonds could subject a corporation to alternative minimum tax consequences.

### Original Issue Premium and Discount

Certain maturities of the Series 2007 Bonds (the “*Premium Bonds*”) may be offered and sold to the public at a price in excess of their stated principal amounts. Such excess is characterized as a “bond premium.” For federal income tax purposes, bond premium on the Premium Bonds must be amortized by an investor purchasing a Premium



Bond on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium related to a tax-exempt bond for federal income tax purposes.

Certain maturities of the Series 2007 Bonds may be offered and sold at an original issue discount (the "**OID Bonds**"). The difference between the initial public offering price of the OID Bonds (as set forth on the front cover hereon) and their stated principal amount payable at maturity constitutes original issue discount treated as interest. OID on the OID Bonds is treated as interest that is excluded from gross income for federal income tax purposes and which is exempt from all taxation in the State subject to the caveats and provisions described above.

In the case of an owner of an OID Bond, the amount of original issue discount which is treated as having accrued with respect to such OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such an OID Bond which are attributable to accrued original issue discount will be treated as interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual OID Bond, on days which are determined by reference to the maturity date of such OID Bond. The amount treated as original discount on such OID Bond for a particular semiannual period is equal to (i) the product of (a) the yield to maturity for such OID Bond and (b) the amount which would have been the tax basis of such OID Bond at the beginning of the particular semiannual period if held by the original purchaser, (ii) less the amount of any payments on such OID Bond during the semiannual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which would have been treated as original issue discount for such purposes during all prior periods. If such an OID Bond is sold between compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Investors who purchase an OID Bond should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such OID Bonds as of any date, with respect to the accrual of original issue discount for such OID Bonds purchased on the secondary markets and with respect to the state and local tax consequences of owning such OID Bonds.

#### **Louisiana Taxes**

In the opinion of Bond Counsel and in accordance with the Act, the Series 2007 Bonds together with interest thereof, income therefrom, and gain from the sale thereof are exempt from all State taxes and local taxes.

#### **No Other Opinions**

Except as stated above, Bond Counsel expresses no other opinions with respect to any tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Series 2007 Bonds.

#### **UNDERWRITING**

The Authority is offering the Series 2007 Bonds through Morgan Keegan & Company, Inc., New Orleans, Louisiana (the "**Underwriter**"), pursuant to a Bond Purchase Agreement. The obligation of the Underwriter to sell the Series 2007 Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter is purchasing the Series 2007 Bonds and intends to offer the Series 2007 Bonds to the original purchasers thereof at the offering prices set forth on the cover page of this Official Statement, which offering prices may subsequently be changed without any requirement of prior notice. The Underwriter will purchase the Series 2007 Bonds at an aggregate price equal to \$\_\_\_\_\_. The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Series 2007 Bonds. The Underwriter may offer and sell Series 2007 Bonds to certain dealers at prices lower than the public offering price or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts and/or commissions that may be received by such dealers in connection with the sale

of the Series 2007 Bonds will be deducted from the Underwriter's discount. The Underwriter may receive additional compensation in conjunction with the investment of certain bond proceeds.

#### RATING OF THE SERIES 2007 BONDS

Moody's Investors Service, Inc. ("*Moody's*") is expected to assign the Series 2007 Bonds the long-term rating of "Aaa," with the understanding that upon delivery of the Series 2007 Bonds, a policy insuring the payment when due of the principal of and interest on the Series 2007 Bonds will be issued by the Bond Insurer. Additionally, Moody's has issued an underlying rating on the Series 2007 Bonds of "Baa1." An explanation of the significance of such rating may be obtained from Moody's. Such rating reflects only the view of Moody's, and neither the Authority, the University, the Bond Insurer, nor the Underwriter makes any representation as to the appropriateness thereof.

There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely, if in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse affect on the market price of the Series 2007 Bonds.

#### LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Series 2007 Bonds will be subject to the approving opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the form of which is included as APPENDIX "D" hereto. Certain legal matters will be passed on for the Authority by its counsel, Casten & Pearce, A.P.L.C., Shreveport, Louisiana, for the Corporation by its counsel, Seale & Ross, P.L.C., Hammond, Louisiana, for the Board by its counsel, DeCuir, Clark & Adams, L.L.P., Baton Rouge, Louisiana and for the Underwriter by its counsel, McGlinchey Stafford PLLC, Baton Rouge, Louisiana.

Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 2007 Bonds have been authorized to be issued, and rendering opinions in conventional form as to the validity and legality of the Series 2007 Bonds and to the exemption or lack thereof of interest thereon from income taxation by the United States of America and the State of Louisiana. While Bond Counsel has assisted in the preparation of this Official Statement and is of the opinion that the statements made herein under the headings "SUMMARY STATEMENT - The Series 2007 Bonds," "THE SERIES 2007 BONDS," "TAX EXEMPTION," "LEGAL MATTERS" and "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS" in APPENDIX "C" hereto fairly summarize the matters there referred to, such counsel has not been requested to check or verify, has not checked or verified, and will express no opinion with respect to the accuracy, completeness, or fairness of any other information contained in this Official Statement (other than the form of legal opinion set forth in APPENDIX "D").

None of the legal counsel referenced in this Official Statement has (a) participated in the underwriting of the Series 2007 Bonds, (b) provided any advice regarding the creditworthiness of the Series 2007 Bonds or (c) assisted in determining the value of the collateral for the Series 2007 Bonds upon the occurrence of an event of default. Legal counsel have solely and exclusively opined to those matters which are expressly set forth in their opinions which are attached hereto or which have been delivered in connection herewith and no holder of a Series 2007 Bond shall be authorized or entitled to infer that such legal counsel have rendered opinions beyond those stated in their written opinions or to rely on the participation of counsel in this transaction. Except for negligent errors in their express written opinions, legal counsel shall have no obligations to holders of the Series 2007 Bonds and holders of the Series 2007 Bonds must not rely either expressly or implicitly upon such counsel in determining whether the Series 2007 Bonds represent suitable investments or otherwise meet their creditworthiness and risk tolerance standards.

#### CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2007 Bonds or to any decisions to purchase, hold or sell the Series 2007 Bonds, and the Authority will not provide any such information. The Board has undertaken all responsibilities for any

continuing disclosure to Owners of the Series 2007 Bonds as described below, and the Authority will have no liability to the Owners of the Series 2007 Bonds or any other person with respect to such disclosures.

Pursuant to a Continuing Disclosure Certificate, the Board will covenant for the benefit of Bondowners to provide, or cause its Dissemination Agent to provide, certain financial information and operating data relating to the Board by not later than December 31 in each year commencing December 31, 2007, (the "*Annual Report*"), and to provide notices of the occurrence of certain enumerated events, if deemed by the Authority to be material (the "*Undertaking*"). The Annual Report will be filed by the Board with each Nationally Recognized Municipal Securities Information Depository (the "*Repositories*") (and with any future Louisiana officially designated State Information Depository). Any notices of material events will be filed by the Board or its Dissemination Agent with each of the Repositories or the Municipal Securities Rulemaking Board (and with any future Louisiana officially designated State Information Depository). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in their respective captions in "**Appendix "F" – Form of Continuing Disclosure Certificate.**" The covenants have been made in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

#### FINANCIAL ADVISOR TO THE UNIVERSITY

Sisung Securities Corporation serves as independent financial advisor (the "*Financial Advisor*") to the University in connection with the issuance of the Series 2007 Bonds. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the University to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. The Financial Advisor may receive additional compensation in conjunction with the investment of certain bond proceeds.

#### MISCELLANEOUS

The information set forth herein relating to the Corporation has been furnished by the Corporation.

The information set forth herein regarding the University has been furnished by the University.

The Authority has furnished only the information included herein under the headings, "**THE AUTHORITY,**" and "**LITIGATION - The Authority.**"

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2007 Bonds.

The Corporation has duly authorized the execution, delivery, and distribution of this Official Statement in connection with the offering of the Series 2007 Bonds.

#### UNIVERSITY FACILITIES, INC.

By: \_\_\_\_\_  
Phil K. Livingston, Vice Chairman

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**APPENDIX "A"**

**FINANCIAL STATEMENTS OF THE UNIVERSITY**

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L O U I S I A N A   U N I V E R S I T Y

**Annual Financial Statements**

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**for the fiscal year ended  
June 30, 2006**

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COLLEGE AND UNIVERSITY SYSTEMS  
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Schedule 8-4 Schedule of Non-State-Subrecipients of Major Federal Programs

Schedule 8-5 Schedule of State Agency/University Subrecipients of Federal Programs

STATE OF LOUISIANA  
Annual Financial Statement  
Fiscal Year Ending June 30, 2006

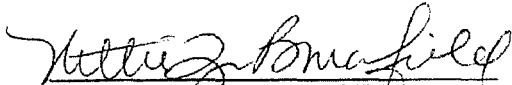
Southeastern Louisiana University


Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Nettie L. Burchfield, Controller of Southeastern Louisiana University, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Southeastern Louisiana University at June 30, 2006 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 30<sup>th</sup> day of AUGUST, 2006.

  
Signature of Agency Official

 #50468  
Notary Public

Prepared by: Nettie L. Burchfield

Title: Controller

Telephone No.: (985) 549-2088

Date: 8/30/06

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UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

The Management's Discussion and Analysis of Southeastern Louisiana University's financial performance presents a narrative overview and analysis of Southeastern's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with Southeastern's financial statements, which begin on page 1.

### FINANCIAL HIGHLIGHTS

Southeastern Louisiana University's net assets overall changed from \$107,550,042 to \$110,419,279 or 2.67% from July 1, 2005 to June 30, 2006. The overall reasons for this change included:

- ◆ Increase in capital appropriations
- ◆ Decrease in bonds payable

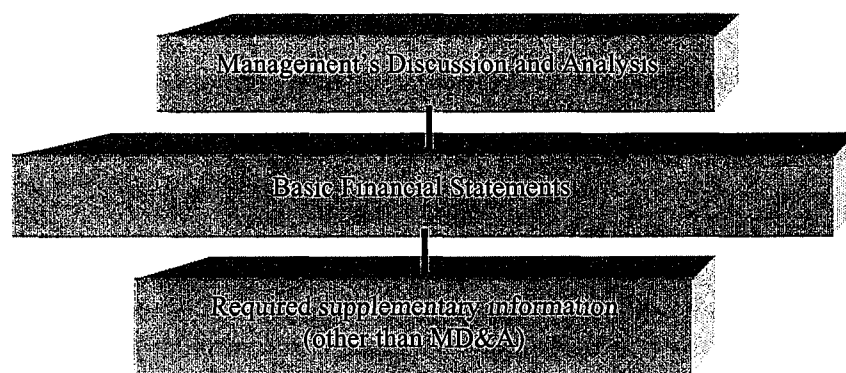
Enrollment changed from 35,471 (Summer 5,536, Fall 15,472, Spring 14,463) to 35,761 (Summer 5,599, Fall 16,068, Spring 14,094) from July 1, 2005 to June 30, 2006, a change of 0.82%. The reason for this change is attributed to the transfer of students due to Hurricane Katrina and the early implementation of new admission standards.

Southeastern Louisiana University's operating revenues changed from \$83,471,828 to \$86,405,700 or 3.51% from July 1, 2005 to June 30, 2006. Operating expenses, however, changed by 1.98% to \$132,428,212 for the year ended June 30, 2006. The changes in enrollment as discussed above and the increase in tuition and fees are the primary reasons for this change.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating and capital appropriations. The change to \$45,646,241 in 2006 from \$44,971,882 in 2005 is attributed to an increase in state appropriation, an increase in investment income, and a decrease in interest expense.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

**Basic Financial Statements**

The basic financial statements present information for Southeastern Louisiana University as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 1) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of Southeastern Louisiana University is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (SRECNA) (page 2) presents information showing how Southeastern Louisiana University's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 4 -5) presents information showing how Southeastern's cash changed as a result of current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

The financial statements provide both long-term and short-term information about Southeastern Louisiana University's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

Southeastern Louisiana University's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the SRECNA. All assets and liabilities associated with the operation of the University are included in the Statement of Net Assets.

UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

**FINANCIAL ANALYSIS**

**Statement of Net Assets  
as of June 30, 2006  
(in thousands)**

	<b>Total</b>	
	<b>2006</b>	<b>2005</b>
Current and other assets	\$ 61,214	\$ 65,110
Capital assets	146,518	144,036
<b>Total assets</b>	<b>207,732</b>	<b>209,146</b>
Other liabilities	10,858	13,569
Long-term debt outstanding	86,455	87,491
<b>Total liabilities</b>	<b>97,313</b>	<b>101,060</b>
Net assets:		
Invested in capital assets, net of debt	59,035	61,242
Restricted	50,240	46,990
Unrestricted	1,144	(146)
<b>Total net assets</b>	<b>\$ 110,419</b>	<b>\$ 108,086</b>

This schedule is prepared from the Southeastern Louisiana University's Statement of Net Assets as shown on page 1, which is presented on an accrual basis of accounting. Significant Statement of Net Asset changes from 2006 include:

- ◆ A decrease in construction-in-progress.
- ◆ An increase in buildings.
- ◆ An increase in non-depreciable land improvements.

Net assets invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation, and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be spent.

UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

**Statement of Revenues, Expenses, and Changes in Net Assets**  
(in thousands)

	<b>2006</b>	<b>2005</b>
Operating Revenues:		
Student tuition and fees, net	\$ 44,606	\$ 41,869
Grants and contracts	26,740	26,744
Auxiliary	13,100	12,360
Other	1,960	2,499
<b>Total operating revenues</b>	<b>\$ 86,406</b>	<b>\$ 83,472</b>
Operating Expenses:		
Education and general:		
Instruction	\$ 49,283	\$ 48,069
Research	2,184	2,149
Public service	3,184	3,182
Academic support	10,692	10,531
Student services	7,964	8,041
Institutional support	11,514	11,058
Operations and maintenance of plant	11,080	10,980
Depreciation	7,043	6,437
Scholarships and fellowships	12,245	12,262
Other operating expenses	17,240	17,150
<b>Total operating expenses</b>	<b>132,429</b>	<b>129,859</b>
Operating income (loss)	<b>\$ (46,023)</b>	<b>\$ (46,387)</b>
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	\$ 46,015	\$ 45,635
Gifts	1,186	90
Other nonoperating revenues (expenses)	(1,555)	(753)
Net nonoperating revenues (expenses)	<b>45,646</b>	<b>44,972</b>
Income (loss) before other revenues, exp, gains, losses	<b>\$ (377)</b>	<b>\$ (1,415)</b>
Capital appropriations	\$ 2,430	\$ 624
Capital grants and gifts		
Additions to permanent endowments	280	200
Other additions, net		
<b>Change in Net Assets</b>	<b>\$ 2,333</b>	<b>\$ (591)</b>
<b>Net assets at the beginning of the year, restated</b>	<b>108,086</b>	<b>108,141</b>
<b>Net assets at the end of the year</b>	<b>\$ 110,419</b>	<b>\$ 107,550</b>

Non-operating revenues increased by 1.5% to \$46 million, primarily attributable to an increase in state appropriation, an increase in donations, an increase in investment income and a decrease in interest expense.

State appropriations changed from \$45.6 to \$46 million due to an increase in the mandated costs, such as civil service merit increases, group insurance, retirement, and risk management adjustments. Appropriations were decreased due to Executive Order KBB2005-82, which mandated a reduction in expenditures.

Southeastern Louisiana University's operating revenues decreased by \$2,933,872 or 3.51%.

UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2006, Southeastern Louisiana University had invested approximately \$146,518,463 in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$3,230,979 or 2.25% over the previous fiscal year. More detailed information about the University's capital assets is presented in Note E to the financial statements.

**Capital Assets at Year-end  
(Net of Depreciation, in thousands)**

	2006	2005
Land	\$ 4,219	\$ 4,219
Non-depreciable Land Improvements	2,792	-
Capitalized Collections	205	205
Construction in Progress	2,729	20,533
Infrastructure	-	-
Land Improvements	492	-
Buildings	130,009	112,748
Equipment	4,129	4,184
Library Materials	1,943	2,147
<b>Totals</b>	<b>\$ 146,518</b>	<b>\$ 144,036</b>

This year's major additions included (in thousands):

- ◆ An increase in non-depreciable land improvements of \$2.8 million.
- ◆ An increase in buildings from \$112 to \$130 million.

**Debt**

Southeastern Louisiana University had \$82.6 million in bonds and notes outstanding at year-end, compared to \$83.9 million last year, a decrease of 1.57% as shown in the table below.

**Outstanding Debt at Year-end  
(in thousands)**

	2006	2005
General Obligation Bonds	\$ -	\$ -
Capital Lease Obligations	2	31
Revenue Bonds and Notes	82,635	83,896
<b>Total</b>	<b>\$ 82,637</b>	<b>\$ 83,927</b>



UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

See Notes I and P for details relating to changes in, and the composition of long-term liabilities and capital leases.

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The following currently known facts, decisions, or conditions are expected to have a significant effect on financial position or results of operations:

- ◆ Increase in Tuition and Fees
- ◆ Increase in State Appropriation

**CONTACTING THE SOUTHEASTERN LOUISIANA UNIVERSITY'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of Southeastern Louisiana University's finances and to show Southeastern's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nettie L. Burchfield at (985) 549-2088.

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

<b>Assets</b>	<u>2006</u>	<u>Component Units</u>
<b>Current Assets</b>		
Cash and cash equivalents (Note C)	\$ 17,526,488	\$
Investments (Note C)	6,880,482	
Receivables, net (Note D)	7,927,544	
Pledges receivable		
Due from State Treasury		
Due from Federal Government (Note D)		
Inventories	648,388	
Deferred charges and prepaid expenses	89,217	
Notes receivable	470,013	
Other current assets	1,745,743	
Total current assets	<u>\$ 35,287,875</u>	<u>\$ -</u>
<b>Noncurrent Assets</b>		
Restricted assets:		
Cash and cash equivalents (Note C)	8,856,560	
Investments (Note C)	12,580,039	
Accounts Receivable, net (Note D)		
Notes Receivable, net	1,415,364	
Other		
Investments (Note C)		
Pledges receivable		
Notes receivable, net		
Capital assets, net (Note E)	146,518,463	
Other noncurrent assets	3,073,433	
Total noncurrent assets	<u>172,443,859</u>	<u>-</u>
Total assets	<u>\$ 207,731,734</u>	<u>\$ -</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 4,410,308	\$
Due to State Treasury		
Due to Federal Government		
Deferred revenues	4,664,371	
Compensated absences payable (Note I)	522,368	
Capital lease obligations (Note I)	2,476	
Claims and litigation payable (Note I)		
Amounts held in custody for others (Note I)	605,706	
Notes payable (Note I)	127,096	
Contracts payable (Note I)		
Bonds payable (Note I)	520,000	
Other current liabilities	5,450	
Total current liabilities	<u>\$ 10,857,775</u>	<u>\$ -</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable	3,605,343	
Capital lease obligations		
Claims and litigation payable		
Amounts held in custody for others		
Notes payable	302,789	
Contracts payable		
Bonds payable	82,115,000	
Other noncurrent liabilities	431,548	
Total noncurrent liabilities	<u>86,454,680</u>	<u>-</u>
Total liabilities	<u>\$ 97,312,455</u>	<u>\$ -</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	59,035,062	
Restricted for:		
Nonexpendable	6,159,654	
Expendable	44,080,592	
Unrestricted	1,143,971	
Total net assets	<u>110,419,279</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 207,731,734</u>	<u>\$ -</u>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

<b>Operating Revenues</b>	<u>2006</u>	<u>Component Unit</u>
Student tuition and fees	\$ 52,917,432	\$
*Less scholarship allowances	<u>(8,311,859)</u>	
Net student tuition and fees	<u>44,605,573</u>	<u>-</u>
Gifts received by the foundations <i>(for comp. units only)</i>		
Endowment income <i>(for comp. units only)</i>		
Federal appropriations		
Federal grants and contracts	24,554,107	
State and local grants and contracts	1,992,621	
Nongovernmental grants and contracts	193,379	
Sales and services of educational departments	274,810	
Hospital income		
Auxiliary enterprise revenues, (see note CC for revenue amounts pledged as security for bond issues)	<u>13,852,512</u>	
*Less scholarship allowances	<u>(752,235)</u>	
Net auxiliary revenues	<u>13,100,277</u>	<u>-</u>
Other operating revenues	<u>1,684,933</u>	
Total operating revenues	<u>\$ 86,405,700</u>	<u>\$ -</u>
 <b>Operating Expenses</b>		
Education and general:		
Instruction	\$ 49,283,220	\$
Research	2,183,632	
Public service	3,184,139	
Academic support	10,691,532	
Student services	7,964,405	
Institutional support	11,513,472	
Operations and maintenance of plant	11,079,846	
Depreciation	7,043,423	
Scholarships and fellowships	12,245,012	
Auxiliary enterprises	17,277,927	
Hospital		
Other operating expenses	<u>(38,396)</u>	
Total operating expenses	<u>\$ 132,428,212</u>	<u>\$ -</u>
Operating income (loss)	<u>(46,022,512)</u>	<u>-</u>
 <b>Nonoperating Revenues (Expenses)</b>		
State appropriations	\$ 46,015,098	\$
Gifts	1,185,609	
Net investment income (loss)	2,064,853	
Interest expense	(3,297,503)	
Payments to or on behalf of the university		
Other nonoperating revenues (expenses)	<u>(321,816)</u>	
Net nonoperating revenues (expenses)	<u>45,646,241</u>	<u>-</u>
Income (loss) before other revenues, exp, gains, losses	<u>(376,271)</u>	<u>-</u>
Capital appropriations	2,429,614	
Capital grants and gifts		
Additions to permanent endowments	280,000	
Other additions, net		
Extraordinary item - loss on impairment of capital assets		
Increase (decrease) in Net Assets	<u>2,333,343</u>	<u>-</u>
 <b>Net assets at the beginning of the year, restated</b>	 <u>108,085,936</u>	
 <b>Net assets at the end of the year</b>	 <u>\$ 110,419,279</u>	 <u>\$ -</u>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
SIMPLIFIED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

	(-) Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Component Units	Combined Total
		Charges for Services	Operating Grants and Contributions			
System	\$ (135,725,715)	\$ 57,980,660	\$ 28,205,716	\$ (49,539,339)		
Component Units				-		
Eliminations				-		
Combined Total	\$ (135,725,715)	\$ 57,980,660	\$ 28,205,716	\$ -		\$ (49,539,339)
General revenues:						
State appropriations				\$ 46,015,098	\$	\$ 46,015,098
Grants and contributions not restricted to specific programs						-
Interest				2,064,853		2,064,853
Miscellaneous				3,792,731		3,792,731
Special items						-
Extraordinary item - loss on impairment of capital assets						-
Total general revenues, special items, and transfers				51,872,682	-	51,872,682
Change in net assets				2,333,343	-	2,333,343
Net assets - beginning				108,085,936		108,085,936
Net assets - ending				\$ 110,419,279	\$	\$ 110,419,279

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2006

	2006
<b>Cash flow from operating activities</b>	
Tuition and fees	\$ 42,972,958
Federal appropriations	
Grants and contracts	27,235,833
Sales and services of educational departments	398,444
Hospital income	
Auxiliary enterprise receipts	13,603,333
Payments for employee compensation	(64,376,496)
Payments for benefits	(18,187,118)
Payments for utilities	(3,444,796)
Payments for supplies and services	(4,892,516)
Payments for scholarships and fellowships	(12,238,231)
Loans to students	(404,773)
Collection of loans to students	636,538
Other receipts (payments)	(23,388,199)
Net cash provided (used) by operating activities	\$ (42,085,023)
<b>Cash flows from non-capital financing activities</b>	
State appropriations	\$ 46,266,380
Gifts and grants for other than capital purposes	
Private gifts for endowment purposes	280,000
TOPS receipts	8,551,062
TOPS disbursements	(8,769,493)
Direct lending receipts	
Direct lending disbursements	
Federal Family Education Loan Program receipts	40,561,543
Federal Family Education Loan Program disbursements	(40,566,802)
Other receipts (payments)	11,553
Net cash provided by noncapital financing sources	\$ 46,334,243
<b>Cash flows from capital financing activities</b>	
Proceeds from capital debt	\$
Capital appropriations received	2,429,614
Capital grants and gifts received	
Proceeds from sale of capital assets	
Purchases of capital assets	(8,673,202)
Principal paid on capital debt and leases	(860,303)
Interest paid on capital debt and leases	(3,297,503)
Deposit with trustees	
Other sources	78,166
Net cash used by capital financing activities	\$ (10,323,228)
<b>Cash flows from investing activities</b>	
Proceeds from sales and maturities of investments	\$
Interest received on investments	2,064,853
Purchase of investments	10,570,823
Net cash provided (used) by investing activities	\$ 12,635,676
Net increase (decrease) in cash and cash equivalents	6,561,668
Cash and cash equivalents at beginning of the year	19,821,380
Cash and cash equivalents at the end of the year	\$ 26,383,048

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2006

	2006
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>	
Operating income (loss)	\$ (46,022,512)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	7,043,423
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables, net	(945,579)
(Increase) decrease in inventories	(33,994)
(Increase) decrease in deferred charges and prepaid expenses	(24,746)
(Increase) decrease in notes receivable	231,765
(Increase) decrease in other assets	492,560
Increase (decrease) in accounts payable and accrued liabilities	(3,633,094)
Increase (decrease) in deferred revenue	598,269
Increase (decrease) in amounts held in custody for others	315,596
Increase (decrease) in compensated absences	(106,711)
Increase (decrease) in other liabilities	-
Net cash provided (used) by operating activities:	\$ (42,085,023)
<b>Noncash Investing, Noncapital Financing, and Capital and Related Financing Transactions</b>	
None	
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>	
Cash and cash equivalents classified as current assets	\$ 17,526,488
Cash and cash equivalents classified as noncurrent assets	8,856,560
	\$ 26,383,048

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**NOTES TO FINANCIAL STATEMENT**



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STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In July of 1984, the GASB issued Statement 1, which provided that all statements and interpretations issued by the National Council on Governmental Accounting (NCGA) continue as generally accepted accounting principles until altered, amended, supplemented, revoked or superseded by subsequent GASB pronouncements.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Louisiana, Southeastern Louisiana University is required to report its financial statements in accordance with GASB 34 and 35 as amended by GASB 37 and 38. Financial statement presentation required by GASB 34 and 35 provides a comprehensive, entity-wide perspective of the institution's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required.

The GASB Code Section 2100 has defined the governmental reporting entity to be the State of Louisiana. Therefore, the accompanying financial statements of the university contain sub-account information of the various funds of the State of Louisiana. As such, the accompanying financial statements present information only as to the transactions of the programs of the university as authorized by Louisiana statutes and administrative regulations.

2. REPORTING ENTITY

Southeastern Louisiana University is a publicly supported institution of higher education. Using the criteria established in GASB Statement 14, *The Financial Reporting Entity* as amended by GASB 39, the institution is reported as a discrete component unit of the State of Louisiana since it is legally separate from and is financially accountable to the State.

Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements. The Louisiana Legislative Auditor audits the basic financial statements.

3. BASIS OF ACCOUNTING

For financial reporting purposes, the institution is considered a special-purpose government engaged only in business-type activities. Accordingly, the institution's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The institution has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The institution has elected not to apply FASB pronouncements issued after the applicable date.

The financial statements of the university have been prepared on the accrual basis of accounting.

4. CASH EQUIVALENT

The institution considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

5. INVESTMENTS

Southeastern Louisiana University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the carrying value of investments resulting in unrealized gains or losses are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

6. INVENTORIES

Inventories are valued at the lower of cost or market on the weighted average basis. The institution accounts for its inventories using the consumption method.

7. NONCURRENT CASH AND INVESTMENTS

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the Statement of Net Assets.

8. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the institution's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. Library collections regardless of age, with a total acquisition value of \$5,000,000 or more will be capitalized and depreciated.

9. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but are related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

10. NONCURRENT LIABILITIES

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

11. NET ASSETS

Southeastern Louisiana University's net assets are classified as follows:

(a) INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

This represents Southeastern's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

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(b) RESTRICTED NET ASSETS – EXPENDABLE

Restricted expendable net assets include resources that the institution is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(c) RESTRICTED NET ASSETS – NONEXPENDABLE

Restricted nonexpendable net assets consist of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

(d) UNRESTRICTED NET ASSETS

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university, and may be used at the discretion of the governing board to meet current expenses and for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the university's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

12. CLASSIFICATION OF REVENUES

Southeastern Louisiana University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- (a) OPERATING REVENUE - Operating activity include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most Federal, state, and local grants and contracts and Federal appropriations.
- (b) NONOPERATING REVENUE – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions.

13. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances is the difference between the stated charge for goods and services provided by the institution, and the amount that is paid by students and/or third parties making payments on the student's behalf.

14. ELIMINATING INTERFUND ACTIVITY

Activities between Southeastern Louisiana University and the institution's service units are eliminated for purposes of preparing the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Net Assets.

15. COMPONENT UNITS

Southeastern Louisiana University does not have any reportable component units.

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B. BUDGETARY PRACTICES

The annual budget for the General Fund of the university is established by annual Legislative action and by Title 39 of the Louisiana Revised Statutes. The submission of the budget for approval by the Board of Regents and the Legislative budget process is required. The other funds of the university, although subject to internal budgeting, are not required to be submitted for approval through the Legislative budget process.

State law provides that appropriations lapse at the end of the fiscal year with the exception noted in Note H, General Fund. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting with some exceptions. The following is a list of exceptions, but is not all inclusive, (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) certain capital leases are not recorded.

1. BUDGETARY COMPARISON

The following is an appropriation budgetary comparison for current year General Fund appropriation:

	Budgeted		Actual	Adjustment to Budget Basis	Actual on Budget Basis	Variance Favorable (Unfavorable)
	Original	Final				
<b>REVENUES:</b>						
Appropriated by Legislature:						
State General Fund (Direct)	\$ 45,684,448	\$ 43,992,026	\$ 43,992,026	\$	\$	\$ 0
State General Fund by Self- Generated Revenues	46,105,017	46,072,232	44,812,425			(1,259,807)
State General Fund by Interagency Transfers						0
Interim Emergency Board Federal Funds						
Other (Include Stat. Dedications)	1,776,072	2,023,072	2,023,072			0
<b>Total Revenues</b>	<b>93,565,537</b>	<b>92,087,330</b>	<b>90,827,523</b>			<b>(1,259,807)</b>
<b>EXPENDITURES:</b>						
Program Expenditures	93,565,537	92,087,330	90,810,020			1,277,310
<b>Total Expenditures</b>	<b>93,565,537</b>	<b>92,087,330</b>	<b>90,810,020</b>			<b>1,277,310</b>
<b>UNEXPENDED APPROPRIATION</b>						
-CURRENT YEAR	\$	\$	\$ 17,503	\$	\$	\$ 17,503

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Further, the university may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks; and share accounts and share certificate accounts of federally or state chartered credit unions.

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As reflected on the Statement of Net Assets, the institution had deposits in bank accounts totaling \$26,338,738 at June 30, 2006. Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

The deposits at June 30, 2006, consisted of the following:

	Cash	Certificates of Deposit	Other (Describe)	Total
Deposits per Statement of Net Assets (SNA)	\$ 9,038,738	\$ 17,300,000	\$	\$ 26,338,738
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized				-
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entity's name-UFI</u>	4,495,030			4,495,030
Total Bank Balances of All Deposits	\$ 12,669,174	\$ 17,300,000	\$ -	\$ 29,969,174

At year-end, the deposits reflected in the bank accounts totaled \$29,969,174. Of the bank balances, \$4,495,030 was held in the name of University Facilities, Inc. (UFI), a blended component. UFI's cash balances are deposited with high quality, credit worthy, financial institutions. Management monitors the soundness of these financial institutions and considers the custodial credit risk insignificant.

Petty cash totaling \$44,310 is included in the Statement of Net Assets but is excluded from the note above.

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The following is a breakdown by banking institution, program, account number, and amount of the total bank balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. Parish National Bank	Disbursement-Operating Acct	\$5,174,056
2. Parish National Bank	Payroll	85,014
3. Parish National Bank	Nursing Loan	301
4. Parish National Bank	Perkins / NDSL	717,755
5. Parish National Bank	Endowed Professorships & Chairs	80,324
6. Parish National Bank	Charge Card Processing Acct	1,440,031
7. J.P. Morgan	Certificates of Deposit	10,400,000
8. Capital One	Certificates of Deposit	5,600,000
9. First Guaranty Bank	Certificates of Deposit	1,300,000
10. First Guaranty Bank	Charge Card Processing Acct	28,087
11. First Guaranty Bank	UFI - Operating Acct	6,821
12. First Guaranty Bank	UFI - NOW Account	186,994
13. AmSouth Bank	UFI - Project Account	216,515
14. Parish National Bank	UFI - Operating Acct	(4,521)
15. Parish National Bank	UFI - Rental Revenue	220,737
16. Parish National Bank	UFI - Petty Cash Deposit Account	230
17. Bank of New York	UFI - Student Housing Debt Service 2004A	11
18. Bank of New York	UFI - Student Housing Debt Service Prin 2004C	187,500
19. Bank of New York	UFI - Student Housing Receipts 2004A	2,709,914
20. Bank of New York	UFI - Student Housing Debt Service Int 2004A	949,425
21. Bank of New York	UFI - Student Housing Debt Service Int 2004C	10,417
22. Federated Money Market	UFI - Federated Money Mkt	10,987
23. U.S. Bank	Federal Loan Billing Service	2,304
24. Hancock Bank	98 Stu Rec Center Bonds Reserve	591,309
25. Hancock Bank	98 Stu Rec Center Bonds Principle	29,163
26. Hancock Bank	98 Stu Rec Center Bonds Int	25,400
27. J.P. Morgan	96 Parking Bonds Sinking Fund	400
	<b>Total</b>	<b><u>\$29,969,174</u></b>

2. Investments

Southeastern Louisiana University maintains investment accounts as authorized by Louisiana Revised Statute 49:327. These investments are stated at fair market value. All investment income, including changes in the fair market value of investments, is reported as revenue on the financial statements.

Investments held by the Bond Trustees for University Facilities, Inc. are primarily stated at cost, which approximates market value. Investment income in excess of capitalized interest is reflected as a change in net assets.

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The market values of investments at June 30, 2006 are as follows:

Type of Investment	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
	Uninsured, Unregistered, and Held by Counterpart	Uninsured, Unregistered, and Held by Counterparty's Trust Dept. or Agent not in Entity's Name	Reported Amount	Fair Value
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial Paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other:	_____	_____	_____	_____
Mutual Funds:	_____	_____	_____	_____
Vanguard Inflation-Protected Securities Fund	_____	_____	586,231	586,231
Vanguard Federal Money Market Fund	_____	_____	888,522	888,522
Vanguard Wellesley Fund	_____	_____	2,339,130	2,339,130
Vanguard Wellington Fund	_____	_____	2,118,399	2,118,399
Guaranteed Investment Contracts	12,146,320	_____	12,146,320	12,146,320
Held by Foundation	_____	_____	1,381,919	1,381,919
Total investments	\$ 12,146,320	\$ -	\$ 19,460,521	\$ 19,460,521

The cost of these investments at June 30, 2006 was \$19,092,860.

The market value of investments at June 30, 2006 total \$19,460,521. Of this amount, \$1,381,919 are held by the Southeastern Development Foundation and mainly consists of money market funds, mutual funds, and U.S. Government and Agency obligations. Investments related to the 2004 Series Bond Issuance are valued at \$12,146,320 and are held by bond trustees for University Facilities, Inc. These funds are invested under the terms of the various trust indentures. These documents direct the types of investments and collateralization requirements, and work to mitigate the credit risk of these investments.

3. Derivatives

Southeastern does not invest in derivatives as part of its investment policy.

4. Credit Risk, Interest Rate Risk, Concentration of Credit Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Rating	Fair Value
Aaa	\$ 1,474,753
Aa2	2,118,399
Aa3	2,339,130
A2	6,880,482
Unrated	5,265,838
Total	\$ 18,078,602



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The credit ratings reported above were assigned by the major credit rating agencies such as, Standard & Poor's and Moody's Investors Service. University Facilities, Inc. has a \$5,265,838 investment agreement issued by XL Asset Funding Company (XLAF). XLAF is non-rated entity; however, the investment agreement is credit enhanced with a financial guaranty policy from XL Capital Assurance, Inc. XL Capital Assurance, Inc. has an AAA credit rating.

**B. Interest rate Risk**

Type of Debt Investment	Fair Value	Investment Maturities (in Years)			Greater Than 10
		Less Than 1	1 - 5	6 - 10	
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
U.S. Treasury obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds	_____	_____	_____	_____	_____
Mutual funds:					
Vanguard Inflation-Protected Fund	586,231	586,231	_____	_____	_____
Vanguard Federal Money Market Fund	888,522	888,522	_____	_____	_____
Vanguard Wellesley Fund	2,339,130	2,339,130	_____	_____	_____
Vanguard Wellington Fund	2,118,399	2,118,399	_____	_____	_____
Other:					
Guaranteed Investment Contracts	12,146,320	6,880,482	_____	5,265,838	_____
Total debt investments	\$ 18,078,602	\$ 12,812,764	\$ -	\$ 5,265,838	\$ -

**C. Concentration of Credit Risk**

Of the \$12,146,320 in investments held by bond trustees for University Facilities, Inc., \$6,880,482 is invested in guaranteed investment contracts issued by Hypo Real Estate Bank International and \$5,265,838 is invested in a guaranteed investment contract issued by XL Asset Funding Company, LLC.

**D. Foreign Currency Risk**

All investments are denominated in U.S. Currency and are not exposed to foreign currency risk.

**5. Policies**

Endowments are maintained in investment accounts as authorized by policies and procedures established by the Board of Regents. To reduce overall volatility of investment returns and to provide a hedge against the effects of economic downturns, these policies require that at least 40% of assets be invested in fixed income funds. No more than 60% of funds may be invested in equities. The fixed income funds are diversified among various sectors of the fixed income market. The overall average quality of debt investments must be "AA" and, with the exception of the U.S. government and its agencies, no more than 5% of the fixed income fund may be invested in the securities of any one issuer. Investments in foreign stocks and foreign fixed income are limited to 15% and 5% of the equity and fixed income funds, respectively.

The funds held by the Bond Trustees for University Facilities, Inc. are invested in accordance with the trust indentures, which govern the types of investments and collateralization requirements.

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6. Other Disclosures Required for Investments

Southeastern does not directly participate in reverse repurchase agreements and does not have any unrealized investment losses.

D. ACCOUNTS RECEIVABLE

Accounts receivable are shown on the Statement of Net Assets net of an allowance for doubtful accounts as follows:

	<u>Accounts Receivable</u>	<u>Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Amts. not scheduled for collection within a year</u>
Student tuition and fees	\$ 6,656,034	\$ (1,852,380)	\$ 4,803,654	\$ -
Auxiliary enterprises	815,777	(400,000)	415,777	-
Contributions and gifts			-	
Federal, state, and private grants and contracts	1,568,061		1,568,061	
Other Miscellaneous	1,140,052		1,140,052	
Statutory Dedication	-		-	
<b>Total</b>	<u>\$ 10,179,924</u>	<u>\$ (2,252,380)</u>	<u>\$ 7,927,544</u>	<u>\$ -</u>

E. CAPITAL ASSETS

Capital assets and assets under capital lease activity for the year ended June 30, 2006 were as follows:

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**SCHEDULE OF CAPITAL ASSETS**  
(schedule includes capital leases)

	Balance 6/30/2005	Prior Period Adjustment	Restated Balance 6/30/2005	Additions	Transfers	Retirements	Balance 6/30/2006
<b>Capital assets not being depreciated</b>							
Land	\$ 4,218,936	\$ -	\$ 4,218,936	\$ -	\$ -	\$ -	\$ 4,218,936
Non-depreciable land improvements	-	-	-	2,791,647			2,791,647
Capitalized collections	205,002	-	205,002				205,002
Livestock							-
Construction in progress	19,935,091	598,478	20,533,569	7,625,654	(25,430,141)		2,729,082
<b>Total capital assets not being depreciated</b>	<b>\$ 24,359,029</b>	<b>\$ 598,478</b>	<b>\$ 24,957,507</b>	<b>\$ 10,417,301</b>	<b>\$ (25,430,141)</b>	<b>\$ -</b>	<b>\$ 9,944,667</b>
<b>Other capital assets</b>							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less accumulated depreciation							
<b>Total infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciable land improvements				515,551			515,551
Less accumulated depreciation				(23,629)			(23,629)
<b>Total land improvements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>491,922</b>	<b>-</b>	<b>-</b>	<b>491,922</b>
Buildings	169,009,131	46,886	169,056,017	22,222,337			191,278,354
Less accumulated depreciation	(56,306,639)	(1,277)	(56,307,916)	(4,961,544)			(61,269,460)
<b>Total buildings</b>	<b>112,702,492</b>	<b>45,609</b>	<b>112,748,101</b>	<b>17,260,793</b>	<b>-</b>	<b>-</b>	<b>130,008,894</b>
Equipment	14,880,485		14,880,485	1,036,648		(353,738)	15,563,395
Less accumulated depreciation	(10,801,651)	104,873	(10,696,778)	(1,083,016)		345,753	(11,434,041)
<b>Total equipment</b>	<b>4,078,834</b>	<b>104,873</b>	<b>4,183,707</b>	<b>(46,368)</b>	<b>-</b>	<b>(7,985)</b>	<b>4,129,354</b>
Library books	5,191,334		5,191,334	771,731		(1,086,895)	4,876,170
Less accumulated depreciation	(3,044,205)		(3,044,205)	(975,234)		1,086,895	(2,932,544)
<b>Total library books</b>	<b>2,147,129</b>	<b>-</b>	<b>2,147,129</b>	<b>(203,503)</b>	<b>-</b>	<b>-</b>	<b>1,943,626</b>
<b>Total other capital assets</b>	<b>\$ 118,928,455</b>	<b>\$ 150,482</b>	<b>\$ 119,078,937</b>	<b>\$ 17,502,844</b>	<b>\$ -</b>	<b>\$ (7,985)</b>	<b>\$ 136,573,796</b>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	\$ 24,359,029	\$ 598,478	\$ 24,957,507	\$ 10,417,301	\$ (25,430,141)	\$ -	\$ 9,944,667
Other capital assets, at cost	189,080,950	46,886	189,127,836	24,546,267	-	(1,440,633)	212,233,470
Total cost of capital assets	213,439,979	645,364	214,085,343	34,963,568	(25,430,141)	(1,440,633)	222,178,137
Less accumulated depreciation	(70,152,495)	103,596	(70,048,899)	(7,043,423)	-	1,432,648	(75,659,674)
<b>Capital assets, net</b>	<b>\$ 143,287,484</b>	<b>\$ 748,960</b>	<b>\$ 144,036,444</b>	<b>\$ 27,920,145</b>	<b>\$ (25,430,141)</b>	<b>\$ (7,985)</b>	<b>\$ 146,518,463</b>

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F. COLLECTIONS (WORKS OF ART and HISTORICAL TREASURES)

Southeastern Louisiana University does not capitalize collections. These collections include the following:

- ◆ Works of art - such as murals, sculptures, statues, portraits, etc.
- ◆ Historical items - such as book collections, war artifacts, an antique piano, maps, etc.

G. DUE FROM PRIVATE FOUNDATIONS

The amount of matching funds received by the university from the State pursuant to the endowed chair and professorship program and the related unexpended earnings from private foundations is \$1,381,919 at June 30, 2006. These funds are held and invested by the university's foundation under an agreement with the university. Amounts invested by private foundations for the university are included as *other* in the disclosures in Note C.

H. GENERAL FUND

At June 30, 2006, the General Fund had no unexpended appropriation due to the State Treasury. However, the university did have \$17,503 unexpended, which will be reappropriated as required by law and outlined below.

As provided by Louisiana Revised Statute 17:3386(A), the university adopted a building and facility preventative maintenance program, which was approved by the Louisiana Board of Regents. This program allows the university to retain any funds appropriated or allocated that were unexpended and unobligated at the end of the fiscal year. At least 50% of the retained funds will be maintained in a preventative maintenance reserve fund and will be used solely for preventative maintenance purposes in accordance with the approved plan, subject to approval by the supervisory board, the Louisiana Board of Regents, and the Joint Legislative Committee on the Budget. All retained funds will be spent for non-recurring projects. As shown in the Statement of Net Assets at June 30, 2006, included in restricted net assets are amounts totaling \$8,752, which will be retained for these purposes.

I. LONG-TERM LIABILITIES (Current and Noncurrent Portion)

The following is a summary of bond reimbursement contracts and other long-term debt transactions of the university for the year ended June 30, 2006:

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**Southeastern Louisiana University**

	<u>Year ended June 30, 2006</u>				
	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2006</u>	<u>Amounts due within one year</u>
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$ 821,305	\$ -	\$ 391,420	\$ 429,885	\$ 127,096
Bonds payable	83,075,000	-	440,000	82,635,000	520,000
Total bonds and notes payable	<u>83,896,305</u>	<u>-</u>	<u>831,420</u>	<u>83,064,885</u>	<u>647,096</u>
<b>Other liabilities:</b>					
Compensated absences payable	4,234,422	429,162	535,873	4,127,711	522,368
Capital lease obligations	31,359	-	28,883	2,476	2,476
Claims and litigation payable	-	25,000	25,000	-	-
Amounts held in custody for others	295,369	55,800,118	55,489,781	605,706	605,706
Contracts payable	-	-	-	-	-
Total other liabilities	<u>4,561,150</u>	<u>56,254,280</u>	<u>56,079,537</u>	<u>4,735,893</u>	<u>1,130,550</u>
Total long-term liabilities	<u>\$ 88,457,455</u>	<u>\$ 56,254,280</u>	<u>\$ 56,910,957</u>	<u>\$ 87,800,778</u>	<u>\$ 1,777,646</u>
<b>Component Units</b>					
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total bonds and notes payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other liabilities:</b>					
Compensated absences payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	-	-	-	-	-
Contracts payable	-	-	-	-	-
Total other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Combined Total</b>					
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$ 821,305	\$ -	\$ 391,420	\$ 429,885	\$ 127,096
Bonds payable	83,075,000	-	440,000	82,635,000	520,000
Total bonds and notes payable	<u>83,896,305</u>	<u>-</u>	<u>831,420</u>	<u>83,064,885</u>	<u>647,096</u>
<b>Other liabilities:</b>					
Compensated absences payable	4,234,422	429,162	535,873	4,127,711	522,368
Capital lease obligations	31,359	-	28,883	2,476	2,476
Claims and litigation payable	-	25,000	25,000	-	-
Amounts held in custody for others	295,369	55,800,118	55,489,781	605,706	605,706
Contracts payable	-	-	-	-	-
Total other liabilities	<u>4,561,150</u>	<u>56,254,280</u>	<u>56,079,537</u>	<u>4,735,893</u>	<u>1,130,550</u>
Total long-term liabilities	<u>\$ 88,457,455</u>	<u>\$ 56,254,280</u>	<u>\$ 56,910,957</u>	<u>\$ 87,800,778</u>	<u>\$ 1,777,646</u>

STATE OF LOUISIANA  
 SOUTHEASTERN LOUISIANA UNIVERSITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2006

J. SHORT-TERM DEBT

Not Applicable.

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave, but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned.

Upon separation or termination of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. Upon retirement any sick or annual leave not compensated for is used as credited service in either Louisiana Teachers' Retirement System or Louisiana State Employees' Retirement System.

Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on employees' hourly rate of pay at termination or transfer.

The liability for unused annual leave, sick leave, and compensatory leave at June 30, 2006, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104 – C60.105, is estimated to be \$1,859,830, \$2,091,660, and \$176,221 respectively. The leave payable is recorded in the accompanying financial statement.

Southeastern Louisiana University's liability for compensated absences (annual, sick, and compensatory leave) at June 30, 2006 is as follows:

Current liability – estimated to be paid within one year	\$ 522,368
Long-term liability	<u>3,605,343</u>
Total liability for compensated absences	<u>\$4,127,711</u>

L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

Southeastern Louisiana University does not have any on-behalf payments for fringe benefits and salaries.

M. CONTINGENT LIABILITIES

Southeastern Louisiana University does not have any contingent liabilities as of June 30, 2006. Legal fees of \$25,000 were incurred in the current year for a settlement with the Office of Risk Management and are reflected in the accompanying financial statements.

N. RELATED PARTY TRANSACTIONS

Not Applicable.

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

O. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

Not Applicable.

P. LEASES

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period.

Operating Leases

Total operating lease expenditures for fiscal year 2005-06 amounted to \$1,171,487. The annual rental payments for the next five years are presented as follows:

Nature of lease:	a. Office Space	b. Equipment	c. Land	d. Other	Total Minimum Future Rentals
FY2007	219,905	15,773		619,681	855,359
FY2008	42,995			620,156	663,151
FY2009	41,964			622,080	664,044
FY2010	2			622,886	622,888
FY2011	2			622,996	622,998
FY2012 - 2016	10			3,105,375	3,105,385
FY2017 - 2021	10			3,100,670	3,100,680
FY2022 - 2026	10			310,635	310,645
FY2027 - 2031	10			-	10
FY2032 - 2036	10			-	10
<b>Total Minimum Future Rentals</b>	<b>\$ 304,918</b>	<b>\$ 15,773</b>	<b>\$ -</b>	<b>\$ 9,624,479</b>	<b>\$ 9,945,170</b>

Rental revenue/expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter a lease. In those instances, rental revenue/expense is determined on either a straight-line or interest basis over the term of the lease and not in accordance with lease terms as required by GASB 13.

Capital Leases

Southeastern Louisiana University records items that are above the capitalization threshold under capital leases as an asset and an obligation in the accompanying financial statements.

Capital leases are defined as an arrangement in which any one of the following conditions apply (1) ownership transfers at the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life, or (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

STATE OF LOUISIANA  
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**SOUTHEASTERN'S CAPITAL LEASES:**

<u>Nature of lease</u>	<u>Date of lease</u>	<u>University gross amount of leased assets (historical cost)</u>	<u>Last payment date</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space		\$		\$	\$
b. Equipment	04/02/01	131,004	8/1/2006	11	2,476
c. Land					
<b>Total assets under cap. lease</b>		<b>\$ 131,004</b>		<b>\$ 11</b>	<b>\$ 2,476</b>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2006:

<u>Year ending June 30, 2006:</u>	<u>Future minimum lease payment:</u>		
	<u>Southeastern:</u>	<u>Component Units:</u>	<u>Total:</u>
2007	2,487		2,487
Total minimum lease payments	2,487	-	2,487
<b>Less:</b> amounts representing executory costs	-		
Net minimum lease payments	2,487	-	2,487
<b>Less:</b> amounts representing interest	11		11
Present value - net minimum lease payments	2,476	-	2,476

Lessor Direct Financing Leases

Southeastern Louisiana University does not have any lessor direct financing leases as of and for the period ending June 30, 2006.

Lessor - Operating Lease

Southeastern Louisiana University's leasing operations consist primarily of the leasing of property for the purposes of providing food services to students, bookstore operations, office space for postal services, banking services, and vending operations.

The following schedule provides the cost and carrying amount, if different, of property on lease or held for leasing organized by major class of property and the amount of accumulated depreciation as of June 30, 2006.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
a. Office space	\$ 2,569,738	\$ (2,092,976)	\$ 476,762
b. Equipment			
c. Land			
<b>Total</b>	<b>\$ 2,569,738</b>	<b>\$ (2,092,976)</b>	<b>\$ 476,762</b>



STATE OF LOUISIANA  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

The following is a schedule of minimum future rentals on noncancellable operating lease(s) as of June 30, 2006:

Nature of lease	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012- FY2016	FY2017- FY2021
a. Office space	\$ 217,300	\$ 207,000	\$ 82,000	\$ _____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____	_____	_____
d. Other	_____	_____	_____	_____	_____	_____	_____
Total minimum future rentals	\$ 217,300	\$ 207,000	\$ 82,000	\$ -	\$ -	\$ -	\$ -

Contingent rentals received from operating leases for the fiscal year were \$190,780 for office space.

**Q. NET ASSETS**

The institution had the following restricted expendable net assets as of June 30, 2006:

<u>Account title</u>	<u>Amount</u>
Instructional Department Use	\$ 7,456,429
Loans	2,919,975
Endowments	1,534,588
Capital Projects	8,621,027
Debt Service	4,466,778
Auxiliary and Other	19,081,795
<b>Total</b>	<b>\$ 44,080,592</b>

The institution had the following restricted nonexpendable net asset as of June 30, 2006:

<u>Account title</u>	<u>Amount</u>
Endowments	\$ 6,159,654
<b>Total</b>	<b>\$ 6,159,654</b>

**R. POST RETIREMENT HEALTH CARE**

Southeastern Louisiana University provides certain continuing health care benefits for its retired employees. Substantially all of the university's employees become eligible for those benefits if they reach normal retirement age while working for the university. Those benefits for retirees and similar benefits for active employees are provided through a state operated group insurance company and various insurance companies whose monthly premiums are paid jointly by the employee and by the university.

The university's cost of providing retiree health care and life insurance benefits is recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2006, the costs of retiree benefits for 385 retirees totaled \$2,258,163. The dependents of a retiree are counted as a single unit if the retiree is deceased and not counted if the retiree is alive. The cost of retirees' benefits is net of participants' contributions.

STATE OF LOUISIANA  
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FOR THE YEAR ENDED JUNE 30, 2006

S. ACCOUNTING CHANGES

None.

T. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2006:

	<b>Beginning net assets, July 1, 2006, previously reported</b>	<b>Adjustments + or (-)</b>	<b>Beginning net assets, July 1, 2006, as restated</b>
Southeastern Louisiana University Component Unit(s)	\$ 107,550,042	\$ 535,894	\$ 108,085,936
<b>Total</b>	<b>\$ 107,550,042</b>	<b>\$ 535,894</b>	<b>\$ 108,085,936</b>

See Schedule 5 for explanation of changes.

U. PLEDGES OF GIFTS

Not Applicable.

V. SEGMENT INFORMATION

University Facilities, Inc. issues revenue bonds to finance certain of Southeastern's auxiliary enterprises. The revenues generated by the auxiliary enterprise are used to pay the interest and principal of these revenue bonds.

Condensed financial information for each of the institution's segments follows:

CONDENSED STATEMENT OF NET ASSETS

	<u>University Facilities, Inc.</u>
<b>Assets</b>	
Current assets	\$ 12,224,745
Due from other funds	-
Capital assets	54,287,010
Other assets	8,338,821
Total Assets	<u>74,850,576</u>
<b>Liabilities</b>	
Current liabilities	3,412,163
Due to other funds	
Long-term liabilities	<u>77,116,098</u>
Total Liabilities	<u>80,528,261</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	
Restricted net assets - expendable	
Restricted net assets - nonexpendable	
Unrestricted net assets	<u>(5,677,685)</u>
Total Net Assets	<u>\$ (5,677,685)</u>

STATE OF LOUISIANA  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS:

	<u>University Facilities, Inc.</u>
Operating Revenue	\$ 8,656,472
Operating Expenses	(6,684,237)
Depreciation Expense	(1,961,728)
Net Operating Income	10,507
Nonoperating Revenues (Expenses):	
Investment Income	558,586
Gifts of Equipment	
Gift Income	
Interest Expense	(3,279,112)
Other (net)	(108,134)
Capital contributions/additons to permanent and term endowments	
Changes in Net Assets	(2,818,153)
Net Assets - Beginning of the Year	(2,859,532)
Net Assets - End of the Year	\$ (5,677,685)

	<u>University Facilities, Inc.</u>
Net cash flows provided (used) by:	
Operating activities	\$ (916,085)
Noncapital financing	
Capital and related financing	(397,036)
Investing activities	1,439,169
Net increase (decrease) in cash	126,048
Cash - Beginning of the year	461,809
Cash - End of the year	\$ 587,857

CONDENSED STATEMENT OF CASH FLOWS

W. PER DIEM PAID BOARD MEMBERS

Southeastern Louisiana University made no per diem payments to board members.

X. PENSION PLANS

Name of retirement system or plan	ID of the plan (A, B, or C see below)	Percentage of covered salaries that employees contribute	University's employer contributions to the plan for the year ended June 30, 2006
LA State Employees' Retirement System	C	7.5	\$ 2,396,420.00
LA School Employees' Retirement System	C	7.5	\$ 7,216.00
Teachers' Retirement System of Louisiana	C	8.0	\$ 3,272,465.00

Substantially all of the employees of the university are members of the State Employees (LASERS), Teacher's (TRSL), or School Employee's Retirement Systems, all of which are cost sharing multiple employer defined benefit pension plans.

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

Identification of retirement plans:

- A) single-employer defined benefit plan
- B) agent multiple-employer defined benefit plan
- C) cost-sharing multiple-employer defined benefit plan

Each System is a statewide public employee retirement system and is available to all eligible employees. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The Systems publish yearly annual financial reports that include detailed historical, financial, and actuarial information.

LRS 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education which is a defined contribution plan that provides for full and immediate vesting of all contributions remitted on behalf of the participants. Participants contribute 8.0% and the university contributes 15.9 % of the covered payroll. Benefits payable to participants are not obligations of the State of Louisiana or the retirement systems; but are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled \$3,382,033 and \$1,689,290, respectively, for the year ended June 30, 2006.

Y. DEBT REFUNDING

Not Applicable.

Z. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Southeastern Louisiana University has no liability outstanding as of June 30, 2006 for cooperative endeavors.

AA. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

Not Applicable.

BB. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Board of Regents to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

At June 30, 2006, net appreciation of \$412,468 is available to be spent and is restricted to specific purposes.

The maximum spending allowed is 5% of the market value of program assets averaged for the previous five-year period. The maximum spending rate may be used if the average annual real total return (investment return less fees less inflation) exceeds the annual spending level.

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

CC. REVENUE USED AS SECURITY FOR REVENUE BONDS

<u>Auxiliary enterprises</u>	<u>Revenue used as security for bonds (FY 2006)</u>	<u>Type of bonds</u>	<u>Year(s) bonds issued</u>
Residential life - apartments	\$ 7,743,604	UFI - Revenue Bonds	2004
Student union services, including bookstore	6,654,236	Revenue Refunding Bonds	1998
Health, physical education, and recreation	639,851	Revenue Bonds	1998

DD. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

<u>Fund</u>	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other Payables</u>	<u>Total Payables</u>
Operating Fund	\$ 673,872	\$ 725,686	\$	\$	\$ 1,399,558
Revenue Fund	121,209	18,489			139,698
Restricted Fund	262,784	45,249			308,033
Plant Fund	80,076				80,076
Agency Fund	3,978	7,407			11,385
UFI	742,477	76,518	1,209,563	443,000	2,471,558
Total payables	\$ 1,884,396	\$ 873,349	\$ 1,209,563	\$ 443,000	\$ 4,410,308

EE. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the Statement of Net Assets date that would require adjustment to, or disclosure in, the accompanying financial statements.

FF. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2006, \$50,240,246 are restricted by enabling legislation (which also includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

GG. IMPAIRMENT OF CAPITAL ASSETS

Southeastern has no impaired capital assets as of June 30, 2006.

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

HH. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for 139 voluntary terminations totaled \$548,167. For 2006, the cost of providing those benefits for 20 involuntary terminations totaled \$71,827.

Southeastern has no liability for the accrued voluntary and involuntary terminations benefits payable at June 30, 2006. Termination benefits for annual, sick and compensated leave are accrued through compensated absences, as discussed in Note K. Health care termination benefits are not accrued because benefits are not estimable. However, Southeastern provides certain continuing health care benefits for its retired employees, as discussed in Note R. A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the entire premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

## **SCHEDULES**

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STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF BONDS PAYABLE  
For the Year Ended June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	(Redeemed) Issued	Principal Outstanding 6/30/06	Interest Rates	Interest Outstanding 6/30/06
UFI Revenue Bonds Series 2004	August 13, 2004	\$76,910,000	\$76,910,000	\$0	\$ 76,910,000	Variable	\$66,072,985
Parking Revenue Bonds Series 1996	April 26, 1996	1,180,000	155,000	(155,000)	0	6.50%	0
Student Recreation & Activity Center Revenue Bonds	June 30, 1998	7,690,000	6,010,000	(285,000)	5,725,000	3.75-5.00%	2,351,192
<b>Total</b>		<b>\$85,780,000</b>	<b>\$83,075,000</b>	<b>(440,000)</b>	<b>\$82,635,000</b>		<b>\$68,424,177</b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE  
For the Year Ended June 30, 2006

**Not Applicable**

SCHEDULE 1-B

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF NOTES PAYABLE  
For the Year Ended June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	(Redeemed) Issued	Principal Outstanding 6/30/06	Interest Rates	Interest Outstanding 6/30/06
Construction Loan	10-Oct-99	\$2,300,000	\$268,701	(268,701)	\$0	Variable	\$0
Copiers	20-Sep-04	\$641,861	\$552,604	(122,719)	\$429,885	3.51%	\$25,613
<b>Total</b>		<b>\$2,941,861</b>	<b>\$821,305</b>	<b>(391,420)</b>	<b>\$429,885</b>		<b>\$25,613</b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE BONDS PAYABLE AMORTIZATION  
For the Year Ended June 30, 2006

<b>Fiscal Year Ending:</b>	<b>Principal</b>	<b>Interest</b>
2007	295,000	280,282
2008	310,000	266,860
2009	325,000	252,600
2010	340,000	237,650
2011	355,000	221,670
2012	370,000	204,630
2013	390,000	186,500
2014	410,000	167,000
2015	430,000	146,500
2016	450,000	125,000
2017	475,000	102,500
2018	500,000	78,750
2019	525,000	53,750
2020	550,000	27,500
<b>Total</b>	<b>\$ <u>5,725,000</u></b>	<b>\$ <u>2,351,192</u></b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
SCHEDULE BONDS PAYABLE AMORTIZATION  
For the Year Ended June 30, 2006

<b>Fiscal Year Ending:</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2007	\$ 225,000	\$ 3,479,250
2008	880,000	3,472,500
2009	1,015,000	3,442,387
2010	1,170,000	3,405,488
2011	1,325,000	3,365,225
2012	1,500,000	3,315,538
2013	1,680,000	3,256,225
2014	1,865,000	3,179,250
2015	1,980,000	3,104,538
2016	2,040,000	3,026,137
2017	2,140,000	2,924,825
2018	2,230,000	2,837,850
2019	2,320,000	2,749,337
2020	2,415,000	2,654,217
2021	2,515,000	2,553,474
2022	2,645,000	2,420,063
2023	2,785,000	2,281,887
2024	2,910,000	2,156,562
2025	3,060,000	2,004,475
2026	3,225,000	1,842,450
2027	3,375,000	1,689,950
2028	3,545,000	1,521,200
2029	3,720,000	1,344,637
2030	3,900,000	1,166,563
2031	4,095,000	972,250
2032	4,300,000	767,500
2033	4,500,000	562,644
2034	4,675,000	381,563
2035	4,875,000	195,000
<b>Total</b>	<b>\$ <u>76,910,000</u></b>	<b>\$ <u>66,072,985</u></b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF NOTES PAYABLE AMORTIZATION  
For the Year Ended June 30, 2006

<b>Fiscal Year Ending:</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2007	127,096	13,057
2008	131,630	8,524
2009	136,325	3,828
2010	<u>34,834</u>	<u>204</u>
<b>Total</b>	<b>\$ <u><u>429,885</u></u></b>	<b>\$ <u><u>25,613</u></u></b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF CAPITAL LEASE AMORTIZATION  
For the Year Ended June 30, 2006

<b>Fiscal Year Ending:</b>	<b>Beginning Balance</b>	<b>Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
2007	<u>2,476</u>	<u>2,487</u>	<u>11</u>	<u>2,476</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>2,476</u></b>	<b>\$ <u>2,487</u></b>	<b>\$ <u>11</u></b>	<b>\$ <u>2,476</u></b>	<b>\$ <u>-</u></b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION  
For the Year Ended June 30, 2006

**Not Applicable**

SCHEDULE 2-D



STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF PER DIEM PAID  
For the Year Ended June 30, 2006

**Not Applicable**

SCHEDULE 3

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF EXPENSES BY UNIVERSITY  
For the Year Ended June 30, 2006

<b>Name of Campus:</b>	<b>University Amount</b>	<b>Foundation Amount</b>	<b>Total Expenses</b>
Southeastern Louisiana University	\$ <u>135,725,715</u>	\$ <u>-</u>	\$ <u>135,725,715</u>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF PRIOR-YEAR ADJUSTMENTS  
For the Year Ended June 30, 2006

Fund Balance July 1, 2005, previously reported	\$ 107,550,042
Moveable Property	
To remove depreciation recorded on moveable property that was fully depreciated	104,873
CIP	
To reduce CIP for cost of building	(41,554)
Buildings	
To record cost of building not previously recorded	41,554
To record related accumulated depreciation not previously recorded	(1,039)
To remove accumulated depreciation incorrectly reported	1,362
University Facilities, Inc.	
Expenses not recognized in previous year	(213,066)
To add portable building, net of accumulated depreciation	3,732
To increase Construction In Progress not recognized	640,032
Beginning Net Assets, July 1, 2005, as restated	<u>\$ 108,085,936</u>

**STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
<b>Direct Awards:</b>		<b>Other Direct Awards</b>		
U.S. Department of Housing and Urban Development		Supportive Housing Program	14.235	
National Endowment for the Arts		Promotion of the Arts_Grants to Organizations and Individuals	45.024	
National Endowment for the Arts		Promotion of the Arts - Leadership Initiatives	45.04-5200-3147	
U.S. Department of Education		Funds for the Improvement of Postsecondary Education	84.116Z	
U.S. Department of Education		Bilingual Education_Professional Development	84.195N	
U.S. Department of Education		Bilingual Education_Professional Development	84.195N	
U.S. Department of Education		Fund for the Improvement of Education	84.215K	
U.S. Department of Education		Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	
U.S. Department of Education		Hurricane Education Recovery	84.938E	
U.S. Department of Health and Human Resources		Advanced Education Nursing Traineeships	93.358	
<b>Direct Awards:</b>		<b>Research and Development Program Cluster (R&amp;D)</b>		
U.S. Department of the Interior Fish and Wildlife Service		Endangered Species Act of 1973	15.FFB	
U.S. Department of the Interior Fish and Wildlife Service		Marine Turtle Conservation Fund	15.645	
U.S. Department of the Interior		U.S. Geological Survey_Research and Data Collection	15.808	
National Science Foundation		Mathematical and Physical Sciences	47.049	
National Science Foundation		Geosciences	47.050	
National Science Foundation		Geosciences	47.050	
National Science Foundation		Biological Sciences	47.074	
National Science Foundation		Biological Sciences	47.074	
U.S. Environmental Protection Agency		Environmental Protection_Consolidated Research	66.500	
U.S. Environmental Protection Agency		Surveys, Studies, Investigations and Special Purpose Grants	66.606	
U.S. Department of Energy		Office of Science Financial Assistance Program	81.049	
U.S. Department of Health and Human Services		Academic Research Enhancement Award	93.390	
U.S. Department of Health and Human Services		Heart and Vascular Diseases Research	93.837	

**Preparer:** Bette Schexnayder  
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**DUNS Number:** 883227324  
**EIN Number:** 72-6000816  
**Full Accrual Accounting Basis**

Project Name	Award ID Number	Award Period	Expenditures	Issues	Total	Dept Number
Northlake Homeless Management Information System Data Project	LA48B406010	07/01/2005-06/30/2006	132,725		132,725	3372
Louisiana Literature Press	05-7900-7037	01/01/2006-06/30/2007	3,872		3,872	3351
Louisiana Literature	04-5200-3147	07/01/2004-12/31/2005	6,568		6,568	3054
Teacher Education Anytime, Anywhere Program - I (TEAAP I)	P116Z010126	07/01/2001-06/30/2006	411,559		411,559	3171
Project IMPACT	T195N040141	07/15/2004-07/14/2009	106,184		106,184	3122/ 3112
Project TEACH	T195N020027	09/30/2002-09/29/2007	189,717		189,717	3029/ 3094
Teacher Education Anytime, Anywhere Program - II (TEAAP II)	R215K010083	07/01/2001-06/30/2006	74,388		74,388	3201
GEAR UP	P334A020142	09/15/2002-09/14/2007	207,383		207,383	3102/ 3140
Emergency Supplemental Appropriation to Address Hurricanes in the Gulf of Mexico	P938E060050	02/23/2006-09/30/2006	1,000,000		1,000,000	3641
MSN Advanced Education Nursing Traineeship Program	A10-HP-00231	07/01/2005-06/30/2006	34,998		34,998	3065
Population Genetics of Rana Sevosa, the Dusky Gopher Frog, as Estimated using DNA Microsatellites	1448-40181-01-G-082	06/01/2001-06/2/2006	10,183		10,183	3055
Global Assessment of Arribada Olive Ridley Sea Turtles	98210-6-G014	03/15/2006-05/31/2007	14,787		14,787	3248
Bacterial Source Tracking of Fecal Pollutants and Establishment of Nutrient TMDL in the Northern Boundaries of the Lake Pontchartrain Basin	03HQAG0109	09/03/2003-09/01/2006	132,763		132,763	3221
Investigation of Suspended Optics' Motion of the LIGO Detector and Its Influence on Performance	PHY-0354942	06/01/2004-06/30/2006	29,183		29,183	3236
CAREER: Improved Measurement of Dayside Magnetospheric Reconnection	ATM-9983402	08/01/2000-07/31/2006	10,486		10,486	3245
CEDAR: Investigation of High-Spectral Width HF Radar Ionospheric Backscatter with Coordinated ISR Diagnostic Observations	ATM-0535377	01/01/2006-12/31/2006	2,820		2,820	3238
Assembly of Wetland Plant Communities along Gradients: An Experimental Study	DEB-0129024	02/01/2002-01/31/2007	47,916		47,916	3063
RUI: Diversity and Dynamics of Forest Butterflies in Ghana's Indigenous Sacred Groves and Forest Reserves	DEB-0612119	11/01/2005-08/31/2007	15,328		15,328	3235
Ecology & Restoration Potential of the Manchac Area Wetlands	R-82898001-2	07/23/2001-07/22/2006	687,631		687,631	3264-3271 3320-3331
Ecology & Restoration Potential of the Manchac Area Wetlands: Phase IV	X-83262201-0	10/01/2005-09/30/2010	97,823		97,823	3280-3286
Numerical Simulation of Plasma Turbulence in the Tokamak Edge	DE-FG02-96ER54370	08/01/1996-01/31/2007	19,893		19,893	3050
Combined Substrate Polymerase Inhibitors	R15GM06768601A1	01/01/2004-12/31/2006	58,433		58,433	3219
Molecular Role of Segment 6 in Heart Na Channel Slow Inactivation	IR15HL080009-01	05/01/2005-04/30/2008	29,204		29,204	3277

**STATE OF LOUISIANA**  
**SOUTHEASTERN LOUISIANA UNIVERSITY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
<b>Direct Awards:</b>		<b><u>Student Financial Assistance Cluster (SFA)</u></b>		
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Work-Study Program	84.033	
U.S. Department of Education		Federal Work-Study Program	84.033	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Health and Human Services		Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	
<b>Direct Awards:</b>		<b><u>TRIO Cluster</u></b>		
U.S. Department of Education		TRIO_Student Support Services	84.042A	
U.S. Department of Education		TRIO_Talent Search	84.044A	
U.S. Department of Education		TRIO_Talent Search	84.044A	
U.S. Department of Education		TRIO_Upward Bound	84.047A	
U.S. Department of Education		TRIO_Upward Bound	84.047A	
U.S. Department of Education		TRIO_Upward Bound	84.047A	
U.S. Department of Education		TRIO_Upward Bound	84.047M	
U.S. Department of Education		TRIO_Educational Opportunity Centers	84.066A	
U.S. Department of Education		TRIO_Dissemination Partnership Grants	84.344A	
<b>Awards From a Pass-Through Entity:</b>		<b><u>Other Pass-Through Awards</u></b>		
U.S. Department of Health and Human Services	Regina Coeli Child Development Center	Head Start	93.600	None

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**EIN Number:** 72-6000816  
**Full Accrual Accounting Basis**

Project Name	Award ID Number	Award Period	Expenditures	Issues	Total	Dept Number
Federal Supplemental Educational Opportunity Grants - Administrative Costs	P007A051668	07/01/2005-06/30/2006	22,838		22,838	3992
Federal Supplemental Educational Opportunity Grants - Direct Payments	P007A051668	07/01/2005-06/30/2006	456,761		456,761	3992
Federal Supplemental Educational Opportunity Grants - Administrative Costs	P007A031668	07/01/2003-06/30/2004	(15)		(15)	3993
Federal Supplemental Educational Opportunity Grants - Direct Payments	P007A031668	07/01/2003-06/30/2004	(300)		(300)	3993
Federal Work-Study Program - Compensation Paid Students	P033A051668	07/01/2005-06/30/2006	637,844		637,844	3991
Federal Work-Study Program - Job Location & Development	P033A051668	07/01/2005-06/30/2006	44,984		44,984	3048
Federal PELL Grant Program - Administrative Costs	P063Q051524	07/01/2005-06/30/2006	28,505		28,505	1000
Federal PELL Grant Program - Administrative Costs	P063Q041524	07/01/2004-06/30/2005	1,030		1,030	1000
Federal PELL Grant Program - Direct Payments	P063P051524	07/01/2005-06/30/2006	14,901,225		14,901,225	3990
Federal PELL Grant Program - Direct Payments	P063P041524	07/01/2004-06/30/2005	35,786		35,786	3995
Federal PELL Grant Program - Direct Payments	P063P031524	07/01/2003-06/30/2004	(1,013)		(1,013)	3995
Scholarships for Disadvantaged Students - Health Professions	T08HP04597-01-00	07/01/2005-06/30/2006	43,184		43,184	3996
Student Support Services	P042A010557	09/01/2001-08/31/2006	339,893		339,893	3203/3206 3181
Talent Search Program	P044A020643	09/01/2002-08/31/2006	316,417		316,417	3223/ 3228
Talent Search - St. Helena / Washington	P044A020653	09/01/2002-08/31/2007	204,147		204,147	3212/ 3220
Upward Bound Program - Tangipahoa Parish	P047A031154	10/01/2003-09/30/2008	435,159		435,159	3207/3216 3250/3251
Upward Bound Program - Livingston/ St. Helena Parishes	P047A030223	10/01/2003-09/30/2008	368,756		368,756	3087/3088 3258/3259
Veterans Upward Bound	P047A031018	09/01/2003-08/31/2008	354,381		354,381	3080/ 3085
Upward Bound - Math and Science Competition	P047M030233	10/01/2003-09/30/2007	348,456		348,456	3030/ 3034
Educational Opportunity Center	P066A020100	09/01/2002-08/31/2006	379,868		379,868	3086/ 3089
TRIO Dissemination	P344A030035	10/01/2003-09/30/2006	177,015		177,015	3100/ 3101
SLU Head Start Child Development Center	None	07/01/2005-06/30/2006	1,464		1,464	1197

**STATE OF LOUISIANA**  
**SOUTHEASTERN LOUISIANA UNIVERSITY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
<b>Awards from a Pass-Through Entity:</b>		<b>Research and Development Cluster (R&amp;D)</b>		
U.S. Department of Agriculture	University of Georgia	Grants for Agricultural Research, Special Research Grants	10.200	RD309-061/ 9820567
National Oceanic and Atmospheric Admin (NOAA)	University of New Orleans Research and Technology Foundation	Habitat Conservation	11.463	58534-S12
National Oceanic and Atmospheric Admin (NOAA)	University of New Orleans Research and Technology Foundation	Habitat Conservation	11.463	58534-S11
National Science Foundation	San Diego State University Research Foundation	Education and Human Resources	47.076	52270A P1623 7813 211-E0003484
U.S. Department of Energy	Mecom, Inc.	Small Business Technology Transfer	81.DEFG0203ER86172	None
U.S. Department of Education	National Writing Project Corporation	National Writing Project	84.928A	92-LA-05
U.S. Department of Health and Human Services	University of Texas Health Center at Tyler	Occupational Safety and Health Program	93.262	SC04-07
U.S. Department of Health and Human Services	University of Texas Health Center at Tyler	Occupational Safety and Health Program	93.262	SC04-07
U.S. Department of Health and Human Services	Houston Academy of Medicine - Texas Medical Center Library	Medical Library Assistance	93.879	None
U.S. Department of Health and Human Services	Southeast Louisiana Area Health Education Center Foundation	Rural Health Care Services Outreach and Rural Health Network Development Program	93.912C	None
U.S. Department of Health and Human Services	Southeast Louisiana Area Health Education Center Foundation	Rural Health Care Services Outreach and Rural Health Network Development Program	93.912C	None
U.S. Department of Health and Human Services	Southeast Louisiana Area Health Education Center Foundation	Rural Health Care Services Outreach and Rural Health Network Development Program	93.912C	None



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Full Accrual Accounting Basis

Project Name	Award ID Number	Award Period	Expenditures	Issues	Total	Dept Number
Expanding the Marketing Opportunities for Minority & Limited Resource Farmers in Louisiana & Mississippi	2005-38640-15542	09/01/2005-08/31/2006	10,351		10,351	3232
Teacher Workshop and Wet-Lab Enhancement at Turtle Cove Environmental Research Station	NA16FZ2719	09/01/2003-08/31/2006	18,628		18,628	3164
Habit - State Change in the Wetlands of Lake Pontchartrain Basin	NA16FZ2719	09/01/2003-08/31/2006	22,718		22,718	3255/ 3260
Professional Development Materials for Constructing Physics Understanding Among Elementary Teachers	ESI-0096856	06/01/2005-12/31/2006	29,597		29,597	3473
Sequestration and Bioconversion of Carbon Dioxide to Methane	DE-FG02-03ER86172	4/16/2003-12/31/2005	24,187		24,187	3246
Southeastern Louisiana Writing Project	92-LA-05	06/01/1993-06/30/2007	38,481		38,481	3098
Healthy Farm Families Initiative	U50 OH07541-03	09/30/2004-09/29/2005	25,490		25,490	3252
Healthy Farm Families Initiative	U50 OH07541	09/30/2005-09/29/2006	39,696		39,696	3253
A Study to Examine PDA Use by Undergraduate Nursing Students: Encouraging Future Clinicians to Access Health Information at the Point of Care	NO1-LM-1-3515	09/15/2005-04/30/2006	5,000		5,000	3139
Southeast Louisiana Health Education - Continuing Education	None	08/22/2005-07/30/2006	9,995		9,995	3185
Better Health for the Delta - Community Encourager Grant	None	09/01/2004-08/31/2005	11,796		11,796	3132
Better Health for the Delta Program Grant	None	09/01/2005-08/31/2006	21,620		21,620	3214
					<u>22,677,788</u>	<u>22,677,788</u>

**STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
Schedule of Fixed Price Contracts  
For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
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No Federal Program Funds were Received on Fixed Price Contracts with a Federal Agency or a Non-State Agency.

Preparer: Bette Schexnayder  
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EIN Number: 72-6000816  
Full Accrual Accounting Basis

<u>Project Name</u>	<u>Award ID Number</u>	<u>Award Period</u>	<u>Expenditures</u>	<u>Issues</u>	<u>Total</u>	<u>Dept Number</u>
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**STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
Schedule of Disclosures for Federally Assisted Loans  
For the Year Ended June 30, 2006**

Federal Grantor	Program Name	Federal CFDA No.	Loans Made Or Disbursed During Year	Outstanding Loan Balance	Principal and Interest Cancelled
U.S. Department of Health & Human Services	Nursing Student Loans	93.364	0	19,401	N/A
U.S. Department of Health & Human Services	Health Professions Student Loans/ Loans for Disadvantaged Students	93.342	N/A	N/A	N/A
U.S. Department of Education	Federal Perkins Loan Program - Federal Capital Contributions	84.038	404,773	2,291,525	N/A
U.S. Department of Education	Federal Family Education Loans (FFEL)	84.032	40,642,108	N/A	N/A
U.S. Department of Education	Federal Perkins Loans - Teacher/Military Cancellations	84.037	N/A	N/A	17,279
U.S. Department of Education	Federal Perkins Loans - Law Enforcement Cancellations	84.037	N/A	N/A	1,749
U.S. Department of Education	Federal Perkins Loans - Nurse/Medical Technician Cancellations	84.037	N/A	N/A	17,726
U.S. Department of Education	Federal Perkins Loans - Child/Family and Early Intervention Cancellations	84.037	N/A	N/A	11,189
U.S. Department of Education	Federal Perkins Loans - Teacher Shortage Cancellations	84.037	N/A	N/A	3,867
U.S. Department of Education	Federal Perkins Loans - Death and Disability Cancellations	84.038	N/A	N/A	3,730

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Full Accrual Accounting Basis

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

For the Year Ended June 30, 2006

Finding Title: Failure to Obtain Waiver and Meet Matching Requirements

Reference Number (from attached schedule of findings): F-05-ED-SLU-1

Single Audit Report Year: 2005

Initial Year of Finding: 2005

Amount of Questioned Costs in Finding: \$ 60,950

Status of Questioned Costs Resolved \_\_\_\_\_ Unresolved X

No Further Action Needed \_\_\_\_\_

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?  
Are they still in negotiation?

The U.S. Department of Education has been informed of the match shortage through the FISAP report.  
However, no action has been taken by the U.S. Department of Education to date.

Page Number (from Single Audit Report): 2005 Single Audit Report is not available at this time

Program Name(s): Federal Work-Study Program

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.033

Status of Finding (check one):  
Fully Corrected \_\_\_\_\_ Not Corrected \_\_\_\_\_  
Partially Corrected X No Further Action Needed \_\_\_\_\_  
Change of Corrective Action \_\_\_\_\_ See OMB A-133 Section 315(b)(4) \_\_\_\_\_

Description of Status: Southeastern was not successful in obtaining the waiver of institutional share requirements under the Federal Work-Study Program for the 2003 - 2004 award year and fell short of the resulting match requirement by \$60,950.  
Southeastern has obtained the waiver each subsequent year. The U.S. Department of Education has been informed of the match shortage through the submission of the Fiscal Operations and Application to Participate (FISAP) Report. No action has been taken by the U.S. Department of Education to date.

Preparer's Signature: Bette Schexnayder  
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STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
Schedule of Non-State Subrecipients of  
Major Federal Programs  
For the Year Ended June 30, 2006

Federal Grantor and CFDA or Other Identifying No.	Award or Subaward Number	Project Number	Major Program Name and Cluster Name, when Applicable	Amount of Major Program Funds Disbursed to Non-State Subrecipient	Non-State Subrecipient	Dept Number
<b><u>Research &amp; Development Cluster</u></b>						
<b><u>U.S. Department of Agriculture</u></b>						
10.200	2005-38640-15542		Grants for Agricultural Research, Special Research Grants	715	Mississippi Association of Cooperatives	3232
10.200	2005-38640-15542		Grants for Agricultural Research, Special Research Grants	1,302	Delta State University	3232
10.200	2005-38640-15542		Grants for Agricultural Research, Special Research Grants	433	Morehouse Parish Black Farmers and Land Owners Association	3232
<b><u>Subtotal 10.200</u></b>				<b><u>2,450</u></b>		
<b><u>U.S. Department of the Interior</u></b>						
15.FFB	1448-40181-01-G-082		Endangered Species Act of 1973	9,500	Eastern Kentucky University	3055
15.808	03HQAG0109		U.S. Geological Survey_Research a and Data Collection	90,856	University of Illinois	3221
<b><u>National Science Foundation</u></b>						
47.074	DEB-0612119		Biological Sciences	9,784	Carnegie Institute	3235
<b><u>Total Research &amp; Development Cluster</u></b>				<b><u>112,590</u></b>		

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Basis of Accounting: Full Accrual

**STATE OF LOUISIANA**  
**SOUTHEASTERN LOUISIANA UNIVERSITY**  
 Schedule of State Agency/University Subrecipients of  
 Federal Programs  
 For the Year Ended June 30, 2006

Federal Grantor and CFDA or Other Identifying No.	Award or Subaward Number	Project Number	Federal Program Name and Cluster Name, when Applicable	Amount of Federal Program Funds Disbursed to State Agencies or Universities	State Agency or University Subrecipient	Dept Number
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Research & Development Cluster

U.S. Environmental Protection Agency

66.500	R-82898001		Environmental Protection_ Consolidated Research	16,898	University of New Orleans	3329
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Total Research & Development Cluster 16,898

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 Basis of Accounting: Full Accrual

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## APPENDIX "B"

### DEFINITIONS

All capitalized terms used in the Official Statement and the appendices attached thereto shall have the meanings set forth below in this Appendix B or those set forth in the Official Statement.

**"Act"** means Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 to 4548.16, inclusive), and all future acts supplemental thereto and amendatory thereof.

**"Additional Bonds"** means bonds, if any, issued in one or more series on a parity with the Series 2007 Bonds pursuant to Article V of the Phase Four Indenture.

**"Additional Phase Four Bonds"** means bonds, if any, issued in one or more series on parity with the Series 2007 Bonds and which are payable from the Phase Four Lawfully Available Funds.

**"Additional Phase Four Debt"** means any obligation (whether present or future, contingent or otherwise, as principal or security or otherwise): (i) in respect of borrowed money, including without limitation, bonds, notes and similar obligations; or (ii) under a lease arrangement, installment sale agreement or other similar arrangement, that is secured by or payable from Phase Four Lawfully Available Funds.

**"Additional Phase Four Facilities"** means any additional intermodal parking facilities owned or leased by the Board or the Corporation that have been incorporated with the Phase Four Facilities into a single intermodal parking system pursuant to Section 3(i) of the Phase Four Facilities Lease.

**"Administrative Expenses"** means the necessary, reasonable and direct out-of-pocket expenses incurred by the Issuer or the Trustee pursuant to the Phase Four Indenture and the Phase Four Agreement, the compensation of the Trustee under the Phase Four Indenture (including, but not limited to any annual administrative fee charged by the Trustee), the compensation of the Issuer, any amounts due to the Bond Insurer under the Reimbursement Agreement and the necessary, reasonable and direct out-of-pocket expenses of the Trustee incurred by the Trustee in the performance of its duties under the Phase Four Indenture.

**"Affiliate"** means, with respect to a designated Person under The Phase Four Ground Lease, any other Person that, directly or indirectly, controls is controlled by, or is under common control with such designated Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person.

**"Agreement"** means the Loan Agreement dated as of March 1, 2007, between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

**"Annual Debt Service"** means the amount required to pay all principal of and interest on a series of Bonds, any Additional Phase Four Bonds, and any Additional Phase Four Debt (as defined in the Phase Four Facilities Lease), as applicable, in any Fiscal Year.

**"Applicable Laws"** means all present and future statutes, regulations, ordinances, resolutions and orders of any Governmental Authority that are applicable to the parties performing their obligations under the Phase Four Ground Lease.

**"Assignment of Agreements and Documents"** means the Assignment of Agreements and Documents dated as of March 1, 2007, by the Corporation in favor of the Trustee.

**"Authorized Corporation Representative"** means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice Chairperson of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

**"Authorized Denomination"** with respect to all Series 2007 Bonds means \$5,000 or any integral multiple thereof.

**"Authorized Issuer Representative"** means the person(s) at the time designated to act under the Agreement and the Indenture on behalf of the Issuer by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person(s) and signed on behalf of the Issuer by the Chairman, Vice Chairman or Executive Director of the Issuer. Such certificate may designate an alternate or alternates.

**"Auxiliary Revenues"** means the amount of all funds or revenues held by the University derived by Auxiliary Enterprises and any earnings thereof from the self generated fees, rates, charges or income received by students, faculty or the public in connection with the utilization or operation of Auxiliary Enterprises after payment of any Auxiliary Enterprises expenses. The Auxiliary Enterprises of the University include the following, subject to modification from time to time: 1) student service fees for the operation of the University's Textbook Rental, ID Card Services, Student Health Center and Student Union 2) certain commissions received from Food Service contractors, Retail Bookstore operations and Vending operations and 3) the sales of copying services. Auxiliary Revenues shall not include student fees specifically assessed by the University to service any outstanding obligations or any capital funds received by outside contractors required to make building improvements for their delivery of services.

**"Award"** means any payment or other compensation received or receivable as a consequence of a Taking from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

**"Beneficial Owner"** means, so long as a book-entry system of registration is in effect pursuant to Section 3.13 of the Indenture, the actual purchaser of the Bonds.

**"Board"** means the Board of Supervisors for the University of Louisiana System or its legal successor as the management board of the University, acting on behalf of the University.

**"Board Representative"** means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under the Indenture; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Assistant Vice President for Facilities Planning, or his or her designee, or any other representative designated by resolution of the Board, of whom the Issuer and the Trustee have been notified in writing.

**"Board's Interest"** means the Board's ownership interest in and to the Phase Four Land and the Phase Four Facilities.

**"Bond Counsel"** means Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., and its successors, or such other nationally recognized bond counsel as may be selected by the Issuer and acceptable to the Corporation and the Bond Insurer.

**"Bond Counsel Opinion"** means an opinion of an attorney or firm of attorneys of recognized standing with respect to tax-exempt obligations of municipal, state and public agencies, selected by the Issuer.

**"Bond Documents"** has the meaning set forth in Section 8.1 of the Indenture.

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

**"Bond Insurance Policies"** means the financial guaranty insurance policies issued by the Bond Insurer that unconditionally and irrevocably guarantees the full and complete payment of the principal of and interest on the Bonds as such payments shall become due but shall be unpaid.

**"Bond Insurer"** means MBIA Insurance Corporation, or any successor thereto.

**"Bond Proceeds Fund"** means the fund of that name created under the Indenture.

**"Bond Register"** means, when used with respect to the Bonds, the registration books maintained by the Trustee pursuant to Section 3.8 of the Indenture.

**"Bonds"** means the Series 2007 Bonds.

**"Bond Year"** means the twelve (12) month period beginning on February 1 of each calendar year and ending on January 31 of the immediately succeeding calendar year.

**"Budget"** means the University's budget as approved by the Board for any Fiscal Year during the Term.

**"Business Day"** means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

**"Campus"** means the campus of the University.

**"CERCLA"** means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§9601 et seq.).

**"Claim"** collectively means any claim, liability, demand, loss, damage, deficiency, litigation, cause of action, penalty, fine, judgment, defense, imposition, fee, lien, bonding cost, settlement, disbursement, penalty, cost or expenses of any and every kind and nature (including without limitation Litigation Expenses), whether known or unknown, incurred or potential, accrued, absolute, direct, indirect, contingent or otherwise and whether imposed by strict liability, negligence, or otherwise, and consequential, punitive and exemplary damage claims.

**"Closing Date"** means the date on which the Series 2007 Bonds are delivered and payment therefor is received by the Issuer.

**"Code"** means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

**"Commencement of Construction"** means the date on which excavation or foundation work is begun for the Phase Four Facilities, which date shall occur on or about January 1, 2007.

**"Commencement Date"** means the effective date of the Phase Four Facilities Lease.

**"Construction Contract"** means the Design/Build Contract by and between the Corporation and Brice Building/Fauntleroy & Latham Architects for the construction of the Phase Four Facilities and the Stadium Expansion.

**"Corporation"** means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

**"Costs of Issuance"** means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale, and issuance of the Series 2007 Bonds including, but not limited to, publication costs, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Issuer, or any other fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, and any other cost, charge, or fee in connection with the original sale and issuance of the Series 2007 Bonds, including the premiums payable for the Bond Insurance Policies.

**"Costs of Issuance Account"** means the account so designated which is established pursuant to the Indenture.

**"Costs of the Phase Four Facilities"** means those costs incurred by the Corporation in connection with the development and construction of Phase Four Facilities, as set forth in Section 4.13 of the Indenture.

**"Debt Service Fund"** means the fund of that name created under the Indenture.

**"Debt Service Reserve Fund"** means the fund of that name created under the Indenture.

**"Debt Service Reserve Fund Investment"** means an irrevocable letter of credit issued by a bank or surety bond issued by an insurance company meeting the requirements of Section 4.18 of the Indenture.

**"Debt Service Reserve Fund Requirement,"** means, with respect to the Phase Four Bonds, at the time of determination, (i) the least of (a) ten percent (10%) of the stated principal amount thereof (less any original issue discount that exceeds a *de minimis* amount), (b) one hundred twenty-five percent (125%) of the average Annual Debt Service thereon from the date of calculation to the final maturity thereof, (c) the Maximum Annual Debt Service thereon, or (d) such lesser sum as shall be required by the Code and the Regulations to ensure the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes; and (ii) the sum of the Debt Service Reserve Fund Requirements for each series of Bonds Outstanding; provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Bonds subject to mandatory sinking fund redemption pursuant to the Indenture and similar provisions in any supplemental indenture, by the principal amount of Bonds to be redeemed by mandatory sinking fund redemption in such Bond Year.

**"Default or Delay Rental"** means and shall consist of (i) all amounts, fees or expenses which the Corporation may be legally obligated to pay to other parties by reason of any default of the Board under the Phase Four Facilities Lease or any delay in payment of any sums due by the Board under the Phase Four Facilities Lease; and (ii) all costs, expenses and charges, including reasonable *Legal Expenses*, incurred by the Corporation whether by suit or otherwise, in collecting sums payable under the Phase Four Facilities Lease or in enforcing any covenant or agreement of the Board contained in the Phase Four Facilities Lease or incurred in obtaining possession of the Phase Four Facilities or the Stadium Expansion after default by the Board.

**"Defeasance Obligations"** means noncallable direct obligations of the United States of America (including direct obligations of the United States of America which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities) or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

**"DTC"** or **"Securities Depository"** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depositories appointed pursuant to the Indenture.

**"Encumbrance"** means any lien, mortgage, encumbrance, privilege, charge, option, right of first refusal, conditional sales contract, security interest, mechanic's and materialmen's liens, or any lien or encumbrance securing payment of any Claims, including environmental Claims, or of any charges for labor, materials, supplies, equipment, taxes, or utilities, excluding the Option granted to the Board in the Phase Four Facilities Lease.

**"Environmental Requirements"** means all State, federal, local, municipal, parish, and regional laws, statutes, rules, regulations, ordinances, codes, permits, approvals, plans, authorizations, concessions, investigation results, guidance documents; all legislative, judicial, and administrative judgments, decrees, orders, rules, rulings, and regulations; and all agreements and other restrictions and requirements in effect on or prior to the Commencement Date, of any Governmental Authority, including, without limitation, federal, state, and local authorities, relating to the regulation or protection of human health and safety, natural resources, conservation, the environment, or the storage, treatment, disposal, processing, release, discharge, emission, use, remediation, transportation, handling, or other management of industrial, gaseous, liquid or solid waste, hazardous waste, hazardous or toxic substances or chemicals, or pollutants, and including without limitation the following environmental laws: The Clean Air Act (42 U.S.C.A. §1857); the Federal Water Pollution Control Act (33 U.S.C. §1251); the Resource Conservation and Recovery Act of 1976, (42 U.S.C. §6901); CERCLA, as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub.L. 99-499, 100 Stat. 1613); the Toxic Substances Control Act (15 U.S.C. §2601); the Clean Water Act (33 U.S.C. §1251); the Safe Drinking Water Act (42 U.S.C. §30); the Occupational Safety and Health Act (29 U.S.C. §651); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §135); the Louisiana Environmental Quality Act (La. R.S. 30:2001); and the Louisiana Air Quality

Regulations (La. C. 33:III.2595) including any amendments or extensions thereof and any rules, regulations, standards or guidelines issued pursuant to or promulgated under any of the foregoing.

**"Event of Default"** with respect to the Indenture has the meaning ascribed to it in section 7.2 of the Indenture and with respect to the Phase Four Ground Lease means any matter identified as an event of default under Section 11.01 of the Phase Four Ground Lease and with respect to the Phase Four Facilities Lease means any default specified in and defined as such by Section 21 of the Phase Four Facilities Lease.

**"Expiration Date"** means August 1, 2047.

**"Facilities Lease"** means that certain Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by the First Amendment to the Agreement to Lease with Option to Purchase, dated as of March 1, 2007, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby certain facilities are leased by the Corporation to the Board, on behalf of the University, as further amended.

**"First Amendment to Facilities Lease"** means that certain First Amendment to Agreement to Lease with Option to Purchase by and between the Board and the Corporation dated as of March 1, 2007.

**"First Amendment to Ground Lease"** means that certain First Amendment to Agreement to Ground and Buildings Lease by and between the Corporation and the Board dated as of March 1, 2007.

**"Fiscal Year"** means any period of twelve consecutive months adopted by the Corporation as its Fiscal Year for financial reporting purposes, presently the period beginning on July 1 and ending on June 30 of the following year.

**"Fitch"** means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of Fitch are specified in the Indenture, such categories shall be irrespective of gradations within a category.

**"Force Majeure"** means any (a) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, act of terrorism, war, blockade, insurrection, riot, or civil disturbance; (b) labor dispute, strike, work slowdown, or work stoppage; (c) order or judgment of any Governmental Authority, if not the result of willful or negligent action of the Corporation; (d) adoption of or change in any Applicable Laws after the date of execution of the Phase Four Ground Lease; (e) any actions by the Board which may cause delay; or (f) any other similar cause or similar event beyond the reasonable control of the Corporation.

**"Governmental Authority"** means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

**"Governmental Regulations"** means any and all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, writs, injunctions, rules, regulations, restrictions, permits, plans, authorizations, concessions, investigation reports, guidelines, and requirements or accreditation standards of any Governmental Authority having jurisdiction over the Corporation and/or the Board, or affecting the Phase Four Facilities.

**"Ground Lease"** means that certain Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by the First Amendment to the Ground and Buildings Lease Agreement, dated as of March 1, 2007, by and between the Corporation, as Lessee, and the Board, as Lessor, whereby the Land upon which certain facilities shall be constructed and/or renovated and such facilities, as completed are leased by the Board to the Corporation, as further amended.

**"Hazardous Substance"** means (a) any "hazardous substance" as defined in §101(14) of CERCLA or any regulations promulgated thereunder; (b) petroleum and petroleum by-products; (c) asbestos or asbestos containing

material ("ACM"); (d) polychlorinated biphenyls; (e) urea formaldehyde foam insulation; or (f) any additional substances or materials which at any time are classified, defined or considered to be explosive, corrosive, flammable, infectious, radioactive, mutagenic, carcinogenic, pollutants, hazardous or toxic under any of the Environmental Requirements.

**"Indenture"** or the **"Phase Four Indenture"** means the Trust Indenture dated as of March 1, 2007 between the Issuer and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the provisions thereof.

**"Interest Account"** means the Interest Account within the Debt Service Fund created pursuant to Article IV of the Indenture.

**"Interest Rate"** means the rate of interest on the Series 2007 Bonds determined in the manner provided in the Indenture.

**"Issuer"** means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act, or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon by the Issuer by said provisions shall be given by law.

**"Legal Expenses"** means the reasonable fees and charges of attorneys and of legal assistants, paralegals, law clerks and other persons and entities used by attorneys and under attorney supervision and all costs incurred or advanced by any of them irrespective of whether incurred in or advanced prior to the initiation of any legal, equitable, arbitration, administrative, bankruptcy, trial or similar proceedings and any appeal from any of same.

**"Litigation Expenses"** means all out-of-pocket costs and expenses incurred as a result of an Event of Default, or in connection with an indemnification obligation, including Legal Expenses, the reasonable fees and charges of experts and/or consultants, and all court costs and expenses.

**"Loan"** means the aggregate amount of the moneys loaned to the Corporation pursuant to the Agreement.

**"Maximum Annual Debt Service,"** with respect to a series of Bonds issued under the Indenture, means the maximum Annual Debt Service thereon in the then current Bond Year or in any future Bond Year, whether at maturity or subject to mandatory sinking fund redemption.

**"Moody's"** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of Moody's are specified in the Indenture, such categories shall be irrespective of gradations within a category.

**"Option to Purchase"** or **"Option"** means the option to purchase the Corporation's interest in any portion of the Phase Four Facilities or Stadium Expansion granted in Section 23 of the Phase Four Facilities Lease.

**"Outstanding"** or **"outstanding,"** when used with reference to Bonds, means all Bonds which have been authenticated and issued under the Indenture except:

- (a) Bonds canceled by the Trustee pursuant to the Indenture;
- (b) Bonds for the payment of which moneys or Defeasance Obligations shall be held in trust for their payment by the Trustee as provided in the defeasance provisions of the Indenture;
- (c) Bonds which have been duly called for redemption and for which the redemption price thereof is held in trust by the Trustee as provided in the Indenture;

(d) Bonds in exchange for which other Bonds shall have been authenticated and delivered by the Trustee as provided in the Indenture; and

(e) for all purposes regarding consents and approvals or directions of Bondholders under the Agreement or the Indenture, Bonds held by or for the Issuer, the Corporation or any person controlling, controlled by or under common control with either of them.

**"ORM"** means the Office of Risk Management of the State.

**"Participant"** means any broker-dealer, bank and other financial institution from time to time for which DTC holds Bonds as securities depository.

**"Payment Default"** means a default by the Issuer in the due and punctual payment of any installment of interest on any of the Outstanding Bonds or (ii) a default by the Issuer in the due and punctual payment of the principal or premium, if any, of any of the Outstanding Bonds at their maturity or upon mandatory sinking fund redemption; which in any case, is followed by the failure of the Bond Insurer to honor a properly submitted claim for such amounts in accordance with the Bond Insurance Policy.

**"Payments"** means the amounts of repayments under the Agreement with respect to the Bonds to be made by the Corporation as provided in Article IV of the Agreement.

**"Permitted Encumbrances"** means:

(a) any lien arising by reason of any good faith deposit with the Corporation in connection with any lease of real estate, bid or contract (other than any contract for the payment of money);

(b) any lien arising by reason of any deposit with or giving of security to any governmental agency as a condition to the transaction of any business or the participation by the Corporation in any funds established to cover insurance risk or in connection with worker's compensation, unemployment insurance, pension plans or other social security;

(c) any right reserved to any municipality or other public authority by the terms of any franchise, grant, license or provision of law affecting any property of the Corporation and any lien on any property of the Corporation for taxes, assessments or other municipal charges so long as such charges are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such lien is stayed);

(d) mechanics' and materialmen's liens in connection with any property of the Corporation so long as any amounts secured by such lien are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such lien is stayed);

(e) the Indenture, the Agreement, the Ground Lease or the Facilities Lease;

(f) any lien on property received by the Corporation through a gift, grant or bequest constituting a restriction imposed by the donor, grantor or testator on such gift, grant or bequest (or the income therefrom), provided that any such lien may not be extended, renewed or modified in any way or applied to any additional property of the Corporation unless it would otherwise qualify as a Permitted Encumbrance; and

(g) such easements, rights-of-way, servitudes, restrictions and other defects as are determined not to materially impair the use of the Corporation's facilities for their intended purposes or the value of such facilities, such determination to be made in a certificate of an authorized officer of the Corporation supported by an opinion of independent counsel or a report or opinion of an independent management consultant (unless the Bond Insurer shall waive the requirement of such supporting opinion or report).

In addition, encumbrances in existence as of the date of issuance of the Series 2007 Bonds as set forth in **Exhibit B** of the Loan Agreement are thereby qualified as Permitted Encumbrances. Any such existing

encumbrance may not be extended, renewed or modified in any way or applied to any additional Properties of the Corporation unless it would otherwise qualify as a Permitted Encumbrance.

"**Permitted Investments**" means any of the following securities to the extent permitted under State law:

- A. Direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
  1. U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership.
  2. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
  3. Federal Financing Bank
  4. Federal Housing Administration Debentures (FHA)
  5. General Services Administration  
Participation certificates
  6. Government National Mortgage Association (GNMA or Ginnie Mae")  
GNMA – guaranteed mortgage – backed bonds  
GNMA – guaranteed pass-through obligations  
(not acceptable for certain cash-flow sensitive issues.)
  7. U.S. Maritime Administration  
Guaranteed Title XI financing
  8. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
News Communities Debentures – U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the non-full faith and credit U.S. government agencies (stripped securities re only permitted if they have been stripped by the agency itself):
  1. Federal Home Loan Bank System  
Senior debt obligations
  2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")  
Participation Certificates  
Senior debt obligations
  3. Federal National Mortgage Association (FNMA or "Fannie Mae")  
Mortgage-backed securities and senior debt obligations



4. Resolution Funding Corporation (REFCORP) obligations
  5. Farm Credit System  
Consolidated systemwide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.
  - E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
  - F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.
  - G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA (Investment Agreement criteria is available upon request).
  - H. Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1+" or better by S&P.
  - I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.
  - J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A" by S&P.
  - K. Repurchase agreements for 30 days or less must follow the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to MBIA (criteria available upon request)

Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm
  - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Ratings Group and Moody's Investor Services, or
  - b. Banks rated "A" or above by Standard & Poor's Ratings Group and Moody's Investor Services.
2. The written repo contract must include the following:
  - a. Securities which are acceptable for transfer are:
    - (1) Direct U.S. governments, or
    - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

- b. The term of the repo may be up to 30 days
- c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
- d. Valuation of Collateral
  - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

- (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

- a. Repo meets guidelines under state law for legal investment of public funds.

**"Permitted Sublessees"** means persons other than University students, faculty and staff who are participants in any activities related to the mission of the University and who are using the Phase Four Facilities for a period of one (1) month or less pursuant to a lease, license agreement, concession or other arrangement with the University and all sublessees of the Stadium Expansion without restriction as to term.

**"Permitted Use"** means the operation of the Phase Four Facilities and Stadium Expansion as an intermodal parking facility and football stadium for University students, faculty, staff and Permitted Sublessees and for purposes related to or associated with the foregoing.

**"Person"** means an individual, a trust, an estate, a Governmental Authority, partnership, joint venture, corporation, company, firm or any other entity whatsoever.

**"Phase Four Additional Rental"** means the amounts specified as such in the Phase Four Facilities Lease.

**"Phase Four Agreement"** means the Loan Agreement dated as of March 1, 2007 between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

**"Phase Four Base Rental"** means the amounts referred to as such in Section 6(b) of the Phase Four Facilities Lease (as such amounts may be adjusted from time to time in accordance with the terms thereof) but does not include Phase Four Additional Rental.

**"Phase Four Bonds"** shall mean, collectively, the Series 2007 Bonds and any Additional Phase Four Bonds.

**"Phase Four Debt Service Coverage Ratio"** means, for any Fiscal Year, the ratio determined by the Vice President for Administration and Finance of the University by dividing the amount of Auxiliary Revenues and the Student Fee for such Fiscal Year by Annual Debt Service on the Phase Four Bonds outstanding and on any Additional Phase Four Debt issued and proposed to be issued for such Fiscal Year.

**"Phase Four Expropriation"** shall have the meaning set forth in the Phase Four Facilities Lease.

**"Phase Four Facilities"** means parking and related facilities described in **Exhibit A** to the Agreement, as amended and supplemented in accordance with the provisions of the Agreement.

**"Phase Four Facilities Documents"** means collectively the Agreement, the Phase Four Ground Lease, the Phase Four Facilities Lease, the Plans and Specifications, construction contracts and amendments thereto, other contract documents and agreements, and surety bonds and instruments pertaining to the Phase Four Facilities.

**"Phase Four Facilities Land"** means the real property more particularly described on Exhibit A-1 to the Phase Four Ground Lease upon which the Phase Four Facilities are to be renovated, constructed and located.

**"Phase Four Facilities Lease"** means Part II of the Facilities Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms thereof.

**"Phase Four Ground Lease"** means Part II of the Ground Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms thereof.

**"Phase Four Independent Architect"** means the architect, engineer, or consultant selected and retained by the Board to inspect the Phase Four Facilities and Stadium Expansion on behalf of the Board.

**"Phase Four Interest Payment Date"** or **"interest payment date,"** means each February 1 and August 1, commencing August 1, 2007.

**"Phase Four Lawfully Available Funds"** means the Auxiliary Revenues and Student Fee Revenues, as designated by the Board in its budget process to make Phase Four Rental payments.

**"Phase Four Plans and Specifications"** means the plans and specifications for the construction of each phase of the Phase Four Facilities and the Stadium Expansion, as implemented and detailed from time to time, as the same may be revised from time to time prior to the completion of the Phase Four Facilities and the Stadium Expansion in accordance with the Phase Four Agreement and the Phase Four Ground Lease.

**"Phase Four Rent"** means the annual rent paid by the Corporation as set forth in Section 3.01 of the Ground Lease.

**"Phase Four Rental"** means and includes the Phase Four Base Rental and Phase Four Additional Rental.

**"Phase Four Term"** means the term of the Phase Four Ground Lease as set forth in Section 1.03 thereof.

**"Plans and Specifications"** or means the plans and specifications prepared for each phase of the Phase Four Facilities, as implemented and detailed from time to time, and as the same may be revised from time to time prior to the completion of the Phase Four Facilities in accordance with the Agreement and the Phase Four Ground Lease.

**"Principal Account"** means the Principal Account within the Debt Service Fund created pursuant to Article IV of the Indenture.

**"Principal Payment Date"** when used with respect to the Bonds means each February 1, commencing February 1, 2008.

**"Project Fund"** or **"Phase Four Project Fund"** means the fund of that name created under the Indenture.

**"Properties"** means any and all rights, title and interests in and to any and all of the Corporation's property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired, including the Phase Four Land. The term "Properties," without intending to limit the generality of the foregoing, as of any particular time, shall include all buildings, structures, fixtures, furnishings, equipment and other property, movable and immovable, and all franchises, land, rights-of-way, privileges, servitudes, easements, licenses, rights and any other interests in immovable property owned, leased, subleased or otherwise acquired by the Corporation and used or useful in connection with or incident to such facilities, or used or useful by the Corporation in connection with or incident to its authorized purposes.

**"Rating Agency,"** at any point in time, means any nationally recognized securities rating agency or service then rating the Bonds (collectively, the "Rating Agencies").

**"Rebate Amount"** means any amounts required to be paid to the Rebate Fund pursuant to the Tax Regulatory Agreement.

**"Rebate Fund"** means the fund of that name created under the Indenture.

**"Receipts Fund" or "Phase Four Receipts Fund"** means the fund of that name created under the Indenture.

**"Record Date,"** means the fifteenth (15<sup>th</sup>) day of the month preceding each Phase Four Interest Payment Date.

**"Reimbursement Agreement"** means the Reimbursement and Indemnity Agreement dated as of March 1, 2007, between the Corporation and the Bond Insurer.

**"Remediation"** means any and all costs incurred due to any investigation of the Phase Four Facilities or any remediation, response, cleanup, removal, or restoration required by any Governmental Regulation or Governmental Authority or by Environmental Requirements.

**"Rental"** means and includes the Phase Four Base Rental and Phase Four Additional Rental.

**"Replacement Fund" or "Phase Four Replacement Fund"** means the fund of that name created under the Indenture.

**"Replacement Fund Requirement"** means one-half of one percent (1/2%) of the funds available for construction under the Construction Contract as calculated by the University, or such lesser annual amount as is permitted by the Board of Regents and approved by the Bond Insurer.

**"S&P"** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of S&P are specified in the Indenture, such categories shall be irrespective of gradations within a category.

**"Series 2007 Bonds"** means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A and Series 2007B, authorized to be issued by the Issuer in the aggregate principal amount of \$\_\_\_\_\_, including such Series 2007 Bonds issued in exchange for other such Series 2007 Bonds pursuant to the Phase Four Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2007 Bonds pursuant to the Phase Four Indenture.

**"Stadium Expansion"** means the Football Stadium Improvements described in Exhibit A-1 to the Phase Four Facilities Lease, as amended and supplemented in accordance with the provisions of the Phase Four Agreement, which improvements are not being financed with Bond proceeds.

**"Stadium Expansion Land"** means the real property more particularly described on Exhibit A-1 to the Phase Four Ground Lease upon which the Stadium Expansion is to be renovated, constructed and located.

**"Taking"** means the actual or constructive condemnation, or the actual or constructive acquisition by condemnation, eminent domain or similar proceeding by or at the direction of any Governmental Authority or other Person with the power of eminent domain.

**"State"** means the State of Louisiana.

**"Student Fee"** means the student parking garage fee assessed on all University students for the planning, building and maintaining of a University parking garage, which shall be subject to annual designation by the Board in its budget process. The referendum for the fee of \$20.00 per semester and \$10.00 each summer was voted on and passed by students at the University on October 24-26, 2005.

**"Student Fee Revenues"** means the amount of all funds or revenues held by the University derived by the Student Fee.

**"Tax Regulatory Agreement"** means the Tax Regulatory Agreement and Arbitrage Certificate dated the closing date by and among the Issuer, the Corporation, the Board and the Trustee.

**"Term"** means the term of the Phase Four Facilities Lease, as provided in Section 2 thereof.

**"Trust Estate"** means all the property assigned by the Issuer to the Trustee pursuant to the Indenture as security for the Bonds.

**"Trustee"** means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under the Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of the Indenture, initially The Bank of New York Trust Company, N.A.

**"University"** means Southeastern Louisiana University in Hammond, Louisiana.

**"University Representative"** means the Person or Persons designated by the University in writing to serve as the University's representative under the Indenture; the University Representative shall be the Vice President for Administration and Finance of the University, or any other representative designated by the President of the University, of whom the Issuer and the Trustee have been notified in writing.

**"Value,"** with respect to Permitted Investments, means (i) as to investments, the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investment so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investment by any two (2) nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) with respect to certificates of deposit and bankers' acceptances, means the face amount thereof, plus accrued interest; (iv) with respect to guaranteed investment contracts that permit the Corporation to withdraw amounts invested thereunder at any time without penalty for which repayment obligation the other party thereto has pledged collateral acceptable to the Bond Insurer, the amount available to be withdrawn therefrom; and (v) with respect to any investment not specified above, means the value thereof established by prior agreement among the Bond Insurer, the Trustee, and the Corporation.

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## APPENDIX "C"

### SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS

The following summaries of the Indenture and the Agreement do not purport to be comprehensive or definitive statements of the provisions of such documents and prospective purchasers of the Series 2007 Bonds are referred to the complete texts of such documents, copies of which are available upon request from the Underwriter prior to the issuance and delivery of the Series 2007 Bonds and from the Trustee after issuance and delivery of the Series 2007 Bonds.

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

#### General

The Indenture will contain an assignment by the Issuer to the Trustee, in trust, to secure payment of the Series 2007 Bonds, of all of the Issuer's right, title, and interest in, to and under the Agreement (except for rights relating to exculpation, indemnification, and payment of expenses thereunder), and in, to, and under the Phase Four Facilities Lease assigned by the Corporation to the Issuer pursuant to the Agreement, including the right to receive all payments of Rental thereunder.

#### Additional Phase Four Bonds

No bonds, notes or other obligations secured by Phase Four Lawfully Available Funds may be issued except as Additional Phase Four Bonds. Additional Phase Four Bonds may be issued which will be on a parity with the Bonds only as and to the extent authorized and described in the Indenture, provided that, at the time of issuance thereof, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing. The issuance of Additional Phase Four Bonds is permitted as follows:

(A) Additional Phase Four Bonds may be issued with the prior approval of the Bond Insurer but without the need for prior approval of the Bondholders.

(B) Bonds issued to refund the Phase Four Bonds in their entirety may be issued without the need for prior approval of the Bondholders or the Bond Insurer.

#### Investments

All moneys in any fund created under the Indenture will, at the written direction of the Corporation as advised by the Board, be invested and reinvested in Permitted Investments. All income derived from any profit or loss on any such investment of moneys on deposit in any such fund or account will be credited, or debited, as the case may be, to the respective fund or account in which earned, except that if the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Fund Requirement, earnings in the Debt Service Reserve Fund will be transferred to the Interest Account.

All cash investments in the Debt Service Reserve Fund will be required to be valued at fair market value and marked to market twice per year.

The Issuer will agree in the Indenture that it will not direct the investment of moneys in the various funds and accounts created thereunder in a manner that would result in the loss of exclusion from gross income of interest on the Series 2007 Bonds or in such manner that would result in the Series 2007 Bonds becoming "arbitrage bonds" within the meaning of Section 148 of the Code.

#### Requisitions from the Project Fund

Payments from the Project Fund will be required to be made, as follows:

In connection with a payment from the Project Fund, there will be required to be filed with the Trustee a requisition, substantially in the form attached to the Indenture and made a part thereof, signed by an Authorized Corporation Representative, stating:

- (a) the item number of each such payment;
- (b) the name of the person, firm, or corporation to whom each such payment is due, or, if such payment has been made by the Corporation, that the Trustee is to reimburse the Corporation directly for such payment;
- (c) the respective amounts to be paid;
- (d) the purpose by general classification for which each obligation to be paid was incurred;
- (e) that obligations in the stated amounts have been incurred by the Corporation and are either (i) presently due and payable or (ii) have been paid by the Corporation and that each item thereof is a proper charge against the Project Fund and has not been the subject of any prior requisition;
- (f) that such requisition contains no item representing payment on account of any retainage to which the Corporation is entitled at the date of such requisition; and
- (g) a certification that all work, materials, supplies and equipment which are the subject of such requisition have been performed or delivered and are in accordance with the description of the Phase Four Facilities.

Upon receipt of each requisition and accompanying certificate and information, the Trustee will pay the obligations set forth in such requisition out of the money in the Project Fund, and each such obligation will be paid by check signed by one or more officers or employees of the Trustee designated for such purpose by the Trustee or by wire transfer or credit to an account of the Corporation held by the Trustee or in such other manner as may be agreed on by the Corporation and the Trustee. In making such payments the Trustee may rely upon such requisitions. If for any reason the Corporation should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment.

**Debt Service Fund**

(a) Moneys on deposit in the Interest Account of the Debt Service Fund shall be used solely to pay the interest on the Series 2007 Bonds as it becomes due and payable, whether on an Phase Four Interest Payment Date, at maturity or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of interest on the Series 2007 Bonds.

(b) Moneys on deposit in the Principal Account of the Debt Service Fund shall be used solely to pay the principal of the Series 2007 Bonds as it becomes due and payable whether at maturity, upon scheduled sinking fund redemption or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of principal of the Series 2007 Bonds; and, if funds are available for such purpose and at the written direction of the Issuer, as directed by the Board, to effect the redemption of the Series 2007 Bonds prior to their maturity in accordance with the redemption provisions thereof or with Bond Insurer consent the purchase of Series 2007 Bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any, plus accrued interest on the Series 2007 Bonds.

(c) Whenever and to the extent that money on deposit in the Interest Account or the Principal Account is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds, the Trustee shall transfer money from the Replacement Fund and the Debt Service Reserve Fund, in that order, and shall give immediate notice to the Bond Insurer.



### **Application of Money in the Debt Service Reserve Fund**

(a) The Debt Service Reserve Fund will be funded on the date of delivery of the Series 2007 Bonds in an amount equal to the Debt Service Reserve Fund Requirement.

(b) The Trustee will be required to transfer money from the Debt Service Reserve Fund to the Interest Account and the Principal Account of the Debt Service Fund to pay interest on and principal of (whether at maturity or by acceleration) the Series 2007 Bonds, whenever and to the extent that the money on deposit in said accounts (together with any amounts available therefor in the Replacement Fund), is insufficient for such purposes. If the Trustee shall apply any moneys in the Debt Service Reserve Fund to the payment of principal of or interest on the Bonds, the Trustee will be required to give immediate notice to the Bond Insurer.

(c) If the money held in the Debt Service Reserve Fund, including interest earnings, exceeds the Debt Service Reserve Fund Requirement, an amount equal to such excess will be transferred by the Trustee to the Interest Account of the Debt Service Fund. The Trustee will not be required to liquidate any investment before its maturity to make such transfer. Whenever the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee will be required to notify the Issuer, the Bond Insurer, and the Corporation of the amount of such deficiency and such deficiency will be remedied, as provided in the Indenture. Upon notification, the Corporation will be required to deliver to the Trustee an amount sufficient to cure the deficiency in accordance with the Indenture and the Agreement.

(d) The Issuer may, at the direction of the Corporation and as advised by the Board and with the prior written consent of the Bond Insurer, at any time, deposit with the Trustee, to replace cash in the Debt Service Reserve Fund (in which case the replaced cash shall be paid to the University) or to meet the requirements in the Indenture that it deposit additional amounts in the Debt Service Reserve Fund, a Debt Service Reserve Fund Investment. Any bank issuing a letter of credit must have a rating on its unsecured debt, or on debt secured by its letters of credit and which ratings are based solely on the bank's letter of credit, of "AA-" or better by S&P and "Aa3" or better by Moody's. Any insurance company issuing a surety bond must have a claims-paying ability rating of "AAA" by S&P and "Aaa" by Moody's. If such Debt Service Reserve Fund Investment expires prior to fifteen (15) days after the final maturity of the Series 2007 Bonds, it must provide, that if not renewed within fifteen (15) days prior to its expiration date in an amount equal to the undrawn amount thereof (other than because of a reduction in the Debt Service Reserve Fund Requirement or the deposit of cash in the Debt Service Reserve Fund to replace it), the Trustee will be permitted to draw the full amount of such Debt Service Reserve Fund Investment. The Trustee will draw down the full amount of such Debt Service Reserve Fund Investment and deposit such amount in the Debt Service Reserve Fund fifteen (15) days prior to expiration of such Debt Service Reserve Fund Investment if it is not renewed as provided for in the preceding sentence. The Debt Service Reserve Fund Investment must be able to be drawn upon at any time that cash could be withdrawn from the Debt Service Reserve Fund. Prior to accepting any such Debt Service Reserve Fund Investment, the Trustee, the Corporation, the Board, the Issuer, and the Bond Insurer must receive a Bond Counsel opinion that such acceptance and any payment of funds in the Debt Service Reserve Fund to the Corporation is authorized by the Indenture and will not adversely affect the exclusion of interest on the Series 2007 Bonds from gross income for purposes of federal income taxation. If a Debt Service Reserve Fund Investment shall be deposited in the Debt Service Reserve Fund in lieu of cash, the cash amount contained in the Debt Service Reserve Fund will be required to be transferred to the Replacement Fund.

If a disbursement shall be made under a surety bond deposited in the Debt Service Reserve Fund, the Corporation will be obligated to either reinstate the maximum limits of such surety bond immediately following such disbursement in twelve (12) equal monthly installments or as required by the Issuer of the Debt Service Reserve Fund Investment in an amount equal to the Debt Service Reserve Fund Requirement or deposit into the Debt Service Reserve Fund funds in the amount of the disbursement made under the Debt Service Reserve Fund Investment, or a combination of such alternatives as shall equal the Debt Service Reserve Fund Requirement.

### **Application of Insurance Proceeds; Condemnation Award**

If all or any portion of the Phase Four Facilities shall be damaged or destroyed by a Casualty or shall be taken by Expropriation proceedings, the Corporation will be required, upon receipt of notice from the University and/or the Board instructing the Corporation to do so, as expeditiously as possible, to prosecute or cause to be prosecuted continuously and diligently the repair, restoration, or replacement thereof; provided, however, that the

Corporation will in no way be liable for any costs of the repair, restoration, or replacement of the Phase Four Facilities in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction, or taking of all or any portion of the Phase Four Facilities will be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust or in the case of self insurance through ORM, as described in the second succeeding paragraph, and will be made available for, and to the extent necessary be applied to, such restoration, repair, and replacement. Any amounts so held by the Trustee will be disbursed to pay the costs of restoration, replacement, and repair of the Phase Four Facilities with respect to which they are held, in each case promptly after receipt of a written request of the Corporation as advised by the Board, stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing, repairing, or restoring the Phase Four Facilities and that no amount previously shall have been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee will be permitted to rely conclusively upon such written requests and will have no liability or responsibility to investigate any matter stated therein, or for any inaccuracy or misstatement therein. In no event will the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Phase Four Facilities, or for the improper use of moneys properly disbursed pursuant to request made under the Indenture. Any proceeds remaining on deposit with the Trustee following completion of the repairs, restoration, or replacement of the Phase Four Facilities will be paid by the Trustee to the Board.

In the event the University shall decide not to repair, restore, or replace the Phase Four Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation and including any portion of such payments attributable to the Board's interest) will be paid to the Trustee and applied to the prepayment of the Series 2007 Bonds in accordance with the terms of the Indenture.

In the event ORM shall insure the Phase Four Facilities, the Board will be required to cause the Corporation to use the insurance proceeds received from ORM in accordance with policies and procedures of ORM (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration or replacement of the Phase Four Facilities

#### **Application of Money in the Replacement Fund**

(a) The Replacement Fund will be funded on the Closing Date in the amount of the Replacement Fund Requirement from proceeds of the Series 2007 Bonds.

All moneys in the Replacement Fund will be held for the benefit of the Board through the Corporation, will not be pledged under the Indenture, and will be permitted to be drawn on and used by the Corporation or the Board to (i) replace any worn out, obsolete, inadequate, unsuitable, or undesirable property, furniture, equipment, fixtures, and other property owned by the Board or the Corporation and located on the Phase Four Facilities, and (ii) maintain the Phase Four Facilities and to make all alterations, repairs, restorations, and replacements to the Phase Four Facilities as and when needed to preserve the Phase Four Facilities in good working order, condition, and repair, each as required by the Phase Four Facilities Lease. Withdrawals from the Replacement Fund for the purposes set forth above will be made by the Trustee upon its receipt of a requisition from the Board or the Corporation complying with the requirements of the Indenture. Moneys in the Replacement Fund will also be permitted to be drawn by the Trustee and transferred to the Debt Service Fund if amounts on deposit therein are insufficient to pay debt service on the Bonds on any Interest Payment Date or Principal Payment Date.

(b) Any moneys remaining in the Replacement Fund immediately prior to the time all of the Bonds are paid, or provision for their payment is made in accordance with the Indenture, will be paid to the University.

#### **Events of Default and Remedies**

Each of the following will be an "*Event of Default*" under the Indenture:

(a) Payment of any installment of interest, on any of the Bonds shall not be made when the same shall become due and payable;

(b) The payment of principal or premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, whether at maturity or by proceedings for redemption or by acceleration or otherwise;

(c) An "**Event of Default**" under the Agreement shall have occurred;

(d) A default with respect to the Bonds shall occur under the Phase Four Facilities Lease;

(e) Default by the Issuer in the due and punctual performance of any other of the covenants, conditions, agreements, or provisions contained in the Bonds or in the Indenture on the part of the Issuer to be performed, if such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer, the Board, the Bond Insurer, and the Corporation by the Trustee, which will be permitted to give such notice in its discretion and will be required to give such notice at the written request of the owners of not less than a majority in principal amount of the Bonds then outstanding. Such default shall not become an Event of Default if said default shall be of the nature that (i) it cannot be corrected within the thirty (30) day period after receipt of notice, but the Issuer (or the Corporation pursuant to the provisions of the Indenture) shall promptly institute and diligently pursue corrective action until such default is cured, or (ii) the Trustee shall determine that such default is not curable but such default does not affect the validity or enforceability of the Bonds, the Indenture, or the Agreement, an event of nonperformance shall not have occurred under the Agreement (other than as a result of the cross-default provisions), and such default shall not impair the security or the obligations provided for or under the Bonds, the Indenture, or the Agreement, and (iii) the Bond Insurer shall have consented to such event not being an Event of Default.

For all purposes of the Indenture described hereunder (other than "**Notice of Defaults**" below), the Bond Insurer will be deemed to be the sole owner of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policies, and the Bond Insurer will be entitled to (i) notify the Trustee of the occurrence of an Event of Default hereunder, (ii) request that the Trustee intervene in judicial proceedings that affect the Bonds or the security therefor, (iii) direct all remedies in the Event of Default, (iv) be recognized as the owner of each Bond that it insures for the purposes of exercising all rights and privileges available to Bondholders, (v) have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a Bondholder in accordance with the provisions of the Indenture or each Bond for which it insures.

Upon the occurrence of an Event of Default, the Issuer, the Trustee, and, subject to the provisions of the Indenture described below under the subheadings "**Majority of Bondholders Control Proceedings**" and "**Individual Bondholder Action Restricted**," the Bondholders will have all the rights and remedies as may be allowed by law, the Indenture, the Assignment of Agreements and Documents, or pursuant to the provisions of the Agreement and/or the Phase Four Facilities Lease by virtue of their assignment under the Indenture, including but not limited to, acceleration of the maturity of all Bonds, or suit at law or in equity to enforce or enjoin the action or inaction of parties under the provisions of the Indenture, the Agreement, or the Phase Four Facilities Lease.

Upon the occurrence of an Event of Default, the Trustee will be permitted, with the prior written consent of the Bond Insurer, and upon the written request of the Bond Insurer will be required, by notice in writing to the Issuer, the Board and the Corporation, to declare the Bonds then outstanding immediately due and payable, and such Bonds will become and be immediately due and payable, anything in such Bonds or in the Agreement or the Indenture to the contrary notwithstanding, and the Trustee will be permitted to exercise any remedies granted to it in the Indenture. In such event, there will be due and payable on the Bonds an amount equal to the principal amount of all the Bonds then outstanding plus all interest accrued thereon and which will accrue thereon to the date of payment. If the Bond Insurer shall be in default of its payment obligations under any of the Bond Insurance Policies, the owners of not less than a majority of the aggregate principal amount of Bonds outstanding, will be permitted to direct the Trustee to declare the Bonds then outstanding immediately due and payable.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action, or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under the Indenture, the Agreement, the

Assignment of Agreements and Documents, or the Phase Four Facilities Lease, the Trustee will be permitted to annul such declaration and its consequences with respect to the Series 2007 Bonds if: (i) moneys shall have been deposited in the Debt Service Fund sufficient to pay all matured installments of principal (other than principal due solely because of acceleration) and interest; (ii) moneys shall be available sufficient to pay the charges, compensation, expenses, disbursements, advances, and liabilities of the Issuer and the Trustee; (iii) all other amounts then payable by the Issuer or the Corporation under the Indenture or the Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Issuer or the Trustee (other than a default in the payment of the principal of the Bonds due only because of such declaration) shall have been remedied to the satisfaction of the Issuer and the Trustee. No such annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

No waiver of any Event of Default will be effective without the written consent of the Bond Insurer.

#### **Insufficiency in the Debt Service Fund and the Debt Service Reserve Fund; Application of Moneys**

Anything in the Indenture to the contrary notwithstanding, if at any time the moneys in the Debt Service Fund and the Debt Service Reserve Fund shall not be sufficient to pay the interest on, premium, if any, or the principal of the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities), such moneys, together with any other moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Indenture or otherwise shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys will be applied:

FIRST, to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay any particular installment, then to the payment thereof, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; then

SECOND, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds that shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) in the order of their due dates, with interest on the principal amount of such Bonds due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds and the interest thereon, then to the payment thereof ratably, according to the amount of the interest due on such date, and next, to the payment of the principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and then

THIRD, to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of the Indenture.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of the Indenture described in (b) above, in the event that the principal of all the Bonds shall later become or be declared due and payable, then all such moneys will be applied in accordance with the provisions of (a) above.

Whenever money is to be applied by the Trustee pursuant to the provisions of the Indenture, such money will be required to be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for application in the future; the deposit of such money or otherwise setting aside such money in trust for the proper purpose will constitute proper application by the Trustee; and the Trustee will incur no liability whatsoever to the Issuer, to any Bondholder, or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it will be required to fix the date (which will be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date, interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee will give such notice as it may deem appropriate of the fixing of any such date and will not be required to make payment to the owner of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement or for cancellation if fully paid.

### **Discontinuance of Proceedings**

In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the Issuer, the Trustee, and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers, and duties of the Trustee will continue as though no proceeding had been taken.

### **Appointment of Receiver**

Upon the occurrence of an Event of Default, and upon filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or keeper pending such proceedings, with such powers as the court making such appointment shall confer.

### **Remedies Not Exclusive**

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Bondholders will be intended to be exclusive of any other remedy, but each and every remedy will be cumulative and will be in addition to every other remedy given under the Indenture or existing at law or in equity on or after the date of execution and delivery of the Indenture.

### **Remedies Vested In Trustee**

All rights of action under the Indenture, the Agreement, the Assignment of Agreements and Documents, or under any of the Bonds will be permitted to be enforced by the Trustee without possession of the Bonds and without their production in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee will be permitted to be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds.

### **Majority of Bondholders Control Proceedings**

If an Event of Default shall have occurred and be continuing, subject to all rights granted to the Bond Insurer in the Indenture, the owners of at least a majority of the aggregate outstanding principal amount of Bonds then outstanding will have the right, after written notice delivered to the Trustee, at any time by an instrument or instruments in writing executed and delivered to the Trustee, together with security or indemnity satisfactory to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture, provided the direction shall be in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, shall not be unduly prejudicial to the interest of Bondholders not joining in such direction, and provided further, that nothing in the Indenture described under this subheading shall impair the right of the Trustee in its discretion to take any other action under the Indenture that it may deem proper and that shall not be inconsistent with the direction by the Bondholders.

### **Individual Bondholder Action Restricted**

No owner of any Bond will have any right to institute any suit, action, or proceeding for the enforcement of the Indenture or for the execution of any trust thereunder or for any remedy thereunder unless an Event of Default shall have occurred (other than a payment default) as to which the Trustee shall have actual notice or as to which the Trustee shall have been notified in writing, and the owners of at least a majority of the aggregate outstanding principal amount of Bonds shall have made written request to the Trustee to proceed to exercise the powers granted to it under the Indenture or to institute an action, suit, or proceeding in its own name; and these Bondholders shall have offered the Trustee such indemnity as may be satisfactory to the Trustee, and the Trustee shall have failed or refused to exercise the powers granted in the Indenture or to institute an action, suit, or proceeding in its own name for a period of sixty (60) days after receipt of the request and offer of indemnity.

No one or more owners of Bonds will have any right in any manner whatsoever to disturb or prejudice the security of the Indenture or to enforce any right thereunder except in the manner therein provided and then only for the equal benefit of the owners of all outstanding Bonds.

### **Waiver and Non-Waiver of Event of Default**

No delay or omission of the Trustee or of any owner of Bonds to exercise any right or power accruing upon any Event of Default will impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given by the Indenture to the Trustee and to the owners of the Bonds, respectively, will be permitted to be exercised from time to time and as often as may be deemed expedient.

The Trustee, with Bond Insurer consent, will be permitted to waive any Event of Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action, or proceeding instituted by it under the provisions of the Indenture or before the completion of the enforcement of any other remedy under the Indenture.

Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon written request of the Bond Insurer or the Bond Insurer and the owners of at least a majority of the aggregate principal amount of the Bonds then outstanding, will be required to waive any Event of Default and its consequences; provided, however, that a default in the payment of the principal of, premium, if any, or interest on any Bond, when due and payable or upon call for redemption, will not be permitted to be waived after the date the same shall become due and payable without the written consent of the owners of all the Bonds at the time outstanding.

In case of a waiver by the Trustee of any Event of Default, the Issuer, the Trustee, and the Bondholders will be restored to their former positions and rights under the Indenture, but no waiver will extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee will not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with the terms of the Indenture.

### **Notice of Defaults**

Within thirty (30) days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee shall be deemed to have notice, the Trustee will be required (unless the Event of Default shall already have been cured) to give written notice of the Event of Default to the owners of all Bonds then outstanding in the manner provided in the Indenture, provided that, except in the case of a default in the payment of principal, redemption price, or interest on any of the Bonds, the Trustee will be permitted to withhold the notice to the Bondholders if, in its sole judgment, it shall determine that the withholding of notice is not detrimental to the best interest of the Bondholders.

The Trustee will be required to notify, in writing, the Issuer, the Board, the Bond Insurer, and the Corporation immediately of any Event of Default known to the Trustee.

The Trustee will be required to provide the Bond Insurer immediate notice of any default in the payment of principal of, premium, if any, or interest on the Bonds.

### **Opportunity of Corporation to Cure Certain Defaults**

The Issuer and the Trustee by the Indenture will grant the Corporation full authority on the account of the Board and/or the Issuer to perform any covenant or obligation and to otherwise fulfill any condition the failure or non-performance of which shall be or shall be alleged to be an Event of Default under the provisions of the Indenture described in subsection (f) under the subheading “**Events of Default and Remedies**” above, and the Trustee will agree that performance by the Corporation will be deemed to be performance by the Board or the Issuer.

### **Trustee**

The obligations and duties of the Trustee will be described in the Indenture, the Agreement, the Phase Four Facilities Lease and the Assignment of Agreements and Documents, and the Trustee will undertake only those obligations and duties that are expressly set out and only upon such terms and conditions as set forth in the Indenture, the Agreement, the Phase Four Facilities Lease and the Assignment of Agreements and Documents. The Trustee will not independently pass upon the validity of the Bonds, the security thereof, the adequacy of the provisions for payment thereof, or the tax-exempt status of the interest on the Series 2007 Bonds. The Trustee will be permitted to rely upon the opinion of bond counsel for the validity of the Series 2007 Bonds and the tax-exempt status of the interest on the Series 2007 Bonds. The Indenture will expressly provide that the Trustee will not be responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel.

Under the terms of the Indenture, the Trustee will be liable only for those damages caused by its negligence or willful misconduct. Under the Indenture, the Trustee will not be deemed to have notice of an Event of Default described in items (b) through (e) under the heading “**THE INDENTURE - Events of Default and Remedies**” unless the Trustee shall have actual knowledge of such Event of Default or shall have been given written notice of such Event of Default by the Bond Insurer or any Bondholder. All notices or other instruments required by the Indenture to be delivered to the Trustee will be required to be delivered to the principal corporate trust office of the Trustee. The summary of the Trustee's rights, duties, obligations, and immunities contained herein is not intended to be a complete summary, and references must be made to the Indenture for a complete statement of the Trustee's rights, duties, obligations, and immunities.

### **Qualification of the Trustee**

There will at all times be a Trustee under the Indenture. Any successor Trustee thereunder will be required to be a trust company or commercial bank (having trust powers) organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having unimpaired capital and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. If such trust company or bank shall publish reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of the Indenture described under this subheading, the unimpaired capital and surplus of such association or corporation will be deemed to be its unimpaired capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, it will be required to resign immediately in the manner and with the effect specified below.

### **Resignation and Removal of Trustee**

No resignation or removal of the Trustee and no appointment of a successor Trustee will become effective until the acceptance of appointment by the successor Trustee under the Indenture and until notice of resignation or removal and appointment, as the case may be, shall have been provided to the Bond Insurer.

The Trustee will be permitted to resign at any time by giving written notice thereof to the Issuer, the Bond Insurer, the Board, the Corporation, and the Bondholders. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the retiring Trustee will be permitted to petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee will be permitted to be removed with or without cause at any time by an instrument or instruments in writing to the Trustee, with copies to the Issuer, the Bond Insurer, the Board, and the Corporation, signed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding or by their attorneys, legal representatives, or agents and delivered to the Trustee, the Issuer, the Bond Insurer, the Board, and the Corporation (such instruments to be effective only when received by the Trustee).

If at any time

(i) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Corporation for the Board or by any Bondholder, or

(ii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, (1) the Issuer, in its discretion and without obligation, will be permitted or the Corporation, on behalf of the Board, will be permitted to remove the Trustee, or (2) any Bondholder will be permitted, on behalf of himself and all others similarly situated, to petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor but only, in each case, with the prior written approval of the Bond Insurer.

If the Trustee shall be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause other than resignation (it being understood that no vacancy may occur as a result of resignation since the Trustee will not be permitted to resign unless a successor shall have been appointed) or if the Trustee shall tender its resignation, the Issuer with the approval of the Bond Insurer (so long as the Bond Insurer is not in default under the Bond Insurance Policies) will promptly appoint a successor provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses shall accrue. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by an instrument or concurrent instruments in writing executed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding and delivered to the Corporation for the Board and the retiring Trustee, the successor Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer. If no successor Trustee shall have been so appointed by the Issuer or the Bondholders and accepted appointment in the manner hereinafter described, any Bondholder who shall have been a *bona fide* owner of a Bond for at least six (6) months will be permitted, on behalf of himself and all others similarly situated, to petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Issuer will be required to give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to all Bondholders upon the written request of the Trustee and provided the Issuer shall have been furnished with sufficient funds to pay all costs and expenses (including attorney's fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses shall accrue. Each notice will be required to include the name and address of the principal corporate trust office of the successor Trustee.

### **Successor Trustee**

Every successor Trustee appointed under the Indenture will be required to execute, acknowledge, and deliver to its predecessor, and also to the Issuer, the Bond Insurer, and the Corporation, for the Board, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, will become fully vested with all the rights, immunities, powers, and trusts, and subject to all the duties and obligations, of its predecessors; but such predecessor will, nevertheless, on the written request of its successor or of the Issuer and upon payment of the expenses, charges, and other disbursements of such predecessor that are payable pursuant to the provisions of the Indenture, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers, and trusts of such predecessor under the Indenture; and every predecessor Trustee will be required to deliver all property and moneys held by it under the Indenture to its successor, subject, nevertheless, to its preference, if any, provided for in the Indenture. Should any instrument in writing from the Issuer be required by



any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers, and trusts by the Indenture vested or intended to be vested in the predecessor Trustee, any such instrument in writing will be executed, acknowledged, and delivered by the Issuer upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue.

Notwithstanding any of the foregoing provisions of the Indenture, any bank or trust company having power to perform the duties and execute the trusts of the Indenture and otherwise qualified to act as Trustee under the Indenture with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the corporate trust assets and corporate trust business of such bank or trust company may be sold, will be deemed the successor of the Trustee.

### **Supplemental Indentures**

Subject to the conditions and restrictions in the Indenture, the Indenture may be amended or supplemented from time to time, without the consent of the registered owners of the Bonds, but with consent of the Bond Insurer, for one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Indenture; (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, or authority that may be lawfully granted to or conferred upon the Bondholders or the Trustee or either of them; (c) to subject to the lien and pledge of the Indenture additional revenues, properties or collateral; (d) to modify, amend, or supplement the Indenture or any supplemental indenture in such manner as to permit the qualification thereof under any federal statute hereafter in effect or under any state Blue Sky Law, and, in connection therewith, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions, and provisions as may be permitted or required by any said federal statute or Blue Sky Law; provided that any such supplemental indenture shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of the Bonds; or (e) to provide any other modifications that, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders.

The Indenture also may be amended from time to time with the consent of the registered owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, and with the consent of the Bond Insurer, for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that no amendment will be permitted to be made, without the consent of the Bond Insurer and the owners of all the Bonds then outstanding, permitting: (a) an extension of the stated maturity or reduction in the principal amount or premium of, or reduction in the rate or extension of the time of payment of interest on, any Bonds; or (b) the creation of any lien on the Trust Estate or any part thereof pledged under the Indenture prior to or on a parity with the lien of the Indenture; or (c) a reduction in the aforesaid aggregate outstanding principal amount of Bonds the owners of which shall be required to consent to any such supplemental indenture. No such amendment will modify the rights, duties, or immunities of the Trustee without the written consent of the Trustee.

### **Defeasance**

When all of the Bonds shall have been paid and discharged and there shall have been paid all the fees and charges of the Trustee due or to become due through the date on which the last of the Bonds shall have been retired, then the Indenture will cease, terminate, and become null and void, and thereupon the Trustee will be required to release the Indenture including the cancellation and discharge of the lien thereof, and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien thereof and, if necessary, to enter on the records such satisfaction and discharge and to re-convey to the Issuer any property or interest therein or other rights thereby conveyed and such other instruments to evidence such release and discharge as may be reasonably required by the Issuer, and the Trustee will be required to assign and deliver to the Issuer any property at the time subject to the lien of the Indenture which may then be in its possession, except amounts in any fund otherwise required to be paid by the Indenture and except such cash and investments as shall be held by the Trustee for the payment of interest and premium, if any, on and retirement of the Bonds.

Notwithstanding the foregoing, the obligation of the Board to pay the fees and expenses of the Trustee in accordance with the terms of the Indenture, will survive defeasance of the Bonds, the discharge of the Indenture, and the termination of the Agreement.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policies, the Bonds will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Issuer to the registered owners will continue to exist and will run to the benefit of the Bond Insurer, and the Bond Insurer will be subrogated to the rights of such registered owners.

Provision for the payment of any Bond will be deemed to have been made and the Bonds deemed discharged if the Trustee, or an escrow trustee, shall hold, in trust for and irrevocably committed thereto, moneys or Defeasance Obligations of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient for the payment of such Bonds, at their maturity or redemption date of the principal thereof, together with the redemption premium, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been duly made for the giving of such notice.

## **SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT**

### **Nature and Benefits**

The Agreement will be executed and delivered in part to induce concurrently therewith the purchase by others of the Series 2007 Bonds, and, accordingly, all covenants and agreements on the part of the Corporation and the Issuer, as set forth in the Agreement, will thereby be declared to be for the benefit of the Trustee for the owners from time to time of the Series 2007 Bonds. The Corporation will consent and agree to the assignment by the Issuer to the Trustee under the Indenture of all of the Issuer's right, title, and interest (except for certain rights relating to exculpation, indemnification, and payment of expenses) in, to, and under the Agreement, including the interest of the Issuer in and to the Phase Four Facilities Lease assigned by the Corporation to the Issuer thereunder, and will agree that the provisions of the Agreement may be enforced by the Trustee under the provisions of the Indenture. The Corporation will agree to do all things within its power in order to comply with, and to enable the Issuer to comply with, all requirements and to fulfill, and to enable the Issuer to fulfill, all covenants of the Indenture and the Series 2007 Bonds.

The Agreement will be a limited obligation of the Corporation, payable solely from the Phase Four Base Rental, and the Agreement will remain in full force and effect until the Series 2007 Bonds and the interest therein have been fully paid or otherwise provided for or discharged.

### **Construction, Improvement and Equipping of the Phase Four Facilities**

The Corporation will lease the Phase Four Land and will agree to develop and construct or cause to be developed and constructed the Phase Four Facilities with all reasonable dispatch and in accordance with the Phase Four Facilities Documents and will agree to take all action necessary to enforce the provisions of the Phase Four Facilities Documents. The Phase Four Facilities as constructed will be owned by the Board and subject to the Phase Four Ground Lease.

### **Disbursements from Project Fund**

The money in the Project Fund will be required to be applied by the Trustee, and in connection therewith requisitions will be required to be presented by the Corporation signed by an Authorized Corporation Representative, for payment of the Costs of the Phase Four Facilities in accordance with the Indenture and the Agreement, and pending such application, such money will be invested and reinvested in accordance with the Indenture.

### **Use of Bond Proceeds**

Under the Agreement, proceeds of the sale of the Series 2007 Bonds, after the required transfers to the Bond Insurer and to the Debt Service Reserve Fund and the Costs of Issuance Account of the Bond Proceeds Fund, will be deposited in the Project Fund and applied to the payment of the Costs of the Phase Four Facilities. Moneys in the Project Fund will be applied by the Trustee, upon presentation of requisitions by the Corporation by an Authorized Corporation Representative, for payment of the Costs of the Phase Four Facilities, in accordance with the Agreement. Pending such application, moneys in the Project Fund will be invested and reinvested in accordance with the Indenture.

### **Completion of Payment of Construction of the Phase Four Facilities**

At such time as the Corporation shall have notice that the funds initially deposited in the Project Fund on the Closing Date to finance the Phase Four Facilities, together with the investment earnings thereon, are insufficient to pay the completion Costs of the Phase Four Facilities, the Corporation will be required to deliver to the Trustee and the Issuer written estimates by an architect and an Authorized Corporation Representative of the additional funds required to pay the completion Costs of the Phase Four Facilities, and such additional information and data as may be reasonably requested by the Issuer and the Trustee. The Corporation will be required to complete the development and construction of the Phase Four Facilities and pay that portion of the completion Costs of the Phase Four Facilities as may be in excess of the money available therefor in the Project Fund. The obligation of the Corporation to pay in full the completion Costs of the Phase Four Facilities will be a limited obligation of the Corporation payable solely from the Phase Four Base Rental.

Upon request of the Corporation, the Issuer will use its best efforts to issue and sell, upon terms and at prices acceptable to the Issuer and the Corporation, one or more series of Additional Bonds for the purpose of financing the completion Costs of the Phase Four Facilities; provided, however, that failure of the Issuer to issue such additional Bonds will not relieve the Corporation of its obligation to provide the additional money required to pay the completion Costs of the Phase Four Facilities. If, after exhaustion of the money in the Project Fund, the Corporation should pay any portion of the Costs of the Phase Four Facilities, it will not be entitled to any reimbursement therefor from the Issuer or from the Trustee and will not be entitled to any abatement, diminution, or postponement of payments required to be made by it under the Agreement.

When the Phase Four Facilities shall be substantially complete, the Corporation will detail all Costs of the Phase Four Facilities, and other facilities necessary in connection with the Phase Four Facilities, to the Issuer and the Trustee, and will certify such Costs of the Phase Four Facilities have been paid. The certification will provide that the Phase Four Facilities are substantially complete in accordance with the Plans and Specifications.

### **Disbursement of Bond Proceeds**

In order to provide funds for paying the Costs of the Phase Four Facilities, the Issuer, as soon as practicable after the execution of the Agreement will proceed to issue, sell, and deliver the Series 2007 Bonds to the purchasers thereof and will deposit the proceeds thereof as provided by the Indenture with the Trustee for disbursement in accordance with the provisions of the Indenture.

Upon the terms and conditions of the Agreement, the Issuer will lend to the Corporation the proceeds of the sale of the Series 2007 Bonds. The proceeds of the Loan will be deposited with the Trustee and applied in accordance with the Indenture.

### **Loan Payments**

The Corporation, for and in consideration of the issuance of the Series 2007 Bonds under the Indenture by the Issuer and the application of the proceeds thereof by the Issuer as provided in the Indenture for the benefit of the Corporation, will promise to repay the Loan, but solely from the Phase Four Base Rental, by making the following payments to or for the account of the Issuer in an amount sufficient for the payment in full of all Series 2007 Bonds from time to time issued under the Indenture and then outstanding, including (i) the total interest becoming due and payable on the Bonds to the date of payment thereof, and (ii) the total principal amount of and premium, if any, on

the Bonds. The Payments with respect to the Bonds will be payable directly to the Trustee for the account of the Issuer in installments as follows:

(a) At such time as may be required by the Tax Regulatory Agreement, to the Rebate Fund the amount required to be deposited thereunder;

(b) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Interest Account of the Debt Service Fund an amount equal to one-fifth (1/5<sup>th</sup>) of the interest due and payable on such Series 2007 Bonds on August 1, 2007 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing August 25, 2007, an amount equal to one-sixth (1/6<sup>th</sup>) of the interest due and payable on such Series 2007 Bonds on the next February 1 and August 1 or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund, will be sufficient to pay interest on such Series 2007 Bonds on such Phase Four Interest Payment Date;

(c) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Principal Account of the Debt Service Fund an amount equal to one-eleventh (1/11<sup>th</sup>) of the principal of the Series 2007 Bonds payable on February 1, 2008 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing February 25, 2008, an amount equal to one-twelfth (1/12<sup>th</sup>) of the principal due and payable on such Series 2007 Bonds on the next Principal Payment Date;

(d) On the twenty-fifth (25<sup>th</sup>) day of each month any amounts due to the Bond Insurer under the Reimbursement Agreement.

(e) On the twenty-fifth (25<sup>th</sup>) day of each month following any drawing on the Debt Service Reserve Fund in accordance with Section 4.18 hereof, an amount equal to the lesser of (i) one twelfth (1/12<sup>th</sup>) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund; and

(f) Annually, beginning June 25, 2009, an amount equal to one-half of one percent (1/2%) of funds available for construction pursuant to the Construction Contract, as determined by the University, into the Replacement Fund, or such lesser annual amount as is permitted by the Louisiana State Board of Regents and approved by the Bond Insurer.

Each installment of the Payments payable by the Corporation under the Agreement will be required to be in an amount that, without regard to the payments required above, but including moneys in the Debt Service Fund then available, will be designed to provide for the timely payment in full of the principal of, premium, if any, and interest on the Bonds.

Notwithstanding anything to the contrary contained in the Agreement, the Corporation will promise that it will pay the Payments from the Phase Four Base Rentals at such times and in such amounts as to assure that no default in the payment of the principal of, premium, if any, or interest on the Series 2007 Bonds shall at any time occur.

Whenever the Corporation shall fail to pay the full amount of any installment of the Payments payable under the Agreement by the day of the month in which such installment is due, the Trustee will be required to give immediate telephonic notice thereof, promptly confirmed in writing, to an Authorized Corporation Representative.

The Corporation will also be required to cause the Board to pay promptly when due under the Phase Four Facilities Lease all amounts of Phase Four Additional Rental owed by the Board thereunder, including, but not limited to, all Default or Delay Rentals and Administrative Expenses owed to the Corporation, the Issuer, and/or the Trustee thereunder.

The Corporation will be entitled to a credit against and reduction of the Payments from accrued interest, if any, derived from the sale of the Bonds, rents and any other moneys deposited with the Trustee in the Receipts Fund in accordance with the Indenture, surplus moneys (including investment earnings) contained in the funds and

accounts held by the Trustee under the Indenture, including the Debt Service Fund, the Debt Service Reserve Fund, and the Replacement Fund.

### **Obligation to Make Payments**

The obligation of the Corporation to repay the Loan by making the Payments from the Phase Four Base Rental will be absolute and unconditional and will not be subject to, nor will the Corporation be entitled to assert, any rights of abatement, deduction, reduction, deferment, recoupment, setoff, offset, or counterclaim by the Corporation or any other person, nor will the same be abated, abrogated, waived, diminished, postponed, delayed, or otherwise modified under or by reason of any circumstance or occurrence that may arise or take place, irrespective of what statutory rights the Corporation may have to the contrary, including, but without limiting the generality of the foregoing:

- (i) Any damage to or destruction of part or all of the Phase Four Facilities;
- (ii) The taking or damaging of part or all of the Phase Four Facilities or any temporary or partial use thereof by any public authority or agency in the exercise of the power of eminent domain, sequestration, or otherwise;
- (iii) Any assignment, novation, merger, consolidation, transfer of assets, leasing, or other similar transaction of, by, or affecting the Corporation, except as otherwise provided in the Agreement;
- (iv) Any change in the tax or other laws of the United States, the State, or any governmental authority;
- (v) The termination of the Phase Four Ground Lease or the Phase Four Facilities Lease, any failure of title or any lawful or unlawful prohibition of the Corporation's use of the Phase Four Facilities or any portion thereof or the interference with such use by any person or any commercial frustration of purpose or loss or revocation of any permits, licenses, or other authorizations required for the operation of the Phase Four Facilities; and
- (vi) Any failure of the Issuer or the Trustee to perform and observe any agreement or covenant, expressed or implied, or any duty, liability, or obligation arising out of or in connection with the Agreement, the invalidity, unenforceability, or disaffirmance of any of the Agreement, the Indenture, or the Bonds or for any other cause similar or dissimilar to the foregoing.

Furthermore, the Corporation will covenant and agree that it will remain obligated under the Agreement in accordance with its terms, and that it will not take or participate or acquiesce in any action to terminate, rescind, or avoid the Agreement.

### **Tax Covenants of the Corporation**

The Corporation will covenant to make such use of the proceeds of the Bonds, regulate investment of proceeds thereof, and take such other and further actions as may be required by the Code and applicable temporary, proposed, and final regulations and procedures, necessary to assure that interest on the Series 2007 Bonds is excludable from gross income for federal income tax purposes.

The Corporation will covenant to restrict the use of the proceeds of the Series 2007 Bonds and take other actions as may be required by the Code so as to reasonably expect that the proceeds will not be used to cause the Series 2007 Bonds to constitute "arbitrage bonds" under Section 148 of the Code.

The Corporation will also covenant to maintain its status as an exempt organization under Section 501(c)(3) of the Code organized and operated exclusively for religious, charitable, scientific, and educational purposes and not to perform any act or enter into any agreement that will adversely affect its ability to maintain such status.

## Corporate Existence

Under the Agreement, the Corporation will covenant not to merge into, or consolidate with, one or more corporations, or allow one or more of such corporation to merge into it, or sell or convey all or substantially all of its assets to any person or entity or acquire all or substantially all of the assets of any person or entity, unless: (a) any successor corporation shall be a 501(c)(3) corporation organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Trustee an appropriate instrument, satisfactory to the Bond Insurer, the Issuer, and the Trustee, containing the agreement of such successor corporation to assume, jointly and severally and *in solido*, the due and punctual payment of the principal of, premium, if any, and interest on all obligations of the Corporation (including, without limitation, the Bonds) according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Indenture and the Agreement to be kept and performed by the Corporation, accompanied by an opinion of counsel as to the validity and enforceability of such assumption (which counsel and opinion, including without limitation the scope, form, substance, and other aspects thereof, are acceptable to the Bond Insurer, the Issuer, and the Trustee); (b) immediately after such merger there would not be a default in the performance or observance of any covenant or condition of the Indenture, the Agreement, the Phase Four Ground Lease, or the Phase Four Facilities Lease; and (c) there shall be delivered to the Bond Insurer, the Issuer, and the Trustee an opinion of Bond Counsel to the effect under existing laws, the consummation of such merger, whether or not contemplated on the original date of delivery of the Series 2007 Bonds, would not adversely affect the validity of the Bonds or the exclusion otherwise available from gross income of interest on the Series 2007 Bonds for federal or State income tax purposes.

## Defaults and Remedies

Each of the following will be an "Event of Default" under the Agreement:

- (a) Failure by the Corporation to make timely payment of any Payment under the Agreement;
- (b) An Event of Default shall exist under the Indenture, the Phase Four Facilities Lease with respect to the Bonds or the Tax Regulatory Agreement.
- (c) The termination of the Phase Four Facilities Lease.
- (d) The Corporation shall fail duly to perform, observe or comply with any other covenant, condition or agreement on its part under the Agreement (other than a failure to make any payment required under the Agreement), and such failure continues for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Trustee; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such thirty (30) day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as the Corporation shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion.
- (e) The entry of a decree or order by a court having jurisdiction in the premises adjudging the Corporation a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Corporation under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.
- (f) The institution by the Corporation of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official)

of the Corporation or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due.

Whenever any Event of Default shall have occurred and be continuing, any one or more of the following remedial steps may be taken with the consent of the Bond Insurer and shall be taken at the direction of the Bond Insurer:

(i) the Issuer or the Trustee may declare all installments of Payments to be immediately due and payable, whereupon the same will become immediately due and payable;

(ii) the Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Corporation under the Agreement;

(iii) the Issuer or the Trustee may have access to and inspect, examine, and make copies of any and all books, accounts, and records of the Corporation; and/or

(iv) the Issuer or the Trustee (or the owners of the Bonds in the circumstances permitted by the Indenture) may exercise any option and pursue any remedy provided by the Indenture.

#### **No Remedy Exclusive; Selective Enforcement**

No remedy conferred upon or reserved to the Issuer or the Trustee by the Agreement will be intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Agreement and as existing at law or in equity. No delay or omission to exercise any right or power accruing upon any event of nonperformance will impair any such right or power or be construed to be a waiver thereof, but any such right and power will be permitted to be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in the Agreement, it will not be necessary under the Agreement to give any notice, other than such notice as may be expressly required therein. In the event the Issuer or the Trustee shall elect to selectively and successively enforce its rights under the Agreement, such action will not be deemed a waiver or discharge of any other lien, encumbrance, or security interest securing payment of the indebtedness secured by the Agreement until such time that it shall have been paid in full all sums secured under the Agreement. The foreclosure of any lien provided pursuant to the Agreement without the simultaneous foreclosure of all such liens will not merge the liens granted that are not foreclosed with any interest that the Issuer or the Trustee might obtain as a result of such selective and successive foreclosure.

#### **Indenture Overriding**

All of the provisions of the Agreement will be subject to and subordinate to the rights and remedies of the Bond Insurer, the Bondholders, and the Trustee pursuant to the Indenture. The Issuer will have no power to waive any Event of Default under the Agreement, except with respect to indemnification and its administrative payments, without the consent of the Trustee and the Bond Insurer to such waiver.

#### **Amendment of Agreement; Amendment of Phase Four Facilities Lease or Phase Four Ground Lease**

The Issuer and the Corporation, with the consent of the Bond Insurer but without the consent of the owners of any of the Bonds outstanding under the Indenture, will be permitted to enter into supplements to the Loan Agreement which shall not be inconsistent with the terms and provisions thereof for any of the following purposes: (a) to cure any ambiguity or formal defect, inconsistency, or omission in the Agreement or to clarify matters or questions arising thereunder; (b) to add covenants and agreements for the purpose of further securing the obligations of the Corporation thereunder; (c) to confirm as further assurance any mortgage or pledge of additional property, revenues, securities, or funds; (d) to conform the provisions of the Agreement in connection with the provisions of any supplements or amendments to the Indenture; (e) to provide any other modifications that, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders; or (f) to conform the covenants and provisions of the Corporation contained in the Agreement to any different financial statement presentation required by the

Financial Accounting Standard Board that is different than the presentation required as of the Closing Date so long as the effect of such conformed covenants and provisions shall be substantially identical to the effect of the covenants and provisions as in effect on the Closing Date.

The Agreement will be permitted to be amended with the written consent of the Bond Insurer and the owners of not less than a majority of the aggregate principal amount of Bonds then outstanding; provided, however, that no such amendment will be permitted to be adopted that shall decrease the percentage of owners of Bonds required to approve an amendment or that shall permit a change in the date of payment of the principal of or interest on any Bonds or of any redemption price thereof or the rate of interest thereon without the consent of the owners of all of the aggregate principal amount of the Bonds then Outstanding.

Subject to the terms and provisions of the Agreement, with the written consent of the Bond Insurer, the Phase Four Facilities Lease or the Phase Four Ground Lease will be permitted to be amended or modified in any manner not inconsistent with the terms and provisions of the Agreement, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Phase Four Facilities Lease or the Phase Four Ground Lease that does not have an adverse effect upon the interest of the Bondholders; (b) to grant to or confer upon the Issuer or the Trustee, for the benefit of the Bondholders, any additional rights, remedies, powers, or authorities that lawfully may be granted to or conferred upon the Issuer or the Trustee; (c) to more clearly identify the Phase Four Facilities or to add to or subtract from the Phase Four Facilities any property; (d) to amend or modify the Phase Four Facilities Lease or the Phase Four Ground Lease in any manner specifically required or permitted by the terms thereof, including as may be necessary to maintain the exclusion from gross income of interest on the Series 2007 Bonds for federal income tax purposes; (e) to make any amendment or modification required as a condition to obtaining any rating by Moody's or S&P with respect to the Bonds; (f) to make any amendment or modification required as a condition to the issuance of the Bond Insurance Policies; and (g) to amend or modify the Phase Four Facilities or the Phase Four Ground Lease in any other manner that, in the judgment of the Trustee, shall not be materially adverse to the interests of the owners of the Bonds, the Bond Insurer, or the Trustee and that does not involve a change described in the second succeeding paragraph.

In addition to amendments and modifications covered by the above paragraph, the Bond Insurer, the Issuer, and the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, will have the right, from time to time, to consent to and approve any other amendment or modification of the Phase Four Facilities Lease or the Phase Four Ground Lease. Notice of the proposed modification or amendment will be required to be mailed by the Trustee to the Bond Insurer and to each of the owners of the Bonds at the address indicated on the registration books of the Trustee. If, within sixty (60) days, or such longer period as shall be prescribed by the Issuer, as advised by the Corporation, following the mailing of such notice the owners of the requisite percentage in aggregate principal amount of the Bonds outstanding at the time of the execution of any such amendment or modification shall have consented to and approved such amendment or modification, no owner of any Bond will have any right to object to any of the terms and provisions contained therein or the operation thereof, or to enjoin or restrain the parties thereto from executing the same or from taking any action pursuant to the provisions of the Agreement.

Nothing contained in the two preceding paragraphs will permit, or be construed as permitting, without the approval and consent of the Bond Insurer and all of the owners of the Bonds, (i) a reduction in the amount of, or the extension of the time for, any payment of Phase Four Base Rental due under the Phase Four Facilities Lease or any amount due under the Bond Insurance Policies; or (ii) the termination of the Phase Four Facilities Lease or the Phase Four Ground Lease prior to the expiration of its stated term.



APPENDIX "D"

FORM OF BOND COUNSEL OPINION

\_\_\_\_\_, 2007

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

\$ \_\_\_\_\_  
Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$ \_\_\_\_\_  
Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of March 1, 2007 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) construct a new intermodal parking facility and related facilities defined in the Indenture as the Phase Four Facilities (the "Phase Four Facilities"), (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of March 1, 2007 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Phase Four Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Phase Four Facilities will be located from the Board of Supervisors for the University of Louisiana System (the "Board") pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by a First Amendment to Ground and Buildings Lease Agreement dated as of March 1, 2007 (the "Ground Lease"). The Corporation is leasing the Phase Four Facilities to the Board pursuant to an Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by a First Amendment to the Agreement to Lease with Option to Purchase dated as of March 1, 2007 (the "Facilities Lease").

The Bonds are also entitled to the benefits of an Assignment of Agreements and Documents dated as of March 1, 2007 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board, and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board, and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.

2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.

3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.

4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.

5. Interest on the Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board, and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board, and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement, and the Tax Regulatory Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board, or the Corporation fails to comply with the foregoing covenants, interest on the Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement, and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Corporation, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution, and delivery by the Corporation of, the Agreement, the Ground Lease, and the Facilities Lease and the valid and binding effect thereof on the Corporation; (iv) the Corporation being exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Phase Four Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code; and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by-laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

We have also relied on the opinion of McGlinchey Stafford PLLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution, and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir, Clark & Adams, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization, execution, and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution, and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture, and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

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APPENDIX "F"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") constitutes the written undertaking of the **Board of Supervisors for the University of Louisiana System** (the "Board"), on behalf of **Southeastern Louisiana University** (the "University") for the benefit of the holders of the Bonds (as defined herein), required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"). The Board is an "obligated person" within the meaning of the Rule.

**SECTION 1. Definitions.** In addition to the definitions set forth in that certain Trust Indenture dated as of \_\_\_\_\_, 2007 (the "Indenture") by and between the Issuer (as defined herein) and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

*"Audited Financial Statements"* means annual financial statements of the University or operating data prepared in accordance with GAAP and mandated by statutory accounting requirements in effect from time to time, which financial statements shall have been audited by a firm of independent certified public accountants or the Legislative Auditor of the State.

*"Board"* means the Board of Supervisors for the University of Louisiana System.

*"Bond Insurer"* means MBIA Insurance Corporation.

*"Bonds"* means the \$ \_\_\_\_\_ Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A and the \$ \_\_\_\_\_ Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B and such Bonds issued in exchange for other such Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Bonds pursuant to the Indenture.

*"Corporation"* means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

*"Disclosure Representative"* means the President of the Board or his or her designee or such other officer, employee, agent or representative as the Dissemination Agent shall designate in writing from time to time.

*"Dissemination Agent"* means the Board, in its capacity as such, which (through its Disclosure Representative) shall collect and provide the Financial Information in accordance with Section 2 hereof.

*"Financial Information"* means the annual financial information (which shall be based on financial statements prepared in accordance with GAAP), or operating data with respect to the University, provided at least annually, of the type included in the Official Statement as further described in **Exhibit B** hereto, which annual financial information shall include Audited Financial Statements.

*"Fiscal Year"* means the period commencing on the first day of July of any year and ending on the last day of June of the following year or such other period of twelve (12) consecutive calendar months as shall be specified by the Board.

*"GAAP"* means generally accepted accounting principles.

"*Issuer*" means the Louisiana Local Government Environmental Facilities and Community Development Authority as issuer of the Bonds.

"*Material Event*" means any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves, reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to rights of the owners of the Bonds;
- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution or sale of property, if any, securing repayment of the Bonds; and
- (xi) Rating changes.

"*NRMSIR*" means any Nationally Recognized Municipal Securities Information Repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule. The NRMSIRs, as of the date of this Disclosure Certificate, appear in **Exhibit C** attached hereto.

"*Notice of Material Events*" means the Notice required to be given in accordance with Section 4 hereof.

"*Official Statement*" means the final Official Statement dated \_\_\_\_\_, 2007 with respect to the Bonds.

"*Report Date*" shall have the meaning set forth in Section 2(a)(i) hereof.

"*Repository*" means each NRMSIR and each SID.

"*Rule*" means Rule 15c2-12(b)(5)(i) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*SID*" means any public or private repository or entity designated by the Board as a state depository for the purpose of the Rule. The SIDs, as of the date of this Disclosure Certificate, appear in **Exhibit E** attached hereto.

"*State*" means the State of Louisiana.

"*Underwriter*" means Morgan Keegan and Company, Inc.

"*University*" means Southeastern Louisiana University, Hammond, Louisiana.

## **SECTION 2. Provision of Financial Information.**

**(a) THE BOARD HEREBY COVENANTS AND AGREES TO ACT AS "DISSEMINATION AGENT" IN CONNECTION WITH THE BONDS.**

The Dissemination Agent, either on its own or through its designated Disclosure Representative, shall, while any of the Bonds are Outstanding, collect and provide the Financial Information to the Repositories and to the Bond Insurer no later than six (6) months from the end of each Fiscal Year ending after the issuance of the Bonds (the "Report Date"), commencing December 31, 2007. The Dissemination Agent may adjust the Report Date if the Board or the University change their Fiscal Year by providing written notice of the change of Fiscal Year and the new Report Date to each then existing Repository; provided that the new Report Date shall be no more than 180 days after the end of the new Fiscal Year, and provided further that the period between the final Report Date relating to



the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration.

It shall be sufficient if the Dissemination Agent provides to each then existing Repository the Financial Information (or any portion thereof) by specific reference to documents previously provided to each Repository or filed with the Securities and Exchange Commission or, if such document is a final official statement, available from the Municipal Securities Rulemaking Board. The Dissemination Agent shall clearly identify each such other document so incorporated by reference.

**IF THE DISSEMINATION AGENT IS UNABLE TO PROVIDE THE FINANCIAL INFORMATION TO EACH THEN EXISTING REPOSITORY BY THE REPORT DATE, THEN THE DISSEMINATION AGENT SHALL SEND A NOTICE TO EACH THEN EXISTING REPOSITORY IN SUBSTANTIALLY THE FORM ATTACHED HERETO AS EXHIBIT A.**

**IF THE DISSEMINATION AGENT IS UNABLE TO PROVIDE THE AUDITED FINANCIAL STATEMENTS TO EACH THEN EXISTING REPOSITORY BY THE REPORT DATE, THEN THE BOARD SHALL PROVIDE TO EACH THEN EXISTING REPOSITORY UNAUDITED FINANCIAL STATEMENTS OF THE BOARD AND, AS REQUIRED BY THE RULE, AUDITED FINANCIAL STATEMENTS, WHEN AND IF AVAILABLE, TO EACH THEN EXISTING REPOSITORY.**

**THE DISSEMINATION AGENT SHALL DETERMINE, EACH YEAR PRIOR TO THE DATE FOR PROVIDING THE ANNUAL REPORT, THE NAME AND ADDRESS OF EACH THEN EXISTING NRMSIR AND EACH THEN EXISTING SID.**

**SECTION 3. Content of Financial Information.** The Financial Information shall contain or incorporate by reference information described in Exhibit B attached hereto, as well as the following:

**AUDITED FINANCIAL STATEMENTS FOR THE UNIVERSITY;**

**THE ACCOUNTING PRINCIPLES PURSUANT TO WHICH THE AUDITED FINANCIAL STATEMENTS WERE PREPARED;**

**THE STATEMENT THAT THE ABOVE-DESCRIBED INFORMATION HAS BEEN PROVIDED DIRECTLY BY THE BOARD AND/OR THE UNIVERSITY AND**

**IDENTIFICATION OF ANY DOCUMENTS PREVIOUSLY FILED BY THE BOARD, THE UNIVERSITY, THE STATE OR ANY OTHER ENTITY AND INCORPORATED BY REFERENCE PURSUANT TO SECTION (2)(A)(II) HEREOF.**

The Dissemination Agent reserves the right to cross-reference any or all of such annual financial information and operating data to other documents to be provided to the Repositories or the Municipal Securities Rulemaking Board.

The Dissemination Agent reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Dissemination Agent; provided that the Dissemination Agent agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 6 hereof.

#### **SECTION 4. Reporting of Material Events.**

**IF A MATERIAL EVENT OCCURS WHILE ANY BONDS ARE OUTSTANDING, THE DISSEMINATION AGENT SHALL PROVIDE A MATERIAL EVENT NOTICE IN A TIMELY MANNER AND SHALL PROMPTLY PROVIDE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD AND THE REPOSITORY, IF ANY, SUCH MATERIAL EVENT NOTICE. EACH MATERIAL EVENT NOTICE SHALL BE SO CAPTIONED AND SHALL PROMINENTLY STATE THE DATE, TITLE AND CUSIP NUMBERS OF THE BONDS. NOTWITHSTANDING THE FOREGOING, A NOTICE OF MATERIAL EVENT DESCRIBED IN ITEMS (VIII) AND (IX) UNDER THE DEFINITION OF "MATERIAL EVENT" HEREIN NEED NOT BE GIVEN UNDER THIS SUBSECTION ANY EARLIER THAN THE NOTICE (IF ANY) OF THE UNDERLYING EVENT IS GIVEN TO BONDHOLDERS OF AFFECTED BONDS PURSUANT TO THE INDENTURE.**

**THE DISSEMINATION AGENT SHALL PROVIDE IN A TIMELY MANNER TO THE MUNICIPAL SECURITIES RULEMAKING BOARD AND TO THE REPOSITORY, IF ANY, NOTICE OF ANY FAILURE WHILE ANY BONDS ARE OUTSTANDING BY THE DISSEMINATION AGENT TO PROVIDE TO EACH THEN EXISTING REPOSITORY FINANCIAL INFORMATION ON OR BEFORE THE REPORT DATE.**

**THE DISSEMINATION AGENT MAY FROM TIME TO TIME CHOOSE TO PROVIDE NOTICE OF THE OCCURRENCE OF CERTAIN OTHER EVENTS, IN ADDITION TO MATERIAL EVENTS, IF, IN THE JUDGMENT OF THE DISSEMINATION AGENT, SUCH OTHER EVENT IS MATERIAL WITH RESPECT TO THE BONDS, BUT THE DISSEMINATION AGENT DOES NOT UNDERTAKE TO COMMIT TO PROVIDE ANY SUCH NOTICE OF THE OCCURRENCE OF ANY MATERIAL EVENT EXCEPT MATERIAL EVENTS.**

**WHENEVER THE DISSEMINATION AGENT OBTAINS KNOWLEDGE OF THE OCCURRENCE OF A MATERIAL EVENT, THE DISSEMINATION AGENT SHALL, AS SOON AS POSSIBLE, DETERMINE IF SUCH EVENT WOULD CONSTITUTE MATERIAL INFORMATION FOR BONDHOLDERS; PROVIDED, THAT ANY MATERIAL EVENT UNDER ITEMS (I), (VI), (VII), OR (XI) OF THE DEFINITION OF "MATERIAL EVENT" HEREIN WILL ALWAYS BE DEEMED TO BE MATERIAL.**

**SECTION 5. Termination of Reporting Obligation.** The Board's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption in whole or payment in full of all of the Bonds. In addition, any provision hereof and any provision relating to the Rule as set forth in the resolution authorizing the issuance of the Bonds shall be null and void in the event that the Board delivers to the Trustee (in its capacity as "Paying Agent") an opinion of counsel expert in federal securities laws to the effect that those portions of the Rule that require this Disclosure Certificate, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the Board shall have provided notice of such delivery and the cancellation of this Disclosure Certificate and that portion of the Bond Resolution relating to the Rule to each then existing Repository.

**SECTION 6. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not in and of itself cause the undertakings herein to violate, or adversely affect compliance with the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in or official interpretation of the Rule.

Provided, however, that the following conditions must be satisfied prior to such amendment:

**THE AMENDMENT MAY ONLY BE MADE IN CONNECTION WITH A CHANGE IN CIRCUMSTANCES THAT ARISES FROM A CHANGE IN LEGAL REQUIREMENTS, CHANGE IN LAW, OR CHANGE IN THE IDENTITY, NATURE, OR STATUS OF THE BOARD, OR TYPE OF BUSINESS CONDUCTED;**

**THE UNDERTAKING HEREUNDER, AS AMENDED, WOULD HAVE COMPLIED WITH THE REQUIREMENTS OF THE RULE AT THE TIME OF THE PRIMARY OFFERING, AFTER TAKING INTO ACCOUNT ANY AMENDMENTS OR INTERPRETATIONS OF THE RULE, AS WELL AS ANY CHANGE IN CIRCUMSTANCES; AND**

**THE AMENDMENT DOES NOT MATERIALLY IMPAIR THE INTERESTS OF THE HOLDERS OF THE BONDS, AS DETERMINED EITHER BY PARTIES UNAFFILIATED WITH THE BOARD (SUCH AS BOND COUNSEL), OR BY APPROVING VOTE OF SUCH HOLDERS IN ACCORDANCE WITH THE TERMS OF THE INDENTURE AT THE TIME OF THE AMENDMENT.**

Further, the Financial Information containing the amended operating data or financial information shall explain in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

Further provided, if an amendment is made to an undertaking hereunder specifying the accounting principles to be followed in preparing the Audited Financial Statements, the Financial Information for the year in which the change is made should present a comparison between the Audited Financial Statements or information

prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the Audited Financial Statements, in order to provide information to investors to enable them to reevaluate the ability of the Board to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles should be sent to the Repositories or the Municipal Securities Rulemaking Board.

Amendments to Exhibits C and D may be made by the Dissemination Agent at any time to correct or update the list of Repositories.

**SECTION 7. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Dissemination Agent from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in any Financial Information or Notice of Material Event in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Financial Information or Notice of Material Event.

**SECTION 8. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Board, the Underwriter and the holders of the Bonds, and shall create no rights in any other person or entity.

**BOARD OF SUPERVISORS FOR THE UNIVERSITY  
OF LOUISIANA SYSTEM**

By: \_\_\_\_\_  
Randy Moffett, Authorized Representative

Date: \_\_\_\_\_, 2007

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Louisiana Local Government Environmental Facilities and  
Community Development Authority

Name of Obligated Person: Board of Supervisors for the  
University of Louisiana System

Name of Bond Issue: \$ \_\_\_\_\_ Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds (Southeastern Louisiana University  
Student Housing/University Facilities, Inc.: Phase  
Four Parking Project) Series 2007A and \$5,000,000  
Louisiana Local Government Environmental Facilities  
and Community Development Authority Revenue Bonds  
(Southeastern Louisiana University Student  
Housing/University Facilities, Inc.: Phase Four Parking  
Project) Series 2007B

Date of Issuance: \_\_\_\_\_, 2007

NOTICE IS HEREBY GIVEN that the Board has not provided the Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the Board dated \_\_\_\_\_, 2007. The Board anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT B

(A) Names of the entities, enterprises, funds, accounts and other persons with respect to whom information will be provided:

Entity:

1. BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM
2. SOUTHEASTERN LOUISIANA UNIVERSITY

(B) Types of information to be provided: (e.g., specific types of financial statements and general descriptions of operating, economic, statistical, utilization and trend data)

Audited Financial Statements, including the same type of information set forth in the Official Statement in **Appendix A** thereto.

Collection information regarding the Parking Fee, on an annual basis.

(C) The accounting principles pursuant to which financial statements will be prepared:

Generally accepted accounting principles.

\*Note: In accordance with Section 3(d) of the Continuing Disclosure Certificate, the Board is required to specifically identify any documents previously filed with a Repository that is being incorporated by reference.

**EXHIBIT C**

**NATIONALLY RECOGNIZED MUNICIPAL SECURITIES  
INFORMATION REPOSITORIES**

**Bloomberg Municipal Repository**

100 Business Park Drive  
Skillman, NJ 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
<http://www.bloomberg.com/markets/rates/municontacts.html>  
Email: [Munis@Bloomberg.com](mailto:Munis@Bloomberg.com)

**DPC Data Inc.**

One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107  
<http://www.dpcdata.com>  
Email: [nrmsir@dpcdata.com](mailto:nrmsir@dpcdata.com)

**FT Interactive Data**

Attn: NRMSIR  
100 William Street, 15th Floor  
New York, NY 10038  
Phone: 212-771-6999; 800-689-8466  
Fax: 212-771-7390  
<http://www.ftid.com>  
Email: [NRMSIR@interactivedata.com](mailto:NRMSIR@interactivedata.com)

**Standard & Poor's Securities Evaluations, Inc.**

55 Water Street  
45th Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
[www.jjkenny.com/jjkenny/pser\\_descrip\\_data\\_rep.html](http://www.jjkenny.com/jjkenny/pser_descrip_data_rep.html)  
Email: [nrmsir\\_repository@sandp.com](mailto:nrmsir_repository@sandp.com)

**EXHIBIT D  
STATE INFORMATION DEPOSITORIES**

None

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**RULE 15c2-12 CERTIFICATE OF THE  
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL  
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

**\$5,255,000\***

**Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

**and**

**\$2,500,000\***

**Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B**

The undersigned hereby certifies and represents to the Underwriter (within the meaning of the hereinafter defined Rule) (the "Underwriter") that he is the duly appointed officer or representative of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") authorized to execute and deliver this Certificate and further certifies on behalf of the Issuer to the Underwriter as follows:

1. This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the above reference bonds (the "Bonds").

2. In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated February 26, 2007 setting forth information concerning the Bonds and the Issuer (the "Preliminary Official Statement").

3. As used herein, "Permitted Omissions" shall mean the offering prices, the interest rates, selling compensation, aggregate principal amounts, principal amounts per maturity, delivery dates, ratings and other terms of the Bonds and any underlying obligations depending on such matters and the identity of the Underwriter, all with respect to the Bonds and any underlying obligations.

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\*Preliminary, subject to change.

4. The information with respect to the Issuer included in the Preliminary Official Statement under the captions "THE AUTHORITY" and "LITIGATION-THE AUTHORITY" is final within the meaning of the Rule except for Permitted Omissions and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the Preliminary Official Statement, in the light of the circumstances under which they were made, not misleading.

5. If, at any time prior to the formal award of the Bonds to the Underwriter, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Underwriter thereof.

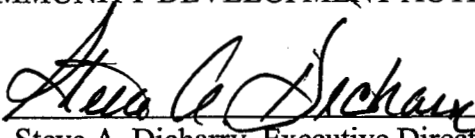
6. The Issuer shall, within seven (7) business days of the signing of the Bond Purchase Agreement in connection with the sale of the Bonds, assist the Underwriter's acquisition of a sufficient number of final Official Statements to allow the Underwriter to comply with the Rule.

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Signature Page - 15c2-12 Certificate of the Issuer

IN WITNESS WHEREOF, I have hereunto set my hand as of February 26, 2007.

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

By:   
Steve A. Dicharry, Executive Director

**RULE 15c2-12 CERTIFICATE OF THE BOARD OF  
SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM**

**\$5,255,000\***

**Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

**and**

**\$2,500,000\***

**Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B**

The undersigned hereby certifies and represents to the Underwriter (within the meaning of the hereinafter defined Rule) (the "Underwriter") that he is the authorized representative of the Board of Supervisors for the University of Louisiana System (the "Board") authorized to execute and deliver this Certificate and further certifies on behalf of the Board to the Underwriter as follows:

1. This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the above reference bonds (the "Bonds").

2. In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated February 26, 2007 setting forth information concerning the Bonds, the Board and Southeastern Louisiana University (the "University") (the "Preliminary Official Statement").

3. As used herein, "Permitted Omissions" shall mean the offering prices, the interest rates, selling compensation, aggregate principal amounts, principal amounts per maturity, delivery dates, ratings and other terms of the Bonds and any underlying obligations depending on such matters and the identity of the Underwriter, all with respect to the Bonds and any underlying obligations.

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\*Preliminary, subject to change.

4. The information with respect to the Board and the University included in the Preliminary Official Statement (including, without limitation, the information set forth in the Appendices thereto) is final within the meaning of the Rule except for Permitted Omissions and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the Preliminary Official Statement, in the light of the circumstances under which they were made, not misleading.

5. If, at any time prior to the formal award of the Bonds to the Underwriter, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Board shall promptly notify the Underwriter thereof.

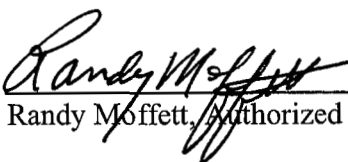
6. The section of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE" refers to the Continuing Disclosure Certificate of the Board, the form of which is set forth in Appendix F to the Preliminary Official Statement which the Board expects to execute for the benefit of the Bondholders and by which the Board will undertake to provide continuing disclosure in accordance with Section (b)(5)(i) of the Rule.

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Signature Page - 15c2-12 Certificate of the Board

IN WITNESS WHEREOF, I have hereunto set my hand as of February 26, 2007.

BOARD OF SUPERVISORS FOR THE  
UNIVERSITY OF LOUISIANA SYSTEM

By:   
Randy Moffett, Authorized Representative



**RULE 15c2-12 CERTIFICATE OF UNIVERSITY FACILITIES, INC.**

**\$5,255,000\***

**Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

**and**

**\$2,500,000\***

**Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B**

The undersigned hereby certifies and represents to the Underwriter (within the meaning of the hereinafter defined Rule) (the "Underwriter") that he is the authorized representative of University Facilities, Inc. (the "Corporation") authorized to execute and deliver this Certificate and further certifies on behalf of the Board to the Underwriter as follows:

1. This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the above reference bonds (the "Bonds").
2. In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated February 26, 2007 setting forth information concerning the Bonds and the Corporation (the "Preliminary Official Statement").
3. As used herein, "Permitted Omissions" shall mean the offering prices, the interest rates, selling compensation, aggregate principal amounts, principal amounts per maturity, delivery dates, ratings and other terms of the Bonds and any underlying obligations depending on such matters and the identity of the Underwriter, all with respect to the Bonds and any underlying obligations.
4. The information with respect to the Corporation included in the Preliminary Official Statement (including, without limitation, the information set forth in the Appendices thereto) is final within the meaning of the Rule except for Permitted Omissions and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order

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\*Preliminary, subject to change.

to make the statements made in the Preliminary Official Statement, in the light of the circumstances under which they were made, not misleading.

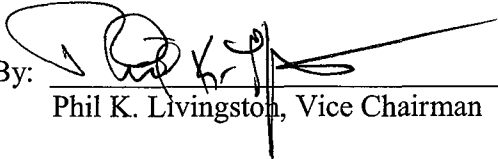
5. If, at any time prior to the formal award of the Bonds to the Underwriter, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Corporation shall promptly notify the Underwriter thereof.

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Signature Page - 15c2-12 Certificate of Corporation

IN WITNESS WHEREOF, I have hereunto set my hand as of February 26, 2007.

UNIVERSITY FACILITIES, INC.

By:   
\_\_\_\_\_  
Phil K. Livingston, Vice Chairman

**EXECUTION COPY**

**BOND PURCHASE AGREEMENT**

**\$5,545,000**

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS  
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/  
UNIVERSITY FACILITIES, INC.: PHASE FOUR PARKING PROJECT)  
SERIES 2007A**

**AND**

**\$2,490,000**

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY  
REVENUE BONDS  
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/  
UNIVERSITY FACILITIES, INC.: PHASE FOUR PARKING PROJECT)  
SERIES 2007B**

**March 5, 2007**

Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Baton Rouge, Louisiana

University Facilities, Inc.  
Hammond, Louisiana

Board of Supervisors for the  
University of Louisiana System  
Baton Rouge, Louisiana

Ladies and Gentlemen:

On the basis of the representations and warranties contained in this Bond Purchase Agreement and upon the terms and conditions herein contained, Morgan Keegan & Company, Inc. (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") and the Board of Supervisors for the University of Louisiana System (the "Board").

This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Authority and the Corporation on or before 6:00 p.m. prevailing Central time on the date hereof, as authorized by the resolutions duly adopted by the Executive Committee of the Board of Directors of the Authority on February 12, 2004, May 13, 2004 and October 12, 2006 (collectively, the "Resolution"), and if not so accepted and approved, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the Corporation by the Underwriter at any time prior to the acceptance of this Bond Purchase Agreement.

All capitalized terms used herein and not otherwise defined herein shall have the same meanings ascribed to such terms in the Indenture (as defined herein), unless the context shall clearly indicate otherwise.

## **SECTION 1 PURCHASE, SALE AND DELIVERY OF THE BONDS**

(a) The Bonds (as defined herein) shall be described in and shall be issued pursuant to a Trust Indenture dated as of March 1, 2007 (the "Indenture") by and between the Authority and The Bank of New York Trust Company, N.A., as "Trustee."

(b) (i) Upon the terms and conditions and upon the basis of the representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the (i) \$5,545,000 aggregate principal amount of the Authority's Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "Series 2007A Bonds") and (ii) \$2,490,000 aggregate principal amount of the Authority's Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "Series 2007B Bonds" and collectively, with the Series 2007A Bonds, the "Bonds"). The Bonds shall be dated the Issuance Date, shall mature on February 1 in the years set forth in the Indenture, subject to prior redemption as described therein and shall bear interest from such date payable on February 1 and August 1, commencing August 1, 2007 (each an "Interest Payment Date"). The purchase price of the Series 2007A Bonds shall be \$5,453,940.95 (representing \$5,545,000.00 original principal amount of the Series 2007A Bonds; less an Underwriter's Discount in the amount of \$62,381.25; less original issue discount of \$28,677.80). The purchase price of the Series 2007B Bonds shall be \$2,419,035.00 (representing \$2,490,000.00 original principal amount of the Series 2007B Bonds; less an Underwriter's Discount in the amount of \$28,012.50; less original issue discount of \$42,952.50). The Bonds shall mature on the dates and shall bear interest at a fixed rates and yields, as described in Schedule 1 attached.

(ii) The Underwriter agrees to comply with Securities and Exchange Commission Rule 15c2-12 and applicable rules of the Municipal Securities Rulemaking Board.

(c) Delivery of the Bonds shall be made in New York, New York, at the Depository Trust Company ("DTC"), 55 Water Street, at the Closing Time (as stated below), or at such other place as shall be mutually agreed upon by the Authority, the Corporation, the Board and the Underwriter. Subject to the terms hereof, the Closing shall take place at 10:00 a.m., prevailing Central time, on March 14, 2007, (or such other time or business day as may be mutually agreed

upon by the Underwriter, the Board, the Corporation and the Authority in writing) at the offices of Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., at 8555 United Plaza Blvd., Baton Rouge, Louisiana. Payment for the Bonds shall be made in lawful money of the United States of America in immediately available federal funds and shall be payable to the Trustee for the account of the Authority at 10:00 a.m., prevailing time on March 14, 2007, or such other date and time as shall be mutually agreed upon by the Authority, the Corporation, the Board and the Underwriter. The date of such delivery and payment is herein called the "Closing Date," and the hour and date of such delivery and payment is herein called the "Closing Time." The Bonds shall be delivered in definitive or temporary form as fully registered bonds bearing CUSIP numbers in such denominations as the Underwriter shall specify. There shall be one bond delivered for each maturity of the Bonds, registered in the name of Cede & Co., as nominee for DTC. On the Business Day preceding the Closing Date, the Bonds shall be delivered by the Authority to the Trustee to be held in escrow pending their release to the Underwriter on the Closing Date.

(d) The Bonds are to be issued by the Authority, pursuant to and in accordance with (i) the provisions of Sections 4548.1 through 4548.16, inclusive, of Chapter 10-D Title 33 of the Louisiana Revised Statutes of 1950, as amended (collectively, the "Act"); and (ii) the provisions of the Resolution.

(e) The proceeds of the Bonds will be loaned by the Authority to the Corporation, pursuant to a Loan and Assignment Agreement dated as of March 1, 2007 (the "Loan Agreement"). The proceeds of the Bonds will be used for the purpose of providing funds to: (i) finance a portion of the cost of the construction of a new intermodal parking facility, located on the campus of Southeastern Louisiana University (the "University") in Tangipahoa Parish, Hammond, Louisiana; (ii) to fund a deposit to a debt service reserve fund; and (iii) to pay the costs of issuance of the Bonds, including the premium for the bond insurance policy covering the Bonds.

The source of repayment of the Bonds will be payments of Rental made to the Corporation by the Board pursuant to the Facilities Lease, the Corporation's interest in the Properties (as defined in the Loan Agreement) and all revenues arising from the Properties; provided, however, the availability of Rental payable by the Board is subject to designation of such funds by the Board in its budget process sufficient for such purpose. The Board will make Rental payments from Phase Four Lawfully Available Funds, including Student Fee Revenues, on behalf of the University. Certain matters with respect to the Phase Four Lawfully Available Funds are set forth in the Official Statement (as defined herein).

**The Bonds and the interest thereon are limited and special revenue obligations of the Authority payable solely from the Trust Estate. The Bonds do not constitute a pledge of the general credit of the Authority or the Corporation and do not constitute an indebtedness or pledge of the general credit of the State of Louisiana (the "State"), the Board, the University, the Authority or any political subdivision of the State. The Board has agreed, pursuant to the Facilities Lease, to make payments of Rental to the Corporation on behalf of the University, under the terms and conditions set forth in the Facilities Lease. The payments to be received by the Authority from the Corporation under the Loan Agreement are limited to the amount of Rental received by the Corporation from the Board. The issuance of the Bonds shall not directly, indirectly or contingently obligate the State of Louisiana, or any political subdivision thereof to levy any taxes or to make any appropriation of their payment. The Authority has no power to tax.**

(f) At or before the time of the Corporation's acceptance hereof, the Authority shall furnish the Underwriter with a copy of the form of Official Statement (as defined in Section 3(A)(1)(iii) hereof). The Corporation will deliver to the Underwriter, as promptly as practical but in no event later than the Closing Date, such number of copies of the final Official Statement as the Underwriter may reasonably require in order to comply with the rules of the Municipal Securities Rulemaking Board ("MSRB") including, without limitation, Rule G-32 and U.S. Securities and Exchange Commission ("S.E.C.") Rule 15c2-12.

(g) The Authority has covenanted in the Resolution and hereby agrees that it will cause to be executed as a condition to the issuance of the Bonds, a Continuing Disclosure Certificate of the Board, in substantially the form of Appendix F to the Official Statement (the "Continuing Disclosure Certificate") on or before the Closing Date evidencing the written undertaking by the Board for the benefit of Bondholders required by Section (b)(5)(i) of S.E.C. Rule 15c2-12.

(h) The Authority and the Corporation consent to the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement relating to the Bonds in connection with the public offering of the Bonds.

(i) In order to assure compliance with the Internal Revenue Code of 1986, as amended, the Authority will execute a Tax Regulatory Agreement and Arbitrage Certificate dated the Closing Date (the "Tax Regulatory Agreement").

(j) The Underwriter shall indemnify and hold harmless the Authority and the Corporation, each of their respective members, trustees, directors, officers, and employees, and each person who controls the Authority or the Corporation within the meaning of §15 of the Securities Act, but only with reference to written information relating to the Underwriter furnished by it specifically for inclusion in the Official Statement. The Authority and the Corporation acknowledge that the statements set forth under the heading "UNDERWRITING" in the Official Statement constitute the only information furnished in writing by or on behalf of the Underwriter for inclusion in the Official Statement. Further, the Underwriter will indemnify the Authority and the Corporation for (i) any information furnished by the Underwriter to purchasers of the Bonds that is not contained in the Official Statement and (ii) non-compliance with the state blue sky laws in connection with the offering and sale of the Bonds.

## SECTION 2 EXCLUSIVE SOURCES OF THE OBLIGATIONS

Any other term or provision of this Bond Purchase Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement or elsewhere notwithstanding:

(a) Any and all obligations (including, without limitation, fees, claims, demands, payments, damages, liabilities, penalties, assessments and the like) of or imposed upon the Authority or its members, officers, agents, employees, representatives, advisors or successors or assigns, whether under this Bond Purchase Agreement, in the Indenture, the Loan Agreement, the Tax Regulatory Agreement or elsewhere, and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever (collectively, the "Obligations"), shall in all events be absolutely limited obligations and liabilities, payable solely out of the following, if any, available at the time the obligation in question is asserted:

(1) Bond proceeds and investments therefrom, and (2) payments derived from the Bonds, the Indenture (including the trust estate to the extent provided in the Indenture), the Loan Agreement (except for the fees and expenses of the Authority and the Authority's right to indemnification under the Loan Agreement and this Bond Purchase Agreement under certain circumstances), the foregoing provisions (1) and (2) being collectively referred to as the "Exclusive Sources of the Obligations";

(b) The obligations shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the faith and credit of the State or any political subdivision thereof, including the Authority, but shall be payable solely from and out of the Exclusive Sources of the Obligations and shall otherwise impose no liability whatsoever, primary or otherwise, upon the State or any political subdivision thereof, including the Authority, or any charge upon its credit or taxing power; and

(c) No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Bond Purchase Agreement, the Indenture, the Loan Agreement or the Tax Regulatory Agreement contained, against any past, present or future officer, director, member, employee or agent of the Authority, or any officer, director, member, trustee, employee or agent of any successor corporation or body politic, as such, either directly or through the Authority or any successor corporation or body politic under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, trustees, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Purchase Agreement, the Indenture, the Loan Agreement or the Tax Regulatory Agreement and the issuance of any of the Bonds.

### **SECTION 3 REPRESENTATIONS AND AGREEMENTS OF THE AUTHORITY AND THE CORPORATION**

#### **A. Representations and Agreements of the Authority.**

(1) By its execution hereof, the Authority hereby represents and agrees with the Underwriter that:

(i) The Authority is a political subdivision of the State, duly created pursuant to the provisions of the Act. The Authority is authorized by the laws of the State, including particularly the Act and the Resolution, (A) to issue, sell, execute and deliver the Bonds, (B) to enter into and perform its obligations under the Resolution, the Indenture and the Tax Regulatory Agreement, and (C) to carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the Bonds, the Resolution, the Indenture, the Loan Agreement and the Official Statement;

(ii) The Authority has complied with or will have complied on and as of the Closing Date all provisions of the constitution and laws of the State pertaining to the adoption of the Resolution, the issuance and sale of the Bonds and the delivery of the Official Statement, the Tax Regulatory Agreement, the Blanket Letter of Representations to DTC (the



“Letter of Representations”), the Indenture, the Loan Agreement and this Bond Purchase Agreement, including the Act;

(iii) The information in the Preliminary Official Statement under the captions “THE AUTHORITY” and “LITIGATION-THE AUTHORITY” was, as of its date, deemed by the Authority to be final for purposes of Rule 15c2-12 except for the omission of no more than the information described in Section (b)(1) of Rule 15c2-12. The Authority hereby authorizes and consents to the use of the final Official Statement describing the Bonds, in the form of the Preliminary Official Statement but with the completion of such pricing information and any other necessary information as amended (as completed, the “Official Statement”), by the Underwriter. The Authority has not participated in the preparation of the Preliminary Official Statement or the Official Statement and has not verified the accuracy of the information therein other than information under the captions “THE AUTHORITY” and “LITIGATION-THE AUTHORITY” (collectively, the “Authority Sections”);

(iv) As of the date of this Bond Purchase Agreement and (unless an event occurs of the nature described in Section 3(A)(1)(vi) at all times subsequent thereto during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as defined and determined in accordance with Section 11 hereof), the information contained in the Authority Sections, does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(v) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with Section 11 hereof), the information in the Authority Sections as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(vi) If during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as defined and determined in accordance with Section 11 hereof), the Authority becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made. Not misleading, it shall notify the Underwriter, and, if in the opinion of the Underwriter such fact or event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall cause the Corporation, at the expense of the Corporation to supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and furnish to the Underwriter a reasonable number of copies of the supplement or amendment;

(vii) The Authority has duly authorized all action necessary to be taken for: (a) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement;

(b) the use of the Official Statement and the execution of the Official Statement by the Authority's Chairman, Vice Chairman, Secretary-Treasurer and/or the Executive Director (or any of them acting alone); and (c) the execution, delivery and due performance of this Bond Purchase Agreement, the Tax Regulatory Agreement, the Indenture, the Loan Agreement, the Letter of Representations, the Resolution, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered and received by the Authority in order to carry out and give effect to and consummate the transactions contemplated hereby and by the Official Statement;

(viii) This Bond Purchase Agreement, the Tax Regulatory Agreement, the Indenture, the Loan Agreement, the Letter of Representations and the Resolution will each have been duly authorized, executed and delivered by the Authority and assuming the due authorization, execution and delivery by the other parties thereto, will each be valid and binding obligations of the Authority in accordance with their respective terms;

(ix) The execution and delivery of this Bond Purchase Agreement, the Bonds, the Tax Regulatory Agreement, the Indenture, the Loan Agreement, the Letter of Representations, the Resolution and the other agreements contemplated hereby and by the Official Statement, and performance of the provisions thereof, will not conflict with or constitute a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, loan, rule or regulation or other instrument to which the Authority is subject or by which the Authority is or may be bound;

(x) The Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Authority is a bond issuer whose arbitrage certifications may not be relied upon;

(xi) Any certificate signed by any of the Authority's authorized officers and delivered to the Underwriter shall be deemed a representation by the Authority to the Underwriter as to the statements made therein;

(xii) The Authority is not in violation in any respect material to the transactions contemplated by the Resolution and has not received notice of any claimed violation material to said transactions (except such violations as heretofore have been specifically disclosed in the Official Statement) of the current Bylaws and Regulations of the Authority, or any laws, ordinances, governmental rules or regulations or court or other governmental orders or the terms of any agreement or other instruments to which it is a party or by which it, its properties or operations are bound;

(xiii) No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained and other than any required under "Blue Sky" laws) is required on the part of the Authority as a condition to the execution and delivery of the Resolution, the Tax Regulatory Agreement, the Indenture, the Loan Agreement, the Letter of Representations or the performance of the Authority's obligations under any such documents;

(xiv) The Authority has all requisite power to issue the Bonds and has been duly authorized to execute and deliver the Bonds under the terms and provisions of the Resolution and the Indenture;

(xv) Neither the execution and delivery of the Bonds and the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the terms and conditions of the Bonds, the Resolution, the Letter of Representations, the Indenture, the Loan Agreement, or the Tax Regulatory Agreement, except to the extent disclosed in the Official Statement, will conflict with or result in a breach of any of the material terms, conditions or provisions of, or will result, except to the extent disclosed in the Official Statement, in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Authority pursuant to, any indenture, ordinance, loan agreement or other agreement or instrument (other than liens, charges and encumbrances created by the Indenture) or corporate restriction to which the Authority is a party or by which the Authority, or its properties or operations, may be bound, and such action will not, except to the extent disclosed in the Official Statement, result in any material violation of the Bylaws or Regulations of the Authority or the provisions of any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Authority or its properties or operations are subject;

(xvi) There is no litigation or governmental action, proceeding, inquiry or investigation pending or threatened by governmental authorities or others or to which the Authority is a party or of which any property of the Authority is subject or, to the knowledge of the Authority, any basis for any such action, proceeding, inquiry or investigation, except for matters disclosed in the Official Statement, which, if determined adversely to the Authority, would individually or in the aggregate (a) materially and adversely affect the validity or the enforceability of the Bonds, the Bond Purchase Agreement or any related document; or (b) otherwise materially adversely affect the ability of the Authority to comply with its obligations under the Bonds, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, this Bond Purchase Agreement or any related document. Except as provided in the Official Statement, no litigation, proceedings or investigations are pending or, to the knowledge of the Authority, threatened against the Authority, except for litigation, proceedings or investigations which the Authority believes is nonmeritorious or that insurance coverage provided by applicable insurance policies is adequate to offset any significant liabilities that may result from such action and which has a material impact of the Authority's ability to pay debt service on the Bonds;

(xvii) The representations and warranties of the Authority set forth in the Indenture will be true and correct in all material respects on the date thereof;

(xviii) The Authority acknowledges and approves the terms and conditions of this Bond Purchase Agreement and its participation in the transactions contemplated thereby and, subject to the terms and conditions of this Bond Purchase Agreement, the Authority agrees to pay the expenses contemplated to be paid by the Authority pursuant to Section 8 of this Bond Purchase Agreement.

(2) The Authority will cooperate with the Underwriter in taking all necessary action for the qualification of the Bonds for sale and the determination of their eligibility for investment under the securities or Blue Sky laws of such jurisdictions as the Underwriter designates, with the exception of any jurisdiction where consent to local service of process in suits other than those arising out of the sale of the Bonds is a prerequisite to such qualification, and the continuation of such qualifications in effect so long as required for distribution of the Bonds.

(3) The representations, warranties, covenants and indemnities of or by the Authority contained in this Bond Purchase Agreement are given solely for the benefit of the Underwriter and the other Reimbursable Parties referred to herein and their respective successors, assigns, executors and administrators, and no other person, including any registered owner of the Bonds as such, shall require or have any right under or by virtue of this Bond Purchase Agreement.

**B. Representations and Agreements of the Corporation.**

The Corporation represents, warrants and covenants to and with the Authority and the Underwriter, as follows:

(i) The information contained in the Preliminary Official Statement and the Official Statement, other than the Authority Sections (the "Corporation Sections") at the date and the time each were used by the Underwriter in connection with the solicitation of offers to purchase Bonds, were and will be accurate in all material respects, and did not and will not, as of such dates, include any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were or are made, not misleading. The Preliminary Official Statement, as evidenced by a certificate to be executed by the Corporation, has been "deemed final" within the meaning of Rule 15c2-12(b) under the Securities Exchange Act of 1934. The Corporation hereby ratifies the use and distribution of the Preliminary Official Statement by the Underwriter to persons who maybe interested in the purchase of the Bonds, and hereby authorizes the Underwriter to use and distribute the Preliminary Official Statement, and copies of all other documents executed in connection with the sale of the Bonds. The Corporation also agrees to deliver to the Underwriter, at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The Corporation agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof, but in no event later than the Closing Date. Such Official Statement shall contain all information previously permitted to be omitted by Rule 15c2-12.

(ii) The Corporation is a private, nonprofit corporation duly organized and validly existing in good standing under the laws of the State and in good standing in the State licensed to carry on its operations under the laws of the State. The Corporation is not in violation in any respect material to the transactions contemplated by the Loan Agreement, this Bond Purchase Agreement, the Ground Lease, and the Facilities Lease (collectively, the "Corporation's Documents") or the Official Statement, and has not received notice of any claimed violation material to said transactions (except such violations as heretofore have been specifically disclosed in the Official Statement) or its Articles of Incorporation or bylaws or any laws, ordinances, governmental rules or regulations or court or other governmental orders or the terms of any agreement or other instruments to which it is a party or by which it, its properties or operations are bound.

(iii) No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained and other than any required under "Blue Sky" laws) is required on the part of the Corporation as a condition to the execution and delivery of the Corporation's Documents or the performance of the Corporation's obligations under any of such documents.

(iv) The Corporation has all requisite power to enter into the Corporation's Documents under the terms and provisions of a resolution of the Board of Directors of the Corporation.

(v) Neither the execution and delivery of the Corporation's Documents and the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the terms and conditions of the Corporation's Documents, will conflict with or result in a breach of any of the material terms, conditions or provisions of, or will result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Corporation pursuant to, any indenture, ordinance, loan agreement or other agreement or instrument (other than liens, charges and encumbrances created by the Indenture or Permitted Encumbrances, as defined in the Indenture) or corporate restriction to which the Corporation is a party or by which the Corporation, or its properties or operations, may be bound, and such action will not result in any material violation of the Articles of Incorporation or bylaws of the Corporation or the provisions of any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Corporation or its properties are subject.

(vi) There is no litigation or governmental action, proceeding, inquiry or investigation pending or threatened by governmental authorities or others or to which the Corporation is a party or of which any property of the Corporation is subject nor, to the knowledge of the Corporation, is there any basis for any such action, proceeding, inquiry or investigation, except for matters disclosed in the Official Statement, which, if determined adversely to the Corporation, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Corporation's Documents or any related document or (ii) otherwise materially adversely affect the ability of the Corporation to comply with its obligations under the Corporation's Documents or any related document. No litigation, proceedings or investigations are pending or, to the knowledge of the Corporation, threatened against the Corporation, except for litigation, proceedings or investigations which management of the Corporation believes is nonmeritorious or for which insurance coverage provided by applicable insurance policies is adequate to offset any significant liabilities that may result from such action.

(vii) The representations and warranties of the Corporation set forth in the Loan Agreement will be true and correct in all material respects on the date thereof, and the Corporation will be in compliance with all terms, covenants and conditions of the Loan Agreement on the date thereof.

(viii) The Corporation will deliver or cause to be delivered all opinions, certificates and other documents, as provided for in, and required by, this Bond Purchase Agreement, including, but not limited to, an opinion of its counsel dated as of the Closing Date.

(ix) The Corporation acknowledges and approves the terms and conditions of this Bond Purchase Agreement and its participation in the transactions contemplated hereby.

(x) Any certificate signed by any of the Corporation's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the Corporation as to the statements made therein.

(xi) As of the date of this Bond Purchase Agreement and (unless an event occurs of the nature described in Section 3(A)(1)(vi) at all times subsequent thereto during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days

following the End of the Underwriting Period for the Bonds (as determined in accordance with Section 11 hereof) the information contained in the Corporation Sections does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(xii) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with Section 11 hereof), the information in the Corporation Sections, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(xiii) The Corporation will indemnify the Authority and the Underwriter against any losses, claims, damages, or liabilities, joint or several, to which the Authority or the Underwriter may become subject under the Securities Act, the Securities Exchange Act of 1934, as amended, the Trust Indenture Act, or any other statute or at common law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon the failure in connection with the offering of the Bonds to register any security under the Securities Act or to qualify any indenture under the Trust Indenture Act and any claims based upon any information in the entire Official Statement, excepting only the Authority Sections, and any information provided by the Bond Insurer and certified as accurate by the Bond Insurer. The foregoing indemnity shall include reimbursement for any legal or other expenses reasonably incurred by the Authority or the Underwriter in connection with investigating or defending any such action or claim; provided, however, that if the Corporation assumes the defense of any such action or claims pursuant to the following paragraph, the indemnifying Party shall not be liable to any indemnified party under this subsection (d) for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. Promptly after the commencement of any action against any party indemnified hereunder in respect of which indemnity is to be sought against an indemnifying party, such indemnified party will notify the indemnifying party in writing of such action and the indemnifying party may assume the defense thereof, including the employment of counsel and the payment of all expenses; but the omission so to notify the indemnifying party will not relieve the indemnifying party from any liability which it may have to any indemnified party otherwise than hereunder. The parties hereto agree to provide for contribution by the parties for any losses and expenses incurred in the event that the indemnification provided in this paragraph is unenforceable.

#### **SECTION 4 CONDITIONS TO THE UNDERWRITER'S OBLIGATIONS**

The Underwriter's obligations hereunder shall be subject to the accuracy of and compliance with the representations and agreements of the Authority and Corporation contained herein, as of the date hereof and as of the Closing Date, and are also subject to the following conditions:

(a) On the Closing Date, the Authority and the Corporation shall deliver or cause to be delivered to the Underwriter herewith:

- (i) Two executed copies of the Official Statement; and
- (ii) An executed copy of this Bond Purchase Agreement.

(b) On the Closing Date, the Bonds (including any opinions attached thereto or printed thereon), the Tax Regulatory Agreement, the Continuing Disclosure Certificate, the Indenture, the Loan Agreement, the Ground Lease, the Facilities Lease, the Letter of Representations, the Official Statement and the Resolution shall have been duly authorized, executed and delivered, each in the form submitted to the Underwriter on the date hereof with only such changes therein as shall be agreed upon by the Underwriter.

(c) At or before the Closing Time, the Underwriter shall have received:

(i) The opinions, addressed to the Underwriter in form and substance satisfactory to the Underwriter, their counsel and Bond Counsel, dated as of the Closing Date, indicating that the Underwriter may rely upon such opinions as if the same were addressed to the Underwriter, of:

(A) Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, substantially in the form attached as Appendix D to the Official Statement;

(B) McGlinchey Stafford PLLC, Counsel to the Underwriter;

(C) McGlinchey Stafford PLLC, Counsel to the Trustee;

(D) DeCuir, Clark & Adams, LLP, Baton Rouge, Louisiana, Counsel to the Board;

(E) Seale & Ross, P.L.C., Counsel to the Corporation; and

(F) Casten & Pearce, A.P.L.C., Counsel to the Authority.

(ii) Certified copies of the minutes of the Louisiana State Bond Commission reflecting approval of the issuance of the Bonds by the Commission;

(iii) Evidence satisfactory to the Underwriter that the Bonds have received a rating of "Aaa" from Moody's, and that such rating is in effect at the Closing Time;

(iv) Evidence that Form 8038 has been provided to the Internal Revenue Service;

(v) Specimen form of the Bonds;

(vi) Certified copies of the Resolution and executed originals of the Continuing Disclosure Certificate and the Tax Certificate;

(vii) The Tax Regulatory Agreement of the Authority supporting the opinion of Bond Counsel that interest on the Bonds is excluded from gross income for federal income tax purposes;

(viii) A certificate of the Corporation, dated the Closing Date, in form and substance satisfactory to the Underwriter, in which such officer states that:

- (A) (1) each of the representations and warranties of the Corporation contained herein and, to the best of its knowledge, in the Corporation Documents, is true, accurate, and complete in every material respect on the Closing Date as if made on and as of the Closing Date, and (2) all of the agreements of the Corporation to be complied with and each, of the obligations to be performed by the Corporation hereunder and under all of the Corporation Documents on or prior to the Closing Date have been complied with and performed in every material respect;
- (B) The information in the Official Statement relating to the Corporation, as of such date, is accurate in all material respects, and does not include any untrue statements of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.
- (C) Except as disclosed in the Official Statement, there is neither pending nor, to the best of the knowledge of the Corporation, threatened against the Corporation any action, suit, other proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, authority, board, body or arbitrator or, to the best of the knowledge of the Authority, is there any basis therefor, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Corporation Documents, the Official Statement or any agreement or instrument to which the Corporation is a party or by which it is bound, and which is used or contemplated for use in the consummation of the transactions contemplated therein and herein, or which would materially adversely affect the transactions contemplated by the foregoing, or which would adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

(ix) A certificate of an Authorized Authority Representative dated as of the Closing Date to the effect that:

- (A) As of the date hereof, the information contained in the Authority Sections of the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make statements contained therein, in the light of the circumstances under which they were made, not misleading;



(B) At all times subsequent to the date hereof to and including the Closing Date, the information contained in the Authority Sections of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make statements contained therein, in the light of the circumstances under which they were made, not misleading; and

(C) No litigation is pending or, to their knowledge threatened, to restrain or enjoin the execution and delivery of the Bonds, the Resolution, the Tax Regulatory Agreement, the Indenture, the Loan Agreement or the existence or powers of the Authority or the right of the Authority to carry out the terms thereof, and the issuance of the Bonds and the execution and delivery of the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and the compliance by the Authority with the provisions thereof will not conflict with or constitute on the part of the Authority a breach of or a default under the By-Laws, as amended, or any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, loan or other instrument to which the Authority is subject or by which it is bound;

(x) The executed copy of the Policy issued by the Bond Insurer and such opinions and certificates as may be required by the Bond Insurer's commitment dated December 21, 2007;

(xi) An opinion of counsel to the Bond Insurer and a certificate of an officer of the Bond Insurer dated the Closing Date and addressed to the Underwriter, concerning the Bond Insurer, the Policy and the information relating to the Bond Insurer and the Policy contained in the Official Statement, in form and substance satisfactory to the Underwriter and their counsel;

(xii) A copy of the Authority's Blanket Letter of Representations to The Depository Trust Company;

(xiii) A certificate of an authorized representative of the Trustee to the effect that (A) the Trustee is a national banking corporation duly organized and validly existing under and by virtue of the laws of the United States of America and is duly authorized to exercise trust powers in the State of Louisiana, (B) the Trustee has full right, power and authority to accept the duties enumerated in the Indenture and to perform its obligations under the Indenture, (C) the Indenture constitutes a valid and binding obligation of the Trustee in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity, (D) the performance of the Trustee of its functions under the Indenture, and the Tax Regulatory Agreement will not result in any violation of the incorporating documents or bylaws of the Trustee, any court order to which the Trustee is subject or any agreement, indenture or other obligation or instrument to which the Trustee is subject or any agreement, indenture or other obligation or instrument to which the Trustee is a party or by which the Trustee is bound, and no approval or other action by any governmental authority or agency having supervisory authority over the Trustee is required to be obtained by the Trustee in order to perform its functions under the Indenture

and the Tax Certificate, and (E) to the best of such authorized representative's knowledge, there is no action, suit, proceeding or investigation at law or in equity before any court, public board or body pending or threatened against or affecting the Trustee wherein an unfavorable decision, ruling or finding on an issue raised by any party thereto is likely to materially and adversely affect the ability of the Trustee to perform its obligations under the Indenture and the Tax Regulatory Agreement; and

(xv) Such additional certificates, opinions and other documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence performance of or compliance with the provisions of this Bond Purchase Agreement and the transactions contemplated hereby and by the Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Underwriter and Underwriter's Counsel.

## **SECTION 5 THE UNDERWRITER'S RIGHT TO CANCEL**

The Underwriter shall have the right to cancel its obligations hereunder to purchase the Bonds by notification to the Authority and the Corporation in writing or by email of their election to do so between the date hereof and the Closing Date, if at any time hereafter and prior to the Closing Time:

(i) Legislation shall be introduced in or enacted by the Congress of the United States or adopted by either house thereof or introduced in or enacted by the legislature of the State, or a decision by a federal court (including the Tax Court or Claims Court of the United States) or a State court shall be rendered, or a ruling, regulation (proposed, temporary or final) or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other federal or State agency shall be made, with respect to the revenues and other property pledged to the payment of the Bonds or with respect to interest received which is of the general character of interest paid on the Bonds, or which would have the effect of changing directly or indirectly the federal or State income tax consequences of interest on bonds of the general character of the Bonds in the hands of the holders thereof, which legislation, ruling, regulation or official statement would, in the Underwriter's reasonable judgment, materially adversely affect the market price of the Bonds;

(ii) Any legislation, ordinance, rule, regulation or policy statement shall be introduced in or be enacted by any governmental body, department or agency in the State or the federal government, or a decision by any court of competent jurisdiction within the State or the federal government shall be rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of; the Securities and Exchange Commission or any governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of the obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and then in effect, or the registration

provisions of the Securities Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered to the effect that obligations of the general character of the Bonds are not exempt from registration under the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, to that the Resolution as an indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended and as then in effect;

(v) Any event shall have occurred, or information become known, which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Official Statement (as it may have been previously supplemented or amended) or has the effect that the Official Statement (as it may have been previously supplemented or amended) contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(vi) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(vi) The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters such as the Underwriter;

(viii) A general banking moratorium shall have been established by federal, New York or State authorities;

(ix) Any proceeding shall be pending or threatened by the Securities Exchange Commission against the Authority;

(x) A war involving the United States of America shall have been declared, or any conflict involving the armed forces of the United States of America shall have escalated, or any other national emergency (including without limitation, acts of terrorism) relating to the effective operation of government or the financial community shall have occurred, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(xi) The President of the United States of America, the Office of Management and Budget, the Department of the Treasury, the Internal Revenue Service, or any other governmental body, department or agency of the United States of America shall take or propose to take any action or implement or propose regulations or rulings which, in the Underwriter's reasonable opinion, materially adversely affect the market price of the Bonds, impacts adversely in a material manner upon the Authority's ability to apply the proceeds of the Bonds for the purposes for which the Bonds were authorized to be issued or causes the

Official Statement (as it may have been previously supplemented or amended pursuant to Section 3(A)(1)(vi) hereof) to be incorrect or misleading in any material respect;

(xii) The Authority shall fail to deliver Official Statements to the Underwriter as provided in Section 1(e) hereof; provided, however, that the Underwriter may not terminate its obligations hereunder as a result of the failure of the Authority to deliver such Official Statement unless such failure materially affects the Underwriter's marketing and sale of the Bonds or subjects the Underwriter to compliance infractions under the Securities and Exchange Commission or MSRB delivery requirements;

(xiii) The long-term unsecured debt rating of the Bond Insurer is downgraded below "Aaa" by Moody's or the Bond Insurer is placed on "credit watch";

(xiv) Any federal or state court, authority *or* administrative or regulatory body shall take action materially adversely affecting or questioning the ability of (A) the Bond Insurer to issue or perform under credit facilities in transactions similar to the transaction contemplated by this Bond Purchase Agreement; or (B) the Bond Insurer fails to perform its obligations under any credit facility provided by the Bond Insurer; or

(xv) The Policy of the Bond Insurer securing the Bonds or other insurance policy issued by the Bond Insurer shall have been repudiated by the Bond Insurer or any litigation or proceedings shall be pending or threatened which questions the validity or enforceability thereof, or seeks to enjoin performance by the Bond Insurer thereunder or the Authority or the Underwriter shall have received notice from the Bond Insurer that they will be able to perform thereunder.

## **SECTION 6 CONDITIONS TO THE AUTHORITY'S OBLIGATIONS**

The Authority's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder. If the Underwriter defaults on its obligation to purchase Bonds hereunder, this Bond Purchase Agreement shall terminate and the Authority shall have all rights and remedies as may be allowed by law to enforce the action or inaction of the Underwriter hereunder. In the event of any such termination, neither the Authority nor the Corporation shall be under any obligation to the Underwriter.

## **SECTION 7 REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY**

All of the Authority's and the Corporation's representations, warranties and agreements shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter on its own behalf, and shall survive delivery of the Bonds to the Underwriter.

## **SECTION 8 PAYMENT OF EXPENSES**

Whether or not the Bonds are sold by the Authority to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the Authority's

obligations hereunder nor shall the Authority be under any obligation for any fees or expenses of the Underwriter should the Bonds not be delivered, and then only to the extent set forth herein. All expenses and costs of the Authority incident to issuing the Bonds including, without limitations, the fees and expenses of Bond Counsel, the premiums of the Bond Insurer, the initial fee of the Trustee and the fees and expenses of counsel to the Trustee, fees and expenses of counsel to the Authority, fees and expenses of Counsel to the Corporation, the expenses and costs for the preparation, printing, photocopying, executing and delivery of the Resolution, this Bond Purchase Agreement and all other agreements and documents contemplated hereby, the fees and expenses of consultants and rating agencies, the State Bond Commission fees, the fees and expenses of Underwriter Counsel, the expenses and costs for the preparation, printing, photocopying, execution and delivery of the Bonds and the Official Statement shall be paid by the Corporation.

## **SECTION 9 NOTICE**

Any notice or other communication to be given under this Bond Purchase Agreement may be given by mailing or delivering the same in writing to:

If to the Authority:	Louisiana Local Government Environmental Facilities and Community Development Author 8712 Jefferson Highway, Suite A Baton Rouge, LA 70809-2233 Facsimile: 225-924-6171 Attn: Steve A. Dicharry, Executive Director
If to the Corporation:	University Facilities, Inc. 8 White Drive Hammond, Louisiana 70401 Attention: Executive Director
If to the Underwriter:	Morgan Keegan & Company, Inc. 909 Poydras Street, Suite 1300 New Orleans, LA 70112 Facsimile: 504-595-3293 Attn: Mr. John B. Poche, First Vice President

## **SECTION 10 APPLICABLE LAW; NONASSIGNABILITY**

The Bond Purchase Agreement shall be governed by the laws of the State. This Bond Purchase Agreement shall not be assigned by any party. The representations, warranties, covenants and obligations of the Underwriter hereunder, and the terms and conditions of this Bond Purchase Agreement shall be binding on the Underwriter.

**SECTION 11**  
**DETERMINATION OF END OF UNDERWRITING PERIOD**

For purposes of this Bond Purchase Agreement the "End of the Underwriting Period" for the Bonds shall mean the earlier of (a) the Closing Date unless the Authority has been notified in writing to the contrary by the Underwriter on or prior to the Closing Date, or (b) the date on which the End of the Underwriting Period of the Bonds has occurred under Rule 15c2-12; provided, however, that the Authority shall be entitled to treat as the End of the Underwriting Period for the Bonds the date specified in the notice from the Underwriter stating the date which is the End of the Underwriting Period.

The Authority may request from the Underwriter from time to time, and the Underwriter shall provide to the Authority upon such request, such information as may be reasonably required in order to determine whether the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12 with respect to the unsold balances of Bonds that were originally sold to the Underwriter for resale to the public and which are held by the Underwriter for sale to the public.

If in the opinion of the Underwriter, for purposes of Rule 15c2-12, the Underwriter does not retain for sale to the public any unsold balance of Bonds originally sold to the Underwriter pursuant to this Bond Purchase Agreement, then the Underwriter shall promptly notify the Authority in writing that, in its opinion, the End of the Underwriting Period for the Bonds under Rule 15c2-12 has occurred on a date which shall be set forth in such notification.

The individuals executing this Bond Purchase Agreement are doing so in their official capacities as persons authorized to sign on behalf of the respective parties hereto.

**SECTION 12**  
**NO LIABILITY; SELLING THE BONDS**

No individual member, officer, agent or employee of any of the parties hereto will be charged personally with any liability, or held liable under any term or provision of this Bond Purchase Agreement because of his or her execution or attempted execution, or because of any breach or attempted or alleged breach thereof.

**SECTION 13**  
**EXECUTION OF COUNTERPARTS**

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

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[Signature page - Bond Purchase Agreement]

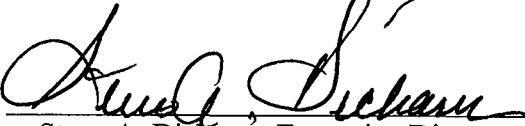
Sincerely,

**Morgan Keegan & Company, Inc.**

By:   
John B. Poche, Senior Vice President

ACCEPTED THIS 5<sup>th</sup> DAY OF MARCH, 2007:

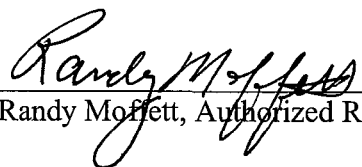
**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL  
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

BY:   
Steve A. Dicharry, Executive Director

**UNIVERSITY FACILITIES, INC.**

BY:   
Phil K. Livingston, Vice Chairman

**BOARD OF SUPERVISORS FOR THE UNIVERSITY  
OF LOUISIANA SYSTEM**

BY:   
Randy Moffett, Authorized Representative

**SCHEDULE I**

**MATURITY SCHEDULE**

**Series 2007A Bonds**

<b><u>Due February 1</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Price or Yield</u></b>
2008	\$165,000	4.250%	3.680%
2009	145,000	4.250%	3.680%
2010	150,000	4.250%	3.690%
2011	155,000	4.250%	3.690%
2012	160,000	4.250%	3.710%
2013	170,000	4.250%	3.740%
2014	175,000	4.250%	3.760%
2015	185,000	4.250%	3.810%
2016	190,000	4.250%	3.860%
2017	200,000	4.250%	3.890%
2027	2,515,000	4.200%	4.310%
2031	1,335,000	4.200%	4.340%
Total			

**Series 2007B Bonds**

<b><u>Due February 1</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Price or Yield</u></b>
2037	\$2,490,000	4.375%	4.480%



New Issue - Book-Entry Only

Rating: Moody's: Aaa  
(See "Rating of the Series 2007 Bonds" herein)

Upon delivery of the Series 2007 Bonds, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, will render its opinion that, assuming continuing compliance with certain covenants designed to satisfy the applicable requirements of the Code, and subject to the matters discussed under the caption "TAX EXEMPTION" herein, under the law existing on the date thereof, interest on the Series 2007 Bonds will (i) be excludable from gross income of the beneficial owners thereof for federal income tax purposes and (ii) will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code, but such interest will be includable in adjusted current earnings in computing the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, pursuant to the Act, the Series 2007 Bonds together with interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State of Louisiana taxes and local taxes. See "TAX EXEMPTION" herein.

\$5,545,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

and

\$2,490,000

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B**

Dated: Date of Delivery

Due: February 1, As shown on inside cover

The above captioned bonds (collectively, the "Series 2007 Bonds") are being issued by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") to provide funds (i) to finance a portion of the cost of construction of a new intermodal parking facility located on the campus of Southeastern Louisiana University (the "University") in Tangipahoa Parish, Hammond, Louisiana (the "Phase Four Facilities"), (ii) to fund a deposit to the Debt Service Reserve Fund for the Series 2007 Bonds, and (iii) to pay the costs of issuing the Series 2007 Bonds. The Phase Four Facilities will be owned by the Board of Supervisors for the University of Louisiana System (the "Board"). The land on which the Phase Four Facilities will be constructed will be leased to University Facilities, Inc. (the "Corporation"), a nonprofit corporation organized under the laws of the State of Louisiana (the "State") for the benefit of the University by the Board acting on behalf of the University, pursuant to Part II of the Ground and Buildings Lease by and between the Corporation and the Board dated as of August 1, 2004, as amended by a First Amendment to Ground and Buildings Lease dated as of March 1, 2007 (the "Phase Four Ground Lease"), and the Phase Four Facilities will be leased back to, and operated by, the Board pursuant to Part II of an Agreement to Lease With Option to Purchase by and between the Corporation and the Board dated as of August 1, 2004, as amended by a First Amendment to Agreement to Lease With Option to Purchase dated as of March 1, 2007 (the "Phase Four Facilities Lease").

Purchasers of the Series 2007 Bonds will not receive certificates representing their interest in the Series 2007 Bonds purchased. The Series 2007 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Principal of and premium, if any, and interest on the Series 2007 Bonds will be payable by The Bank of New York Trust Company, N.A. (the "Trustee") to Cede & Co., which will remit such payments to the DTC Participants (as defined herein) for subsequent disbursement to the purchasers of the Series 2007 Bonds. See "THE SERIES 2007 BONDS - BOOK ENTRY ONLY SYSTEM" herein.

THE SERIES 2007 BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY, EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE SERIES 2007 BONDS AND TEMPORARY INVESTMENTS THEREOF, FROM PAYMENTS DERIVED BY THE AUTHORITY UNDER THE LOAN AGREEMENT (BOTH AS DEFINED HEREIN), FROM THE ASSETS AND INTERESTS PLEDGED UNDER THE ASSIGNMENT AND FROM THE POLICY (AS DEFINED HEREIN). THE SERIES 2007 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2007 BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO POWER TO TAX.

As further described herein, regularly scheduled payments of principal of and interest on, but excluding any redemption premium on, the Series 2007 Bonds when due will be insured through a financial guaranty insurance policy to be issued by MBIA Insurance Corporation (the "Bond Insurer") simultaneously with the delivery of the Series 2007 Bonds. See "MUNICIPAL BOND INSURANCE" herein and Appendix "E" herein.



AN INVESTMENT IN THE SERIES 2007 BONDS INVOLVES A DEGREE OF RISK BECAUSE OF THE VARIOUS RISKS DESCRIBED HEREIN. SEE "BONDHOLDERS' RISKS" HEREIN.

The Series 2007 Bonds are offered when, as, and if issued by the Authority and received by the Underwriter and are subject to prior sale and the approval of legality by Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Authority by Casten & Pearce, A.P.L.C., Shreveport, Louisiana; for the Corporation by Seale & Ross, P.L.C., Hammond, Louisiana; for the Board by DeCuir, Clark & Adams, L.L.P., Baton Rouge, Louisiana; and for the Underwriter by McGlinchey Stafford PLLC, Baton Rouge, Louisiana. Delivery of the Series 2007 Bonds to DTC in New York, New York is expected on or about March 14, 2007.

**Morgan Keegan & Company, Inc.**

The Series 2007 Bonds will be issuable as fully registered bonds without coupons. The Series 2007 Bonds will be issued in denominations of \$5,000 and any multiple thereof. The Series 2007 Bonds will bear interest from their date of delivery. Interest on the Series 2007 Bonds will be payable on each Interest Payment Date (as defined herein). Principal of and premium, if any, on the Series 2007 Bonds will be payable at the principal corporate trust office of The Bank of New York Trust Company, N.A., Jacksonville, Florida (the “Trustee”), in Jacksonville, Florida (the “Office of the Trustee”) at maturity or upon redemption, upon surrender of the Series 2007 Bonds, and interest will be payable by check or draft mailed to the registered owners of Series 2007 Bonds, as shown on the registration books of the bond registrar as of the close of business on the Record Date (as defined herein) for the Series 2007 Bonds or by wire transfer in immediately available funds to the bank account number filed with the Trustee in writing prior to the close of business on the Record Date by the person in whose name such Series 2007 Bond shall be registered if such owner shall be the registered owner of not less than \$1,000,000 in aggregate principal amount of Series 2007 Bonds Outstanding. **The Series 2007 Bonds will be subject to prior mandatory, optional, extraordinary and mandatory sinking fund redemption as described herein. See “THE SERIES 2007 BONDS” herein.**

#### MATURITY SCHEDULE

#### SERIES 2007A BONDS

#### \$1,695,000 SERIAL BONDS

<u>Maturity February 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2008	\$165,000	4.250%	3.680%	546279ZV5
2009	145,000	4.250%	3.680%	546279ZW3
2010	150,000	4.250%	3.690%	546279ZX1
2011	155,000	4.250%	3.690%	546279ZY9
2012	160,000	4.250%	3.710%	546279ZZ6
2013	170,000	4.000%	3.740%	546279A26
2014	175,000	4.250%	3.760%	546279A34
2015	185,000	4.250%	3.810%	546279A42
2016	190,000	4.250%	3.860%	546279A59
2017	200,000	4.250%	3.890%	546279A67

\$2,515,000 4.200% Term Bonds due February 1, 2027, Yield 4.310%, CUSIP 546279A75  
 \$1,335,000 4.200% Term Bonds due February 1, 2031, Yield 4.340%, CUSIP 546279A83

#### SERIES 2007B BONDS

\$2,490,000 4.375% Term Bonds due February 1, 2037, Yield 4.480%, CUSIP 546279A91

No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the Corporation, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2007 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been obtained from the Authority, the Corporation, the Board, the University, or other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Corporation since the date hereof.

The Authority has provided only that information in this Official Statement that is contained under the heading "THE AUTHORITY" and, as to the Authority, under the heading "LITIGATION-THE AUTHORITY." The Authority has not furnished or verified any other information or statements contained in this Official Statement and is not responsible for the sufficiency, completeness, or accuracy of such other information or statements.

The Trustee has not furnished or verified any information or statements contained in this Official Statement and is not responsible for the sufficiency, completeness, or accuracy of such other information or statements.

**OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE BOND INSURER CONTAINED UNDER THE HEADING "MUNICIPAL BOND INSURANCE" AND IN APPENDIX "E" ATTACHED HERETO, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOND INSURER, AND THE BOND INSURER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2007 BONDS; OR (III) THE TAX-EXEMPT STATUS OF THE INTEREST ON THE SERIES 2007 BONDS.**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

The Series 2007 Bonds will not be registered under the Securities Act of 1933, as amended, and neither the Authority nor the Underwriter intend to list the Series 2007 Bonds on any stock or other security exchange. The Securities and Exchange Commission has not passed upon the accuracy or adequacy of this Official Statement. With respect to the various states in which the Series 2007 Bonds may be offered, no attorney general, state official, state agency or bureau, or other state or local governmental entity has passed upon the accuracy or adequacy of this Official Statement or passed upon or endorsed the merits of this offering or the Series 2007 Bonds.

In making an investment decision, investors must rely on their own examination of the Authority, the University, the Board, the Corporation, the Underwriter or the Bond Insurer and the terms of the offering, including the merits and risks involved. The Series 2007 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

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## SUMMARY STATEMENT

*The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Official Statement and the Appendices hereto (collectively, the "Official Statement"). The offering of the Series 2007 Bonds to potential investors is made only by means of this entire Official Statement, and no person is authorized to detach this Summary Statement from the Official Statement or to use it otherwise without the entire Official Statement.*

<b>The Authority</b>	The Louisiana Local Government Environmental Facilities and Community Development Authority (the " <b>Authority</b> ") is a political subdivision of the State of Louisiana (the " <b>State</b> ") and is authorized pursuant to Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended (the " <b>Act</b> ") to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act.
<b>The Corporation</b>	University Facilities, Inc. (the " <b>Corporation</b> ") is a nonprofit corporation duly organized and existing under the laws of the State for the benefit of Southeastern Louisiana University (the " <b>University</b> ") and is an exempt organization under §501(c)(3) of the Internal Revenue Code of 1986. The proceeds of the Series 2007 Bonds will be loaned to the Corporation pursuant to a Loan Agreement dated as of March 1, 2007 (the " <b>Loan Agreement</b> "), between the Authority and the Corporation to finance the costs described below under " <b>The Series 2007 Bonds.</b> " See " <b>THE CORPORATION</b> " herein.
<b>The Board</b>	The Board of Supervisors for the University of Louisiana System (the " <b>Board</b> ") is a public constitutional corporation and agency of the State whose responsibility is the supervision and management of State colleges and universities not managed by a separate higher education board created by the Louisiana Constitution. See " <b>THE BOARD</b> " herein.
<b>The Series 2007 Bonds</b>	The Authority will issue, in two series, \$8,035,000 aggregate principal amount of revenue bonds to be designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007" (the " <b>Series 2007 Bonds</b> "), for the purpose of providing funds (i) to finance a portion of the cost of construction of a new intermodal parking facility located on the campus of Southeastern Louisiana University (the " <b>University</b> ") in Tangipahoa Parish, Hammond, Louisiana (the " <b>Phase Four Facilities</b> "), (ii) to fund a deposit to the Debt Service Reserve Fund for the Series 2007 Bonds, and (iii) to pay the costs of issuing the Series 2007 Bonds.
<b>The Trustee</b>	The Bank of New York Trust Company, N.A., Jacksonville, Florida will act as trustee, bond registrar, and paying agent for the Series 2007 Bonds.
<b>The Bond Insurer</b>	Simultaneously with the issuance of the Series 2007 Bonds, MBIA Insurance Corporation, a New York domiciled stock insurance company, will issue its financial guaranty insurance policy (the " <b>Policy</b> ") relating to the Series 2007 Bonds. See " <b>MUNICIPAL BOND INSURANCE</b> " herein.

<b>The University</b>	The University is a member of the eight (8) member University of Louisiana System (the “ <i>System</i> ”). The System is governed by the Board. The University is a tax-supported, comprehensive regional university that is co-educational and is located in Tangipahoa Parish, Hammond, Louisiana.
<b>The Phase Four Facilities</b>	The Phase Four Facilities will consist of a new multi-level intermodal parking facility with approximately 450 parking spaces. See “ <b>THE PHASE FOUR FACILITIES</b> ” herein. The Phase Four Facilities will be owned by the Board. The land on which the Phase Four Facilities will be located will be leased to the Corporation by the Board pursuant to Part II of a Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by the First Amendment to Ground and Building Lease Agreement dated as of March 1, 2007 between the Board, as lessor, and the Corporation, as lessee (the “ <i>Phase Four Ground Lease</i> ”), and the Phase Four Facilities will be leased back to, and operated by, the Board pursuant to Part II of an Agreement to Lease With Option to Purchase dated as of August 1, 2004, as amended by the First Amendment to Agreement to Lease With Option to Purchase dated as of March 1, 2007 between the Corporation, as lessor, and the Board, as lessee (the “ <i>Phase Four Facilities Lease</i> ”).
<b>The Phase Four Ground Lease</b>	Pursuant to the Phase Four Ground Lease, the Board will lease the land on which the Phase Four Facilities and the Stadium Expansion (as hereinafter defined) will be located to the Corporation, for a term of forty (40) years. The rental payable under the Phase Four Ground Lease will be \$1.00 per year. See “ <b>THE PHASE FOUR GROUND LEASE</b> ” herein.
<b>The Phase Four Facilities Lease</b>	Pursuant to the Phase Four Facilities Lease, the Corporation will lease the Phase Four Facilities and the Stadium Expansion to the Board, for a term of forty (40) years. The rental payable under the Phase Four Facilities Lease will be equal to the amount of principal of and premium, if any, and interest on the Series 2007 Bonds, the amounts required to be deposited in the various funds or accounts established under the Indenture in accordance with the terms of the Indenture, and all other expenses arising out of or relating to the ownership or operation of the Phase Four Facilities or the issuance of the Series 2007 Bonds. <b>Payments by the Board under the Phase Four Facilities Lease will be subject to, and dependent upon, the designation of Phase Four Lawfully Available Funds by the Board in its budget process.</b> The Corporation’s rights under the Phase Four Facilities Lease will be assigned to the Trustee as security for the payment of the Series 2007 Bonds. See “ <b>THE PHASE FOUR FACILITIES LEASE</b> ” herein.
<b>Outstanding Series 2004 Bonds</b>	The Series 2007 Bonds are being issued pursuant to the same approvals and as a supplement to a Trust Indenture dated as of August 1, 2004 by and between the Authority and the Trustee and are secured by the same leases as the \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, currently outstanding in the amount of \$60,985,000; (ii) the \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, currently outstanding in the amount of \$15,000,000 and (iii) the \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project)



Series 2004C, currently outstanding in the amount of \$700,000 (collectively, the "*Series 2004 Bonds*").

The Series 2004 Bonds are payable from Lawfully Available Funds of the University, including Auxiliary Revenues, while the Series 2007 Bonds are payable from Phase Four Lawfully Available Funds, which consist of Auxiliary Revenues and Student Fee Revenues.

#### **Security for the Bondholders**

To secure the Corporation's obligations to the Authority to repay the moneys loaned to the Corporation pursuant to the Loan Agreement, the Corporation will execute and deliver to the Trustee an Assignment of Agreements and Documents (the "*Assignment*") dated as of March 1, 2007, pursuant to which the Corporation will grant to the Trustee a first priority security interest in the Corporation's rights in the leases and subleases affecting the Phase Four Land and/or the Phase Four Facilities, including, without limitation, the Phase Four Facilities Lease (collectively, the "*Leases*") and all revenues, rentals, and other sums due or becoming due to the Corporation under the Leases. As security for its obligations under the Series 2007 Bonds, the Authority will enter into the Indenture with the Trustee. Pursuant to the Indenture, the Authority will pledge to the Trustee its interest in the Loan Agreement. The sum of \$482,968.76, the amount required for the amount in the Debt Service Reserve Fund created under the Indenture (the "*Debt Service Reserve Fund*") to equal the Debt Service Reserve Fund Requirement will be used to pay the debt service payments on the Series 2007 Bonds if insufficient funds are on deposit with the Trustee on the date such payments are due. See "**SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS**" and "**BONDHOLDERS' RISKS**" herein.

#### **Bondholders' Risks**

There are certain considerations relating to an investment in the Series 2007 Bonds that are set forth in the sections of this Official Statement, including the heading "**BONDHOLDERS' RISKS**," and that should be carefully reviewed by prospective purchasers of the Series 2007 Bonds. These considerations include the facts that (i) the Corporation's ability to generate revenues and make timely payment under the Loan Agreement, failure to do which may result in the Series 2007 Bonds not being paid or being paid before maturity or applicable redemption dates and which may result in forfeiture of redemption premiums, may be adversely affected by a wide variety of future events and conditions including a decline in the enrollment of the University, increased competition from other schools, loss of accreditation, failure to meet federal guidelines or some other event that results in students being ineligible for federal financial aid, and cost overruns in connection with the Phase Four Facilities or other capital improvements, (ii) the obligation of the Board on behalf of the University to pay rental to the Corporation under the Phase Four Facilities Lease is subject to, and dependent upon, the designation by the Board in its budget process of funds necessary to make payments of rental required under the Phase Four Facilities Lease, and if such amounts are not designated for such purpose, the Corporation may be unable to make timely payment under the Loan Agreement, (iii) the Board is obligated to make payments of Phase Four Base Rental sufficient to pay debt service on the Series 2007 Bonds under the Phase Four Facilities Lease solely from Phase Four Lawfully Available Funds. The ability of the Board to increase or assess new fees may require approval by the Louisiana Legislature or a vote of the student body of the University. The failure of the Board or the University to generate sufficient Auxiliary Revenues could affect the Board's ability to make payments of Base Rental sufficient to pay debt service on the Series 2007 Bonds and result in

a default under the terms of the Phase Four Facilities Lease, (iv) the Series 2007 Bonds constitute limited obligations of the Authority and the only significant sources of payment therefor are the deposits received by the Trustee pursuant to the Loan Agreement and, if such deposits prove insufficient, payments by the Bond Insurer pursuant to the Policy, (v) the Phase Four Facilities will be constructed to serve as student parking facilities and the special use nature of the Phase Four Facilities and the fact that the Phase Four Facilities are located on the campus of the University and the interest of the Corporation serving as collateral is in the nature of a leasehold interest and subject to the terms of the Phase Four Ground Lease may curtail its value as collateral, (vi) there are risks associated with the construction of the Phase Four Facilities, (vii) future clean-up costs with respect to the Phase Four Facilities could be imposed under environmental statutes and liens relating thereto may adversely affect the security for the owners of the Series 2007 Bonds, (viii) certain statutory provisions and interests and claims of others may impair the security interest of the Trustee in the revenues derived by the Corporation from its interest in the Phase Four Facilities, (ix) judicial actions may impair the remedies available to the Trustee and the owners of the Series 2007 Bonds under the Indenture, (x) interest on the Series 2007 Bonds could, in certain events, become includable in the gross income of the owners thereof and owners of the Series 2007 Bonds would be subject to adverse federal tax consequences, (xi) there can be no assurance that there will be a secondary market for the Series 2007 Bonds, (xii) Additional Phase Four Bonds (hereinafter defined) payable from the Trust Estate (hereinafter defined) on a parity with the Series 2007 Bonds may in the future dilute the security for the Series 2007 Bonds, (xiii) a change in the Corporation's or the University's status as a 501(c)(3) organization could cause interest on the Series 2007 Bonds to become includable in the gross income of the owners thereof, (xiv) if the Authority should fail to make payment of the principal of or interest on the Series 2007 Bonds when the same shall become due, any owner of Series 2007 Bonds will have recourse against the Bond Insurer for such payments, and if the Bond Insurer is unable to make payments of principal and interest on the Series 2007 Bonds, such Series 2007 Bonds will be payable solely from moneys received by the Trustee pursuant to the Indenture and the Loan Agreement, (xv) the Policy does not insure the principal of or interest on the Series 2007 Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor does it insure the payment of any redemption premium payable upon the Series 2007 Bonds, and under no circumstances, including the situation in which the interest on the Series 2007 Bonds becomes subject to federal or Louisiana income taxation for any reason, may the maturities of the Series 2007 Bonds be accelerated without the consent of the Bond Insurer, (xvi) so long as the Bond Insurer performs its obligations under the Policy (hereinafter defined), the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee under the Indenture, and (xvii) the obligations of the Bond Insurer under the Policy is a general obligation of the Bond Insurer and rank equally in priority of payment and in all other respects with all other unsecured obligations of the Bond Insurer, and in the event of insolvency of the Bond Insurer, the Owners of the Series 2007 Bonds would have to depend entirely on the ability of the Corporation to pay the principal of and interest on the Series 2007 Bonds. See "BONDHOLDERS' RISKS" herein.

**Tax Status of Interest**

Upon delivery of the Series 2007 Bonds, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel, will render its opinion that, assuming continuing compliance with certain covenants designed to satisfy the applicable requirements of the Code, and subject to the matters discussed under the caption “TAX EXEMPTION” herein, under the law existing on the date thereof, interest on the Series 2007 Bonds will (i) be excludable from gross income of the beneficial owners thereof for federal income tax purposes and (ii) will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code, but such interest will be includable in adjusted current earnings in computing the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, pursuant to the Act, the Series 2007 Bonds together with interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State of Louisiana taxes and local taxes. See “TAX EXEMPTION” herein.

**Continuing Disclosure**

The Board will agree to provide such information as may be required by the provisions of Rule 15c2-12 (“*Rule 15c2-12*”) promulgated by the Securities and Exchange Commission, and neither the Corporation, the Trustee, nor the Authority will undertake any responsibility with respect to continuing disclosure under Rule 15c2-12.

**General**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Official Statement in final form will be deposited with the Municipal Securities Rulemaking Board, 1818 N Street, N.W., Suite 800, Washington, D.C. 20036-2491. Copies of the Official Statement and other relevant documents and information regarding the documents are available upon request from the Underwriter prior to the issuance and delivery of the Series 2007 Bonds and from the Trustee after the issuance and delivery of the Series 2007 Bonds. The Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Series 2007 Bonds, the Authority, and the Corporation and other information pertinent to this issue.

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## OFFICIAL STATEMENT

**\$5,545,000**

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS  
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING /  
UNIVERSITY FACILITIES, INC.: PHASE FOUR PARKING PROJECT)  
SERIES 2007A**

AND

**\$2,490,000**

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS  
(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING /  
UNIVERSITY FACILITIES, INC.: PHASE FOUR PARKING PROJECT)  
SERIES 2007B**

## INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, furnishes certain information in connection with the sale by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") of \$5,545,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "**Series 2007A Bonds**") and \$2,490,000 in aggregate principal amount of its Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "**Series 2007B Bonds**") and, together with the Series 2007A Bonds, the "**Series 2007 Bonds**") to be issued by the Authority pursuant to a Trust Indenture dated as of March 1, 2007, between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "**Trustee**") (the "**Indenture**") for the purpose of providing funds (i) to finance a portion of the cost of the construction of a new intermodal parking facility, located on the campus of Southeastern Louisiana University (the "**University**") in Tangipahoa Parish, Hammond, Louisiana (the "**Phase Four Facilities**"), (ii) to fund a deposit to the Debt Service Reserve Fund for the Series 2007 Bonds, and (iii) to pay the costs of issuing the Series 2007 Bonds. **Definitions of certain terms used in this Official Statement are set forth in APPENDIX "B" hereto.**

The land on which the Phase Four Facilities will be constructed (the "**Phase Four Land**") will be leased to University Facilities, Inc. (the "**Corporation**"), a nonprofit corporation organized under the laws of the State of Louisiana (the "**State**") for the benefit of the University pursuant to Part II of a Ground and Buildings Lease Agreement dated as of August 1, 2004, between the Board of Supervisors for the University of Louisiana System (the "**Board**"), as lessor, and the Corporation, as lessee, as amended by a First Amendment to Ground and Buildings Lease Agreement dated as of March 1, 2007 (the "**Phase Four Ground Lease**"), and the Phase Four Facilities will be leased back to, and operated by, the Board pursuant to Part II of an Agreement to Lease With Option to Purchase between the Corporation, as lessor, and the Board, as lessee, dated as of August 1, 2004, as amended by a First Amendment to Agreement to Lease With Option to Purchase dated as of March 1, 2007 (the "**Phase Four Facilities Lease**"). The Authority will lend the proceeds of the Series 2007 Bonds to the Corporation pursuant to a Loan Agreement dated as of March 1, 2007, between the Authority and the Corporation (the "**Loan Agreement**"). The Corporation will be obligated pursuant to the Loan Agreement to pay to the Authority such loan payments as will always be sufficient to pay the principal of, premium, if any, and interest on the Series 2007 Bonds, as the same mature and become due, and under the Loan Agreement, it will be the obligation of the Corporation to pay all expenses of operating and maintaining the Phase Four Facilities in good repair, to keep them properly insured, and to pay all taxes, assessments, and other charges levied or assessed against or with respect to the Phase Four Facilities. The Board will obligate itself pursuant to the Phase Four Facilities Lease to fulfill the obligations of the Corporation pursuant to the Loan Agreement to pay all expenses of operating and maintaining the Phase Four Facilities in good repair, to keep them properly insured, and to pay all taxes, assessments and other charges levied or assessed against or with respect to the Phase Four Facilities.

The Authority, pursuant to the Indenture, will pledge to the Trustee its interest in the Loan Agreement (except for rights relating to exculpation, indemnification, and payment of expenses thereunder). See “**SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS**” herein.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the Corporation, the Bond Insurer, the Board, the University, the Phase Four Facilities, the Series 2007 Bonds, the Loan Agreement, the Phase Four Ground Lease, the Phase Four Facilities Lease, and the Indenture. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Phase Four Ground Lease, the Phase Four Facilities Lease, the Loan Agreement, and the Indenture are qualified in their entirety by reference to such documents, and references herein to the Series 2007 Bonds are qualified in their entirety to the forms thereof included in the Indenture.

#### **THE AUTHORITY**

The Authority is a political subdivision created and existing under the laws of the State of Louisiana (the “*State*”) pursuant to the provisions of the laws of the State, including the Act. Any political subdivision, the State, or agency of the State may participate as a member of the Authority by adopting a resolution indicating its intention to do so. The Authority is governed by its Board of Directors, whose membership is limited to those members of the Authority whose governing authorities have previously adopted a resolution indicating their membership in the Authority. Each member appoints a director to the Board of Directors of the Authority in accordance with the Act. Directors are appointed to serve four (4)-year terms and may be removed for just cause by the Board of Directors. Officers of the Authority are elected by and from the ranks of the members of the Board of Directors and consist of a Chairman, Vice-Chairman and Secretary-Treasurer. Officers serve two (2)-year terms and may not be re-elected for successive terms in any one office; however, officers may be elected to another office, but, in no event may a person serve more than two (2) terms in a particular office. The Authority is authorized to issue the Series 2007 Bonds, to finance the costs of the Phase Four Facilities and to secure the Series 2007 Bonds by an assignment of the payments to be received under the Loan Agreement. In order to accomplish the foregoing, the Authority is authorized to enter into and/or accept delivery of the Indenture and the Loan Agreement.

Pursuant to the Authority's bylaws, the Board of Directors has established an Executive Committee and delegated certain duties and authorities of the Board of Directors to the Executive Committee in accordance with the Act, including the authority to approve “Authorized Projects” (as defined in the Act) and authorize the issuance of bonds by the Authority. The Executive Committee consists of seven (7) members, three of whom are the Chairman, the Vice-Chairman, and the Secretary-Treasurer of the Authority. The Chairman, the Vice-Chairman, and the Secretary-Treasurer serve on the Executive Committee as *ex officio* members for as long as they remain officers of the Board of Directors. The four at-large members of the Executive Committee serve staggered four (4) year terms. A member of the Executive Committee may be removed by the Board of Directors for just cause at any special or emergency meeting called for that purpose. The Executive Committee is required to make an annual report to the Board of Directors at its annual meeting.

Pursuant to the Act, the Authority's bylaws, a preliminary resolution adopted by the Authority on February 12, 2004, and resolutions adopted by the Authority on May 13, 2004 and October 12, 2006, the Authority has duly authorized the issuance of the Series 2007 Bonds and the execution, delivery, and performance of the Indenture and the Loan Agreement.

**EXCEPT FOR INFORMATION CONCERNING THE AUTHORITY IN THE SECTIONS HEREOF CAPTIONED “THE AUTHORITY” AND “LITIGATION - The Authority,” NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY, AND THE AUTHORITY MAKES NO REPRESENTATIONS OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH OTHER INFORMATION.**

The Series 2007 Bonds will be limited obligations of the Authority as described under the caption “**THE SERIES 2007 BONDS -- Series 2007 Bonds Are Limited Obligations**” herein.

## THE PHASE FOUR FACILITIES

The Phase Four Facilities consist of an intermodal parking facility with approximately 450 vehicular parking spaces, shuttle-waiting area, bike racks, concession area, restrooms, and appropriate circulation spaces for elevators and stairs. It will contain four parking levels containing 154,000 square feet. Pursuant to the Phase Four Facilities Lease, the Board will also make a cash contribution of \$625,000 from accumulated Student Fee Revenues, \$535,000 of which will be used to fund a portion of the cost of the Phase Four Facilities and \$90,000 of which will be used to fund a portion of the Costs of Issuance.

The construction of the Phase Four Facilities will occur pursuant to the same construction contract as certain improvements to Strawberry Stadium (the "*Stadium Expansion*"). Because of the proximity of the two (2) projects, it is financially beneficial for the two (2) projects to have a shared design team and general contractor. However, in no event will the proceeds of the Series 2007 Bonds be used for the Stadium Expansion. It is anticipated that the Stadium Expansion will be financed from: (i) a cash contribution made by the Board pursuant to the Phase Four Facilities Lease in an amount not to exceed \$4,545,000, generated from the sale of property donated to the University and (ii) a cash contribution of \$600,000 from the Corporation.

## THE BOARD

### General

The Board is a public constitutional corporation and agency of the State whose responsibility is the supervision and management of State colleges and universities not managed by a separate higher education board created by the Louisiana Constitution. The colleges and universities supervised by the Board are the following: Grambling State University, Grambling, Louisiana; Louisiana Tech University, Ruston, Louisiana; McNeese State University, Lake Charles, Louisiana; Nicholls State University, Thibodeaux, Louisiana; Northwestern State University, Natchitoches, Louisiana; Southeastern Louisiana University, Hammond, Louisiana; University of Louisiana at Lafayette, Lafayette, Louisiana; and University of Louisiana at Monroe, Monroe, Louisiana.

The Board adopted resolutions on December 5, 2003, June 25, 2004 and August 25, 2006, authorizing the development of the Phase Four Facilities and the execution of the Phase Four Ground Lease and the Phase Four Facilities Lease.

### Membership

The Board is governed by a sixteen (16)-member Board of Trustees. Members are appointed by the Governor and serve six-year overlapping terms (except for the student member whose term is one year) or until their successors are appointed, whichever occurs later. There are two members from each congressional district, one at-large member and one student member. The current Board members are as follows:

<u>Name and Address</u>	<u>Profession/Occupation</u>
Mr. Paul G. Aucoin	Attorney
Mrs. Elsie P. Burkhalter	Educator/Administrator St. Tammany School System
Mr. Victor Bussie	Retired
Mr. Andre G. Coudrain	Attorney Cash, Lewis, Moody & Coudrain
Dr. Mildred G. Gallot	Retired
Mr. Robert T. Hale	President Lee-Dee Wholesale Distributors

Mr. Jeffrey S. Jenkins	Vice President of Special Projects The Shaw Group
Mr. Jimmy D. Long, Sr.	Retired State Legislator
Mr. D. Wayne Parker	Retired
Mr. Gordon A. Pugh	Attorney Breazeale, Sachse & Wilson, L.L.P.
Dr. Clyde L. Rougeou	Owner Family and Cosmetic Dentistry
Mr. Winfred F. Sibille	Retired Educator
Dr. Eunice W. Smith	Retired Educator
Ms. Renee A. Lapeyrolerie	Public Information Officer/Press Secretary Orleans Parish Criminal Sheriff's Office/ Criminal Sheriff Marlin N. Gusman
Mr. Aron Walker, III	Student Representative
Mr. Michael H. Woods	President Woods Operating Company

#### **Administrative Officers**

The senior administrative officers of the University of Louisiana Systems are as follows:

##### **Dr. Sally Clausen, President**

Dr. Clausen was appointed as President of the University of Louisiana System in July, 2001. Dr. Clausen began her professional career as a classroom teacher for the East Baton Rouge Parish School System in 1968. She has since served the State of Louisiana and its citizens as Louisiana Deputy Commissioner of Administration, Louisiana Commissioner of Higher Education, the Assistant Dean of Students at Southeastern Louisiana University and the Louisiana Secretary of Education. Prior to being appointed as President of the University of Louisiana System, Dr. Clausen was President of Southeastern Louisiana University in Hammond, Louisiana ("*Southeastern*"). Under her leadership, Southeastern had one of the fastest growing enrollments in the country, now exceeding 15,000 students. During her presidency at Southeastern, faculty and staff salaries increased 30%, African-American enrollment rose 68% and international enrollment grew by 48%.

Dr. Clausen received a Bachelor of Science in Education, a Masters of Education and her doctorate from Louisiana State University and Agricultural and Mechanical College.

##### **Dr. Nick Bruno, Vice President for Operations and Facilities**

Dr. Bruno has served as Vice President for Operations and Facilities for the University of Louisiana System since July, 2005. Prior to that time, he served as Vice President for Business Affairs for the University of Louisiana at Monroe. He received his accounting degree and an MBA from Southeastern Louisiana University and his PhD from the University of Mississippi.

##### **Mr. J. Douglas Lee, Assistant Vice President for Facilities Planning and Capital Development**

Mr. J. Douglas Lee has served as Assistant Vice President for Facilities Planning and Capital Development for the University of Louisiana System since October, 1998. Prior to that time he served in various assistant director



positions with Louisiana State University and Agricultural and Mechanical College (“*LSU*”), beginning in May 1979. At LSU, he served as Assistant Director of Campus/Facilities Planning and Space Management from 1982 to 1998. He received his Bachelor of Science degree from Northeast Louisiana University (now known as University of Louisiana at Monroe) and his Master of Business Administration degree from the University of North Florida.

The address of the University of Louisiana System is 1201 North Third Street, Suite 7-300, Baton Rouge, Louisiana 70802.

#### **THE CORPORATION**

The Corporation is a Louisiana nonprofit corporation created exclusively to promote, assist, and benefit the educational, scientific, research, and public service mission of the University by engaging in any lawful activity in which a nonprofit corporation meeting the requirements of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “*Code*”) may participate. The business affairs of the Corporation are administered by a Board of three (3) of Directors, who also comprise the entire membership of the Corporation. Officers of the Corporation are the Chairperson, Vice Chairperson, and Secretary-Treasurer. Information concerning the members of the Board of Directors of the Corporation is set forth below.

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Employment</u>
Stephen M. Smith	Chairperson and President	June 30, 2007	Vice President of Finance and Administration of the University
Phil K. Livingston	Vice Chairperson	June 30, 2009	Banking Officer-AmSouth Bank (Retired)
Jack Gautier	Member	June 30, 2008	Banking Officer-AmSouth Bank (Retired)

Management of the Corporation has been delegated to Joseph Morris, Executive Director/Secretary Treasurer, 8 White Drive, Hammond, Louisiana 70401. See “CONFLICTS OF INTEREST; RELATIONSHIPS” herein.

In accordance with its Articles of Incorporation, the Corporation may specifically engage in acquiring, constructing, developing, managing, leasing, mortgaging, or conveying student housing and other facilities on the campus of the University.

#### **THE SERIES 2007 BONDS**

##### **General Provisions**

The Series 2007 Bonds will be issued pursuant to the Indenture in fully registered form without coupons in book-entry only form. So long as Cede & Co., as nominee of The Depository Trust Company, New York, New York, (“*DTC*”), is the registered owner of the Series 2007 Bonds, references herein to the Bondholders or registered owners of the Series 2007 Bonds mean Cede & Co. and not the beneficial owners of the Series 2007 Bonds. See “**Book-Entry Only System**” below. The Series 2007 Bonds will be issued in denominations of \$5,000 and any multiple thereof. The Series 2007 Bonds will bear interest at the rates shown on the cover hereof. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) thirty (30) day months apportioned for partial months.

##### **Payments of Principal and Interest**

The Series 2007A Bonds will be issued in the aggregate principal amount of \$5,545,000, will be dated their date of delivery, and will mature on February 1 of the years 2008 through 2017, 2027 and 2031, with mandatory sinking fund redemptions in the years 2018 through 2031, subject to earlier redemption as stated herein.

The Series 2007B Bonds will be issued in the aggregate principal amount of \$2,490,000, will be dated their date of delivery, and will mature on February 1, 2037 subject to earlier redemption as stated herein.

The payment of principal of and premium, if any, on the Series 2007 Bonds will be payable to the registered owners thereof upon surrender of the Series 2007 Bonds at the principal corporate trust office of the Trustee. Interest on the Series 2007 Bonds, when due and payable, shall be paid by check or draft mailed by the Trustee to each person in whose name a Series 2007 Bond is registered, at the address(es) as they appear on the Bond Register maintained by the Trustee at the close of business on the applicable Record Date irrespective of any transfer or exchange of the Series 2007 Bonds subsequent to such Record Date and prior to such Phase Four Interest Payment Date. Owners of \$1,000,000 or more in aggregate principal amount of Series 2007 Bonds may request payment by wire transfer if such owners have requested payment in writing to the Trustee no later than a Record Date. Such request shall be irrevocable until a new request is delivered not later than a Record Date. Payment of interest shall be made in such coin or currency of the United States as is legal tender for payment of public and private debts at the time payment is made.

Any installment of interest or principal payable on any Series 2007 Bonds that is punctually paid or duly provided for by the Authority on the applicable payment date or redemption date will be paid to the person in whose name such Series 2007 Bond (or predecessor bond) is registered on the Record Date for such payment date by check or draft mailed to such person's address as it appears in the Bond Register on such Record Date, except that the final installment of principal payable with respect to such Series 2007 Bond (or the redemption price for any Series 2007 Bond called for redemption in full) will be payable upon presentation and surrender of the Series 2007 Bond on or after the payment date or redemption date thereof at the corporate trust office of the Trustee.

All reductions in the principal amount of a Series 2007 Bond effected by payments of installments of principal made on any payment date or redemption date will be binding upon all registered owners of that Series 2007 Bond and of any Series 2007 Bond issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Series 2007 Bond.

Should the Series 2007 Bonds cease to be book entry only, Series 2007 Bonds may be transferred or exchanged at the principal office of the Trustee. For every exchange or transfer of any Series 2007 Bond, the Authority or the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Trustee will not be required to register the transfer or exchange of (a) any Series 2007 Bond during the fifteen (15) day period next preceding the selection of Series 2007 Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2007 Bonds selected for redemption, or (b) any Series 2007 Bonds selected, called, or being called for redemption in whole or in part, except in the case of any Series 2007 Bond to be redeemed in part, the portion thereof not so to be redeemed.

If any Series 2007 Bond is mutilated, lost, stolen, or destroyed, the Indenture will provide that the Authority may execute and the Trustee will be required to authenticate a replacement Series 2007 Bond or Series 2007 Bonds of the same tenor and principal amount, as the case may be. In the case of a lost, stolen, or destroyed Series 2007 Bond, the Authority and the Trustee may require satisfactory evidence of the ownership of and the circumstances of the loss, destruction, or theft of such Series 2007 Bond and may require satisfactory indemnification prior to executing and authenticating a new Series 2007 Bond. The Authority and the Trustee may charge the owners of the Series 2007 Bonds for their reasonable fees and expenses in connection with replacing mutilated, lost, stolen, or destroyed Series 2007 Bonds.

### **Redemption Prior to Maturity**

#### ***Optional Redemption.***

The Series 2007A Bonds maturing on and after February 1, 2018, will be subject to redemption prior to maturity, at the option of the Authority, upon written direction from the Board Representative, on or after February 1, 2017, as a whole or in part at any time and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2007B Bonds maturing on and after February 1, 2010, will be subject to redemption prior to maturity, at the option of the Authority, upon written direction from the Board, on or after February 1, 2009, as a whole or in part on any Interest Payment Date and in any order of maturity directed in writing by the University

Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

**Extraordinary Redemption.** The Series 2007 Bonds will be subject to redemption in part at the option of the Authority, upon written directions from the Board Representative, on any Interest Payment Date from amounts transferred by the Trustee from the Project Fund to the Principal Account of the Debt Service Fund upon completion of construction of the Phase Four Facilities in accordance with the Indenture, the Series 2007 Bonds to be redeemed to be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption.

**Mandatory Redemption.** If the Board shall purchase the Corporation's leasehold interest in the Phase Four Facilities pursuant to the provisions of the Phase Four Facilities Lease, the Series 2007 Bonds will be redeemed as a whole on the later of (a) February 1, 2017, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2007 Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2007 Bonds will be redeemed as a whole or in part (in any Authorized Denomination) on the first Phase Four Interest Payment Date at least thirty (30) days after the Trustee receives notice that insurance proceeds, or proceeds derived as a result of Phase Four Expropriation proceedings with respect to the Phase Four Facilities will not be applied to restoration, repair, or reconstruction of the Phase Four Facilities at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds or Phase Four Expropriation proceeds not used for restoration, repair, or reconstruction. If the amount of any insurance proceeds or Phase Four Expropriation proceeds to be applied in redemption of the Series 2007 Bonds is not an Authorized Denomination, the principal amount of Series 2007 Bonds to be so redeemed will be decreased to the next lower Authorized Denomination.

**Mandatory Sinking Fund Redemption.** The Series 2007A Bonds maturing on February 1, 2027 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007A Bonds  
\$2,515,000 Term Bonds due February 1, 2027**

<b>Redemption Date <u>February 1</u></b>	<b>Principal <u>Amount</u></b>
2018	\$210,000
2019	215,000
2020	225,000
2021	235,000
2022	245,000
2023	255,000
2024	265,000
2025	275,000
2026	290,000
2027	300,000+

+Final Maturity

The Series 2007A Bonds maturing on February 1, 2031 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007A Bonds**  
**\$1,335,000 Term Bonds due February 1, 2031**

<b>Redemption Date</b> <b><u>February 1</u></b>	<b>Principal</b> <b><u>Amount</u></b>
2028	\$315,000
2029	325,000
2030	340,000
2031	355,000+

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+Final Maturity

The Series 2007B Bonds maturing on February 1, 2037 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007B Bonds**  
**\$2,490,000 Term Bonds due February 1, 2037**

<b>Redemption Date</b> <b><u>February 1</u></b>	<b>Principal</b> <b><u>Amount</u></b>
2032	370,000
2033	390,000
2034	405,000
2035	425,000
2036	440,000
2037	460,000+

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+Final Maturity

If on any occasion less than all of the Series 2007 Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described above under the subheadings “**Optional Redemption**” or “**Mandatory Redemption**,” then the principal amount of the Series 2007 Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

**Partial Redemption of Series 2007 Bonds**

Unless otherwise specified above, if fewer than all of the Series 2007 Bonds are redeemed, the maturity of the Series 2007 Bonds to be redeemed will be designated by the Corporation on behalf of the Board and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, that the portion of any Series 2007 Bond to be redeemed will be in the principal amount of an Authorized Denomination. If a portion of a Series 2007 Bond is redeemed, a new Series 2007 Bond in a principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

**Notice of Redemption**

In the case of a redemption other than by mandatory sinking fund redemption, at least thirty (30) days prior to any date fixed for redemption of Series 2007 Bonds, the Trustee will be required to cause notice of redemption, signed by an authorized officer of the Trustee, to be mailed, postage prepaid to all Bondholders of record owning Series 2007 Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register. Any defect in mailing of any notice will not affect the validity of the proceedings for such redemption. Each notice will be required to set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the

Series 2007 Bonds then outstanding shall be called for redemption, the numbers of such Series 2007 Bonds to be redeemed and, in the case of Series 2007 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case of partial redemption, the notice will be required to state that on and after the redemption date, upon surrender of such Series 2007 Bond, a new Series 2007 Bond in principal amount equal to the unredeemed portion will be issued.

Any notice of redemption may, at the direction of the Authority upon the written request of the Board, state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of sufficient and legally available funds to pay the redemption price of the Series 2007 Bonds to be redeemed and that if such funds are not so received or are not so legally available such notice shall be of no force or effect and such Series 2007 Bonds will not be required to be redeemed. In the event that such notice contains such a condition and sufficient funds to pay the redemption price of such Series 2007 Bonds shall not be received by the Trustee on or prior to the redemption date, the redemption will not be made and the Trustee will be required, within a reasonable time thereafter, to give notice, in the manner in which the notice of redemption shall have been given, that such funds were not so received.

On the redemption date, notice thereof having been given and money for payment of the redemption price being held in the Debt Service Fund in trust for the owners of the Series 2007 Bonds to be redeemed, the Series 2007 Bonds so called for redemption will become due and payable at the redemption price on such date, interest on the Series 2007 Bonds called for redemption will cease to accrue, such Series 2007 Bonds will cease to be entitled to any benefit or security under the Indenture, and the owners will have no rights in respect thereof except to receive payment of the redemption price, and, in the case of a partial redemption, to receive a new Series 2007 Bond for any unredeemed portion of any Series 2007 Bonds.

Series 2007 Bonds and portions thereof duly called for redemption, or with respect to which irrevocable instructions for redemption shall have been given to the Trustee, and for the payment of the redemption price for which moneys, or Defeasance Obligations, shall be held by the Trustee in a segregated account for the owners of the Series 2007 Bonds to be redeemed, will not thereafter be deemed to be outstanding under the provisions of the Indenture and shall cease to be entitled to any security or benefit under the Indenture, other than to receive payment from such moneys.

#### **Additional Phase Four Bonds**

No bonds, notes or other obligations secured by Phase Four Lawfully Available Funds may be issued except as Additional Phase Four Bonds. Additional Phase Four Bonds may be issued which will be on a parity with the Series 2007 Bonds only as and to the extent authorized and described below, provided that, at the time of issuance thereof, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing. The issuance of Additional Phase Four Bonds is permitted as follows:

(a) Additional Phase Four Bonds may be issued with the prior approval of the Bond Insurer but without the need for prior approval of the Bondholders.

(b) Bonds issued to refund any Phase Four Bonds in their entirety may be issued without the need for prior approval of the Bondholders or the Bond Insurer.

#### **Book-Entry Only System**

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("*DTC*"), New York, NY, will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for the Series 2007 Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2007 Bonds, except in the event that use of the book-entry system for the Series 2007 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2007 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2007 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2007 Bonds may wish to ascertain that the nominee holding the Series 2007 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2007 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2007 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2007 Bonds purchased or tendered, through its Participant, to Remarketing Agent, and shall effect delivery of such Series 2007 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2007 Bonds, on DTC's records, to Remarketing Agent. The requirement for physical delivery of Series 2007 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2007 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2007 Bonds to Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2007 Bonds at any time by giving reasonable notice to the Authority or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2007 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

*Notwithstanding any other provision described herein or contained in the Indenture to the contrary, so long as any Series 2007 Bond is registered in the name of the nominee of DTC, all payments with respect to the principal of and interest on such Series 2007 Bond will be made and given, respectively, to the nominee or DTC in the manner provided in the Blanket Letter of Representation entered into between DTC and the Authority.*

In connection with any notice or communication to be provided to Bondholders pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority, or the Trustee, as the case may be, will establish a record date for such consent or other action and give the nominee or DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

**NEITHER THE AUTHORITY, THE CORPORATION, THE BOARD, THE UNIVERSITY, NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATIONS TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2007 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE**

**PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2007 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS REGISTERED BONDHOLDER.**

**Series 2007 Bonds Are Limited Obligations**

**THE SERIES 2007 BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY, EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE SERIES 2007 BONDS AND TEMPORARY INVESTMENTS THEREOF, FROM PAYMENTS DERIVED BY THE AUTHORITY UNDER THE LOAN AGREEMENT, FROM THE ASSETS AND INTERESTS PLEDGED UNDER THE ASSIGNMENT, AND FROM THE BOND INSURANCE POLICY. THE SERIES 2007 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2007 BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO POWER TO TAX.**

**Payment Procedure Pursuant to the Policy**

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Series 2007 Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2007 Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Bond Insurer or its designee.

C. In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Series 2007 Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Series 2007 Bonds as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Series 2007 Bonds, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the "*Insurance Paying Agent*"), in form satisfactory to the Insurance Paying Agent/Trustee, an instrument appointing the Bond Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Series 2007 Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Bond Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Series 2007 Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is



received), (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

E. Payments with respect to claims for interest on and principal of Series 2007 Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Authority with respect to such Series 2007 Bonds, and the Bond Insurer shall become the owner of such unpaid Series 2007 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

#### **DESIGN-BUILD**

A Request for Proposals for a Design/Build Team for construction of the Phase Four Facilities and the Stadium Expansion was advertised with proposals due on January 26, 2006. A committee reviewed the proposals and invited four (4) Design/Build Teams to make oral presentations to the evaluation committee on February 9, 2006. Staff members of the Board of Regents, the University of Louisiana System, and the State Office of Facility Planning and Control were also at the presentations and provided input during the selection process. The team of Brice Building/Fauntleroy & Latham Architects was selected as the Design/Build Team with the support of Heery International and Schrenk and Peterson Engineers, Inc.

#### **SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS**

The Series 2007 Bonds are payable solely from Phase Four Lawfully Available Funds of the University, which include Student Fee Revenues and Auxiliary Revenues.

The State, through the Division of Administration, is not, at any time whatsoever, obligated, committed or required to provide funds by legislative appropriation or any other means to pay debt service on the Series 2007 Bonds or to support the continued operation and maintenance of the Phase Four Facilities, it being understood that the lease payments payable by the Board under the Phase Four Facilities Lease are payable solely from Student Fee Revenues and Auxiliary Revenues as provided herein and the Board is not legally committed, obligated or required to make available any other funds to make the lease payments thereunder.

#### **Student Parking Fee**

Effective as of Spring 2006, a student parking fee is being assessed by the University on all students for the planning, building and maintaining of a University parking garage. The referendum for the fee of \$20.00 per semester and \$10.00 each summer was voted on by students at the University on October 24-26, 2005. The referendum passed, with the final outcome of the vote of 1,010 for and 823 against. The student fee, which is expected to generate approximately \$625,000 in annual revenue (the "*Student Fee Revenues*"), based on Fall 2006 enrollment, will stay in effect for the expected 30-year life of the Series 2007 Bonds. Estimated debt service on the Series 2007 Bonds is approximately \$480,000 a year. The Student Fee Revenues will be used by the Board to assist in the payment of Phase Four Rental to the Corporation under the Phase Four Facilities Lease and used by the Corporation to pay debt service on the Series 2007 Bonds. The fund balance in the University's student parking fee fund as of February 1, 2007 was approximately \$920,000, of which \$625,000 will represent the Board's cash contribution toward the Phase Four Facilities.

#### **Pro-forma Debt Service Coverage – Student Fee Revenues**

The Phase Four Facilities Lease will require the Board to make Rental Payments from Phase Four Lawfully Available Funds, which include Auxiliary Revenues and Student Fee Revenues, however, as a practical matter the Student Fee Revenues will be the primary source for Rental Payments. The following presentation shows, on a pro-forma basis, the University's estimated annual Student Fee Revenues and annual Debt Service Reserve Fund earnings available for Rental payments under the Phase Four Facilities Lease to satisfy aggregate debt service requirements on the Series 2007 Bonds.

Estimated Annual Student Fee Revenues	\$625,000.00
Estimated Debt Service Reserve Fund Earnings	<u>\$21,700.00</u>
Available for Debt Service	\$646,700.00
Projected Maximum Annual Debt Service	\$482,968.76
Pro-Forma Coverage of Phase Four Rental Payment	1.339x

### Auxiliary Revenues

Auxiliary Revenues are the funds or revenues held by the University derived by its Auxiliary Enterprises and any earnings thereof from the self generated fees, rates, charges or income received by students, faculty or the public in connection with the utilization or operation of Auxiliary Enterprises after payment of any auxiliary expenses. The Auxiliary Enterprises of the University currently include the following, subject to modification from time to time: 1) student service fees for the operation of the University's textbook rental, ID card services, Student Health Center and Student Union, 2) certain commissions received from Food Service contractors, retail Bookstore operations and vending operations and 3) the sales of copying services. From time to time, Auxiliary Revenues may also include the sales of services for the enterprises listed above. Auxiliary Revenues shall not include student fees specifically assessed by the University to service any outstanding obligations or any capital funds received by outside contractors required to make building improvements for their delivery of services. **Auxiliary Revenues shall not include funds appropriated to the Board or the University by the Legislature of the State from time to time. See "Auxiliary Financial Operations" herein.**

### Auxiliary Revenues, Expenditures and Fund Balance

The following table shows the total Auxiliary Revenues and the relative contribution of each Auxiliary Enterprise, the total Auxiliary Expenses and the beginning and ending Auxiliary Fund balance for Fiscal Years 2003-2004 to 2005-2006.

	Fiscal Year June 30,2004		Fiscal Year June 30,2005		Fiscal Year June 30,2006	
University Auxiliary Services Revenue						
Textbook Rental	2,236,019	24.40%	2,780,635	35.56%	3,505,028	40.18%
ID Card Operation	647,711	7.07%	771,083	9.86%	708,276	8.12%
Health Center Services Fee	521,010	5.69%	521,358	6.67%	516,613	5.92%
Student Union Services Fee	656,866	7.17%	616,055	7.88%	622,382	7.13%
Food Service-Aramark	408,713	4.46%	446,260	5.71%	433,221	4.97%
Housing Services	4,446,562	48.52%	2,416,057	30.90%	2,704,816	31.00%
Auxiliary Services	136,998	1.49%	157,609	2.02%	124,020	1.42%
Coke Sponsorship Agreement	110,000	<u>1.20%</u>	110,000	<u>1.41%</u>	110,000	<u>1.26%</u>
Total Auxiliary Services Revenue	<u>9,163,879</u>	<u>100.00%</u>	<u>7,819,057</u>	<u>100.00%</u>	<u>8,724,356</u>	<u>100.00%</u>
Auxiliary Expenditures (w/o Non-Mandatory Transfers)	<u>(8,851,191)</u>		<u>(7,244,611)</u>		<u>(7,863,798)</u>	
Pledged Funds Available from Auxiliary Revenues	312,688		574,446		860,558	
Non Mandatory Transfers to Other Funds & Repair and Replacement	<u>(509,938)</u>		<u>(315,064)</u>		<u>(1,134,523)</u>	
Fund Balance-Increase/(Decrease)	<u>(197,250)</u>		<u>259,382</u>		<u>(14,583)</u>	

### Extraordinary Lease Payments

The University has applied for a grant from the Federal Transit Administration (the "**FTA Grant**") to fund a portion of the Phase Four Facilities. The University received word in August, 2005 that funding for the Phase Four Facilities was included in the federal transportation bill in the amount of \$2,167,200. It is expected that the FTA Grant will be funded over a four (4) year period in accordance with the following schedule:

<u>Federal Fiscal Year</u>	<u>Amount</u>
10/1/2005 - 9/30/2006	\$338,456
10/1/2006 - 9/30/2007	\$490,128
10/1/2007 - 9/30/2008	\$593,472
10/1/2008 - 9/30/2009	\$745,144

**It is expected that if and when the FTA Grant moneys are received by the University, the Series 2007B Bonds will be redeemed in amounts that correlate to such moneys. The Series 2007B Bonds may also be redeemed with excess Student Fee Revenues, if any.**

In the Phase Four Facilities Lease, the Board will covenant to make an extraordinary Phase Four Rental payment in the amount of \$625,000 from accumulated Student Fee Revenues, \$535,000 of which will be used to fund a portion of the cost of the Phase Four Facilities and \$90,000 of which will be used to fund a portion of the Costs of Issuance. In addition, the Board anticipates making an extraordinary Phase Four Rental payment to fund the Stadium Expansion in an amount not to exceed \$4,545,000 from the proceeds of the sale of land donated to the University.

#### **Trust Estate**

The Series 2007 Bonds are special limited obligations of the Authority payable from the Trust Estate held for the benefit of the Bondholders pursuant to the Indenture. The Series 2007 Bonds are not payable from any other revenues, funds, or assets of the Authority. The Trust Estate will include: (i) all right, title, and interest of the Authority in, to and under the Loan Agreement and (ii) moneys held in funds and accounts (other than the Rebate Fund) established pursuant to the Indenture. The obligation of the Board to make rental payments under the Phase Four Facilities Lease is subject to, and dependent upon, the University's budgeting and appropriating funds necessary to make payments required under the Phase Four Facilities Lease. Any discussion in this Official Statement concerning the Trust Estate or any other source of payment for the Series 2007 Bonds should be construed with respect to any particular Series 2007 Bond to be limited to the extent described in this paragraph. The Trustee has no authority to extend the time for any Payment of principal, premium, or interest without the prior written consent of or authorization of the owners of the Series 2007 Bonds so affected.

#### **Limitation of Authority's Obligations**

THE SERIES 2007 BONDS ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE AUTHORITY, AND DO NOT CONSTITUTE OR CREATE AN OBLIGATION, GENERAL OR SPECIAL, DEBT, LIABILITY OR MORAL OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS WHATSOEVER AND NEITHER THE FAITH OR CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2007 BONDS. THE SERIES 2007 BONDS ARE NOT A GENERAL OBLIGATION OF THE AUTHORITY (WHICH HAS NO TAXING POWER AND RECEIVES NO FUNDS FROM ANY GOVERNMENTAL BODY) BUT ARE A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE, INCLUDING, WITHOUT LIMITATION, THE INCOME, REVENUES AND RECEIPTS DERIVED OR TO BE DERIVED FROM PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT AND FROM ANY MONEYS RECEIVED BY THE TRUSTEE UNDER THE ASSIGNMENT.

#### **Funds and Accounts**

The Indenture will create the following funds and accounts which will be held by the Trustee: (i) Bond Proceeds Fund, with a Costs of Issuance Account therein; (ii) Debt Service Fund, and the following accounts therein: (1) Interest Account and (2) Principal Account; (iii) Project Fund; (iv) Debt Service Reserve Fund; (v) Replacement Fund; (vi) Rebate Fund; and (vii) Receipts Fund.

**Bond Proceeds Fund.** The Bond Proceeds Fund will be used to receive the proceeds of the Series 2007 Bonds other than the premium to be paid to the Bond Insurer with respect to the Bond Insurance Policy that shall be

transferred from Morgan Keegan & Company, Inc., the underwriter with respect to the Series 2007 Bonds, directly to the Bond Insurer. On the Closing Date, the Trustee will disburse amounts held in the Bond Proceeds Fund as follows:

(a) to the Debt Service Reserve Fund an amount of proceeds equal to the Debt Service Reserve Fund Requirement for the Series 2007 Bonds;

(b) to retain such sum in the Costs of Issuance Account to pay a portion of the Costs of Issuance for the Series 2007 Bonds as shall be specified in the request and authorization delivered pursuant to the Indenture; and

(c) to the Project Fund the balance of the proceeds of the Series 2007 Bonds.

Amounts deposited on the Closing Date into the Costs of Issuance Account of the Bond Proceeds Fund, together with \$90,000 from the \$625,000 capital contribution made by the Board, will be disbursed, pursuant to the written instructions of the Authority, to pay Costs of Issuance for the Series 2007 Bonds. Any amounts remaining in the Costs of Issuance Account one hundred eighty (180) days after delivery of the Series 2007 Bonds (and not specifically committed to pay additional Costs of Issuance) will be transferred to the Project Fund.

**Debt Service Fund.** The Trustee will deposit into the applicable account of the Debt Service Fund the amounts required by the Indenture.

Moneys on deposit in the Interest Account of the Debt Service Fund will be used solely to pay the interest on the Series 2007 Bonds as it becomes due and payable, whether on a Phase Four Interest Payment Date, at maturity or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of interest on the Series 2007 Bonds.

Moneys on deposit in the Principal Account of the Debt Service Fund will be used solely to pay the principal of the Series 2007 Bonds as it becomes due and payable whether at maturity, upon scheduled sinking fund redemption, or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of principal of the Series 2007 Bonds; and, if funds are available for such purpose and at the written direction of the Authority, to effect the redemption of the Series 2007 Bonds prior to their maturity in accordance with the redemption provisions thereof or, with Bond Insurer consent, the purchase of Series 2007 Bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any, plus accrued interest on the Series 2007 Bonds.

Whenever and to the extent that money on deposit in the Interest Account or the Principal Account is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds, the Trustee will transfer money from the Replacement Fund, and the Debt Service Reserve Fund, in that order and will give immediate notice to the Bond Insurer.

**Project Fund.** The Project Fund will be maintained by the Trustee in trust and be used to receive the immediate transfer from the balance of the proceeds of the Series 2007 Bonds as provided in the Indenture and \$535,000 from the \$625,000 capital contribution made by the Board, made pursuant to the Phase Four Facilities Lease. Moneys in the Project Fund will be applied to the payment of the Costs of the Phase Four Facilities pursuant to the procedure established in the Indenture and, pending such application, will be subject to a lien and charge in favor of the Bondholders for the further security of such Bondholders and the Bond Insurer until paid out or transferred as provided in the Indenture.

**Debt Service Reserve Fund.** Moneys on deposit in the Debt Service Reserve Fund will be maintained in an amount equal to the Debt Service Reserve Fund Requirement. Moneys in the Debt Service Reserve Fund will be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts, and the Replacement Fund, is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds. Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all outstanding Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Fund will be transferred to the Debt Service Fund and shall

be available to pay all outstanding Series 2007 Bonds in accordance with their terms. If the balance of the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, all amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement will be transferred to the Interest Account.

**Replacement Fund.** The Replacement Fund will be maintained with the Trustee and used to fund the cost of replacing any worn out, obsolete, inadequate, unsuitable, or undesirable property, furniture, fixtures, or equipment placed upon or used in connection with the Phase Four Facilities or as required above. Moneys in the Replacement Fund will also be transferred to the Interest Account and/or the Principal Account of the Debt Service Fund whenever and to the extent that money on deposit in such Accounts, is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds.

**Rebate Fund.** Moneys deposited and held in the Rebate Fund will be used to make all rebate payments owed to the United States under the Code, and will not be subject to the pledge of the Indenture. The Corporation will be required to make the calculation(s) required by the Code and the Tax Regulatory Agreement and to direct the Trustee to make deposits to and make disbursements from the Rebate Fund that the Corporation determines are in accordance therewith. The Tax Regulatory Agreement and any provisions of the Indenture governing deposits to the Rebate Fund may be superseded or amended by the Corporation (except the requirement of annual calculations and deposits to the Rebate Fund, if required) if accompanied by an opinion of Bond Counsel addressed to the Corporation and the Trustee to the effect that the use of the new Tax Regulatory Agreement will not cause the interest on the Series 2007 Bonds to become includable in gross income of the recipient thereof for federal tax purposes.

**Receipts Fund.** There will be deposited into the Receipts Fund, Phase Four Lawfully Available Funds from the Board used to make Phase Four Base Rental Payments pursuant to the Phase Four Facilities Lease and any other funds received by or on behalf of the Board pursuant to the Phase Four Facilities Lease and directed by the Board Representative to be so deposited. Moneys on deposit in the Receipts Fund will be applied by the Trustee on the dates indicated below in the following priority:

(a) At such time as may be required by the Tax Regulatory Agreement, to the Rebate Fund the amount required to be deposited thereunder;

(b) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Interest Account of the Debt Service Fund an amount equal to one-fifth (1/5<sup>th</sup>) the interest due and payable on the such Series 2007 Bonds on August 1, 2007 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing August 25, 2007, an amount equal to one-sixth (1/6<sup>th</sup>) of the interest due and payable on such 2007 Bonds on the next August 1 or February 1 or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund will be sufficient to pay interest on such Series 2007 Bonds on such Phase Four Interest Payment Date;

(c) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Principal Account of the Debt Service Fund an amount equal to one-eleventh (1/11<sup>th</sup>) the principal of the Series 2007 Bonds payable on February 1, 2008 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing February 25, 2008, an amount equal to one-twelfth (1/12<sup>th</sup>) the principal payable on the Series 2007 Bonds on the next Principal Payment Date;

(d) On the twenty-fifth (25<sup>th</sup>) day of the month, any amounts due to the Bond Insurer under the Reimbursement Agreement;

(e) On the twenty-fifth (25<sup>th</sup>) day of each month following any drawing on the Debt Service Reserve Fund to pay debt service on the Series 2007 Bonds, an amount equal to the lesser of (i) one twelfth (1/12<sup>th</sup>) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund; and

(f) Annually, commencing on June 25, 2009, an amount equal to one-half of one percent (1/2%) of funds available for construction pursuant to the Construction Contract, as determined by the University, into the

Replacement Fund or such lesser amount as shall be permitted by the Louisiana State Board of Regents and approved by the Bond Insurer.

## **BONDHOLDERS' RISKS**

### **Introduction**

**AN INVESTMENT IN THE SERIES 2007 BONDS INVOLVES A DEGREE OF RISK BECAUSE OF THE VARIOUS RISKS DESCRIBED IN THIS OFFICIAL STATEMENT.** No person should purchase any of the Series 2007 Bonds without carefully reviewing the following information, which summarizes some, but not all, of the factors that should be carefully considered prior to such a purchase. Furthermore, the tax-exempt feature of the Series 2007 Bonds is relatively more valuable to high tax bracket investors than to investors who are in the lower tax brackets, and so the value of the interest compensation to any particular investor will vary with his or her marginal tax rate. Each prospective investor should, therefore, determine his or her present and anticipated marginal tax rate before investing in the Series 2007 Bonds. Each prospective investor should also carefully examine this Official Statement and his or her own financial condition (including the diversification of his or her investment portfolio) in order to make a judgment as to whether the Series 2007 Bonds are an appropriate investment.

Identified and summarized below are a number of "Bondholders' Risks" that could adversely affect the operation of the Phase Four Facilities and/or the Series 2007 Bonds and that should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors that should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

### **Phase Four Lawfully Available Funds**

Phase Four Lawfully Available Funds include Auxiliary Revenues and Student Fee Revenues as designated by the Board in its budget process to make Phase Four Rental Payments.

If the Board is unable to generate sufficient revenues from the Phase Four Lawfully Available Funds to make Phase Four Rental Payments under the Phase Four Facilities Lease, an Event of Default may occur under the Indenture. Upon an Event of Default, the Series 2007 Bonds may not be paid or may be paid before maturity or applicable redemption dates and a forfeiture of redemption premiums may result. The Board's ability to generate revenues and its overall financial condition may be adversely affected by a wide variety of future events and conditions including (i) a decline in the enrollment of the University, (ii) increased competition from other schools, (iii) loss of accreditation, (iv) failure to meet applicable federal guidelines or some other event that results in students being ineligible for federal financial aid, and (v) cost overruns in connection with the Phase Four Facilities or other capital improvements.

### **Selective Admissions Standards**

Prior to the Fall 2000 semester, the University maintained an open admissions standard, whereby persons with high school diplomas or their equivalent could enroll as a new student at the University regardless of grades or college entrance exam scores. Beginning the Fall 2000 semester, the University implemented selective admissions standards, whereby students may, with certain exceptions, enroll at the University only if they achieve certain standards with grades and college entrance exams. Following implementation of the selective admissions standards, enrollment at the University dropped slightly and, although enrollment is currently reaching levels maintained prior to the implementation of the selective admissions standards, no assurance can be given that current enrollment levels will be maintained.

### **Designation of Phase Four Rental by the Board**

The Phase Four Facilities are being leased by the Corporation to the Board on behalf of the University pursuant to the Phase Four Facilities Lease. The obligation of the Board on behalf of the University to pay rental to the Corporation under the Phase Four Facilities Lease is subject to, and dependent upon, designation by the Board in its budget process of funds necessary to make payments of rental required under the Phase Four Facilities Lease. Although each of the Board and University acknowledges its obligation to budget annually an amount sufficient to make payments of rental under the Phase Four Facilities Lease, notwithstanding this obligation such amounts may or may not ultimately be designated by the Board for such purpose. Further, both the Corporation and the Board

acknowledge the Board's obligation on behalf of the University to pay rental shall not be construed as a debt of the Board, nor a pledge, lien, or encumbrance upon any specific tax or other revenues of the Board.

### **United States vs. State of Louisiana**

*United States v. State of Louisiana* is a legal action commenced on March 14, 1974 against the State, the Board, and other parties, in which the plaintiff alleged that the defendants, in violation of federal law, had not sufficiently dismantled the racially dual system of public higher education previously established by law. On November 14, 1994, the Court approved a settlement agreement regarding all issues, except "land grant" issues, which sets forth a ten-year plan to resolve the litigation. "Land grant" issues relate to agricultural research and extension services. The Court issued a ruling dismissing these issues, which is pending on a motion for reconsideration. While the Board cannot predict the ultimate outcome, the litigation is unlikely to materially affect the Board's operation of the University, particularly during the ten-year term of the settlement agreement.

### **Constitutional Limitations**

Article VII, § 2.1 of the Louisiana Constitution limits the ability of the Board and the University to impose or increase fees, charges and assessments, absent legislative approval by a two-thirds majority, or favorable judicial interpretation or subsequent amendment precluding application of this constitutional provision from the imposition and/or increase in such charges or assessments.

### **Litigation**

While there may be lawsuits pending involving either the University or the Board, it is not possible to confer with every attorney handling such matters. Furthermore, it would be impossible to predict the outcome of all such cases. However, to the extent that there are adverse judgments in excess of the Board's insurance policy limits, such judgment may be satisfied only through appropriation by the Louisiana Legislature because Board assets are not available to satisfy such judgments.

### **Recent Events – Hurricanes Katrina and Rita**

On August 29, 2005, Hurricane Katrina struck the Louisiana coast causing severe damage and flooding to the City of New Orleans and other parts of southeastern Louisiana. In addition, on September 24, 2005, Hurricane Rita struck the southwest Louisiana coast causing significant damage to the City of Lake Charles and other parts of southwestern Louisiana, particularly the Parishes of Cameron and Vermillion. None of the facilities of the University are located in the areas most severely impacted by the hurricanes, and the University's facilities are operating normally. However, the impact of these natural disasters to the State of Louisiana and its economy over time is impossible to predict.

### **Limited Obligations of the Authority**

The Series 2007 Bonds constitute limited obligations of the Authority and have three potential sources of payment. The sources of payment are as follows:

- (1) Loan Payments received by the Trustee from the Corporation pursuant to the terms of the Indenture and the Loan Agreement.

The Authority has no obligation to pay the Series 2007 Bonds except from the related Trust Estate, including the loan payments derived from the Loan Agreement. See APPENDIX "B" for the definition of "*Trust Estate*." The Series 2007 Bonds, together with interest and premium, if any, thereon, will not be or constitute general obligations or indebtedness of the State, the University, the Board, or any other political subdivision of the State, but will be limited obligations of the Authority. Neither the faith and credit nor the taxing power of the State or any other agency or political subdivision thereof is pledged to the payment of the debt service payments on the Series 2007 Bonds, and the owners of the Series 2007 Bonds, will not have the right to compel any exercise of the taxing power of the State or any other political subdivision of the State to pay the Series 2007 Bonds, any premium thereon, or the interest thereon. The Authority has no taxing power. The Corporation will be required to make loan payments ("*Loan Payments*") (the interest in which the Trustee has received by assignment from the Authority) to the Trustee in amounts sufficient to

enable the Trustee to pay the debt service payments on the Series 2007 Bonds. See “SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE – Debt Service Fund” in APPENDIX “C” hereto. The Loan Payments will be derived solely from Phase Four Lawfully Available Funds received under the Phase Four Facilities Lease. No assurance can be made that the Corporation will generate sufficient revenues from the Phase Four Lawfully Available Funds to pay debt service payments on the Series 2007 Bonds.

(2) Revenues received from operation of the Phase Four Facilities by a receiver upon a default under the Indenture.

It has been the experience of lenders in recent years that attempts to have a receiver appointed to take charge of properties with respect to which loans have been made are frequently met with defensive measures such as the initiation of protracted litigation and the initiation of bankruptcy proceedings. Such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. See “BONDHOLDERS’ RISKS - Enforceability of Remedies” herein. Accordingly, prospects for uninterrupted payment of principal and interest on the Series 2007 Bonds in accordance with their terms are largely dependent upon Loan Payments from the Corporation described in the preceding paragraph, which are largely dependent upon the success of the University in the collection of Student Fee Revenues.

(3) Proceeds available for payment of the Series 2007 Bonds.

Prospects for uninterrupted payment of principal and interest on the Series 2007 Bonds in accordance with their terms are largely dependent upon the Loan Payments described in paragraph (1) above, which are largely dependent upon the University’s collection of Student Fee Revenues and the Board’s payments under the Phase Four Facilities Lease. Even if the Phase Four Facilities are operating in an efficient manner, other factors could affect the ability of the Corporation to make Loan Payments under the Loan Agreement. The Corporation also may become engaged in other ventures in the future.

#### **Special Use Nature of the Phase Four Facilities**

The Phase Four Facilities will be constructed to serve as parking facilities and are located on the campus of the University. For all practical purposes, payment of the Series 2007 Bonds will be almost solely dependent upon the University’s collection of the Student Fee Revenues.

#### **Risk Factors Inherent in Higher Education**

There are a number of factors affecting institutions of higher education in general, including the University, that could have an adverse effect on the Board’s financial position and its ability to make the payments of Phase Four Rental required under the Phase Four Facilities Lease. These factors include the rising costs of providing higher education services; the expected decline in the number of college-age persons in the country generally; the failure to maintain or increase in the future the funds obtained by the Board from other sources, including gifts and contributions from donors, grants or appropriations from governmental bodies and income from investment of endowment funds; adverse results from the investment of endowment funds; increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating the handicapped; and legislation or regulation which may affect student aid and other program funding. The Board cannot assess or predict the ultimate effect of these factors on its operation or financial results of operations.

#### **Assignment of Agreements and Documents**

The Corporation will grant to the Trustee a first priority security interest in the leases and subleases affecting the Phase Four Land and/or the Phase Four Facilities, including, without limitation, the Phase Four Facilities Lease (collectively, the “Leases”) and all revenues, rentals, and other sums due or becoming due under the Leases. Nevertheless, certain interests and claims of others may be on a parity with or prior to the grant of such security interest and certain statutes and other provisions may limit the Corporation’s and the Authority’s rights to make such pledges, assignments, and/or grants of security interests. Examples of such claims, interests, and provisions are:



- (1) statutory liens,
- (2) the Louisiana Uniform Commercial Code may not recognize a security interest in future revenues derived from the Phase Four Facilities,
- (3) constructive trusts, equitable liens, or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction,
- (4) federal bankruptcy laws as they affect amounts earned with respect to the Phase Four Facilities after any effectual institution of bankruptcy proceedings by or against the Corporation or the Authority,
- (5) as to those items in which a security interest can be perfected only by possession, including items converted to cash, the rights of third parties in such items not in the possession of the Trustee,
- (6) items not in possession of the Trustee, the records to which are located or moved outside the State of Louisiana, which are thereby not subject to or are removed from the operation of Louisiana law, and
- (7) the requirement that appropriate continuation statements be filed in accordance with the Louisiana Uniform Commercial Code as from time to time in effect.

#### **Enforceability of Remedies**

The Bonds are payable from the Trust Estate, including payments to be made under the Loan Agreement and the Indenture. The payments to be made by the Corporation under the Loan Agreement are secured by a first priority security interest in the Leases and all revenues, rentals, and other sums due or becoming due thereunder. Pursuant to the Indenture, the Series 2007 Bonds are secured by the Trust Estate, including the pledge to the Trustee of the Authority's interest in the Loan Agreement. The practical realization of value upon any default will depend upon the exercise of various remedies specified by the Indenture. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including, particularly, federal bankruptcy law), the remedies specified by the Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Indenture. The various legal opinions to be delivered concurrently with the delivery of the Series 2007 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

#### **Effect of Determination of Taxability**

The Corporation will covenant not to take any action that would cause the Series 2007 Bonds to be arbitrage bonds or that would otherwise adversely affect the federal income tax status of interest in the Series 2007 Bonds. The Corporation will also make representations with respect to certain matters within their knowledge that have been relied on by Bond Counsel and that Bond Counsel has not independently verified. Failure to comply with such covenants could cause interest on the Series 2007 Bonds to become subject to federal income taxation retroactively from their date of issuance.

It is possible that a period of time may elapse between the occurrence of the event that causes interest to become taxable and the determination that such an event has occurred. In such a case, interest previously paid on the Series 2007 Bonds could become retroactively taxable from the date of their issuance. Additionally, certain owners of the Series 2007 Bonds are subject to possible adverse tax consequences. See "TAX EXEMPTION" herein.

#### **Market for the Series 2007 Bonds**

There can be no assurance that a secondary market exists, or that the Series 2007 Bonds can be sold for any particular price. Accordingly, a purchaser of the Series 2007 Bonds should recognize that an investment in the Series

2007 Bonds will in all likelihood be illiquid and be prepared to have his or her funds committed until the Series 2007 Bonds mature or are redeemed.

#### **Additional Phase Four Bonds**

The Authority has the right to issue Additional Phase Four Bonds under the Indenture that will be equally and ratably secured on a parity basis with the Series 2007 Bonds. See "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - THE INDENTURE -- Additional Phase Four Bonds" in APPENDIX "C" hereto. **SUCH ADDITIONAL PHASE FOUR BONDS COULD DILUTE THE SECURITY FOR THE SERIES 2007 BONDS.**

#### **Outstanding Series 2004 Bonds**

The Series 2007 Bonds are being issued pursuant to the same approvals and as a supplement to a Trust Indenture dated as of August 1, 2004 by and between the Authority and the Trustee and are secured by the same leases as the \$60,985,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A, currently outstanding in the amount of \$60,985,000; (ii) the \$15,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B, currently outstanding in the amount of \$15,000,000 and (iii) the \$925,000 Louisiana Local Government Environmental Facilities and Community Development Authority Taxable Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C, currently outstanding in the amount of \$700,000 (collectively, the "*Series 2004 Bonds*").

The Series 2004 Bonds are payable from Lawfully Available Funds of the University, including Auxiliary Revenues, while the Series 2007 Bonds are payable from Phase Four Lawfully Available Funds, which consist of Auxiliary Revenues and Student Fee Revenues.

The Board is currently required to maintain a Debt Service Coverage Ratio on the facilities financed with the Series 2004 Bonds (the "*Series 2004 Facilities*") of 1.10:1.00. During the Fiscal Year ending June 30, 2006, the Debt Service Coverage Ratio for the Series 2004 Facilities was 1.817:1.00, when considering only revenues generated by the Series 2004 Facilities. In addition, the Board is required to maintain a Debt Service Coverage Ratio of 1.25:1.00 on all debt payable from Auxiliary Revenues. The Debt Service Coverage Ratio for the Series 2004 Facilities, including all Auxiliary Revenues was 2.271:1.00. Pursuant to the Phase Four Facilities Lease, the Board will also be required to maintain a Debt Service Coverage Ratio of 1.25:1.00 for all debt secured by Phase Four Lawfully Available Funds. Including the estimated debt service on both the Series 2007 Bonds and the debt service on the Series 2004 Bonds, the Debt Service Coverage Ratio for the Fiscal Year ending June 30, 2006 would have been **2.082:1.00**, including Auxiliary Revenues and the Student Fee Revenues.

#### **Consequences of Changes in the Corporation's or the University's Tax Status**

The Corporation has obtained a determination letter from the Internal Revenue Service stating that it will be treated as an exempt organization as described in §501(c)(3) of the Code and can reasonably be expected to not be classified as a "private foundation." In order to maintain its exempt status and to not be considered a private foundation, the Corporation will be subject to a number of requirements affecting its operation. The possible modification or repeal of certain existing federal income tax laws, the change of Internal Revenue Service policies or positions, the change of the Corporation's method of operations, purposes or character or other factors could result in loss by the foundation of its tax-exempt status.

The Corporation will covenant to cause to remain eligible for such tax-exempt status and to avoid operating the Phase Four Facilities as an unrelated trade or business (as determined by applying §512(a) of the Code). Failure of the Phase Four Facilities to remain so qualified or of the Corporation so to operate the Phase Four Facilities could affect the funds available to the Corporation for payments under the Loan Agreement by subjecting the Corporation to federal income taxation and could result in the loss of the excludability of interest on the Series 2007 Bonds from gross income for purposes of federal income taxation. Potential investors should note that in such event, the provisions of the Indenture relating to a Determination of Taxability may be applicable. Continuation of the tax-exempt status of the

Series 2007 Bonds may also be dependent upon the continuing tax-exempt status of the University. See “**BONDHOLDERS’ RISKS - Effect of Determination of Taxability**” above.

#### **Taxation of Series 2007 Bonds**

An opinion of Bond Counsel will be obtained as described under “**TAX EXEMPTION**” herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Series 2007 Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading “**TAX EXEMPTION.**” Failure by the Authority or the Corporation to comply with certain provisions of the Code and covenants contained in the Indenture, the Loan Agreement, and the Tax Agreement could result in interest on the Series 2007 Bonds becoming includable in gross income for federal tax purposes.

An opinion of Bond Counsel will be obtained regarding the exemption of interest on the Series 2007 Bonds from certain taxation by the State of Louisiana, as described under “**TAX EXEMPTION**” herein. Bond Counsel has not opined as to whether interest on the Series 2007 Bonds is subject to state or local income taxation in jurisdictions other than Louisiana. Interest on the Series 2007 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Louisiana under applicable state or local laws. Each purchaser of the Series 2007 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2007 Bonds in a particular state or local jurisdiction.

#### **Municipal Bond Insurance**

If the Authority should fail to make payment of the principal of or interest on the Series 2007 Bonds when the same shall become due, any owner of Series 2007 Bonds will have recourse against the Bond Insurer for such payments; however, the Policy does not insure the principal of or interest on the Series 2007 Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor does it insure the payment of any redemption premium payable upon the Series 2007 Bonds, and under no circumstances, including the situation in which the interest on the Series 2007 Bonds becomes subject to federal or Louisiana income taxation for any reason, may the maturities of the Series 2007 Bonds be accelerated without the consent of the Bond Insurer. Furthermore, so long as the Bond Insurer shall perform its obligations under the Policy, the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee under the Indenture. If the Bond Insurer should be unable to make payments of and interest on the Series 2007 Bonds, such Series 2007 Bonds will be payable solely from moneys received by the Trustee pursuant to the Indenture and the Loan Agreement. See the heading “**MUNICIPAL BOND INSURANCE**” herein and **APPENDIX “E”** attached hereto for more information about the Bond Insurer and the Policy.

#### **Insolvency of the Bond Insurer**

The obligations of the Bond Insurer under the Policy are general obligations of the Bond Insurer and rank equally in priority of payment and in all other respects with all other unsecured obligations of the Bond Insurer. In the event of insolvency of the Bond Insurer, the Owners of the Series 2007 Bonds would have to depend entirely on the ability of the Corporation to pay the principal of and interest on the Series 2007 Bonds.

#### **MUNICIPAL BOND INSURANCE**

The following information has been furnished by the Bond Insurer for use in this Official Statement. Reference is made to **APPENDIX “E”** for a specimen of the Bond Insurance Policy.

#### **The MBIA Insurance Corporation Bond Insurance Policy**

The following information has been furnished by MBIA Insurance Corporation (“**MBIA**”) for use in this Official Statement. Reference is made to **Appendix “E”** for a specimen of MBIA’s policy (the “**Policy**”).

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under the heading “**MUNICIPAL BOND INSURANCE**”.

Additionally, MBIA makes no representation regarding the Series 2007 Bonds or the advisability of investing in the Series 2007 Bonds.

The Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Authority to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2007 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Series 2007 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a "*Preference*").

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2007 Bonds. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2007 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Policy also does not insure against nonpayment of principal of or interest on the Series 2007 Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Series 2007 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Trustee or any owner of a Series 2007 Bonds the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2007 Bonds or presentment of such other proof of ownership of the Series 2007 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2007 Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Series 2007 Bonds in any legal proceeding related to payment of insured amounts on the Series 2007 Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Series 2007 Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

### **MBIA Insurance Corporation**

MBIA Insurance Corporation ("*MBIA*") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "*Company*"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

### **Regulation**

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made

by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

#### **Financial Strength Ratings of MBIA**

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2007 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2007 Bonds. MBIA does not guaranty the market price of the Series 2007 Bonds nor does it guaranty that the ratings on the Series 2007 Bonds will not be revised or withdrawn.

#### **MBIA Financial Information**

As of December 31, 2005, MBIA had admitted assets of \$11.0 billion (audited), total liabilities of \$7.2 billion (audited), and total capital and surplus of \$3.8 billion (audited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2006, MBIA had admitted assets of \$10.9 billion (unaudited), total liabilities of \$6.9 billion (unaudited), and total capital and surplus of \$4.0 billion (unaudited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2006 and December 31, 2005 and for each of the three years in the period ended December 31, 2006, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2006 and the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2006, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

#### **Incorporation of Certain Documents by Reference**

The following document filed by the Company with the Securities and Exchange Commission (the "SEC") is incorporated by reference into this Official Statement:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2006.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K,

and prior to the termination of the offering of the Series 2007 Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2006, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006 are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington, D.C. (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

#### **DISCLAIMER**

The information relating to the Bond Insurer and the Policy contained herein and in APPENDIX "E" has been furnished by the Bond Insurer. No representation is made by the Authority or the Underwriter as to the accuracy, completeness, or adequacy of such information or as to the absence of material adverse changes in the condition of the Bond Insurer subsequent to the date of this Official Statement. Reference is made to APPENDIX "E" for a copy of a specimen financial guaranty insurance policy.

**NO ASSURANCE CAN BE GIVEN THAT THE BOND INSURER WILL BE ABLE TO MEET ITS OBLIGATIONS UNDER THE POLICY.**

#### **THE UNIVERSITY**

The University is located in Hammond, Louisiana, the heart of Louisiana's "Florida Parishes." Hammond is located at the intersection of Interstate Highways 55 and 12, approximately 60 miles north of New Orleans and 40 miles east of Baton Rouge, the state's capital. The University has a current enrollment of approximately 15,200 students with a faculty and staff population of 1,800.

The University is the outgrowth of Hammond Junior College, which was established in 1925. By Act No. 136 of 1928 of the Louisiana Legislature, the institution was made part of the state educational system under control of the State Board of Education. The same act of the legislature granted the college the right to establish four-year curricula and to grant the baccalaureate degrees when the facilities of the college permitted and the State Board approved.

In 1937, the State Board of Education authorized the President to submit curricula extending through four years and leading to the baccalaureate degrees. Four-year curricula in the liberal arts, teacher education, business administration, music, the social sciences, and health and physical education were submitted to the State Board and were formally approved. The first degrees were conferred in May 1939.

On July 15, 1970, the Hon. John J. McKeithen, Governor of the State of Louisiana, signed the legislative act changing the name of the institution to Southeastern Louisiana University.

The 1974 Constitution of the State of Louisiana created the Louisiana State Board of Regents with certain powers, duties, and responsibilities relative to all public institution of higher education in the State of Louisiana. The 1974 Constitution also established three higher education management boards, placing the University under the Board of Trustees for State Colleges and Universities (now known as the University of Louisiana System).

The following tables set forth certain demographic information concerning the University:

**DEMOGRAPHIC INFORMATION**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Total Students</b>	15,118	16,068	15,472	15,662	15,195
<b>Total Hours</b>	193,420	198,438	191,896	193,682	183,533
<b>Students, By Class</b>					
Freshman	4,927	5,732	5,002	5,309	5,002
Sophomore	2,712	2,787	2,880	2,753	2,775
Junior	2,405	2,356	2,348	2,281	2,320
Senior	<u>3,508</u>	<u>3,488</u>	<u>3,434</u>	<u>3,286</u>	<u>3,291</u>
<b>Undergraduate Total</b>	13,552	14,363	13,664	13,629	13,388
Grad/Spec	1,566	1,705	1,808	2,033	1,807
<b>New Students</b>					
Undergraduate					
Beginning Freshmen	2,744	2,330	2,387	2,583	2,486
Transfers	659	798	734	751	767
Other	77	33	35	56	53
<b>Total Undergraduate</b>	3,430	3,161	3,156	3,390	3,306
Graduate	372	323	374	497	398
Beginning Freshmen ACT	21.1	21.0	21.0	19.9	19.6

Source: Southeastern Louisiana University Budget Office

**COMPOSITION OF STUDENT BODY**

	<b>Fall Semester of Academic Year</b>									
	<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>	
<b>Average Age</b>										
Undergraduate	22.4		22.7		23.0		23.0		23.1	
Graduate	33.2		33.3		33.3		33.7		33.9	
<b>Undergraduates</b>										
Males	5,148	38%	5,476	38%	5,246	38%	5,193	38%	5,067	38%
Females	8,404	62%	8,887	62%	8,418	62%	8,436	62%	8,321	62%
<b>Race (Undergraduate)</b>										
White	12,372		10,904		10,822		10,938		10,911	
African American	2,364		2,630		2,217		2,116		2,112	
Hispanic	279		346		206		205		228	
Other	537		533		419		370		331	
<b>Federal Financial Aid</b>	6,688		8,320		8,131		8,067		7,868	
<b>(# of Students)</b>	(partial year		through 11/30/06)							

Source: Southeastern Louisiana University Budget Office

**STATE APPROPRIATIONS 1999 – 2006**

The Chart Shows the Appropriations Received by the University from the State of Louisiana Annually Since 1999.

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
State Appropriations	46,015,098	45,694,764	44,869,829	43,592,407	42,108,729	37,624,452	38,333,384	34,110,351
As a % of Unrestricted General Fund Revenues	50.7%	51.8%	53.0%	52.7%	57.9%	55.0%	57.5%	55.1%

Source: Southeastern Louisiana University Budget Office

**SOURCES OF UNRESTRICTED REVENUE**

	<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>	
Tuition and Fees	45,480,053	42%	37,529,681	38.0%	35,372,172	36.5%	30,339,822	33.8%	26,779,671	31.9%
State Appropriations	46,015,098	42%	45,694,764	46.2%	44,869,829	46.3%	43,592,407	48.5%	42,108,729	50.1%
Auxiliary Revenue	13,100,277	12%	10,666,470	10.8%	12,258,423	12.3%	11,917,232	13.3%	11,227,189	13.4%
Other	4,265,401	4%	5,273,349	5.0%	4,779,134	4.9%	3,985,557	4.4%	3,896,054	4.6%
<b>TOTAL</b>	<b>108,860,829</b>	<b>100%</b>	<b>99,164,263</b>	<b>100.0%</b>	<b>97,279,563</b>	<b>100.0%</b>	<b>89,835,018</b>	<b>100.0%</b>	<b>84,011,643</b>	<b>100.0%</b>

Source: Southeastern Louisiana University Budget Office

**TUITION AND FEES**

The University meets the cost of its educational program primarily through tuition, fees, state appropriations and federal grants contracts. The following table sets forth the base tuition and fees charged each semester to full-time undergraduate students on the basis of in-state residence for the year and the past four years.

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tuition	\$1,108.00	\$1,108.00	\$1,063.60	\$1,022.14	\$985.70
Student Union Bond Fee	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Health Center Bond Fee	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Student Rec Building Fee	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Academic Excellence Fee	\$120.00	\$120.00	\$120.00		
Other Fees	<u>\$322.50</u>	<u>\$281.50</u>	<u>\$202.90</u>	<u>\$192.90</u>	<u>\$222.90</u>
<b>TOTAL</b>	<b>\$1,586.50</b>	<b>\$1,545.50</b>	<b>\$1,422.50</b>	<b>\$1,251.04</b>	<b>\$1,244.60</b>
Dormitory and Meal Plan	\$2,715	\$2,470	\$1,820.00	\$1,770.00	\$1,625.00

Source: Southeastern Louisiana University Budget Office

**Auxiliary Financial Operations**

**Campus Dining**

Southeastern Louisiana University has a continuing commitment to offer quality dining that reflects the lifestyle of today's college student. Campus Dining provides a unique combination of specialty restaurants that offer a variety of foods. Emphasis is placed on nutritionally balanced diets and tantalizing food specials that are served in each restaurant. At Southeastern, Campus Dining is made up of six specialty restaurants, a quality catering service, an on-going nutrition program, and much more.



### **Office of Student Housing**

All unmarried full-time undergraduate students with less than 60 hours, regardless of age and whether or not they have been emancipated, are required to live in on-campus residence halls as long as space is available.

The University provides living quarters for approximately 2,300 students in campus residence halls and apartments. Only regularly enrolled full-time, unmarried students will be eligible to live in the residence halls without special permission from the Office of Student Housing. Continuous efforts are made to provide educational, social, and cultural advantages as part of the experience in group living for the residents of these halls.

Students who live in the Southeastern Louisiana University residence halls are required to purchase a meal plan. If a resident student fails to select a meal plan during the registration process, the default meal plan will automatically be selected for him or her. Meal plans are non-transferable.

### **War Memorial Student Union**

The War Memorial Student Union is the community center of the University. The Student Union provides services and conveniences to the students, faculty, and staff during their daily life on campus. Services available in the Student Union include the Corner Pocket Game Room, ATM machines, University Post Office, The Document Source, University Bookstore, Lion's Den, and Subway. Meeting rooms are also available and may be reserved by using the on-line reservation form. Various audio visual equipment may be reserved in these rooms as well as catering services.

### **University Bookstore**

The Bookstore provides students with all required and optional textbooks that are not available from Textbook Rental. The Bookstore also provides a full line of University apparel, souvenirs, office and art supplies, and greeting cards.

### **The Document Source**

The Document Source, located in the War Memorial Student Union, provides copying and a variety of services for students including: class course packets, syllabus, collating, stapling, folding, cutting, hole-punching, plastic coil binding, and plastic spiral binding.

### **Campus Card Operations**

Vending services are provided across campus as a convenience to the students. Soft drink, juice and snack machines, as well as copiers are provided in key locations on campus. Lion's Lagniappe is a campus-wide account enabling students to deposit funds and use their ID card as a form of payment at vending machines, copy machines, campus dining locations, University Bookstore, and The Document Source (campus copy center).

### **Textbook Rental**

The Textbook Rental System issues all hardcover textbooks on a student fee system charged per course. The charge is included on the student invoice and is refundable only upon resignation on or before the last day of regular registration or when a course is dropped, and the book is returned by the drop/add deadline. Students must present their Southeastern Student ID card to rent textbooks from Textbook Rental.

## **SOURCES AND USES OF FUNDS**

The schedule below contains the estimated sources and uses of funds resulting from the sale of the Series 2007 Bonds:

<b>SOURCES OF FUNDS:</b>	<b><u>Series 2007A</u></b> <b><u>Bonds</u></b>	<b><u>Series 2007B</u></b> <b><u>Bonds</u></b>	<b><u>Total</u></b>
Par Amount	\$5,545,000.00	\$2,490,000.00	\$8,035,000.00
Reoffering Premium/Discount	(28,677.80)	(42,952.50)	(71,630.30)
Board Contribution from Student Fee Revenues	<u>155,000.00</u>	<u>470,000.00</u>	<u>625,000.00</u>
Total Sources of Funds	\$5,671,322.20	\$2,917,047.50	\$8,588,369.70

<b>USES OF FUNDS:</b>	<b><u>Series 2007A</u></b> <b><u>Bonds</u></b>	<b><u>Series 2007B</u></b> <b><u>Bonds</u></b>	<b><u>Total</u></b>
Project Fund	\$4,943,451.83	\$2,552,555.36	\$7,496,007.19
Debt Service Reserve Fund	333,299.54	149,669.22	482,968.76
Costs of Issuance (including Bond Insurance Premium and Underwriters' Discount)	<u>394,570.83</u>	<u>214,822.92</u>	<u>609,393.75</u>
Total Uses of Funds	\$5,671,322.20	\$2,917,047.50	\$8,588,369.70

#### **THE PHASE FOUR GROUND LEASE**

##### **General**

The Phase Four Ground Lease will be entered into between the Board, on behalf of the University, as Lessor, and the Corporation, as Lessee, for lease of the Phase Four Land and the Stadium Expansion Land. As a consideration for the Phase Four Ground Lease, the Corporation will agree to perform its obligations under the Phase Four Facilities Lease and all other documents contemplated by and ancillary to the Phase Four Ground Lease and the Phase Four Facilities Lease.

The Corporation's obligations under the Phase Four Ground Lease may be suspended if by reason of *force majeure*, as described in the Phase Four Ground Lease, the Corporation is unable to carry out such obligations.

##### **Default and Remedies**

Each of the following is an Event of Default under the Phase Four Ground Lease:

(a) failure by the Corporation to make timely payment of any sum required to be paid to the Board under the Phase Four Ground Lease that remains uncured after thirty (30) days following receipt of written notice from the Board of such failure;

(b) the taking by execution of the Corporation's leasehold estate for the benefit of any Person;

(c) failure by the Corporation to perform any other covenant or agreement other than the payment of money, to be performed by the Corporation under the terms and provisions of the Phase Four Ground Lease, other than the covenant to substantially complete the construction of the Phase Four Facilities on or before January 1, 2008 and such failure remaining uncured for more than ninety (90) days following receipt of written notice of such failure; provided that if during such ninety (90) day period, the Corporation shall take action to cure such failure but shall be unable, by reason of the nature of the work involved, to cure such failure within such period and shall continue such work thereafter diligently and without unnecessary delays, such failure will not constitute an Event of Default hereunder until the expiration of a period of time after such ninety (90) day period as may be reasonably necessary to cure such failure;

(d) a court of competent jurisdiction enters an order for relief in any involuntary case commenced against the Corporation, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or the entry of a decree or order by a court having jurisdiction over the Phase Four Facilities and Stadium Expansion appointing

a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation or ordering the winding up or liquidation of the affairs of the Corporation, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days;

(e) commencement by the Corporation of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or the consent or acquiescence by the Corporation to the commencement of a case under such Code or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Corporation or any substantial part of the properties of the Corporation; and

(f) the Corporation, after Commencement of Construction but prior to substantially completing construction of the Phase Four Facilities or Stadium Expansion, abandons (with no intent to continue) demolition, renovation, or construction for a period of forty-five (45) consecutive days.

Whenever an Event of Default shall have occurred and be continuing, the Board will be permitted to seek any and all damages occasioned by the Event of Default or may seek any other remedies available at law or in equity, including specific performance. Notwithstanding any provision of the Phase Four Ground Lease to the contrary, the Board will not have the right to terminate the Phase Four Ground Lease prior to its Expiration Date. However, in the event there is an Event of Default by the Corporation under the Phase Four Ground Lease, the Board shall have the right to terminate the Corporation's right to occupancy of the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and Stadium Expansion, except that the Phase Four Facilities and Stadium Expansion, at the option of the Board, shall remain thereon. The Board shall have the right upon ninety (90) days' written notice of the opportunity to cure provided to the Bond Insurer and the Trustee, to take possession of the Phase Four Land and the Phase Four Facilities and the Stadium Expansion Land and Stadium Expansion and to re-let the same or take possession in its own right for the remainder of the Term of the Phase Four Ground Lease upon such terms and conditions as the Board is able to obtain. Upon such re-letting, the Corporation will agree to release its leasehold interest and all of its rights under the Phase Four Ground Lease and the Phase Four Facilities Lease to the new lessee of the Phase Four Land or Stadium Expansion Land (or to the Board, if the Board wishes to remain in possession on its own behalf) in consideration for the new lessee (or the Board, if applicable) agreeing to assume all of the Corporation's obligations under the Phase Four Ground Lease, the Phase Four Facilities Lease, and under any debt incurred by or for the Corporation in connection with the construction of the Phase Four Facilities and Stadium Expansion.

The Bond Insurer will be required to be notified by the University upon the occurrence of an Event of Default and will have an opportunity to cure said default.

#### **THE PHASE FOUR FACILITIES LEASE**

##### **General**

*Under the Phase Four Facilities Lease, the Corporation will lease the Phase Four Facilities and the Stadium Expansion to the Board.*

##### **Rental**

The Board will agree to pay Phase Four Base Rental and Phase Four Additional Rental as set forth in the Phase Four Facilities Lease. The Phase Four Base Rental amount will be an amount equal to the principal of, premium, if any, and interest due on the Series 2007 Bonds and any Additional Phase Four Bonds, payable prior to the dates that such debt shall become due and payable. The Phase Four Base Rental will also include any amounts required to be paid into any funds established in the Indenture, including the Debt Service Reserve Fund or to make up any deficiency or to restore any loss resulting from investment and any other payment required to be made to such fund by the Indenture.

In addition, the Board will agree in the Phase Four Facilities Lease, to pay as Phase Four Additional Rental any and all expenses incurred by or on behalf of the Corporation on behalf of the Board and/or by the Board in the

management, operation, ownership, and/or maintenance of the Phase Four Facilities, owed to the Authority or the Trustee.

#### **Extraordinary Lease Payments**

Pursuant to the Phase Four Facilities Lease, the Board will covenant to make an extraordinary rental payment to fund a portion of the capital cost of the Phase Four Facilities and the Stadium Expansion in an amount not to exceed \$5,170,000.

#### **Rate Maintenance Covenant**

The Board will covenant in the Phase Four Facilities Lease that, as long as any bonds, notes, or lease obligations remain outstanding that are payable from Phase Four Lawfully Available Funds, if the Phase Four Debt Service Coverage Ratio shall fall below 1.25:1.0, the Board will use its best efforts to continue to levy and collect the fees and charges relating to the Phase Four Facilities so that within two (2) full semesters after the Phase Four Debt Service Coverage Ratio shall become deficient, the Phase Four Debt Service Coverage Ratio equals 1.25:1.0. At the end of two (2) full semesters, if the Phase Four Debt Service Coverage Ratio shall remain below 1.25:1.0, the Board will be required to hire an outside consultant, approved by the Bond Insurer, and the Board will be required to follow any reasonably feasible recommendations of such consultant regarding the operation and management of the Phase Four Facilities. So long as the Board shall be working in good faith with such consultant to increase any deficient Phase Four Debt Service Coverage Ratio, there will not be an Event of Default under the Phase Four Facilities Lease unless (i) the Phase Four Debt Service Coverage Ratio shall be less than 1.25 to 1.00 for two (2) full consecutive semesters after retention of an outside consultant by the Board. For purposes of the foregoing, when establishing such fees and charges and calculating the Phase Four Debt Service Coverage Ratio, the Board will be required to take into account payments required to be made into the Debt Service Reserve Fund pursuant to the provisions of the Indenture. The Board will further covenant that it will seek any required approval necessary in order to comply with the covenant described under this subheading.

#### **Additional Facilities**

Without the prior written consent of the Bond Insurer, the Board will covenant not to build, acquire or renovate any similar parking facilities on the campus of the University, whether such facilities are owned by the Board or a private entity, unless (i) the Phase Four Debt Service Coverage Ratio for the prior Fiscal Year has been met, (ii) the Phase Four Debt Service Coverage Ratio is projected to be met for the two Fiscal Years following the projected completion of the proposed facility and (iii) based on a market analysis prepared by a market research company with experience in university parking facilities, which is independent from the University, the Board's proposed project is not expected to have a material adverse affect on the Phase Four Facilities.

#### **Additional Debt**

In the Phase Four Facilities Lease, the Board will covenant to issue no bonds, notes or other obligations secured by Phase Four Lawfully Available Funds except as Additional Phase Four Bonds. The Board may issue Additional Phase Four Bonds secured by Phase Four Lawfully Available Funds which will be on a parity with the Series 2007 Bonds only as and to the extent authorized and described in the Indenture, provided that, at the time of issuance thereof, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing.

#### **Insurance**

(a) The University, at the direction of the Board, will be required to secure and maintain or cause to be secured and maintained at the University's cost and expense:

(i) A policy or policies covering the Phase Four Facilities and Stadium Expansion against loss or damage by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge, and against such other perils as are included in so-called "extended coverage" and against such other insurable perils as, under good insurance practice, from time to time are insured for properties of similar

character and location, which insurance will be required to be not less than the full replacement cost of the Phase Four Facilities or Stadium Expansion, without deduction for depreciation. In the event that the Phase Four Facilities or Stadium Expansion shall not be repaired or replaced, insurance proceeds will be no greater than the actual cash value (replacement cost less depreciation) of the Phase Four Facilities or Stadium Expansion at the time of the loss. The policy will be required to be adjusted to comply with any applicable co-insurance provisions of such insurance policy. Full payment of insurance proceeds shall not be contingent on the degree of damage sustained at other facilities leased by the Board. The policy or policies covering such loss must explicitly waive any co-insurance penalty.

(ii) A policy of comprehensive public liability insurance with respect to the Phase Four Facilities and Stadium Expansion and the operations related thereto, whether conducted on or off the Phase Four Facilities or Stadium Expansion, against liability for personal injury (including bodily injury and death) and property damage, of not less than \$2,000,000 in combined single limit liability coverage. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability, water damage legal liability, motor vehicle liability for all owned and non-owned vehicles, including rented or leased vehicles.

(iii) Boiler and machinery insurance coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Phase Four Facilities and Stadium Expansion, in an amount not less than \$5,000,000 with deductible provisions not exceeding \$100,000 per accident.

(iv) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act hereafter enacted as an amendment thereto or in lieu thereof, such worker's compensation insurance to cover all persons employed by the Corporation in connection with the Phase Four Facilities and Stadium Expansion and to cover full liability for compensation under any such act aforesaid.

(b) The Corporation will be required to cause all of the construction professionals to secure and maintain:

- (A) Comprehensive or Commercial General Liability insurance;
- (B) Errors and Omissions insurance;
- (C) Automobile Liability insurance;
- (D) Worker's Compensation insurance;
- (E) an all Risk Builder's Policy upon the construction on the Property; and
- (F) boiler and machinery or additional property insurance;

all as required by the terms of any construction contracts entered into with regards to the demolition of certain existing facilities and the renovation, development and construction of the Phase Four Facilities and Stadium Expansion.

All insurance required in the Phase Four Facilities Lease and all renewals of such insurance (excepting self insurance or commercial insurance through ORM) will be required to be issued by commercial insurers authorized to transact business in the State, and rated at least A- by Best's Insurance Reports (property liability) or in the two highest rating categories of S&P and Moody's. All insurance policies provided or caused to be provided by the Corporation will be required to expressly provide that the policies shall not be canceled or altered without thirty (30) days prior written notice to the University and the Trustee; and will, to the extent obtainable, be required to provide that no act or omission of the Corporation or other provider of insurance that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained.

All policies of liability insurance that the University will be obligated to maintain according to the Phase Four Facilities Lease (other than any policy of worker's compensation insurance) will be required to name the Corporation, the Trustee, and such other Persons or firms as the Board specifies from time to time as additional insureds and will be required to expressly provide that the policies shall not be cancelled or altered without thirty

(30) days' prior written notice to the Corporation and the Trustee and will, to the extent obtainable, be required to provide that no act or omission of the University that would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained. All public liability, property damage liability, and casualty policies maintained by the University will be required to be written as primary policies.

Proceeds of insurance received and/or the amount of any loss that is self-insured through ORM with respect to destruction of or damage to any portion of the Phase Four Facilities by fire, earthquake, or other casualty or event will be required to be paid to the Trustee (or in the case of ORM insurance, to the Board for delivery in full to the Trustee) for application in accordance with the provisions of the Phase Four Facilities Lease and the Indenture.

#### **Condemnation, Casualty, and Other Damage**

The risk of loss or decrease in the enjoyment and beneficial use of the Phase Four Facilities due to any Casualty or in consequence of any Expropriation will be expressly assumed by the Board. The Corporation and the Trustee will in no event be answerable, accountable, or liable therefor, nor will any of the foregoing events entitle the Board to any abatements, set-offs, or counter claims with respect to its Base Rental, Additional Rental, or any other obligation under the Phase Four Facilities Lease.

#### **Application of Insurance Proceeds: Condemnation Award**

If, during construction, all or any portion of the Phase Four Facilities shall be damaged or destroyed by a Casualty, or shall be taken by Expropriation proceedings, the Board will be required to instruct the Corporation, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof; provided however, that the Corporation will in no way be liable for any costs of the repair, restoration, or replacement of the Phase Four Facilities or Stadium Expansion in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. Following the completion of construction and acceptance of the Phase Four Facilities and Stadium Expansion by the Board on behalf of the Corporation, the Board will be required, as expeditiously as possible, to continuously and diligently prosecute or cause to be prosecuted, the repair, restoration, or replacement thereof. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction, or taking of all or any portion of the Phase Four Facilities will be required to be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust (or in the case of self insurance through ORM, as set forth in the third succeeding paragraph below), and will be made available for, and to the extent necessary be applied to, such restoration, repair, and replacement. Any amounts so held by the Trustee will be required to be disbursed to pay the costs of restoration, replacement, and repair of the Phase Four Facilities with respect to which they shall be held, in each case promptly after receipt of a written request of the Corporation stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing, repairing, or restoring the Phase Four Facilities and that no amount previously shall have been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee will be permitted to rely conclusively upon such written requests and will have no liability or responsibility to investigate any matter stated therein or for any inaccuracy or misstatement therein. In no event will the Trustee be responsible for the adequacy of the plans and specifications or the construction contract relating to the replacement, restoration, or repair of the Phase Four Facilities or for the improper use of moneys properly disbursed pursuant to request made under the Phase Four Facilities Lease. Any proceeds remaining on deposit with the Trustee following completion of the repairs, restoration, or replacement of the Phase Four Facilities will be required to be paid by the Trustee in accordance with the terms of the Indenture.

In the event the proceeds of any insurance, and any additional funds deposited with the Trustee, are insufficient to fully repair, restore, or replace the Phase Four Facilities, the proceeds shall be paid to the Trustee and used to redeem the outstanding Phase Four Bonds.

Notwithstanding the foregoing, the Corporation's obligation to replace the Phase Four Facilities and Stadium Expansion in the event of Expropriation Proceedings will be dependent on the Board's entering into a lease with a different portion of the campus of the University as provided in the Phase Four Ground Lease. In the event it

shall be necessary to restore or replace the Phase Four Facilities or the Stadium Expansion in a different location because of the Expropriation of all or a portion of the Phase Four Facilities or the Stadium Expansion, the Corporation and the Board will agree to amend or enter into a new Phase Four Facilities Lease and Phase Four Ground Lease in accordance with the Phase Four Ground Lease. In the event the Board, pursuant to the Phase Four Ground Lease, shall decide not to repair, restore or replace the Phase Four Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation) will be required to be paid to the Board for immediate delivery to the Trustee and applied to the prepayment of the Phase Four Bonds in accordance with the terms of the Indenture, and the Phase Four Facilities Lease and the Phase Four Ground Lease will terminate.

In the event that ORM shall insure the Phase Four Facilities or Stadium Expansion, the Board will be required to use the insurance proceeds received from ORM in accordance with the policies and procedures of ORM (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration, or replacement of the Phase Four Facilities

#### **Default by the Board**

If (i) the Board shall fail to deposit with the Trustee any Base Rental payment required to be so deposited pursuant to the Phase Four Facilities Lease by the close of business on the day such deposit is required pursuant to the Phase Four Facilities Lease, and shall fail to remedy such breach within five (5) days thereof, but in no event later than the date on which such payment is required to enable the Corporation to make payment on the Phase Four Bonds (without use of moneys held in the Debt Service Reserve Fund), or (ii) the Board shall fail to pay or discharge any monetary obligation under the Phase Four Facilities Lease (other than the payment of Phase Four Base Rental) as and when due, or within thirty (30) days after receipt of Notice from the Corporation that such sums are due and owing; or (iii) the Board shall breach any non-monetary terms, covenants, or conditions therein in connection with the Phase Four Facilities, and shall fail to remedy any such breach with all reasonable dispatch within a reasonable period of time (or such longer period as the Trustee may approve) after written notice thereof from the Corporation to the Board, then and in any such event the Board will be deemed to be in default under the Phase Four Facilities Lease, and the Corporation will have the right, at its option, without any further demand or notice to terminate the Phase Four Facilities Lease on the earliest date permitted by law or on any later date specified in any Notice given to the Board in which case the Board's right to possession of the Phase Four Facilities will cease, and the Phase Four Facilities Lease will be terminated, without, however, waiving the Corporation's right to collect all Rental and other payments due or owing for the period up to the time the Corporation regains possession (and which have been designated by the Board in its budget process for payment to the Corporation under the Phase Four Facilities Lease, but not paid by the Board), and to enforce other obligations of the Board that survive termination of the Phase Four Facilities Lease, and in such event the Corporation may without any further demand or notice re-enter the Phase Four Facilities and the Stadium Expansion and eject all parties in possession thereof, subject to the rights of students, faculty, staff and Permitted Sublessees. The foregoing remedies of the Corporation are in addition to and not exclusive of any other remedy of the Corporation. Any such re-entry will be required to be allowed by the Board without hindrance, and the Corporation will not be liable in damages for any such re-entry or be guilty of trespass. The Corporation will agree that upon its termination of the Board's right to possession of the Phase Four Facilities and the Stadium Expansion or termination of the Phase Four Facilities Lease, the Corporation upon its re-entry of the Phase Four Facilities and the Stadium Expansion will only be allowed to use the Phase Four Facilities and the Stadium Expansion for the Permitted Use and will be subject to all applicable Governmental Regulations heretofore or hereafter enacted by any Governmental Authority relating to the use and operation of the Phase Four Facilities and the Stadium Expansion.

Notwithstanding any other provision of the Phase Four Facilities Lease, (i) in no event will the Corporation have the right to accelerate the payment of any Base Rental payment under the Phase Four Facilities Lease, and (ii) the Bond Insurer will have ninety (90) days to cure an Event of Default thereunder.

**Notwithstanding anything contained in the Phase Four Facilities Lease to the contrary, a failure by the Board to pay when due any payment required to be made under the Phase Four Facilities Lease or a failure by the Board to observe and perform any covenant, condition, or agreement on its part to be observed**

or performed under the Phase Four Facilities Lease, resulting from a failure by the Board to designate moneys in its budget process will not constitute an Event of Default thereunder, and the Corporation will not have any of the remedial rights set forth in the Phase Four Facilities Lease. Notwithstanding the foregoing, in such event, the Phase Four Facilities Lease will terminate and the University will be required to vacate the Phase Four Facilities and Stadium Expansion immediately and deliver the Phase Four Facilities and Stadium Expansion to the Corporation.

#### **Cumulative Remedies**

Each right and remedy provided for in the Phase Four Facilities Lease shall be cumulative and shall be in addition to every other right or remedy provided for in the Phase Four Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Corporation of any one or more of the rights or remedies provided for in the Phase Four Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise will not preclude the simultaneous or later exercise by the Corporation of any or all other rights or remedies provided for in the Phase Four Facilities Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise. All costs incurred by the Corporation in collecting any amounts and damages owing by the Board pursuant to the provisions of the Phase Four Facilities Lease or to enforce any provision of the Phase Four Facilities Lease, including reasonable Litigation Expenses from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by the Corporation, will also be recoverable by the Corporation from the Board. The waiver by the Corporation of any breach by the Board and the waiver by the Board of any breach by the Corporation of any term, covenant, or condition of the Phase Four Facilities Lease will not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition thereof.

#### **Non-Designation of Funds**

In the event no funds or insufficient funds shall lawfully be designated by the Board in its budget process in any Fiscal Year enabling the payment of Phase Four Base Rental and Phase Four Additional Rental payments due during the next succeeding Fiscal Year, the Board will be required to notify the Corporation immediately of such occurrence. On the first day of the month following the Base Rental payment date on which the last payment of Phase Four Base Rental can be made in full from Phase Four Lawfully Available Funds, the Phase Four Facilities Lease will terminate as to the Phase Four Facilities without penalty or expense to the Board of any kind whatsoever, except as to the portions of Phase Four Base Rental and Phase Four Additional Rental payments therein agreed upon for Fiscal Years for which sufficient funds shall have been lawfully designated. In the event of such termination, the Board will agree to surrender possession of the Phase Four Facilities to the Corporation peaceably on the date of such termination in its original condition (normal wear and tear excepted). The Corporation will have all legal and equitable rights and remedies to take possession of the Phase Four Facilities and re-let or sell the Phase Four Facilities as the Corporation determines and as granted in the Phase Four Facilities Lease. The Board will acknowledge that the Corporation's rights to take possession and to re-let or sell the Phase Four Facilities under the Phase Four Facilities Lease may be assigned to the Trustee for the benefit of the owners of the Bonds, and the Board will agree that the Trustee will be entitled to exercise all of the rights of the Corporation under the Phase Four Facilities Lease. The event of an inability by the University to cause the designation of sufficient funds for the payment of sums due under the Phase Four Facilities Lease will not constitute a default thereunder, but will, *ipso facto*, terminate the Phase Four Facilities Lease as to the Phase Four Facilities. This provision will be operative notwithstanding any provisions of the Phase Four Facilities Lease to the contrary. The Board will be considered in default thereunder if sufficient funds shall have been lawfully designated for the payment of Rental required under the Phase Four Facilities Lease and the Board shall fail to use lawfully appropriated funds for the payment of Rental. In such event, the Corporation will be entitled to the rights and remedies set forth in the Phase Four Facilities Lease.

#### **LITIGATION**

##### **The Authority**

There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that restrains or enjoins the issuance or delivery of the Series 2007 Bonds or questions or affects the validity of the Series 2007 Bonds or the proceedings and authority under which they are to be issued. To the Authority's knowledge,



neither the creation, organization, or existence of the Authority, nor the title of the present members or other officers of the Authority to their respective offices, is being contested or questioned. There is no litigation now pending or threatened against the Authority, of which the Authority has knowledge, that in any manner questions the right of the Authority to enter into the Indenture or the Loan Agreement to secure the Series 2007 Bonds in the manner provided in the Indenture.

### **The Corporation**

There is no litigation now pending or threatened against the Corporation, of which the Corporation has knowledge, that in any manner questions the right of the Corporation to enter into or perform its obligations under the Loan Agreement, the Leases or the Assignment or that individually or in the aggregate would adversely affect the operations of the Corporation, financial or otherwise.

### **CONFLICTS OF INTEREST; RELATIONSHIPS**

Stephen M. Smith is the President and the Chairperson of the Board of Directors of the Corporation and is also Vice President for Administration and Finance of the University.

### **TAX EXEMPTION**

#### **General**

In the opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, subject to the discussion below, interest on the Series 2007 Bonds (and original issue discount treated as interest (see discussion below)) is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and judicial decisions. Except as hereinafter described under the subheading “**Alternative Minimum Tax Considerations,**” interest on Series 2007 Bonds (and original issue discount treated as interest) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations.

The Internal Revenue Code of 1986, as amended (the “*Code*”) imposes a number of requirements that must be satisfied for interest on state and local obligations to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States government, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service.

In rendering the foregoing opinions, Bond Counsel will assume continuing compliance by the Corporation with the provisions of the Indenture and the Loan Agreement by the Authority and the Corporation subsequent to the issuance of the Series 2007 Bonds which affect the exclusion from gross income of all amounts treated as interest on the Series 2007 Bonds. In addition, Bond Counsel will rely upon certain representations and certifications of the Corporation made in certificates dated the date of initial delivery of the Series 2007 Bonds pertaining to the use, expenditure and investment of the proceeds of the Series 2007 Bonds. These representations relate to matters that are solely within the knowledge of the Corporation, which Bond Counsel has not verified. The Indenture and the Loan Agreement contain certain covenants by the Authority and the Corporation with respect to, among other matters, the above requirements. Failure of the Corporation to comply with any of the covenants may result in interest on the Series 2007 Bonds being included in the gross income of the owners thereof from the date of issue of the Series 2007 Bonds.

Prospective purchasers of the Series 2007 Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred to continued indebtedness to purchase or carry tax-exempt obligations. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

### **Alternative Minimum Tax Considerations**

As stated above, interest on the Series 2007 Bonds will not be an item of tax preference for purposes of computing the federal alternative minimum tax on individuals and corporations. The Code, however, imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation, if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, a corporation's alternative minimum taxable income will include 75% of the amount by which a corporation's "adjusted current earnings" exceeds a corporation's alternative minimum taxable income. Because interest on tax-exempt obligations is included in a corporation's "adjusted current earnings," ownership of the Series 2007 Bonds could subject a corporation to alternative minimum tax consequences.

### **Original Issue Premium and Discount**

Certain maturities of the Series 2007 Bonds (the "*Premium Bonds*") may be offered and sold to the public at a price in excess of their stated principal amounts. Such excess is characterized as a "bond premium." For federal income tax purposes, bond premium on the Premium Bonds must be amortized by an investor purchasing a Premium Bond on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium related to a tax-exempt bond for federal income tax purposes.

Certain maturities of the Series 2007 Bonds may be offered and sold at an original issue discount (the "*OID Bonds*"). The difference between the initial public offering price of the OID Bonds (as set forth on the front cover hereon) and their stated principal amount payable at maturity constitutes original issue discount treated as interest. OID on the OID Bonds is treated as interest that is excluded from gross income for federal income tax purposes and which is exempt from all taxation in the State subject to the caveats and provisions described above.

In the case of an owner of an OID Bond, the amount of original issue discount which is treated as having accrued with respect to such OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such an OID Bond which are attributable to accrued original issue discount will be treated as interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual OID Bond, on days which are determined by reference to the maturity date of such OID Bond. The amount treated as original discount on such OID Bond for a particular semiannual period is equal to (i) the product of (a) the yield to maturity for such OID Bond and (b) the amount which would have been the tax basis of such OID Bond at the beginning of the particular semiannual period if held by the original purchaser, (ii) less the amount of any payments on such OID Bond during the semiannual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which would have been treated as original issue discount for such purposes during all prior periods. If such an OID Bond is sold between compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Investors who purchase an OID Bond should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such OID Bonds as of any date, with respect to the accrual of original issue discount for such OID Bonds purchased on the secondary markets and with respect to the state and local tax consequences of owning such OID Bonds.

### **Louisiana Taxes**

In the opinion of Bond Counsel and in accordance with the Act, the Series 2007 Bonds together with interest thereof, income therefrom, and gain from the sale thereof are exempt from all State taxes and local taxes.

## No Other Opinions

Except as stated above, Bond Counsel expresses no other opinions with respect to any tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Series 2007 Bonds.

## UNDERWRITING

The Authority is offering the Series 2007 Bonds through Morgan Keegan & Company, Inc., New Orleans, Louisiana (the “*Underwriter*”), pursuant to a Bond Purchase Agreement. The obligation of the Underwriter to sell the Series 2007 Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter is purchasing the Series 2007 Bonds and intends to offer the Series 2007 Bonds to the original purchasers thereof at the offering prices set forth on the cover page of this Official Statement, which offering prices may subsequently be changed without any requirement of prior notice. The Underwriter will purchase the Series 2007A Bonds at an aggregate price equal to \$5,453,940.95 (representing \$5,545,000.00 original principal amount of the Series 2007A Bonds; less an Underwriter’s Discount in the amount of \$62,381.25; less original issue discount of \$28,677.80) and the Series 2007B Bonds at an aggregate price equal to \$2,419,035.00 (representing \$2,490,000.00 original principal amount of the Series 2007B Bonds; less an Underwriter’s Discount in the amount of \$28,012.50; less original issue discount of \$42,952.50). The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Series 2007 Bonds. The Underwriter may offer and sell Series 2007 Bonds to certain dealers at prices lower than the public offering price or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts and/or commissions that may be received by such dealers in connection with the sale of the Series 2007 Bonds will be deducted from the Underwriter’s discount. The Underwriter may receive additional compensation in conjunction with the investment of certain bond proceeds.

## RATING OF THE SERIES 2007 BONDS

Moody’s Investors Service, Inc. (“*Moody’s*”) is expected to assign the Series 2007 Bonds the long-term rating of “Aaa,” with the understanding that upon delivery of the Series 2007 Bonds, a policy insuring the payment when due of the principal of and interest on the Series 2007 Bonds will be issued by the Bond Insurer. Additionally, Moody’s has issued an underlying rating on the Series 2007 Bonds of “Baa1.” An explanation of the significance of such rating may be obtained from Moody’s. Such rating reflects only the view of Moody’s, and neither the Authority, the University, the Bond Insurer, nor the Underwriter makes any representation as to the appropriateness thereof.

There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely, if in the judgment of Moody’s, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse affect on the market price of the Series 2007 Bonds.

## LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Series 2007 Bonds will be subject to the approving opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the form of which is included as APPENDIX “D” hereto. Certain legal matters will be passed on for the Authority by its counsel, Casten & Pearce, A.P.L.C., Shreveport, Louisiana, for the Corporation by its counsel, Seale & Ross, P.L.C., Hammond, Louisiana, for the Board by its counsel, DeCuir, Clark & Adams, L.L.P., Baton Rouge, Louisiana and for the Underwriter by its counsel, McGlinchey Stafford PLLC, Baton Rouge, Louisiana.

Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 2007 Bonds have been authorized to be issued, and rendering opinions in conventional form as to the validity and legality of the Series 2007 Bonds and to the exemption or lack thereof of interest thereon from income taxation by the United States of America and the State of Louisiana. While Bond Counsel has assisted in the preparation of this Official Statement and is of the opinion that the statements made herein under the headings “SUMMARY STATEMENT - The Series 2007 Bonds,” “THE SERIES 2007 BONDS,” “TAX EXEMPTION,” “LEGAL MATTERS” and “SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS” in

**APPENDIX "C"** hereto fairly summarize the matters there referred to, such counsel has not been requested to check or verify, has not checked or verified, and will express no opinion with respect to the accuracy, completeness, or fairness of any other information contained in this Official Statement (other than the form of legal opinion set forth in **APPENDIX "D"**).

None of the legal counsel referenced in this Official Statement has (a) participated in the underwriting of the Series 2007 Bonds, (b) provided any advice regarding the creditworthiness of the Series 2007 Bonds or (c) assisted in determining the value of the collateral for the Series 2007 Bonds upon the occurrence of an event of default. Legal counsel have solely and exclusively opined to those matters which are expressly set forth in their opinions which are attached hereto or which have been delivered in connection herewith and no holder of a Series 2007 Bond shall be authorized or entitled to infer that such legal counsel have rendered opinions beyond those stated in their written opinions or to rely on the participation of counsel in this transaction. Except for negligent errors in their express written opinions, legal counsel shall have no obligations to holders of the Series 2007 Bonds and holders of the Series 2007 Bonds must not rely either expressly or implicitly upon such counsel in determining whether the Series 2007 Bonds represent suitable investments or otherwise meet their creditworthiness and risk tolerance standards.

#### **CONTINUING DISCLOSURE**

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2007 Bonds or to any decisions to purchase, hold or sell the Series 2007 Bonds, and the Authority will not provide any such information. The Board has undertaken all responsibilities for any continuing disclosure to Owners of the Series 2007 Bonds as described below, and the Authority will have no liability to the Owners of the Series 2007 Bonds or any other person with respect to such disclosures.

Pursuant to a Continuing Disclosure Certificate, the Board will covenant for the benefit of Bondowners to provide, or cause its Dissemination Agent to provide, certain financial information and operating data relating to the Board by not later than December 31 in each year commencing December 31, 2007, (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events, if deemed by the Authority to be material (the "**Undertaking**"). The Annual Report will be filed by the Board with each Nationally Recognized Municipal Securities Information Depository (the "**Repositories**") (and with any future Louisiana officially designated State Information Depository). Any notices of material events will be filed by the Board or its Dissemination Agent with each of the Repositories or the Municipal Securities Rulemaking Board (and with any future Louisiana officially designated State Information Depository). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in their respective captions in "**Appendix "F" – Form of Continuing Disclosure Certificate.**" The covenants have been made in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

#### **FINANCIAL ADVISOR TO THE UNIVERSITY**

Sisung Securities Corporation serves as independent financial advisor (the "**Financial Advisor**") to the University in connection with the issuance of the Series 2007 Bonds. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the University to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. The Financial Advisor may receive additional compensation in conjunction with the investment of certain bond proceeds.

#### **MISCELLANEOUS**

The information set forth herein relating to the Corporation has been furnished by the Corporation.

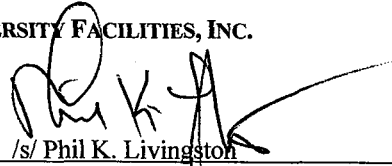
The information set forth herein regarding the University has been furnished by the University.

The Authority has furnished only the information included herein under the headings, "**THE AUTHORITY,**" and "**LITIGATION - The Authority.**"

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2007 Bonds.

The Corporation has duly authorized the execution, delivery, and distribution of this Official Statement in connection with the offering of the Series 2007 Bonds.

UNIVERSITY FACILITIES, INC.

A handwritten signature in black ink, appearing to read 'Phil K. Livingston', written over a horizontal line.

By: /s/ Phil K. Livingston

Phil K. Livingston, Vice Chairman

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**APPENDIX "A"**

**FINANCIAL STATEMENTS OF THE UNIVERSITY**

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**SOUTHEASTERN**

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L O U I S I A N A U N I V E R S I T Y

**Annual Financial Statements**

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**for the fiscal year ended  
June 30, 2006**

STATE OF LOUISIANA  
COLLEGE AND UNIVERSITY SYSTEMS  
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STATE OF LOUISIANA  
COLLEGE AND UNIVERSITY SYSTEMS  
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STATE OF LOUISIANA  
Annual Financial Statement  
Fiscal Year Ending June 30, 2006

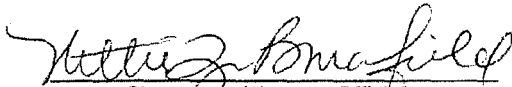
Southeastern Louisiana University

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Nettie L. Burchfield, Controller of Southeastern Louisiana University, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Southeastern Louisiana University at June 30, 2006 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 30<sup>th</sup> day of AUGUST, 2006.

  
Signature of Agency Official

 #50468  
Notary Public

Prepared by: Nettie L. Burchfield

Title: Controller

Telephone No.: (985) 549-2088

Date: 8/30/06

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UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

The Management's Discussion and Analysis of Southeastern Louisiana University's financial performance presents a narrative overview and analysis of Southeastern's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with Southeastern's financial statements, which begin on page 1.

**FINANCIAL HIGHLIGHTS**

Southeastern Louisiana University's net assets overall changed from \$107,550,042 to \$110,419,279 or 2.67% from July 1, 2005 to June 30, 2006. The overall reasons for this change included:

- ◆ Increase in capital appropriations
- ◆ Decrease in bonds payable

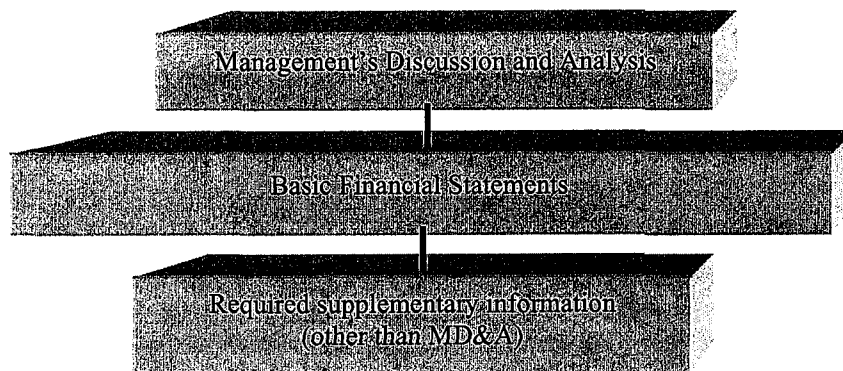
Enrollment changed from 35,471 (Summer 5,536, Fall 15,472, Spring 14,463) to 35,761 (Summer 5,599, Fall 16,068, Spring 14,094) from July 1, 2005 to June 30, 2006, a change of 0.82%. The reason for this change is attributed to the transfer of students due to Hurricane Katrina and the early implementation of new admission standards.

Southeastern Louisiana University's operating revenues changed from \$83,471,828 to \$86,405,700 or 3.51% from July 1, 2005 to June 30, 2006. Operating expenses, however, changed by 1.98% to \$132,428,212 for the year ended June 30, 2006. The changes in enrollment as discussed above and the increase in tuition and fees are the primary reasons for this change.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating and capital appropriations. The change to \$45,646,241 in 2006 from \$44,971,882 in 2005 is attributed to an increase in state appropriation, an increase in investment income, and a decrease in interest expense.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

**Basic Financial Statements**

The basic financial statements present information for Southeastern Louisiana University as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 1) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of Southeastern Louisiana University is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (SRECNA) (page 2) presents information showing how Southeastern Louisiana University's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 4 -5) presents information showing how Southeastern's cash changed as a result of current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

The financial statements provide both long-term and short-term information about Southeastern Louisiana University's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

Southeastern Louisiana University's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the SRECNA. All assets and liabilities associated with the operation of the University are included in the Statement of Net Assets.

UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

**FINANCIAL ANALYSIS**

**Statement of Net Assets  
as of June 30, 2006  
(in thousands)**

	<b>Total</b>	
	<b>2006</b>	<b>2005</b>
Current and other assets	\$ 61,214	\$ 65,110
Capital assets	146,518	144,036
<b>Total assets</b>	<b>207,732</b>	<b>209,146</b>
Other liabilities	10,858	13,569
Long-term debt outstanding	86,455	87,491
<b>Total liabilities</b>	<b>97,313</b>	<b>101,060</b>
Net assets:		
Invested in capital assets, net of debt	59,035	61,242
Restricted	50,240	46,990
Unrestricted	1,144	(146)
<b>Total net assets</b>	<b>\$ 110,419</b>	<b>\$ 108,086</b>

This schedule is prepared from the Southeastern Louisiana University's Statement of Net Assets as shown on page 1, which is presented on an accrual basis of accounting. Significant Statement of Net Asset changes from 2006 include:

- ◆ A decrease in construction-in-progress.
- ◆ An increase in buildings.
- ◆ An increase in non-depreciable land improvements.

Net assets invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation, and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be spent.



UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

**Statement of Revenues, Expenses, and Changes in Net Assets**  
(in thousands)

	<u>2006</u>	<u>2005</u>
Operating Revenues:		
Student tuition and fees, net	\$ 44,606	\$ 41,869
Grants and contracts	26,740	26,744
Auxiliary	13,100	12,360
Other	1,960	2,499
<b>Total operating revenues</b>	<b>\$ 86,406</b>	<b>\$ 83,472</b>
Operating Expenses:		
Education and general:		
Instruction	\$ 49,283	\$ 48,069
Research	2,184	2,149
Public service	3,184	3,182
Academic support	10,692	10,531
Student services	7,964	8,041
Institutional support	11,514	11,058
Operations and maintenance of plant	11,080	10,980
Depreciation	7,043	6,437
Scholarships and fellowships	12,245	12,262
Other operating expenses	17,240	17,150
<b>Total operating expenses</b>	<b>132,429</b>	<b>129,859</b>
Operating income (loss)	<b>\$ (46,023)</b>	<b>\$ (46,387)</b>
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	\$ 46,015	\$ 45,635
Gifts	1,186	90
Other nonoperating revenues (expenses)	(1,555)	(753)
Net nonoperating revenues (expenses)	<u>45,646</u>	<u>44,972</u>
Income (loss) before other revenues, exp, gains, losses	<b>\$ (377)</b>	<b>\$ (1,415)</b>
Capital appropriations	\$ 2,430	\$ 624
Capital grants and gifts		
Additions to permanent endowments	280	200
Other additions, net		
<b>Change in Net Assets</b>	<b>\$ 2,333</b>	<b>\$ (591)</b>
<b>Net assets at the beginning of the year, restated</b>	<b>108,086</b>	<b>108,141</b>
<b>Net assets at the end of the year</b>	<b>\$ 110,419</b>	<b>\$ 107,550</b>

Non-operating revenues increased by 1.5% to \$46 million, primarily attributable to an increase in state appropriation, an increase in donations, an increase in investment income and a decrease in interest expense.

State appropriations changed from \$45.6 to \$46 million due to an increase in the mandated costs, such as civil service merit increases, group insurance, retirement, and risk management adjustments. Appropriations were decreased due to Executive Order KBB2005-82, which mandated a reduction in expenditures.

Southeastern Louisiana University's operating revenues decreased by \$2,933,872 or 3.51%.

UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2006, Southeastern Louisiana University had invested approximately \$146,518,463 in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$3,230,979 or 2.25% over the previous fiscal year. More detailed information about the University's capital assets is presented in Note E to the financial statements.

**Capital Assets at Year-end  
(Net of Depreciation, in thousands)**

	2006	2005
Land	\$ 4,219	\$ 4,219
Non-depreciable Land Improvements	2,792	-
Capitalized Collections	205	205
Construction in Progress	2,729	20,533
Infrastructure	-	-
Land Improvements	492	-
Buildings	130,009	112,748
Equipment	4,129	4,184
Library Materials	1,943	2,147
	<u>146,518</u>	<u>144,036</u>
<b>Totals</b>	<b>\$ <u>146,518</u></b>	<b>\$ <u>144,036</u></b>

This year's major additions included (in thousands):

- ◆ An increase in non-depreciable land improvements of \$2.8 million.
- ◆ An increase in buildings from \$112 to \$130 million.

**Debt**

Southeastern Louisiana University had \$82.6 million in bonds and notes outstanding at year-end, compared to \$83.9 million last year, a decrease of 1.57% as shown in the table below.

**Outstanding Debt at Year-end  
(in thousands)**

	2006	2005
General Obligation Bonds	\$ -	\$ -
Capital Lease Obligations	2	31
Revenue Bonds and Notes	82,635	83,896
	<u>82,637</u>	<u>83,927</u>
<b>Total</b>	<b>\$ <u>82,637</u></b>	<b>\$ <u>83,927</u></b>

UNIVERSITY OF LOUISIANA SYSTEM  
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006

See Notes I and P for details relating to changes in, and the composition of long-term liabilities and capital leases.

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The following currently known facts, decisions, or conditions are expected to have a significant effect on financial position or results of operations:

- ◆ Increase in Tuition and Fees
- ◆ Increase in State Appropriation

**CONTACTING THE SOUTHEASTERN LOUISIANA UNIVERSITY'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of Southeastern Louisiana University's finances and to show Southeastern's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nettie L. Burchfield at (985) 549-2088.

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

<b>Assets</b>	<u>2006</u>	<u>Component Units</u>
<b>Current Assets</b>		
Cash and cash equivalents (Note C)	\$ 17,526,488	\$
Investments (Note C)	6,880,482	
Receivables, net (Note D)	7,927,544	
Pledges receivable		
Due from State Treasury		
Due from Federal Government (Note D)		
Inventories	648,388	
Deferred charges and prepaid expenses	89,217	
Notes receivable	470,013	
Other current assets	1,745,743	
Total current assets	<u>\$ 35,287,875</u>	<u>\$ -</u>
<b>Noncurrent Assets</b>		
Restricted assets:		
Cash and cash equivalents (Note C)	8,856,560	
Investments (Note C)	12,580,039	
Accounts Receivable, net (Note D)		
Notes Receivable, net	1,415,364	
Other		
Investments (Note C)		
Pledges receivable		
Notes receivable, net		
Capital assets, net (Note E)	146,518,463	
Other noncurrent assets	3,073,433	
Total noncurrent assets	<u>172,443,859</u>	<u>-</u>
Total assets	<u>\$ 207,731,734</u>	<u>\$ -</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 4,410,308	\$
Due to State Treasury		
Due to Federal Government		
Deferred revenues	4,664,371	
Compensated absences payable (Note I)	522,368	
Capital lease obligations (Note I)	2,476	
Claims and litigation payable (Note I)		
Amounts held in custody for others (Note I)	605,706	
Notes payable (Note I)	127,096	
Contracts payable (Note I)		
Bonds payable (Note I)	520,000	
Other current liabilities	5,450	
Total current liabilities	<u>\$ 10,857,775</u>	<u>\$ -</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable	3,605,343	
Capital lease obligations		
Claims and litigation payable		
Amounts held in custody for others		
Notes payable	302,789	
Contracts payable		
Bonds payable	82,115,000	
Other noncurrent liabilities	431,548	
Total noncurrent liabilities	<u>86,454,680</u>	<u>-</u>
Total liabilities	<u>\$ 97,312,455</u>	<u>\$ -</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	59,035,062	
Restricted for:		
Nonexpendable	6,159,654	
Expendable	44,080,592	
Unrestricted	1,143,971	
Total net assets	<u>110,419,279</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 207,731,734</u>	<u>\$ -</u>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

<b>Operating Revenues</b>	<u>2006</u>	<u>Component Unit</u>
Student tuition and fees	\$ 52,917,432	\$
*Less scholarship allowances	<u>(8,311,859)</u>	
Net student tuition and fees	<u>44,605,573</u>	<u>-</u>
Gifts received by the foundations <i>(for comp. units only)</i>		
Endowment income <i>(for comp. units only)</i>		
Federal appropriations		
Federal grants and contracts	24,554,107	
State and local grants and contracts	1,992,621	
Nongovernmental grants and contracts	193,379	
Sales and services of educational departments	274,810	
Hospital income		
Auxiliary enterprise revenues, (see note CC for revenue amounts pledged as security for bond issues)	<u>13,852,512</u>	
*Less scholarship allowances	<u>(752,235)</u>	
Net auxiliary revenues	<u>13,100,277</u>	<u>-</u>
Other operating revenues	<u>1,684,933</u>	
Total operating revenues	<u>\$ 86,405,700</u>	<u>\$ -</u>
 <b>Operating Expenses</b>		
Education and general:		
Instruction	\$ 49,283,220	\$
Research	2,183,632	
Public service	3,184,139	
Academic support	10,691,532	
Student services	7,964,405	
Institutional support	11,513,472	
Operations and maintenance of plant	11,079,846	
Depreciation	7,043,423	
Scholarships and fellowships	12,245,012	
Auxiliary enterprises	17,277,927	
Hospital		
Other operating expenses	<u>(38,396)</u>	
Total operating expenses	<u>\$ 132,428,212</u>	<u>\$ -</u>
Operating income (loss)	<u>(46,022,512)</u>	<u>-</u>
 <b>Nonoperating Revenues (Expenses)</b>		
State appropriations	\$ 46,015,098	\$
Gifts	1,185,609	
Net investment income (loss)	2,064,853	
Interest expense	(3,297,503)	
Payments to or on behalf of the university		
Other nonoperating revenues (expenses)	<u>(321,816)</u>	
Net nonoperating revenues (expenses)	<u>45,646,241</u>	<u>-</u>
Income (loss) before other revenues, exp, gains, losses	<u>(376,271)</u>	<u>-</u>
Capital appropriations	2,429,614	
Capital grants and gifts		
Additions to permanent endowments	280,000	
Other additions, net		
Extraordinary item - loss on impairment of capital assets		
Increase (decrease) in Net Assets	<u>2,333,343</u>	<u>-</u>
 <b>Net assets at the beginning of the year, restated</b>	 <u>108,085,936</u>	
 <b>Net assets at the end of the year</b>	 <u>\$ 110,419,279</u>	 <u>\$ -</u>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
SIMPLIFIED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

	(-) Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Component Units	Combined Total
		Charges for Services	Operating Grants and Contributions			
System	\$ (135,725,715)	\$ 57,980,660	\$ 28,205,716	\$ (49,539,339)		
Component Units				-		
Eliminations				-		
Combined Total	\$ (135,725,715)	\$ 57,980,660	\$ 28,205,716	\$ -		\$ (49,539,339)
General revenues:						
State appropriations				\$ 46,015,098		\$ 46,015,098
Grants and contributions not restricted to specific programs						-
Interest				2,064,853		2,064,853
Miscellaneous				3,792,731		3,792,731
Special items						-
Extraordinary item - loss on impairment of capital assets						-
Total general revenues, special items, and transfers				51,872,682	-	51,872,682
Change in net assets				2,333,343	-	2,333,343
Net assets - beginning				108,085,936		108,085,936
Net assets - ending				\$ 110,419,279	\$ -	\$ 110,419,279

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2006

	2006
<b>Cash flow from operating activities</b>	
Tuition and fees	\$ 42,972,958
Federal appropriations	
Grants and contracts	27,235,833
Sales and services of educational departments	398,444
Hospital income	
Auxiliary enterprise receipts	13,603,333
Payments for employee compensation	(64,376,496)
Payments for benefits	(18,187,118)
Payments for utilities	(3,444,796)
Payments for supplies and services	(4,892,516)
Payments for scholarships and fellowships	(12,238,231)
Loans to students	(404,773)
Collection of loans to students	636,538
Other receipts (payments)	(23,388,199)
Net cash provided (used) by operating activities	\$ (42,085,023)
<b>Cash flows from non-capital financing activities</b>	
State appropriations	\$ 46,266,380
Gifts and grants for other than capital purposes	
Private gifts for endowment purposes	280,000
TOPS receipts	8,551,062
TOPS disbursements	(8,769,493)
Direct lending receipts	
Direct lending disbursements	
Federal Family Education Loan Program receipts	40,561,543
Federal Family Education Loan Program disbursements	(40,566,802)
Other receipts (payments)	11,553
Net cash provided by noncapital financing sources	\$ 46,334,243
<b>Cash flows from capital financing activities</b>	
Proceeds from capital debt	\$
Capital appropriations received	2,429,614
Capital grants and gifts received	
Proceeds from sale of capital assets	
Purchases of capital assets	(8,673,202)
Principal paid on capital debt and leases	(860,303)
Interest paid on capital debt and leases	(3,297,503)
Deposit with trustees	
Other sources	78,166
Net cash used by capital financing activities	\$ (10,323,228)
<b>Cash flows from investing activities</b>	
Proceeds from sales and maturities of investments	\$
Interest received on investments	2,064,853
Purchase of investments	10,570,823
Net cash provided (used) by investing activities	\$ 12,635,676
Net increase (decrease) in cash and cash equivalents	6,561,668
Cash and cash equivalents at beginning of the year	19,821,380
Cash and cash equivalents at the end of the year	\$ 26,383,048

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2006

	2006
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>	
Operating income (loss)	\$ (46,022,512)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	7,043,423
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables, net	(945,579)
(Increase) decrease in inventories	(33,994)
(Increase) decrease in deferred charges and prepaid expenses	(24,746)
(Increase) decrease in notes receivable	231,765
(Increase) decrease in other assets	492,560
Increase (decrease) in accounts payable and accrued liabilities	(3,633,094)
Increase (decrease) in deferred revenue	598,269
Increase (decrease) in amounts held in custody for others	315,596
Increase (decrease) in compensated absences	(106,711)
Increase (decrease) in other liabilities	-
Net cash provided (used) by operating activities:	\$ (42,085,023)
<b>Noncash Investing, Noncapital Financing, and Capital and Related Financing Transactions</b>	
None	
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>	
Cash and cash equivalents classified as current assets	\$ 17,526,488
Cash and cash equivalents classified as noncurrent assets	8,856,560
	\$ 26,383,048



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**NOTES TO FINANCIAL STATEMENT**

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STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In July of 1984, the GASB issued Statement 1, which provided that all statements and interpretations issued by the National Council on Governmental Accounting (NCGA) continue as generally accepted accounting principles until altered, amended, supplemented, revoked or superseded by subsequent GASB pronouncements.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Louisiana, Southeastern Louisiana University is required to report its financial statements in accordance with GASB 34 and 35 as amended by GASB 37 and 38. Financial statement presentation required by GASB 34 and 35 provides a comprehensive, entity-wide perspective of the institution's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required.

The GASB Code Section 2100 has defined the governmental reporting entity to be the State of Louisiana. Therefore, the accompanying financial statements of the university contain sub-account information of the various funds of the State of Louisiana. As such, the accompanying financial statements present information only as to the transactions of the programs of the university as authorized by Louisiana statutes and administrative regulations.

2. REPORTING ENTITY

Southeastern Louisiana University is a publicly supported institution of higher education. Using the criteria established in GASB Statement 14, *The Financial Reporting Entity* as amended by GASB 39, the institution is reported as a discrete component unit of the State of Louisiana since it is legally separate from and is financially accountable to the State.

Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements. The Louisiana Legislative Auditor audits the basic financial statements.

3. BASIS OF ACCOUNTING

For financial reporting purposes, the institution is considered a special-purpose government engaged only in business-type activities. Accordingly, the institution's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The institution has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The institution has elected not to apply FASB pronouncements issued after the applicable date.

The financial statements of the university have been prepared on the accrual basis of accounting.

4. CASH EQUIVALENT

The institution considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

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5. INVESTMENTS

Southeastern Louisiana University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the carrying value of investments resulting in unrealized gains or losses are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

6. INVENTORIES

Inventories are valued at the lower of cost or market on the weighted average basis. The institution accounts for its inventories using the consumption method.

7. NONCURRENT CASH AND INVESTMENTS

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the Statement of Net Assets.

8. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the institution's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. Library collections regardless of age, with a total acquisition value of \$5,000,000 or more will be capitalized and depreciated.

9. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but are related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

10. NONCURRENT LIABILITIES

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

11. NET ASSETS

Southeastern Louisiana University's net assets are classified as follows:

(a) INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

This represents Southeastern's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

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(b) RESTRICTED NET ASSETS – EXPENDABLE

Restricted expendable net assets include resources that the institution is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(c) RESTRICTED NET ASSETS – NONEXPENDABLE

Restricted nonexpendable net assets consist of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

(d) UNRESTRICTED NET ASSETS

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university, and may be used at the discretion of the governing board to meet current expenses and for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the university's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

12. CLASSIFICATION OF REVENUES

Southeastern Louisiana University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- (a) OPERATING REVENUE - Operating activity include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most Federal, state, and local grants and contracts and Federal appropriations.
- (b) NONOPERATING REVENUE – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions.

13. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances is the difference between the stated charge for goods and services provided by the institution, and the amount that is paid by students and/or third parties making payments on the student's behalf.

14. ELIMINATING INTERFUND ACTIVITY

Activities between Southeastern Louisiana University and the institution's service units are eliminated for purposes of preparing the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Net Assets.

15. COMPONENT UNITS

Southeastern Louisiana University does not have any reportable component units.

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**B. BUDGETARY PRACTICES**

The annual budget for the General Fund of the university is established by annual Legislative action and by Title 39 of the Louisiana Revised Statutes. The submission of the budget for approval by the Board of Regents and the Legislative budget process is required. The other funds of the university, although subject to internal budgeting, are not required to be submitted for approval through the Legislative budget process.

State law provides that appropriations lapse at the end of the fiscal year with the exception noted in Note H, General Fund. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting with some exceptions. The following is a list of exceptions, but is not all inclusive, (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) certain capital leases are not recorded.

**1. BUDGETARY COMPARISON**

The following is an appropriation budgetary comparison for current year General Fund appropriation:

	<b>Budgeted</b>		<b>Actual</b>	<b>Adjustment to Budget Basis</b>	<b>Actual on Budget Basis</b>	<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>				
<b>REVENUES:</b>						
Appropriated by Legislature:						
State General Fund (Direct)	\$ 45,684,448	\$ 43,992,026	\$ 43,992,026	\$	\$	\$ 0
State General Fund by Self- Generated Revenues	46,105,017	46,072,232	44,812,425			(1,259,807)
State General Fund by Interagency Transfers						0
Interim Emergency Board Federal Funds						
Other (Include Stat. Dedications)	1,776,072	2,023,072	2,023,072			0
<b>Total Revenues</b>	<b>93,565,537</b>	<b>92,087,330</b>	<b>90,827,523</b>			<b>(1,259,807)</b>
<b>EXPENDITURES:</b>						
Program Expenditures	93,565,537	92,087,330	90,810,020			1,277,310
<b>Total Expenditures</b>	<b>93,565,537</b>	<b>92,087,330</b>	<b>90,810,020</b>			<b>1,277,310</b>
<b>UNEXPENDED APPROPRIATION -CURRENT YEAR</b>	<b>\$</b>	<b>\$</b>	<b>\$ 17,503</b>	<b>\$</b>	<b>\$</b>	<b>\$ 17,503</b>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**1. Deposits with Financial Institutions**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Further, the university may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks; and share accounts and share certificate accounts of federally or state chartered credit unions.

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As reflected on the Statement of Net Assets, the institution had deposits in bank accounts totaling \$26,338,738 at June 30, 2006. Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

The deposits at June 30, 2006, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits per Statement of Net Assets (SNA)	\$ 9,038,738	\$ 17,300,000	\$	\$ 26,338,738
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized				-
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entity's name</u> -UFI	4,495,030			4,495,030
Total Bank Balances of All Deposits	\$ 12,669,174	\$ 17,300,000	\$ -	\$ 29,969,174

At year-end, the deposits reflected in the bank accounts totaled \$29,969,174. Of the bank balances, \$4,495,030 was held in the name of University Facilities, Inc. (UFI), a blended component. UFI's cash balances are deposited with high quality, credit worthy, financial institutions. Management monitors the soundness of these financial institutions and considers the custodial credit risk insignificant.

Petty cash totaling \$44,310 is included in the Statement of Net Assets but is excluded from the note above.



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The following is a breakdown by banking institution, program, account number, and amount of the total bank balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. Parish National Bank	Disbursement-Operating Acct	\$5,174,056
2. Parish National Bank	Payroll	85,014
3. Parish National Bank	Nursing Loan	301
4. Parish National Bank	Perkins / NDSL	717,755
5. Parish National Bank	Endowed Professorships & Chairs	80,324
6. Parish National Bank	Charge Card Processing Acct	1,440,031
7. J.P. Morgan	Certificates of Deposit	10,400,000
8. Capital One	Certificates of Deposit	5,600,000
9. First Guaranty Bank	Certificates of Deposit	1,300,000
10. First Guaranty Bank	Charge Card Processing Acct	28,087
11. First Guaranty Bank	UFI - Operating Acct	6,821
12. First Guaranty Bank	UFI - NOW Account	186,994
13. AmSouth Bank	UFI - Project Account	216,515
14. Parish National Bank	UFI - Operating Acct	(4,521)
15. Parish National Bank	UFI - Rental Revenue	220,737
16. Parish National Bank	UFI - Petty Cash Deposit Account	230
17. Bank of New York	UFI - Student Housing Debt Service 2004A	11
18. Bank of New York	UFI - Student Housing Debt Service Prin 2004C	187,500
19. Bank of New York	UFI - Student Housing Receipts 2004A	2,709,914
20. Bank of New York	UFI - Student Housing Debt Service Int 2004A	949,425
21. Bank of New York	UFI - Student Housing Debt Service Int 2004C	10,417
22. Federated Money Market	UFI - Federated Money Mkt	10,987
23. U.S. Bank	Federal Loan Billing Service	2,304
24. Hancock Bank	98 Stu Rec Center Bonds Reserve	591,309
25. Hancock Bank	98 Stu Rec Center Bonds Principle	29,163
26. Hancock Bank	98 Stu Rec Center Bonds Int	25,400
27. J.P. Morgan	96 Parking Bonds Sinking Fund	400
	<b>Total</b>	<b><u>\$29,969,174</u></b>

2. Investments

Southeastern Louisiana University maintains investment accounts as authorized by Louisiana Revised Statute 49:327. These investments are stated at fair market value. All investment income, including changes in the fair market value of investments, is reported as revenue on the financial statements.

Investments held by the Bond Trustees for University Facilities, Inc. are primarily stated at cost, which approximates market value. Investment income in excess of capitalized interest is reflected as a change in net assets.

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The market values of investments at June 30, 2006 are as follows:

Type of Investment	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
	Uninsured, Unregistered, and Held by Counterpart	Uninsured, Unregistered, and Held by Counterparty's Trust Dept. or Agent not in Entity's Name	Reported Amount	Fair Value
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial Paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other:	_____	_____	_____	_____
Mutual Funds:	_____	_____	_____	_____
Vanguard Inflation-Protected Securities Fund	_____	_____	586,231	586,231
Vanguard Federal Money Market Fund	_____	_____	888,522	888,522
Vanguard Wellesley Fund	_____	_____	2,339,130	2,339,130
Vanguard Wellington Fund	_____	_____	2,118,399	2,118,399
Guaranteed Investment Contracts	12,146,320	_____	12,146,320	12,146,320
Held by Foundation	_____	_____	1,381,919	1,381,919
Total investments	\$ 12,146,320	\$ -	\$ 19,460,521	\$ 19,460,521

The cost of these investments at June 30, 2006 was \$19,092,860.

The market value of investments at June 30, 2006 total \$19,460,521. Of this amount, \$1,381,919 are held by the Southeastern Development Foundation and mainly consists of money market funds, mutual funds, and U.S. Government and Agency obligations. Investments related to the 2004 Series Bond Issuance are valued at \$12,146,320 and are held by bond trustees for University Facilities, Inc. These funds are invested under the terms of the various trust indentures. These documents direct the types of investments and collateralization requirements, and work to mitigate the credit risk of these investments.

3. Derivatives

Southeastern does not invest in derivatives as part of its investment policy.

4. Credit Risk, Interest Rate Risk, Concentration of Credit Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Rating	Fair Value
Aaa	\$ 1,474,753
Aa2	2,118,399
Aa3	2,339,130
A2	6,880,482
Unrated	5,265,838
Total	\$ 18,078,602

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The credit ratings reported above were assigned by the major credit rating agencies such as, Standard & Poor's and Moody's Investors Service. University Facilities, Inc. has a \$5,265,838 investment agreement issued by XL Asset Funding Company (XLAF). XLAF is non-rated entity; however, the investment agreement is credit enhanced with a financial guaranty policy from XL Capital Assurance, Inc. XL Capital Assurance, Inc. has an AAA credit rating.

**B. Interest rate Risk**

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			<u>Greater Than 10</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
U.S. Treasury obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds	_____	_____	_____	_____	_____
Mutual funds:					
Vanguard Inflation-Protected Fund	586,231	586,231			
Vanguard Federal Money Market Fund	888,522	888,522			
Vanguard Wellesley Fund	2,339,130	2,339,130			
Vanguard Wellington Fund	2,118,399	2,118,399			
Other:					
Guaranteed Investment Contracts	12,146,320	6,880,482		5,265,838	
Total debt investments	\$ 18,078,602	\$ 12,812,764	\$ -	\$ 5,265,838	\$ -

**C. Concentration of Credit Risk**

Of the \$12,146,320 in investments held by bond trustees for University Facilities, Inc., \$6,880,482 is invested in guaranteed investment contracts issued by Hypo Real Estate Bank International and \$5,265,838 is invested in a guaranteed investment contract issued by XL Asset Funding Company, LLC.

**D. Foreign Currency Risk**

All investments are denominated in U.S. Currency and are not exposed to foreign currency risk.

**5. Policies**

Endowments are maintained in investment accounts as authorized by policies and procedures established by the Board of Regents. To reduce overall volatility of investment returns and to provide a hedge against the effects of economic downturns, these policies require that at least 40% of assets be invested in fixed income funds. No more than 60% of funds may be invested in equities. The fixed income funds are diversified among various sectors of the fixed income market. The overall average quality of debt investments must be "AA" and, with the exception of the U.S. government and its agencies, no more than 5% of the fixed income fund may be invested in the securities of any one issuer. Investments in foreign stocks and foreign fixed income are limited to 15% and 5% of the equity and fixed income funds, respectively.

The funds held by the Bond Trustees for University Facilities, Inc. are invested in accordance with the trust indentures, which govern the types of investments and collateralization requirements.

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6. Other Disclosures Required for Investments

Southeastern does not directly participate in reverse repurchase agreements and does not have any unrealized investment losses.

D. ACCOUNTS RECEIVABLE

Accounts receivable are shown on the Statement of Net Assets net of an allowance for doubtful accounts as follows:

	<u>Accounts Receivable</u>	<u>Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Amts. not scheduled for collection within a year</u>
Student tuition and fees	\$ 6,656,034	\$ (1,852,380)	\$ 4,803,654	\$
Auxiliary enterprises	815,777	(400,000)	415,777	
Contributions and gifts			-	
Federal, state, and private grants and contracts	1,568,061		1,568,061	
Other Miscellaneous	1,140,052		1,140,052	
Statutory Dedication	-		-	
<b>Total</b>	<u>\$ 10,179,924</u>	<u>\$ (2,252,380)</u>	<u>\$ 7,927,544</u>	<u>\$ -</u>

E. CAPITAL ASSETS

Capital assets and assets under capital lease activity for the year ended June 30, 2006 were as follows:

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**SCHEDULE OF CAPITAL ASSETS**  
(schedule includes capital leases)

	Balance 6/30/2005	Prior Period Adjustment	Restated Balance 6/30/2005	Additions	Transfers	Retirements	Balance 6/30/2006
<b>Capital assets not being depreciated</b>							
Land	\$ 4,218,936	\$ -	\$ 4,218,936	\$ -	\$ -	\$ -	\$ 4,218,936
Non-depreciable land improvements	-	-	-	2,791,647			2,791,647
Capitalized collections	205,002	-	205,002				205,002
Livestock	-		-				-
Construction in progress	19,935,091	598,478	20,533,569	7,625,654	(25,430,141)		2,729,082
<b>Total capital assets not being depreciated</b>	<b>\$ 24,359,029</b>	<b>\$ 598,478</b>	<b>\$ 24,957,507</b>	<b>\$ 10,417,301</b>	<b>\$ (25,430,141)</b>	<b>\$ -</b>	<b>\$ 9,944,667</b>
<b>Other capital assets</b>							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less accumulated depreciation	-		-				-
<b>Total infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciable land improvements			-	515,551			515,551
Less accumulated depreciation			-	(23,629)			(23,629)
<b>Total land improvements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>491,922</b>	<b>-</b>	<b>-</b>	<b>491,922</b>
Buildings	169,009,131	46,886	169,056,017	22,222,337			191,278,354
Less accumulated depreciation	(56,306,639)	(1,277)	(56,307,916)	(4,961,544)			(61,269,460)
<b>Total buildings</b>	<b>112,702,492</b>	<b>45,609</b>	<b>112,748,101</b>	<b>17,260,793</b>	<b>-</b>	<b>-</b>	<b>130,008,894</b>
Equipment	14,880,485		14,880,485	1,036,648		(353,738)	15,563,395
Less accumulated depreciation	(10,801,651)	104,873	(10,696,778)	(1,083,016)		345,753	(11,434,041)
<b>Total equipment</b>	<b>4,078,834</b>	<b>104,873</b>	<b>4,183,707</b>	<b>(46,368)</b>	<b>-</b>	<b>(7,985)</b>	<b>4,129,354</b>
Library books	5,191,334		5,191,334	771,731		(1,086,895)	4,876,170
Less accumulated depreciation	(3,044,205)		(3,044,205)	(975,234)		1,086,895	(2,932,544)
<b>Total library books</b>	<b>2,147,129</b>	<b>-</b>	<b>2,147,129</b>	<b>(203,503)</b>	<b>-</b>	<b>-</b>	<b>1,943,626</b>
<b>Total other capital assets</b>	<b>\$ 118,928,455</b>	<b>\$ 150,482</b>	<b>\$ 119,078,937</b>	<b>\$ 17,502,844</b>	<b>\$ -</b>	<b>\$ (7,985)</b>	<b>\$ 136,573,796</b>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	\$ 24,359,029	\$ 598,478	\$ 24,957,507	\$ 10,417,301	\$ (25,430,141)	\$ -	\$ 9,944,667
Other capital assets, at cost	189,080,950	46,886	189,127,836	24,546,267	-	(1,440,633)	212,233,470
<b>Total cost of capital assets</b>	<b>213,439,979</b>	<b>645,364</b>	<b>214,085,343</b>	<b>34,963,568</b>	<b>(25,430,141)</b>	<b>(1,440,633)</b>	<b>222,178,137</b>
Less accumulated depreciation	(70,152,495)	103,596	(70,048,899)	(7,043,423)	-	1,432,648	(75,659,674)
<b>Capital assets, net</b>	<b>\$ 143,287,484</b>	<b>\$ 748,960</b>	<b>\$ 144,036,444</b>	<b>\$ 27,920,145</b>	<b>\$ (25,430,141)</b>	<b>\$ (7,985)</b>	<b>\$ 146,518,463</b>

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F. COLLECTIONS (WORKS OF ART and HISTORICAL TREASURES)

Southeastern Louisiana University does capitalize collections. These collections include the following:

- ◆ Works of art - such as murals, sculptures, statues, portraits, etc.
- ◆ Historical items - such as book collections, war artifacts, an antique piano, maps, etc.

G. DUE FROM PRIVATE FOUNDATIONS

The amount of matching funds received by the university from the State pursuant to the endowed chair and professorship program and the related unexpended earnings from private foundations is \$1,381,919 at June 30, 2006. These funds are held and invested by the university's foundation under an agreement with the university. Amounts invested by private foundations for the university are included as *other* in the disclosures in Note C.

H. GENERAL FUND

At June 30, 2006, the General Fund had no unexpended appropriation due to the State Treasury. However, the university did have \$17,503 unexpended, which will be reappropriated as required by law and outlined below.

As provided by Louisiana Revised Statute 17:3386(A), the university adopted a building and facility preventative maintenance program, which was approved by the Louisiana Board of Regents. This program allows the university to retain any funds appropriated or allocated that were unexpended and unobligated at the end of the fiscal year. At least 50% of the retained funds will be maintained in a preventative maintenance reserve fund and will be used solely for preventative maintenance purposes in accordance with the approved plan, subject to approval by the supervisory board, the Louisiana Board of Regents, and the Joint Legislative Committee on the Budget. All retained funds will be spent for non-recurring projects. As shown in the Statement of Net Assets at June 30, 2006, included in restricted net assets are amounts totaling \$8,752, which will be retained for these purposes.

I. LONG-TERM LIABILITIES (Current and Noncurrent Portion)

The following is a summary of bond reimbursement contracts and other long-term debt transactions of the university for the year ended June 30, 2006:

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**Southeastern Louisiana University**

	<u>Year ended June 30, 2006</u>			<u>Balance at June 30, 2006</u>	<u>Amounts due within one year</u>
	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>		
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$ 821,305	\$ -	\$ 391,420	\$ 429,885	\$ 127,096
Bonds payable	83,075,000	-	440,000	82,635,000	520,000
Total bonds and notes payable	<u>83,896,305</u>	<u>-</u>	<u>831,420</u>	<u>83,064,885</u>	<u>647,096</u>
<b>Other liabilities:</b>					
Compensated absences payable	4,234,422	429,162	535,873	4,127,711	522,368
Capital lease obligations	31,359	-	28,883	2,476	2,476
Claims and litigation payable	-	25,000	25,000	-	-
Amounts held in custody for others	295,369	55,800,118	55,489,781	605,706	605,706
Contracts payable	-	-	-	-	-
Total other liabilities	<u>4,561,150</u>	<u>56,254,280</u>	<u>56,079,537</u>	<u>4,735,893</u>	<u>1,130,550</u>
Total long-term liabilities	<u>\$ 88,457,455</u>	<u>\$ 56,254,280</u>	<u>\$ 56,910,957</u>	<u>\$ 87,800,778</u>	<u>\$ 1,777,646</u>

**Component Units**

	<u>Year ended June 30, 2006</u>			<u>Balance at June 30, 2006</u>	<u>Amounts due within one year</u>
	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>		
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total bonds and notes payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other liabilities:</b>					
Compensated absences payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	-	-	-	-	-
Contracts payable	-	-	-	-	-
Total other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Combined Total**

	<u>Year ended June 30, 2006</u>			<u>Balance at June 30, 2006</u>	<u>Amounts due within one year</u>
	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>		
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$ 821,305	\$ -	\$ 391,420	\$ 429,885	\$ 127,096
Bonds payable	83,075,000	-	440,000	82,635,000	520,000
Total bonds and notes payable	<u>83,896,305</u>	<u>-</u>	<u>831,420</u>	<u>83,064,885</u>	<u>647,096</u>
<b>Other liabilities:</b>					
Compensated absences payable	4,234,422	429,162	535,873	4,127,711	522,368
Capital lease obligations	31,359	-	28,883	2,476	2,476
Claims and litigation payable	-	25,000	25,000	-	-
Amounts held in custody for others	295,369	55,800,118	55,489,781	605,706	605,706
Contracts payable	-	-	-	-	-
Total other liabilities	<u>4,561,150</u>	<u>56,254,280</u>	<u>56,079,537</u>	<u>4,735,893</u>	<u>1,130,550</u>
Total long-term liabilities	<u>\$ 88,457,455</u>	<u>\$ 56,254,280</u>	<u>\$ 56,910,957</u>	<u>\$ 87,800,778</u>	<u>\$ 1,777,646</u>

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J. SHORT-TERM DEBT

Not Applicable.

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave, but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned.

Upon separation or termination of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. Upon retirement any sick or annual leave not compensated for is used as credited service in either Louisiana Teachers' Retirement System or Louisiana State Employees' Retirement System.

Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on employees' hourly rate of pay at termination or transfer.

The liability for unused annual leave, sick leave, and compensatory leave at June 30, 2006, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104 – C60.105, is estimated to be \$1,859,830, \$2,091,660, and \$176,221 respectively. The leave payable is recorded in the accompanying financial statement.

Southeastern Louisiana University's liability for compensated absences (annual, sick, and compensatory leave) at June 30, 2006 is as follows:

Current liability – estimated to be paid within one year	\$ 522,368
Long-term liability	<u>3,605,343</u>
Total liability for compensated absences	<u>\$4,127,711</u>

L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

Southeastern Louisiana University does not have any on-behalf payments for fringe benefits and salaries.

M. CONTINGENT LIABILITIES

Southeastern Louisiana University does not have any contingent liabilities as of June 30, 2006. Legal fees of \$25,000 were incurred in the current year for a settlement with the Office of Risk Management and are reflected in the accompanying financial statements.

N. RELATED PARTY TRANSACTIONS

Not Applicable.



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O. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

Not Applicable.

P. LEASES

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period.

Operating Leases

Total operating lease expenditures for fiscal year 2005-06 amounted to \$1,171,487. The annual rental payments for the next five years are presented as follows:

Nature of lease:	a. Office Space	b. Equipment	c. Land	d. Other	Total Minimum Future Rentals
FY2007	219,905	15,773		619,681	855,359
FY2008	42,995			620,156	663,151
FY2009	41,964			622,080	664,044
FY2010	2			622,886	622,888
FY2011	2			622,996	622,998
FY2012 - 2016	10			3,105,375	3,105,385
FY2017 - 2021	10			3,100,670	3,100,680
FY2022 - 2026	10			310,635	310,645
FY2027 - 2031	10			-	10
FY2032 - 2036	10			-	10
<b>Total Minimum Future Rentals</b>	<b>\$ 304,918</b>	<b>\$ 15,773</b>	<b>\$ -</b>	<b>\$ 9,624,479</b>	<b>\$ 9,945,170</b>

Rental revenue/expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter a lease. In those instances, rental revenue/expense is determined on either a straight-line or interest basis over the term of the lease and not in accordance with lease terms as required by GASB 13.

Capital Leases

Southeastern Louisiana University records items that are above the capitalization threshold under capital leases as an asset and an obligation in the accompanying financial statements.

Capital leases are defined as an arrangement in which any one of the following conditions apply (1) ownership transfers at the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life, or (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

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**SOUTHEASTERN'S CAPITAL LEASES:**

<u>Nature of lease</u>	<u>Date of lease</u>	<u>University gross amount of leased assets (historical cost)</u>	<u>Last payment date</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space		\$		\$	\$
b. Equipment	04/02/01	131,004	8/1/2006	11	2,476
c. Land					
<b>Total assets under cap. lease</b>		<b>\$ 131,004</b>		<b>\$ 11</b>	<b>\$ 2,476</b>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2006:

<u>Year ending June 30, 2006:</u>	<u>Future minimum lease payment:</u>		
	<u>Southeastern:</u>	<u>Component Units:</u>	<u>Total:</u>
2007	2,487		2,487
Total minimum lease payments	2,487	-	2,487
Less: amounts representing executory costs	-		
Net minimum lease payments	2,487	-	2,487
Less: amounts representing interest	11		11
Present value - net minimum lease payments	2,476	-	2,476

Lessor Direct Financing Leases

Southeastern Louisiana University does not have any lessor direct financing leases as of and for the period ending June 30, 2006.

Lessor - Operating Lease

Southeastern Louisiana University's leasing operations consist primarily of the leasing of property for the purposes of providing food services to students, bookstore operations, office space for postal services, banking services, and vending operations.

The following schedule provides the cost and carrying amount, if different, of property on lease or held for leasing organized by major class of property and the amount of accumulated depreciation as of June 30, 2006.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
a. Office space	\$ 2,569,738	\$ (2,092,976)	\$ 476,762
b. Equipment			
c. Land			
<b>Total</b>	<b>\$ 2,569,738</b>	<b>\$ (2,092,976)</b>	<b>\$ 476,762</b>

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The following is a schedule of minimum future rentals on noncancellable operating lease(s) as of June 30, 2006:

Nature of lease	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012- FY2016	FY2017- FY2021
a. Office space	\$ 217,300	\$ 207,000	\$ 82,000	\$ _____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____	_____	_____
d. Other	_____	_____	_____	_____	_____	_____	_____
Total minimum future rentals	<u>\$ 217,300</u>	<u>\$ 207,000</u>	<u>\$ 82,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Contingent rentals received from operating leases for the fiscal year were \$190,780 for office space.

**Q. NET ASSETS**

The institution had the following restricted expendable net assets as of June 30, 2006:

<u>Account title</u>	<u>Amount</u>
Instructional Department Use	\$ 7,456,429
Loans	2,919,975
Endowments	1,534,588
Capital Projects	8,621,027
Debt Service	4,466,778
Auxiliary and Other	19,081,795
<b>Total</b>	<b><u>\$ 44,080,592</u></b>

The institution had the following restricted nonexpendable net asset as of June 30, 2006:

<u>Account title</u>	<u>Amount</u>
Endowments	\$ 6,159,654
<b>Total</b>	<b><u>\$ 6,159,654</u></b>

**R. POST RETIREMENT HEALTH CARE**

Southeastern Louisiana University provides certain continuing health care benefits for its retired employees. Substantially all of the university's employees become eligible for those benefits if they reach normal retirement age while working for the university. Those benefits for retirees and similar benefits for active employees are provided through a state operated group insurance company and various insurance companies whose monthly premiums are paid jointly by the employee and by the university.

The university's cost of providing retiree health care and life insurance benefits is recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2006, the costs of retiree benefits for 385 retirees totaled \$2,258,163. The dependents of a retiree are counted as a single unit if the retiree is deceased and not counted if the retiree is alive. The cost of retirees' benefits is net of participants' contributions.

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S. ACCOUNTING CHANGES

None.

T. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2006:

	<u>Beginning net assets, July 1, 2006, previously reported</u>	<u>Adjustments + or (-)</u>	<u>Beginning net assets, July 1, 2006, as restated</u>
Southeastern Louisiana University	\$ 107,550,042	\$ 535,894	\$ 108,085,936
Component Unit(s)			-
<b>Total</b>	<u>\$ 107,550,042</u>	<u>\$ 535,894</u>	<u>\$ 108,085,936</u>

See Schedule 5 for explanation of changes.

U. PLEDGES OF GIFTS

Not Applicable.

V. SEGMENT INFORMATION

University Facilities, Inc. issues revenue bonds to finance certain of Southeastern's auxiliary enterprises. The revenues generated by the auxiliary enterprise are used to pay the interest and principal of these revenue bonds.

Condensed financial information for each of the institution's segments follows:

CONDENSED STATEMENT OF NET ASSETS

	<u>University Facilities, Inc.</u>
<b>Assets</b>	
Current assets	\$ 12,224,745
Due from other funds	-
Capital assets	54,287,010
Other assets	8,338,821
Total Assets	<u>74,850,576</u>
<b>Liabilities</b>	
Current liabilities	3,412,163
Due to other funds	
Long-term liabilities	77,116,098
Total Liabilities	<u>80,528,261</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	
Restricted net assets - expendable	
Restricted net assets - nonexpendable	
Unrestricted net assets	(5,677,685)
Total Net Assets	<u>\$ (5,677,685)</u>

STATE OF LOUISIANA  
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CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS:

	<u>University Facilities, Inc.</u>
Operating Revenue	\$ 8,656,472
Operating Expenses	(6,684,237)
Depreciation Expense	(1,961,728)
Net Operating Income	<u>10,507</u>
Nonoperating Revenues (Expenses):	
Investment Income	558,586
Gifts of Equipment	
Gift Income	
Interest Expense	(3,279,112)
Other (net)	(108,134)
Capital contributions/additions to permanent and term endowments	
Changes in Net Assets	<u>(2,818,153)</u>
Net Assets - Beginning of the Year	<u>(2,859,532)</u>
Net Assets - End of the Year	<u>\$ (5,677,685)</u>

	<u>University Facilities, Inc.</u>
Net cash flows provided (used) by:	
Operating activities	\$ (916,085)
Noncapital financing	
Capital and related financing	(397,036)
Investing activities	<u>1,439,169</u>
Net increase (decrease) in cash	126,048
Cash - Beginning of the year	<u>461,809</u>
Cash - End of the year	<u>\$ 587,857</u>

CONDENSED STATEMENT OF CASH FLOWS

W. PER DIEM PAID BOARD MEMBERS

Southeastern Louisiana University made no per diem payments to board members.

X. PENSION PLANS

Name of retirement system or plan	ID of the plan (A, B, or C see below)	Percentage of covered salaries that employees contribute	University's employer contributions to the plan for the year ended June 30, 2006
LA State Employees' Retirement System	C	7.5	\$ 2,396,420.00
LA School Employees' Retirement System	C	7.5	\$ 7,216.00
Teachers' Retirement System of Louisiana	C	8.0	\$ 3,272,465.00

Substantially all of the employees of the university are members of the State Employees (LASERS), Teacher's (TRSL), or School Employee's Retirement Systems, all of which are cost sharing multiple employer defined benefit pension plans.

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Identification of retirement plans:

- A) single-employer defined benefit plan
- B) agent multiple-employer defined benefit plan
- C) cost-sharing multiple-employer defined benefit plan

Each System is a statewide public employee retirement system and is available to all eligible employees. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The Systems publish yearly annual financial reports that include detailed historical, financial, and actuarial information.

LRS 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education which is a defined contribution plan that provides for full and immediate vesting of all contributions remitted on behalf of the participants. Participants contribute 8.0% and the university contributes 15.9 % of the covered payroll. Benefits payable to participants are not obligations of the State of Louisiana or the retirement systems; but are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled \$3,382,033 and \$1,689,290, respectively, for the year ended June 30, 2006.

Y. DEBT REFUNDING

Not Applicable.

Z. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Southeastern Louisiana University has no liability outstanding as of June 30, 2006 for cooperative endeavors.

AA. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

Not Applicable.

BB. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Board of Regents to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

At June 30, 2006, net appreciation of \$412,468 is available to be spent and is restricted to specific purposes.

The maximum spending allowed is 5% of the market value of program assets averaged for the previous five-year period. The maximum spending rate may be used if the average annual real total return (investment return less fees less inflation) exceeds the annual spending level.

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CC. REVENUE USED AS SECURITY FOR REVENUE BONDS

<u>Auxiliary enterprises</u>	<u>Revenue used as security for bonds (FY 2006)</u>	<u>Type of bonds</u>	<u>Year(s) bonds issued</u>
Residential life - apartments	\$ 7,743,604	UFI - Revenue Bonds	2004
Student union services, including bookstore	6,654,236	Revenue Refunding Bonds	1998
Health, physical education, and recreation	639,851	Revenue Bonds	1998

DD. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

<u>Fund</u>	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other Payables</u>	<u>Total Payables</u>
Operating Fund	\$ 673,872	\$ 725,686	\$	\$	\$ 1,399,558
Revenue Fund	121,209	18,489			139,698
Restricted Fund	262,784	45,249			308,033
Plant Fund	80,076				80,076
Agency Fund	3,978	7,407			11,385
UFI	742,477	76,518	1,209,563	443,000	2,471,558
Total payables	\$ 1,884,396	\$ 873,349	\$ 1,209,563	\$ 443,000	\$ 4,410,308

EE. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the Statement of Net Assets date that would require adjustment to, or disclosure in, the accompanying financial statements.

FF. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2006, \$50,240,246 are restricted by enabling legislation (which also includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

GG. IMPAIRMENT OF CAPITAL ASSETS

Southeastern has no impaired capital assets as of June 30, 2006.

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HH. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for 139 voluntary terminations totaled \$548,167. For 2006, the cost of providing those benefits for 20 involuntary terminations totaled \$71,827.

Southeastern has no liability for the accrued voluntary and involuntary terminations benefits payable at June 30, 2006. Termination benefits for annual, sick and compensated leave are accrued through compensated absences, as discussed in Note K. Health care termination benefits are not accrued because benefits are not estimable. However, Southeastern provides certain continuing health care benefits for its retired employees, as discussed in Note R. A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the entire premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.



## **SCHEDULES**

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STATE OF LOUISIANA  
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SCHEDULE OF BONDS PAYABLE  
For the Year Ended June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	(Redeemed) Issued	Principal Outstanding 6/30/06	Interest Rates	Interest Outstanding 6/30/06
UFI Revenue Bonds Series 2004	August 13, 2004	\$76,910,000	\$76,910,000	\$0	\$ 76,910,000	Variable	\$66,072,985
Parking Revenue Bonds Series 1996	April 26, 1996	1,180,000	155,000	(155,000)	0	6.50%	0
Student Recreation & Activity Center Revenue Bonds	June 30, 1998	7,690,000	6,010,000	(285,000)	5,725,000	3.75- 5.00%	2,351,192
<b>Total</b>		<b>\$85,780,000</b>	<b>\$83,075,000</b>	<b>(440,000)</b>	<b>\$82,635,000</b>		<b>\$68,424,177</b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE  
For the Year Ended June 30, 2006

**Not Applicable**

SCHEDULE 1-B

STATE OF LOUISIANA  
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SCHEDULE OF NOTES PAYABLE  
For the Year Ended June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	(Redeemed) Issued	Principal Outstanding 6/30/06	Interest Rates	Interest Outstanding 6/30/06
Construction Loan	10-Oct-99	\$2,300,000	\$268,701	(268,701)	\$0	Variable	\$0
Copiers	20-Sep-04	\$641,861	\$552,604	(122,719)	\$429,885	3.51%	\$25,613
<b>Total</b>		<b>\$2,941,861</b>	<b>\$821,305</b>	<b>(391,420)</b>	<b>\$429,885</b>		<b>\$25,613</b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE BONDS PAYABLE AMORTIZATION  
For the Year Ended June 30, 2006

<b>Fiscal Year Ending:</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2007	295,000	280,282
2008	310,000	266,860
2009	325,000	252,600
2010	340,000	237,650
2011	355,000	221,670
2012	370,000	204,630
2013	390,000	186,500
2014	410,000	167,000
2015	430,000	146,500
2016	450,000	125,000
2017	475,000	102,500
2018	500,000	78,750
2019	525,000	53,750
2020	550,000	27,500
<b>Total</b>	<b>\$ <u>5,725,000</u></b>	<b>\$ <u>2,351,192</u></b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE BONDS PAYABLE AMORTIZATION  
For the Year Ended June 30, 2006

<b>Fiscal Year Ending:</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2007	\$ 225,000	\$ 3,479,250
2008	880,000	3,472,500
2009	1,015,000	3,442,387
2010	1,170,000	3,405,488
2011	1,325,000	3,365,225
2012	1,500,000	3,315,538
2013	1,680,000	3,256,225
2014	1,865,000	3,179,250
2015	1,980,000	3,104,538
2016	2,040,000	3,026,137
2017	2,140,000	2,924,825
2018	2,230,000	2,837,850
2019	2,320,000	2,749,337
2020	2,415,000	2,654,217
2021	2,515,000	2,553,474
2022	2,645,000	2,420,063
2023	2,785,000	2,281,887
2024	2,910,000	2,156,562
2025	3,060,000	2,004,475
2026	3,225,000	1,842,450
2027	3,375,000	1,689,950
2028	3,545,000	1,521,200
2029	3,720,000	1,344,637
2030	3,900,000	1,166,563
2031	4,095,000	972,250
2032	4,300,000	767,500
2033	4,500,000	562,644
2034	4,675,000	381,563
2035	4,875,000	195,000
<b>Total</b>	<b>\$ <u>76,910,000</u></b>	<b>\$ <u>66,072,985</u></b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF NOTES PAYABLE AMORTIZATION  
For the Year Ended June 30, 2006

<b>Fiscal Year Ending:</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2007	127,096	13,057
2008	131,630	8,524
2009	136,325	3,828
2010	<u>34,834</u>	<u>204</u>
<b>Total</b>	<b>\$ <u><u>429,885</u></u></b>	<b>\$ <u><u>25,613</u></u></b>



STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF CAPITAL LEASE AMORTIZATION  
For the Year Ended June 30, 2006

<b>Fiscal Year Ending:</b>	<b>Beginning Balance</b>	<b>Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
2007	<u>2,476</u>	<u>2,487</u>	<u>11</u>	<u>2,476</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>2,476</u></b>	<b>\$ <u>2,487</u></b>	<b>\$ <u>11</u></b>	<b>\$ <u>2,476</u></b>	<b>\$ <u>-</u></b>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION  
For the Year Ended June 30, 2006

**Not Applicable**

SCHEDULE 2-D

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF PER DIEM PAID  
For the Year Ended June 30, 2006

**Not Applicable**

SCHEDULE 3

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
SCHEDULE OF EXPENSES BY UNIVERSITY  
For the Year Ended June 30, 2006

Name of Campus:	<u>University Amount</u>	<u>Foundation Amount</u>	<u>Total Expenses</u>
Southeastern Louisiana University	\$ <u>135,725,715</u>	\$ <u>-</u>	\$ <u>135,725,715</u>

STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
SCHEDULE OF PRIOR-YEAR ADJUSTMENTS  
For the Year Ended June 30, 2006

Fund Balance July 1, 2005, previously reported	\$ 107,550,042
Moveable Property	
To remove depreciation recorded on moveable property that was fully depreciated	104,873
CIP	
To reduce CIP for cost of building	(41,554)
Buildings	
To record cost of building not previously recorded	41,554
To record related accumulated depreciation not previously recorded	(1,039)
To remove accumulated depreciation incorrectly reported	1,362
University Facilities, Inc.	
Expenses not recognized in previous year	(213,066)
To add portable building, net of accumulated depreciation	3,732
To increase Construction In Progress not recognized	640,032
Beginning Net Assets, July 1, 2005, as restated	<u>\$ 108,085,936</u>

**STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
<b>Direct Awards:</b>		<b>Other Direct Awards</b>		
U.S. Department of Housing and Urban Development		Supportive Housing Program	14.235	
National Endowment for the Arts		Promotion of the Arts_Grants to Organizations and Individuals	45.024	
National Endowment for the Arts		Promotion of the Arts - Leadership Initiatives	45.04-5200-3147	
U.S. Department of Education		Funds for the Improvement of Postsecondary Education	84.116Z	
U.S. Department of Education		Bilingual Education_Professional Development	84.195N	
U.S. Department of Education		Bilingual Education_Professional Development	84.195N	
U.S. Department of Education		Fund for the Improvement of Education	84.215K	
U.S. Department of Education		Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	
U.S. Department of Education		Hurricane Education Recovery	84.938E	
U.S. Department of Health and Human Resources		Advanced Education Nursing Traineeships	93.358	
<b>Direct Awards:</b>		<b>Research and Development Program Cluster (R&amp;D)</b>		
U.S. Department of the Interior Fish and Wildlife Service		Endangered Species Act of 1973	15.FFB	
U.S. Department of the Interior Fish and Wildlife Service		Marine Turtle Conservation Fund	15.645	
U.S. Department of the Interior		U.S. Geological Survey_Research and Data Collection	15.808	
National Science Foundation		Mathematical and Physical Sciences	47.049	
National Science Foundation		Geosciences	47.050	
National Science Foundation		Geosciences	47.050	
National Science Foundation		Biological Sciences	47.074	
National Science Foundation		Biological Sciences	47.074	
U.S. Environmental Protection Agency		Environmental Protection_Consolidated Research	66.500	
U.S. Environmental Protection Agency		Surveys, Studies, Investigations and Special Purpose Grants	66.606	
U.S. Department of Energy		Office of Science Financial Assistance Program	81.049	
U.S. Department of Health and Human Services		Academic Research Enhancement Award	93.390	
U.S. Department of Health and Human Services		Heart and Vascular Diseases Research	93.837	

**Preparer:** Bette Schexnayder  
**Phone Number:** (985) 549-2068  
**DUNS Number:** 883227324  
**EIN Number:** 72-6000816  
Full Accrual Accounting Basis

Project Name	Award ID Number	Award Period	Expenditures	Issues	Total	Dept Number
Northlake Homeless Management Information System Data Project	LA48B406010	07/01/2005-06/30/2006	132,725		132,725	3372
Louisiana Literature Press	05-7900-7037	01/01/2006-06/30/2007	3,872		3,872	3351
Louisiana Literature	04-5200-3147	07/01/2004-12/31/2005	6,568		6,568	3054
Teacher Education Anytime, Anywhere Program - I (TEAAP I)	P116Z010126	07/01/2001-06/30/2006	411,559		411,559	3171
Project IMPACT	T195N040141	07/15/2004-07/14/2009	106,184		106,184	3122/ 3112
Project TEACH	T195N020027	09/30/2002-09/29/2007	189,717		189,717	3029/ 3094
Teacher Education Anytime, Anywhere Program - II (TEAAP II)	R215K010083	07/01/2001-06/30/2006	74,388		74,388	3201
GEAR UP	P334A020142	09/15/2002-09/14/2007	207,383		207,383	3102/ 3140
Emergency Supplemental Appropriation to Address Hurricanes in the Gulf of Mexico	P938E060050	02/23/2006-09/30/2006	1,000,000		1,000,000	3641
MSN Advanced Education Nursing Traineeship Program	A10-HP-00231	07/01/2005-06/30/2006	34,998		34,998	3065
Population Genetics of Rana Sevosa, the Dusky Gopher Frog, as Estimated using DNA Microsatellites	1448-40181-01-G-082	06/01/2001-06/2/2006	10,183		10,183	3055
Global Assessment of Arribada Olive Ridley Sea Turtles	98210-6-G014	03/15/2006-05/31/2007	14,787		14,787	3248
Bacterial Source Tracking of Fecal Pollutants and Establishment of Nutrient TMDL in the Northern Boundaries of the Lake Pontchartrain Basin	03HQAG0109	09/03/2003-09/01/2006	132,763		132,763	3221
Investigation of Suspended Optics' Motion of the LIGO Detector and Its Influence on Performance	PHY-0354942	06/01/2004-06/30/2006	29,183		29,183	3236
CAREER: Improved Measurement of Dayside Magnetospheric Reconnection	ATM-9983402	08/01/2000-07/31/2006	10,486		10,486	3245
CEDAR: Investigation of High-Spectral Width HF Radar Ionospheric Backscatter with Coordinated ISR Diagnostic Observations	ATM-0535377	01/01/2006-12/31/2006	2,820		2,820	3238
Assembly of Wetland Plant Communities along Gradients: An Experimental Study	DEB-0129024	02/01/2002-01/31/2007	47,916		47,916	3063
RUI: Diversity and Dynamics of Forest Butterflies in Ghana's Indigenous Sacred Groves and Forest Reserves	DEB-0612119	11/01/2005-08/31/2007	15,328		15,328	3235
Ecology & Restoration Potential of the Manchac Area Wetlands	R-82898001-2	07/23/2001-07/22/2006	687,631		687,631	3264-3271 3320-3331
Ecology & Restoration Potential of the Manchac Area Wetlands: Phase IV	X-83262201-0	10/01/2005-09/30/2010	97,823		97,823	3280-3286
Numerical Simulation of Plasma Turbulence in the Tokamak Edge	DE-FG02-96ER54370	08/01/1996-01/31/2007	19,893		19,893	3050
Combined Substrate Polymerase Inhibitors	R15GM06768601A1	01/01/2004-12/31/2006	58,433		58,433	3219
Molecular Role of Segment 6 in Heart Na Channel Slow Inactivation	IR15HL080009-01	05/01/2005-04/30/2008	29,204		29,204	3277

**STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
<b><u>Direct Awards:</u></b>		<b><u>Student Financial Assistance Cluster (SFA)</u></b>		
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Work-Study Program	84.033	
U.S. Department of Education		Federal Work-Study Program	84.033	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Health and Human Services		Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	
<b><u>Direct Awards:</u></b>		<b><u>TRIO Cluster</u></b>		
U.S. Department of Education		TRIO_Student Support Services	84.042A	
U.S. Department of Education		TRIO_Talent Search	84.044A	
U.S. Department of Education		TRIO_Talent Search	84.044A	
U.S. Department of Education		TRIO_Upward Bound	84.047A	
U.S. Department of Education		TRIO_Upward Bound	84.047A	
U.S. Department of Education		TRIO_Upward Bound	84.047A	
U.S. Department of Education		TRIO_Upward Bound	84.047M	
U.S. Department of Education		TRIO_Educational Opportunity Centers	84.066A	
U.S. Department of Education		TRIO_Dissemination Partnership Grants	84.344A	
<b><u>Awards From a Pass-Through Entity:</u></b>		<b><u>Other Pass-Through Awards</u></b>		
U.S. Department of Health and Human Services	Regina Coeli Child Development Center	Head Start	93.600	None



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Full Accrual Accounting Basis

Project Name	Award ID Number	Award Period	Expenditures	Issues	Total	Dept Number
Federal Supplemental Educational Opportunity Grants - Administrative Costs	P007A051668	07/01/2005-06/30/2006	22,838		22,838	3992
Federal Supplemental Educational Opportunity Grants - Direct Payments	P007A051668	07/01/2005-06/30/2006	456,761		456,761	3992
Federal Supplemental Educational Opportunity Grants - Administrative Costs	P007A031668	07/01/2003-06/30/2004	(15)		(15)	3993
Federal Supplemental Educational Opportunity Grants - Direct Payments	P007A031668	07/01/2003-06/30/2004	(300)		(300)	3993
Federal Work-Study Program - Compensation Paid Students	P033A051668	07/01/2005-06/30/2006	637,844		637,844	3991
Federal Work-Study Program - Job Location & Development	P033A051668	07/01/2005-06/30/2006	44,984		44,984	3048
Federal PELL Grant Program - Administrative Costs	P063Q051524	07/01/2005-06/30/2006	28,505		28,505	1000
Federal PELL Grant Program - Administrative Costs	P063Q041524	07/01/2004-06/30/2005	1,030		1,030	1000
Federal PELL Grant Program - Direct Payments	P063P051524	07/01/2005-06/30/2006	14,901,225		14,901,225	3990
Federal PELL Grant Program - Direct Payments	P063P041524	07/01/2004-06/30/2005	35,786		35,786	3995
Federal PELL Grant Program - Direct Payments	P063P031524	07/01/2003-06/30/2004	(1,013)		(1,013)	3995
Scholarships for Disadvantaged Students - Health Professions	T08HP04597-01-00	07/01/2005-06/30/2006	43,184		43,184	3996
Student Support Services	P042A010557	09/01/2001-08/31/2006	339,893		339,893	3203/3206 3181
Talent Search Program	P044A020643	09/01/2002-08/31/2006	316,417		316,417	3223/ 3228
Talent Search - St. Helena / Washington	P044A020653	09/01/2002-08/31/2007	204,147		204,147	3212/ 3220
Upward Bound Program - Tangipahoa Parish	P047A031154	10/01/2003-09/30/2008	435,159		435,159	3207/3216 3250/3251
Upward Bound Program - Livingston/ St. Helena Parishes	P047A030223	10/01/2003-09/30/2008	368,756		368,756	3087/3088 3258/3259
Veterans Upward Bound	P047A031018	09/01/2003-08/31/2008	354,381		354,381	3080/ 3085
Upward Bound - Math and Science Competition	P047M030233	10/01/2003-09/30/2007	348,456		348,456	3030/ 3034
Educational Opportunity Center	P066A020100	09/01/2002-08/31/2006	379,868		379,868	3086/ 3089
TRIO Dissemination	P344A030035	10/01/2003-09/30/2006	177,015		177,015	3100/ 3101
SLU Head Start Child Development Center	None	07/01/2005-06/30/2006	1,464		1,464	1197

**STATE OF LOUISIANA**  
**SOUTHEASTERN LOUISIANA UNIVERSITY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
<b>Awards from a Pass-Through Entity:</b>		<b>Research and Development Cluster (R&amp;D)</b>		
U.S. Department of Agriculture	University of Georgia	Grants for Agricultural Research, Special Research Grants	10.200	RD309-061/9820567
National Oceanic and Atmospheric Admin (NOAA)	University of New Orleans Research and Technology Foundation	Habitat Conservation	11.463	58534-S12
National Oceanic and Atmospheric Admin (NOAA)	University of New Orleans Research and Technology Foundation	Habitat Conservation	11.463	58534-S11
National Science Foundation	San Diego State University Research Foundation	Education and Human Resources	47.076	52270A P1623 7813 211-E0003484
U.S. Department of Energy	Mecom, Inc.	Small Business Technology Transfer	81.DEFG0203ER86172	None
U.S. Department of Education	National Writing Project Corporation	National Writing Project	84.928A	92-LA-05
U.S. Department of Health and Human Services	University of Texas Health Center at Tyler	Occupational Safety and Health Program	93.262	SC04-07
U.S. Department of Health and Human Services	University of Texas Health Center at Tyler	Occupational Safety and Health Program	93.262	SC04-07
U.S. Department of Health and Human Services	Houston Academy of Medicine - Texas Medical Center Library	Medical Library Assistance	93.879	None
U.S. Department of Health and Human Services	Southeast Louisiana Area Health Education Center Foundation	Rural Health Care Services Outreach and Rural Health Network Development Program	93.912C	None
U.S. Department of Health and Human Services	Southeast Louisiana Area Health Education Center Foundation	Rural Health Care Services Outreach and Rural Health Network Development Program	93.912C	None
U.S. Department of Health and Human Services	Southeast Louisiana Area Health Education Center Foundation	Rural Health Care Services Outreach and Rural Health Network Development Program	93.912C	None

**Preparer:** Bette Schexnayder  
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**EIN Number:** 72-6000816  
**Full Accrual Accounting Basis**

Project Name	Award ID Number	Award Period	Expenditures	Issues	Total	Dept Number
Expanding the Marketing Opportunities for Minority & Limited Resource Farmers in Louisiana & Mississippi	2005-38640-15542	09/01/2005-08/31/2006	10,351		10,351	3232
Teacher Workshop and Wet-Lab Enhancement at Turtle Cove Environmental Research Station	NA16FZ2719	09/01/2003-08/31/2006	18,628		18,628	3164
Habit - State Change in the Wetlands of Lake Pontchartrain Basin	NA16FZ2719	09/01/2003-08/31/2006	22,718		22,718	3255/ 3260
Professional Development Materials for Constructing Physics Understanding Among Elementary Teachers	ESI-0096856	06/01/2005-12/31/2006	29,597		29,597	3473
Sequestration and Bioconversion of Carbon Dioxide to Methane	DE-FG02-03ER86172	4/16/2003-12/31/2005	24,187		24,187	3246
Southeastern Louisiana Writing Project	92-LA-05	06/01/1993-06/30/2007	38,481		38,481	3098
Healthy Farm Families Initiative	U50 OH07541-03	09/30/2004-09/29/2005	25,490		25,490	3252
Healthy Farm Families Initiative	U50 OH07541	09/30/2005-09/29/2006	39,696		39,696	3253
A Study to Examine PDA Use by Undergraduate Nursing Students: Encouraging Future Clinicians to Access Health Information at the Point of Care	NO1-LM-1-3515	09/15/2005-04/30/2006	5,000		5,000	3139
Southeast Louisiana Health Education - Continuing Education	None	08/22/2005-07/30/2006	9,995		9,995	3185
Better Health for the Delta - Community Encourager Grant	None	09/01/2004-08/31/2005	11,796		11,796	3132
Better Health for the Delta Program Grant	None	09/01/2005-08/31/2006	21,620		21,620	3214
			<u>22,677,788</u>		<u>22,677,788</u>	

**STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
Schedule of Fixed Price Contracts  
For the Year Ended June 30, 2006**

<b>Federal Grantor</b>	<b>Pass-Through Entity</b>	<b>Program Name/Title and Cluster Name</b>	<b>CFDA or Other I.D. No.</b>	<b>Pass-Through Entity's Number</b>
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No Federal Program Funds were Received on Fixed Price Contracts with a Federal Agency or a Non-State Agency.

Preparer: Bette Schexnayder  
Phone Number: (985) 549-2068  
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Full Accrual Accounting Basis

<u>Project Name</u>	<u>Award ID Number</u>	<u>Award Period</u>	<u>Expenditures</u>	<u>Issues</u>	<u>Total</u>	<u>Dept Number</u>
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**STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
Schedule of Disclosures for Federally Assisted Loans  
For the Year Ended June 30, 2006**

Federal Grantor	Program Name	Federal CFDA No.	Loans Made Or Disbursed During Year	Outstanding Loan Balance	Principal and Interest Cancelled
U.S. Department of Health & Human Services	Nursing Student Loans	93.364	0	19,401	N/A
U.S. Department of Health & Human Services	Health Professions Student Loans/ Loans for Disadvantaged Students	93.342	N/A	N/A	N/A
U.S. Department of Education	Federal Perkins Loan Program - Federal Capital Contributions	84.038	404,773	2,291,525	N/A
U.S. Department of Education	Federal Family Education Loans (FFEL)	84.032	40,642,108	N/A	N/A
U.S. Department of Education	Federal Perkins Loans - Teacher/Military Cancellations	84.037	N/A	N/A	17,279
U.S. Department of Education	Federal Perkins Loans - Law Enforcement Cancellations	84.037	N/A	N/A	1,749
U.S. Department of Education	Federal Perkins Loans - Nurse/Medical Technician Cancellations	84.037	N/A	N/A	17,726
U.S. Department of Education	Federal Perkins Loans - Child/Family and Early Intervention Cancellations	84.037	N/A	N/A	11,189
U.S. Department of Education	Federal Perkins Loans - Teacher Shortage Cancellations	84.037	N/A	N/A	3,867
U.S. Department of Education	Federal Perkins Loans - Death and Disability Cancellations	84.038	N/A	N/A	3,730

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Full Accrual Accounting Basis



STATE OF LOUISIANA  
SOUTHEASTERN LOUISIANA UNIVERSITY  
Schedule of Non-State Subrecipients of  
Major Federal Programs  
For the Year Ended June 30, 2006

Federal Grantor and CFDA or Other Identifying No.	Award or Subaward Number	Project Number	Major Program Name and Cluster Name, when Applicable	Amount of Major Program Funds Disbursed to Non-State Subrecipient	Non-State Subrecipient	Dept Number
<b><u>Research &amp; Development Cluster</u></b>						
<b><u>U.S. Department of Agriculture</u></b>						
10.200	2005-38640-15542		Grants for Agricultural Research, Special Research Grants	715	Mississippi Association of Cooperatives	3232
10.200	2005-38640-15542		Grants for Agricultural Research, Special Research Grants	1,302	Delta State University	3232
10.200	2005-38640-15542		Grants for Agricultural Research, Special Research Grants	433	Morehouse Parish Black Farmers and Land Owners Association	3232
<b><u>Subtotal 10.200</u></b>				<b><u>2,450</u></b>		
<b><u>U.S. Department of the Interior</u></b>						
15.FFB	1448-40181-01-G-082		Endangered Species Act of 1973	9,500	Eastern Kentucky University	3055
15.808	03HQAG0109		U.S. Geological Survey_Research a and Data Collection	90,856	University of Illinois	3221
<b><u>National Science Foundation</u></b>						
47.074	DEB-0612119		Biological Sciences	9,784	Carnegie Institute	3235
<b><u>Total Research &amp; Development Cluster</u></b>				<b><u>112,590</u></b>		

Preparer: Bette Schexnayder  
Telephone Number: (985) 549-2068  
DUNS Number: 883227324  
EIN Number: 72-6000816  
Basis of Accounting: Full Accrual



STATE OF LOUISIANA  
**SOUTHEASTERN LOUISIANA UNIVERSITY**  
 Schedule of State Agency/University Subrecipients of  
 Federal Programs  
 For the Year Ended June 30, 2006

Federal Grantor and CFDA or Other Identifying No.	Award or Subaward Number	Project Number	Federal Program Name and Cluster Name, when Applicable	Amount of Federal Program Funds Disbursed to State Agencies or Universities	State Agency or University Subrecipient	Dept Number
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Research & Development Cluster

U.S. Environmental Protection Agency

66.500	R-82898001		Environmental Protection_ Consolidated Research	16,898	University of New Orleans	3329
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Total Research & Development Cluster 16,898

Preparer:	<u>Bette Schexnayder</u>
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## APPENDIX "B"

### DEFINITIONS

All capitalized terms used in the Official Statement and the appendices attached thereto shall have the meanings set forth below in this Appendix B or those set forth in the Official Statement.

**"Act"** means Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 to 4548.16, inclusive), and all future acts supplemental thereto and amendatory thereof.

**"Additional Bonds"** means bonds, if any, issued in one or more series on a parity with the Series 2007 Bonds pursuant to Article V of the Phase Four Indenture.

**"Additional Phase Four Bonds"** means bonds, if any, issued in one or more series on parity with the Series 2007 Bonds and which are payable from the Phase Four Lawfully Available Funds.

**"Additional Phase Four Debt"** means any obligation (whether present or future, contingent or otherwise, as principal or security or otherwise): (i) in respect of borrowed money, including without limitation, bonds, notes and similar obligations; or (ii) under a lease arrangement, installment sale agreement or other similar arrangement, that is secured by or payable from Phase Four Lawfully Available Funds.

**"Additional Phase Four Facilities"** means any additional intermodal parking facilities owned or leased by the Board or the Corporation that have been incorporated with the Phase Four Facilities into a single intermodal parking system pursuant to Section 3(i) of the Phase Four Facilities Lease.

**"Administrative Expenses"** means the necessary, reasonable and direct out-of-pocket expenses incurred by the Issuer or the Trustee pursuant to the Phase Four Indenture and the Phase Four Agreement, the compensation of the Trustee under the Phase Four Indenture (including, but not limited to any annual administrative fee charged by the Trustee), the compensation of the Issuer, any amounts due to the Bond Insurer under the Reimbursement Agreement and the necessary, reasonable and direct out-of-pocket expenses of the Trustee incurred by the Trustee in the performance of its duties under the Phase Four Indenture.

**"Affiliate"** means, with respect to a designated Person under The Phase Four Ground Lease, any other Person that, directly or indirectly, controls is controlled by, or is under common control with such designated Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person.

**"Agreement"** means the Loan Agreement dated as of March 1, 2007, between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

**"Annual Debt Service"** means the amount required to pay all principal of and interest on a series of Bonds, any Additional Phase Four Bonds, and any Additional Phase Four Debt (as defined in the Phase Four Facilities Lease), as applicable, in any Fiscal Year.

**"Applicable Laws"** means all present and future statutes, regulations, ordinances, resolutions and orders of any Governmental Authority that are applicable to the parties performing their obligations under the Phase Four Ground Lease.

**"Assignment of Agreements and Documents"** means the Assignment of Agreements and Documents dated as of March 1, 2007, by the Corporation in favor of the Trustee.

**"Authorized Corporation Representative"** means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Corporation by the Vice Chairperson of the Corporation. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

**"Authorized Denomination"** with respect to all Series 2007 Bonds means \$5,000 or any integral multiple thereof.

**"Authorized Issuer Representative"** means the person(s) at the time designated to act under the Agreement and the Indenture on behalf of the Issuer by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person(s) and signed on behalf of the Issuer by the Chairman, Vice Chairman or Executive Director of the Issuer. Such certificate may designate an alternate or alternates.

**"Auxiliary Revenues"** means the amount of all funds or revenues held by the University derived by Auxiliary Enterprises and any earnings thereof from the self generated fees, rates, charges or income received by students, faculty or the public in connection with the utilization or operation of Auxiliary Enterprises after payment of any Auxiliary Enterprises expenses. The Auxiliary Enterprises of the University include the following, subject to modification from time to time: 1) student service fees for the operation of the University's Textbook Rental, ID Card Services, Student Health Center and Student Union 2) certain commissions received from Food Service contractors, Retail Bookstore operations and Vending operations and 3) the sales of copying services. Auxiliary Revenues shall not include student fees specifically assessed by the University to service any outstanding obligations or any capital funds received by outside contractors required to make building improvements for their delivery of services.

**"Award"** means any payment or other compensation received or receivable as a consequence of a Taking from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

**"Beneficial Owner"** means, so long as a book-entry system of registration is in effect pursuant to Section 3.13 of the Indenture, the actual purchaser of the Bonds.

**"Board"** means the Board of Supervisors for the University of Louisiana System or its legal successor as the management board of the University, acting on behalf of the University.

**"Board Representative"** means the Person or Persons designated by the Board in writing to serve as the Board's representative(s) in exercising the Board's rights and performing the Board's obligations under the Indenture; the Board Representative shall be the President of the Board of Supervisors for the University of Louisiana System, or his or her designee, the Assistant Vice President for Facilities Planning, or his or her designee, or any other representative designated by resolution of the Board, of whom the Issuer and the Trustee have been notified in writing.

**"Board's Interest"** means the Board's ownership interest in and to the Phase Four Land and the Phase Four Facilities.

**"Bond Counsel"** means Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., and its successors, or such other nationally recognized bond counsel as may be selected by the Issuer and acceptable to the Corporation and the Bond Insurer.

**"Bond Counsel Opinion"** means an opinion of an attorney or firm of attorneys of recognized standing with respect to tax-exempt obligations of municipal, state and public agencies, selected by the Issuer.

**"Bond Documents"** has the meaning set forth in Section 8.1 of the Indenture.

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

**"Bond Insurance Policies"** means the financial guaranty insurance policies issued by the Bond Insurer that unconditionally and irrevocably guarantees the full and complete payment of the principal of and interest on the Bonds as such payments shall become due but shall be unpaid.

**"Bond Insurer"** means MBIA Insurance Corporation, or any successor thereto.

**"Bond Proceeds Fund"** means the fund of that name created under the Indenture.

**"Bond Register"** means, when used with respect to the Bonds, the registration books maintained by the Trustee pursuant to Section 3.8 of the Indenture.

**"Bonds"** means the Series 2007 Bonds.

**"Bond Year"** means the twelve (12) month period beginning on February 1 of each calendar year and ending on January 31 of the immediately succeeding calendar year.

**"Budget"** means the University's budget as approved by the Board for any Fiscal Year during the Term.

**"Business Day"** means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York, or Jacksonville, Florida, are authorized or required not to be open for the transaction of regular banking business, or (iv) a day on which the New York Stock Exchange is closed.

**"Campus"** means the campus of the University.

**"CERCLA"** means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§9601 et seq.).

**"Claim"** collectively means any claim, liability, demand, loss, damage, deficiency, litigation, cause of action, penalty, fine, judgment, defense, imposition, fee, lien, bonding cost, settlement, disbursement, penalty, cost or expenses of any and every kind and nature (including without limitation Litigation Expenses), whether known or unknown, incurred or potential, accrued, absolute, direct, indirect, contingent or otherwise and whether imposed by strict liability, negligence, or otherwise, and consequential, punitive and exemplary damage claims.

**"Closing Date"** means the date on which the Series 2007 Bonds are delivered and payment therefor is received by the Issuer.

**"Code"** means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

**"Commencement of Construction"** means the date on which excavation or foundation work is begun for the Phase Four Facilities, which date shall occur on or about January 1, 2007.

**"Commencement Date"** means the effective date of the Phase Four Facilities Lease.

**"Construction Contract"** means the Design/Build Contract by and between the Corporation and Brice Building/Fauntleroy & Latham Architects for the construction of the Phase Four Facilities and the Stadium Expansion.

**"Corporation"** means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

**"Costs of Issuance"** means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale, and issuance of the Series 2007 Bonds including, but not limited to, publication costs, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Issuer, or any other fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, and any other cost, charge, or fee in connection with the original sale and issuance of the Series 2007 Bonds, including the premiums payable for the Bond Insurance Policies.

**"Costs of Issuance Account"** means the account so designated which is established pursuant to the Indenture.

**"Costs of the Phase Four Facilities"** means those costs incurred by the Corporation in connection with the development and construction of Phase Four Facilities, as set forth in Section 4.13 of the Indenture.

**"Debt Service Fund"** means the fund of that name created under the Indenture.

**"Debt Service Reserve Fund"** means the fund of that name created under the Indenture.

**"Debt Service Reserve Fund Investment"** means an irrevocable letter of credit issued by a bank or surety bond issued by an insurance company meeting the requirements of Section 4.18 of the Indenture.

**"Debt Service Reserve Fund Requirement,"** means, with respect to the Phase Four Bonds, at the time of determination, (i) the least of (a) ten percent (10%) of the stated principal amount thereof (less any original issue discount that exceeds a *de minimis* amount), (b) one hundred twenty-five percent (125%) of the average Annual Debt Service thereon from the date of calculation to the final maturity thereof, (c) the Maximum Annual Debt Service thereon, or (d) such lesser sum as shall be required by the Code and the Regulations to ensure the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes; and (ii) the sum of the Debt Service Reserve Fund Requirements for each series of Bonds Outstanding; provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Bonds subject to mandatory sinking fund redemption pursuant to the Indenture and similar provisions in any supplemental indenture, by the principal amount of Bonds to be redeemed by mandatory sinking fund redemption in such Bond Year.

**"Default or Delay Rental"** means and shall consist of (i) all amounts, fees or expenses which the Corporation may be legally obligated to pay to other parties by reason of any default of the Board under the Phase Four Facilities Lease or any delay in payment of any sums due by the Board under the Phase Four Facilities Lease; and (ii) all costs, expenses and charges, including reasonable Legal Expenses, incurred by the Corporation whether by suit or otherwise, in collecting sums payable under the Phase Four Facilities Lease or in enforcing any covenant or agreement of the Board contained in the Phase Four Facilities Lease or incurred in obtaining possession of the Phase Four Facilities or the Stadium Expansion after default by the Board.

**"Defeasance Obligations"** means noncallable direct obligations of the United States of America (including direct obligations of the United States of America which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities) or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

**"DTC" or "Securities Depository"** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depositories appointed pursuant to the Indenture.

**"Encumbrance"** means any lien, mortgage, encumbrance, privilege, charge, option, right of first refusal, conditional sales contract, security interest, mechanic's and materialmen's liens, or any lien or encumbrance securing payment of any Claims, including environmental Claims, or of any charges for labor, materials, supplies, equipment, taxes, or utilities, excluding the Option granted to the Board in the Phase Four Facilities Lease.

**"Environmental Requirements"** means all State, federal, local, municipal, parish, and regional laws, statutes, rules, regulations, ordinances, codes, permits, approvals, plans, authorizations, concessions, investigation results, guidance documents; all legislative, judicial, and administrative judgments, decrees, orders, rules, rulings, and regulations; and all agreements and other restrictions and requirements in effect on or prior to the Commencement Date, of any Governmental Authority, including, without limitation, federal, state, and local authorities, relating to the regulation or protection of human health and safety, natural resources, conservation, the environment, or the storage, treatment, disposal, processing, release, discharge, emission, use, remediation, transportation, handling, or other management of industrial, gaseous, liquid or solid waste, hazardous waste, hazardous or toxic substances or chemicals, or pollutants, and including without limitation the following environmental laws: The Clean Air Act (42 U.S.C.A. §1857); the Federal Water Pollution Control Act (33 U.S.C. §1251); the Resource Conservation and Recovery Act of 1976, (42 U.S.C. §6901); CERCLA, as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub.L. 99-499, 100 Stat. 1613); the Toxic Substances Control Act (15 U.S.C. §2601); the Clean Water Act (33 U.S.C. §1251); the Safe Drinking Water Act (42 U.S.C. §30); the Occupational Safety and Health Act (29 U.S.C. §651); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §135); the Louisiana Environmental Quality Act (La. R.S. 30:2001); and the Louisiana Air Quality

Regulations (La. C. 33:III.2595) including any amendments or extensions thereof and any rules, regulations, standards or guidelines issued pursuant to or promulgated under any of the foregoing.

**"Event of Default"** with respect to the Indenture has the meaning ascribed to it in section 7.2 of the Indenture and with respect to the Phase Four Ground Lease means any matter identified as an event of default under Section 11.01 of the Phase Four Ground Lease and with respect to the Phase Four Facilities Lease means any default specified in and defined as such by Section 21 of the Phase Four Facilities Lease.

**"Expiration Date"** means August 1, 2047.

**"Facilities Lease"** means that certain Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by the First Amendment to the Agreement to Lease with Option to Purchase, dated as of March 1, 2007, by and between the Board, as Lessee, and the Corporation, as Lessor, whereby certain facilities are leased by the Corporation to the Board, on behalf of the University, as further amended.

**"First Amendment to Facilities Lease"** means that certain First Amendment to Agreement to Lease with Option to Purchase by and between the Board and the Corporation dated as of March 1, 2007.

**"First Amendment to Ground Lease"** means that certain First Amendment to Agreement to Ground and Buildings Lease by and between the Corporation and the Board dated as of March 1, 2007.

**"Fiscal Year"** means any period of twelve consecutive months adopted by the Corporation as its Fiscal Year for financial reporting purposes, presently the period beginning on July 1 and ending on June 30 of the following year.

**"Fitch"** means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of Fitch are specified in the Indenture, such categories shall be irrespective of gradations within a category.

**"Force Majeure"** means any (a) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, act of terrorism, war, blockade, insurrection, riot, or civil disturbance; (b) labor dispute, strike, work slowdown, or work stoppage; (c) order or judgment of any Governmental Authority, if not the result of willful or negligent action of the Corporation; (d) adoption of or change in any Applicable Laws after the date of execution of the Phase Four Ground Lease; (e) any actions by the Board which may cause delay; or (f) any other similar cause or similar event beyond the reasonable control of the Corporation.

**"Governmental Authority"** means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

**"Governmental Regulations"** means any and all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, writs, injunctions, rules, regulations, restrictions, permits, plans, authorizations, concessions, investigation reports, guidelines, and requirements or accreditation standards of any Governmental Authority having jurisdiction over the Corporation and/or the Board, or affecting the Phase Four Facilities.

**"Ground Lease"** means that certain Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by the First Amendment to the Ground and Buildings Lease Agreement, dated as of March 1, 2007, by and between the Corporation, as Lessee, and the Board, as Lessor, whereby the Land upon which certain facilities shall be constructed and/or renovated and such facilities, as completed are leased by the Board to the Corporation, as further amended.

**"Hazardous Substance"** means (a) any "hazardous substance" as defined in §101(14) of CERCLA or any regulations promulgated thereunder; (b) petroleum and petroleum by-products; (c) asbestos or asbestos containing

material ("ACM"); (d) polychlorinated biphenyls; (e) urea formaldehyde foam insulation; or (f) any additional substances or materials which at any time are classified, defined or considered to be explosive, corrosive, flammable, infectious, radioactive, mutagenic, carcinogenic, pollutants, hazardous or toxic under any of the Environmental Requirements.

**"Indenture"** or the **"Phase Four Indenture"** means the Trust Indenture dated as of March 1, 2007 between the Issuer and the Trustee, as it may be amended or supplemented from time to time by supplemental indentures in accordance with the provisions thereof.

**"Interest Account"** means the Interest Account within the Debt Service Fund created pursuant to Article IV of the Indenture.

**"Interest Rate"** means the rate of interest on the Series 2007 Bonds determined in the manner provided in the Indenture.

**"Issuer"** means the Louisiana Local Government Environmental Facilities and Community Development Authority, a political subdivision of the State of Louisiana, created by the provisions of the Act, or any agency, board, body, commission, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon by the Issuer by said provisions shall be given by law.

**"Legal Expenses"** means the reasonable fees and charges of attorneys and of legal assistants, paralegals, law clerks and other persons and entities used by attorneys and under attorney supervision and all costs incurred or advanced by any of them irrespective of whether incurred in or advanced prior to the initiation of any legal, equitable, arbitration, administrative, bankruptcy, trial or similar proceedings and any appeal from any of same.

**"Litigation Expenses"** means all out-of-pocket costs and expenses incurred as a result of an Event of Default, or in connection with an indemnification obligation, including Legal Expenses, the reasonable fees and charges of experts and/or consultants, and all court costs and expenses.

**"Loan"** means the aggregate amount of the moneys loaned to the Corporation pursuant to the Agreement.

**"Maximum Annual Debt Service,"** with respect to a series of Bonds issued under the Indenture, means the maximum Annual Debt Service thereon in the then current Bond Year or in any future Bond Year, whether at maturity or subject to mandatory sinking fund redemption.

**"Moody's"** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of Moody's are specified in the Indenture, such categories shall be irrespective of gradations within a category.

**"Option to Purchase"** or **"Option"** means the option to purchase the Corporation's interest in any portion of the Phase Four Facilities or Stadium Expansion granted in Section 23 of the Phase Four Facilities Lease.

**"Outstanding"** or **"outstanding,"** when used with reference to Bonds, means all Bonds which have been authenticated and issued under the Indenture except:

- (a) Bonds canceled by the Trustee pursuant to the Indenture;
- (b) Bonds for the payment of which moneys or Defeasance Obligations shall be held in trust for their payment by the Trustee as provided in the defeasance provisions of the Indenture;
- (c) Bonds which have been duly called for redemption and for which the redemption price thereof is held in trust by the Trustee as provided in the Indenture;



(d) Bonds in exchange for which other Bonds shall have been authenticated and delivered by the Trustee as provided in the Indenture; and

(e) for all purposes regarding consents and approvals or directions of Bondholders under the Agreement or the Indenture, Bonds held by or for the Issuer, the Corporation or any person controlling, controlled by or under common control with either of them.

**"ORM"** means the Office of Risk Management of the State.

**"Participant"** means any broker-dealer, bank and other financial institution from time to time for which DTC holds Bonds as securities depository.

**"Payment Default"** means a default by the Issuer in the due and punctual payment of any installment of interest on any of the Outstanding Bonds or (ii) a default by the Issuer in the due and punctual payment of the principal or premium, if any, of any of the Outstanding Bonds at their maturity or upon mandatory sinking fund redemption; which in any case, is followed by the failure of the Bond Insurer to honor a properly submitted claim for such amounts in accordance with the Bond Insurance Policy.

**"Payments"** means the amounts of repayments under the Agreement with respect to the Bonds to be made by the Corporation as provided in Article IV of the Agreement.

**"Permitted Encumbrances"** means:

(a) any lien arising by reason of any good faith deposit with the Corporation in connection with any lease of real estate, bid or contract (other than any contract for the payment of money);

(b) any lien arising by reason of any deposit with or giving of security to any governmental agency as a condition to the transaction of any business or the participation by the Corporation in any funds established to cover insurance risk or in connection with worker's compensation, unemployment insurance, pension plans or other social security;

(c) any right reserved to any municipality or other public authority by the terms of any franchise, grant, license or provision of law affecting any property of the Corporation and any lien on any property of the Corporation for taxes, assessments or other municipal charges so long as such charges are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such lien is stayed);

(d) mechanics' and materialmen's liens in connection with any property of the Corporation so long as any amounts secured by such lien are not due and payable or not delinquent (or, if due or delinquent, the amount or validity of such charges is being contested in good faith with due diligence and execution of any such lien is stayed);

(e) the Indenture, the Agreement, the Ground Lease or the Facilities Lease;

(f) any lien on property received by the Corporation through a gift, grant or bequest constituting a restriction imposed by the donor, grantor or testator on such gift, grant or bequest (or the income therefrom), provided that any such lien may not be extended, renewed or modified in any way or applied to any additional property of the Corporation unless it would otherwise qualify as a Permitted Encumbrance; and

(g) such easements, rights-of-way, servitudes, restrictions and other defects as are determined not to materially impair the use of the Corporation's facilities for their intended purposes or the value of such facilities, such determination to be made in a certificate of an authorized officer of the Corporation supported by an opinion of independent counsel or a report or opinion of an independent management consultant (unless the Bond Insurer shall waive the requirement of such supporting opinion or report).

In addition, encumbrances in existence as of the date of issuance of the Series 2007 Bonds as set forth in **Exhibit B** of the Loan Agreement are thereby qualified as Permitted Encumbrances. Any such existing

encumbrance may not be extended, renewed or modified in any way or applied to any additional Properties of the Corporation unless it would otherwise qualify as a Permitted Encumbrance.

**"Permitted Investments"** means any of the following securities to the extent permitted under State law:

- A. Direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
  - 1. U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership.
  - 2. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
  - 3. Federal Financing Bank
  - 4. Federal Housing Administration Debentures (FHA)
  - 5. General Services Administration  
Participation certificates
  - 6. Government National Mortgage Association (GNMA or Ginnie Mae)  
GNMA – guaranteed mortgage – backed bonds  
GNMA – guaranteed pass-through obligations  
(not acceptable for certain cash-flow sensitive issues.)
  - 7. U.S. Maritime Administration  
Guaranteed Title XI financing
  - 8. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
News Communities Debentures – U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the non-full faith and credit U.S. government agencies (stripped securities re only permitted if they have been stripped by the agency itself):
  - 1. Federal Home Loan Bank System  
Senior debt obligations
  - 2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")  
Participation Certificates  
Senior debt obligations
  - 3. Federal National Mortgage Association (FNMA or "Fannie Mae")  
Mortgage-backed securities and senior debt obligations

4. Resolution Funding Corporation (REFCORP) obligations
  5. Farm Credit System  
Consolidated systemwide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.
  - E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
  - F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.
  - G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA (Investment Agreement criteria is available upon request).
  - H. Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1+" or better by S&P.
  - I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.
  - J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A" by S&P.
  - K. Repurchase agreements for 30 days or less must follow the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to MBIA (criteria available upon request)

Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm
  - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Ratings Group and Moody's Investor Services, or
  - b. Banks rated "A" or above by Standard & Poor's Ratings Group and Moody's Investor Services.
2. The written repo contract must include the following:
  - a. Securities which are acceptable for transfer are:
    - (1) Direct U.S. governments, or
    - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

- b. The term of the repo may be up to 30 days
- c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
- d. Valuation of Collateral
  - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

- (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

- a. Repo meets guidelines under state law for legal investment of public funds.

**"Permitted Sublessees"** means persons other than University students, faculty and staff who are participants in any activities related to the mission of the University and who are using the Phase Four Facilities for a period of one (1) month or less pursuant to a lease, license agreement, concession or other arrangement with the University and all sublessees of the Stadium Expansion without restriction as to term.

**"Permitted Use"** means the operation of the Phase Four Facilities and Stadium Expansion as an intermodal parking facility and football stadium for University students, faculty, staff and Permitted Sublessees and for purposes related to or associated with the foregoing.

**"Person"** means an individual, a trust, an estate, a Governmental Authority, partnership, joint venture, corporation, company, firm or any other entity whatsoever.

**"Phase Four Additional Rental"** means the amounts specified as such in the Phase Four Facilities Lease.

**"Phase Four Agreement"** means the Loan Agreement dated as of March 1, 2007 between the Corporation and the Issuer, including any amendments and supplements thereof and thereto as permitted thereunder.

**"Phase Four Base Rental"** means the amounts referred to as such in Section 6(b) of the Phase Four Facilities Lease (as such amounts may be adjusted from time to time in accordance with the terms thereof) but does not include Phase Four Additional Rental.

**"Phase Four Bonds"** shall mean, collectively, the Series 2007 Bonds and any Additional Phase Four Bonds.

**"Phase Four Debt Service Coverage Ratio"** means, for any Fiscal Year, the ratio determined by the Vice President for Administration and Finance of the University by dividing the amount of Auxiliary Revenues and the Student Fee for such Fiscal Year by Annual Debt Service on the Phase Four Bonds outstanding and on any Additional Phase Four Debt issued and proposed to be issued for such Fiscal Year.

**"Phase Four Expropriation"** shall have the meaning set forth in the Phase Four Facilities Lease.

**"Phase Four Facilities"** means parking and related facilities described in Exhibit A to the Agreement, as amended and supplemented in accordance with the provisions of the Agreement, which Exhibit A to the Agreement does not include the Stadium Expansion.

**"Phase Four Facilities Documents"** means collectively the Agreement, the Phase Four Ground Lease, the Phase Four Facilities Lease, the Plans and Specifications, construction contracts and amendments thereto, other contract documents and agreements, and surety bonds and instruments pertaining to the Phase Four Facilities.

**"Phase Four Facilities Land"** means the real property more particularly described on Exhibit A-1 to the Phase Four Ground Lease upon which the Phase Four Facilities are to be renovated, constructed and located.

**"Phase Four Facilities Lease"** means Part II of the Facilities Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms thereof, which Part II of the Facilities Lease covers the Stadium Expansion as well as the Phase Four Facilities.

**"Phase Four Ground Lease"** means Part II of the Ground Lease, including the Exhibits attached thereto, and any amendment or supplement thereto entered into from time to time in accordance with the terms thereof, which Part II of the Ground Lease covers the land on which the Stadium Expansion is being constructed as well as the land on which the Phase Four Facilities are being constructed.

**"Phase Four Independent Architect"** means the architect, engineer, or consultant selected and retained by the Board to inspect the Phase Four Facilities and Stadium Expansion on behalf of the Board.

**"Phase Four Interest Payment Date"** or **"interest payment date,"** means each February 1 and August 1, commencing August 1, 2007.

**"Phase Four Lawfully Available Funds"** means the Auxiliary Revenues and Student Fee Revenues, as designated by the Board in its budget process to make Phase Four Rental payments.

**"Phase Four Plans and Specifications"** means the plans and specifications for the construction of each phase of the Phase Four Facilities and the Stadium Expansion, as implemented and detailed from time to time, as the same may be revised from time to time prior to the completion of the Phase Four Facilities and the Stadium Expansion in accordance with the Phase Four Agreement and the Phase Four Ground Lease.

**"Phase Four Rent"** means the annual rent paid by the Corporation as set forth in Section 3.01 of the Ground Lease.

**"Phase Four Rental"** means and includes the Phase Four Base Rental and Phase Four Additional Rental.

**"Phase Four Term"** means the term of the Phase Four Ground Lease as set forth in Section 1.03 thereof.

**"Plans and Specifications"** or means the plans and specifications prepared for each phase of the Phase Four Facilities, as implemented and detailed from time to time, and as the same may be revised from time to time prior to the completion of the Phase Four Facilities in accordance with the Agreement and the Phase Four Ground Lease.

**"Principal Account"** means the Principal Account within the Debt Service Fund created pursuant to Article IV of the Indenture.

**"Principal Payment Date"** when used with respect to the Bonds means each February 1, commencing February 1, 2008.

**"Project Fund"** or **"Phase Four Project Fund"** means the fund of that name created under the Indenture.

**"Properties"** means any and all rights, title and interests in and to any and all of the Corporation's property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired, including the Phase Four Land. The term "Properties," without intending to limit the generality of the foregoing, as of any particular time, shall include all buildings, structures, fixtures, furnishings, equipment and other property, movable and immovable, and all franchises, land, rights-of-way, privileges, servitudes, easements, licenses, rights and any other interests in immovable property owned, leased, subleased or

otherwise acquired by the Corporation and used or useful in connection with or incident to such facilities, or used or useful by the Corporation in connection with or incident to its authorized purposes.

**"Rating Agency,"** at any point in time, means any nationally recognized securities rating agency or service then rating the Bonds (collectively, the "Rating Agencies").

**"Rebate Amount"** means any amounts required to be paid to the Rebate Fund pursuant to the Tax Regulatory Agreement.

**"Rebate Fund"** means the fund of that name created under the Indenture.

**"Receipts Fund"** or **"Phase Four Receipts Fund"** means the fund of that name created under the Indenture.

**"Record Date,"** means the fifteenth (15<sup>th</sup>) day of the month preceding each Phase Four Interest Payment Date.

**"Reimbursement Agreement"** means the Reimbursement and Indemnity Agreement dated as of March 1, 2007, between the Corporation and the Bond Insurer.

**"Remediation"** means any and all costs incurred due to any investigation of the Phase Four Facilities or any remediation, response, cleanup, removal, or restoration required by any Governmental Regulation or Governmental Authority or by Environmental Requirements.

**"Rental"** means and includes the Phase Four Base Rental and Phase Four Additional Rental.

**"Replacement Fund"** or **"Phase Four Replacement Fund"** means the fund of that name created under the Indenture.

**"Replacement Fund Requirement"** means one-half of one percent (1/2%) of the funds available for construction under the Construction Contract as calculated by the University, or such lesser annual amount as is permitted by the Board of Regents and approved by the Bond Insurer.

**"S&P"** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency or service designated by the Issuer and approved by the Corporation and the Bond Insurer. Whenever rating categories of S&P are specified in the Indenture, such categories shall be irrespective of gradations within a category.

**"Series 2007 Bonds"** means the Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A and Series 2007B, authorized to be issued by the Issuer in the aggregate principal amount of \$8,035,000, including such Series 2007 Bonds issued in exchange for other such Series 2007 Bonds pursuant to the Phase Four Indenture, or in replacement for mutilated, destroyed, lost or stolen Series 2007 Bonds pursuant to the Phase Four Indenture.

**"Stadium Expansion"** means the Football Stadium Improvements described in Exhibit A-1 to the Phase Four Facilities Lease, as amended and supplemented in accordance with the provisions of the Phase Four Agreement, which improvements are not being financed with Bond proceeds.

**"Stadium Expansion Land"** means the real property more particularly described on Exhibit A-1 to the Phase Four Ground Lease upon which the Stadium Expansion is to be renovated, constructed and located.

**"Taking"** means the actual or constructive condemnation, or the actual or constructive acquisition by condemnation, eminent domain or similar proceeding by or at the direction of any Governmental Authority or other Person with the power of eminent domain.

**"State"** means the State of Louisiana.

**"Student Fee"** means the student parking garage fee assessed on all University students for the planning, building and maintaining of a University parking garage, which shall be subject to annual designation by the Board in its budget process. The referendum for the fee of \$20.00 per semester and \$10.00 each summer was voted on and passed by students at the University on October 24-26, 2005.

**"Student Fee Revenues"** means the amount of all funds or revenues held by the University derived by the Student Fee.

**"Tax Regulatory Agreement"** means the Tax Regulatory Agreement and Arbitrage Certificate dated the closing date by and among the Issuer, the Corporation, the Board and the Trustee.

**"Term"** means the term of the Phase Four Facilities Lease, as provided in Section 2 thereof.

**"Trust Estate"** means all the property assigned by the Issuer to the Trustee pursuant to the Indenture as security for the Bonds.

**"Trustee"** means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under the Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of the Indenture, initially The Bank of New York Trust Company, N.A.

**"University"** means Southeastern Louisiana University in Hammond, Louisiana.

**"University Representative"** means the Person or Persons designated by the University in writing to serve as the University's representative under the Indenture; the University Representative shall be the Vice President for Administration and Finance of the University, or any other representative designated by the President of the University, of whom the Issuer and the Trustee have been notified in writing.

**"Value,"** with respect to Permitted Investments, means (i) as to investments, the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*); the average of the bid and asked prices for such investment so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investment by any two (2) nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) with respect to certificates of deposit and bankers' acceptances, means the face amount thereof, plus accrued interest; (iv) with respect to guaranteed investment contracts that permit the Corporation to withdraw amounts invested thereunder at any time without penalty for which repayment obligation the other party thereto has pledged collateral acceptable to the Bond Insurer, the amount available to be withdrawn therefrom; and (v) with respect to any investment not specified above, means the value thereof established by prior agreement among the Bond Insurer, the Trustee, and the Corporation.

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## APPENDIX "C"

### SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS

The following summaries of the Indenture and the Agreement do not purport to be comprehensive or definitive statements of the provisions of such documents and prospective purchasers of the Series 2007 Bonds are referred to the complete texts of such documents, copies of which are available upon request from the Underwriter prior to the issuance and delivery of the Series 2007 Bonds and from the Trustee after issuance and delivery of the Series 2007 Bonds.

#### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

##### **General**

The Indenture will contain an assignment by the Issuer to the Trustee, in trust, to secure payment of the Series 2007 Bonds, of all of the Issuer's right, title, and interest in, to and under the Agreement (except for rights relating to exculpation, indemnification, and payment of expenses thereunder), and in, to, and under the Phase Four Facilities Lease assigned by the Corporation to the Issuer pursuant to the Agreement, including the right to receive all payments of Rental thereunder.

##### **Additional Phase Four Bonds**

No bonds, notes or other obligations secured by Phase Four Lawfully Available Funds may be issued except as Additional Phase Four Bonds. Additional Phase Four Bonds may be issued which will be on a parity with the Bonds only as and to the extent authorized and described in the Indenture, provided that, at the time of issuance thereof, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing. The issuance of Additional Phase Four Bonds is permitted as follows:

(A) Additional Phase Four Bonds may be issued with the prior approval of the Bond Insurer but without the need for prior approval of the Bondholders.

(B) Bonds issued to refund the Phase Four Bonds in their entirety may be issued without the need for prior approval of the Bondholders or the Bond Insurer.

##### **Investments**

All moneys in any fund created under the Indenture will, at the written direction of the Corporation as advised by the Board, be invested and reinvested in Permitted Investments. All income derived from any profit or loss on any such investment of moneys on deposit in any such fund or account will be credited, or debited, as the case may be, to the respective fund or account in which earned, except that if the balance of the Debt Service Reserve Fund is equal to or greater than the Debt Service Reserve Fund Requirement, earnings in the Debt Service Reserve Fund will be transferred to the Interest Account.

All cash investments in the Debt Service Reserve Fund will be required to be valued at fair market value and marked to market twice per year.

The Issuer will agree in the Indenture that it will not direct the investment of moneys in the various funds and accounts created thereunder in a manner that would result in the loss of exclusion from gross income of interest on the Series 2007 Bonds or in such manner that would result in the Series 2007 Bonds becoming "arbitrage bonds" within the meaning of Section 148 of the Code.

##### **Requisitions from the Project Fund**

Payments from the Project Fund will be required to be made, as follows:

In connection with a payment from the Project Fund, there will be required to be filed with the Trustee a requisition, substantially in the form attached to the Indenture and made a part thereof, signed by an Authorized Corporation Representative, stating:

- (a) the item number of each such payment;
- (b) the name of the person, firm, or corporation to whom each such payment is due, or, if such payment has been made by the Corporation, that the Trustee is to reimburse the Corporation directly for such payment;
- (c) the respective amounts to be paid;
- (d) the purpose by general classification for which each obligation to be paid was incurred;
- (e) that obligations in the stated amounts have been incurred by the Corporation and are either (i) presently due and payable or (ii) have been paid by the Corporation and that each item thereof is a proper charge against the Project Fund and has not been the subject of any prior requisition;
- (f) that such requisition contains no item representing payment on account of any retainage to which the Corporation is entitled at the date of such requisition; and
- (g) a certification that all work, materials, supplies and equipment which are the subject of such requisition have been performed or delivered and are in accordance with the description of the Phase Four Facilities.

Upon receipt of each requisition and accompanying certificate and information, the Trustee will pay the obligations set forth in such requisition out of the money in the Project Fund, and each such obligation will be paid by check signed by one or more officers or employees of the Trustee designated for such purpose by the Trustee or by wire transfer or credit to an account of the Corporation held by the Trustee or in such other manner as may be agreed on by the Corporation and the Trustee. In making such payments the Trustee may rely upon such requisitions. If for any reason the Corporation should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment.

#### **Debt Service Fund**

(a) Moneys on deposit in the Interest Account of the Debt Service Fund shall be used solely to pay the interest on the Series 2007 Bonds as it becomes due and payable, whether on an Phase Four Interest Payment Date, at maturity or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of interest on the Series 2007 Bonds.

(b) Moneys on deposit in the Principal Account of the Debt Service Fund shall be used solely to pay the principal of the Series 2007 Bonds as it becomes due and payable whether at maturity, upon scheduled sinking fund redemption or upon acceleration and to reimburse the Bond Insurer for amounts due under the Reimbursement Agreement in respect of principal of the Series 2007 Bonds; and, if funds are available for such purpose and at the written direction of the Issuer, as directed by the Board, to effect the redemption of the Series 2007 Bonds prior to their maturity in accordance with the redemption provisions thereof or with Bond Insurer consent the purchase of Series 2007 Bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any, plus accrued interest on the Series 2007 Bonds.

(c) Whenever and to the extent that money on deposit in the Interest Account or the Principal Account is insufficient to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements therefor) the Series 2007 Bonds, the Trustee shall transfer money from the Replacement Fund and the Debt Service Reserve Fund, in that order, and shall give immediate notice to the Bond Insurer.

### **Application of Money in the Debt Service Reserve Fund**

(a) The Debt Service Reserve Fund will be funded on the date of delivery of the Series 2007 Bonds in an amount equal to the Debt Service Reserve Fund Requirement.

(b) The Trustee will be required to transfer money from the Debt Service Reserve Fund to the Interest Account and the Principal Account of the Debt Service Fund to pay interest on and principal of (whether at maturity or by acceleration) the Series 2007 Bonds, whenever and to the extent that the money on deposit in said accounts (together with any amounts available therefor in the Replacement Fund), is insufficient for such purposes. If the Trustee shall apply any moneys in the Debt Service Reserve Fund to the payment of principal of or interest on the Bonds, the Trustee will be required to give immediate notice to the Bond Insurer.

(c) If the money held in the Debt Service Reserve Fund, including interest earnings, exceeds the Debt Service Reserve Fund Requirement, an amount equal to such excess will be transferred by the Trustee to the Interest Account of the Debt Service Fund. The Trustee will not be required to liquidate any investment before its maturity to make such transfer. Whenever the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee will be required to notify the Issuer, the Bond Insurer, and the Corporation of the amount of such deficiency and such deficiency will be remedied, as provided in the Indenture. Upon notification, the Corporation will be required to deliver to the Trustee an amount sufficient to cure the deficiency in accordance with the Indenture and the Agreement.

(d) The Issuer may, at the direction of the Corporation and as advised by the Board and with the prior written consent of the Bond Insurer, at any time, deposit with the Trustee, to replace cash in the Debt Service Reserve Fund (in which case the replaced cash shall be paid to the University) or to meet the requirements in the Indenture that it deposit additional amounts in the Debt Service Reserve Fund, a Debt Service Reserve Fund Investment. Any bank issuing a letter of credit must have a rating on its unsecured debt, or on debt secured by its letters of credit and which ratings are based solely on the bank's letter of credit, of "AA-" or better by S&P and "Aa3" or better by Moody's. Any insurance company issuing a surety bond must have a claims-paying ability rating of "AAA" by S&P and "Aaa" by Moody's. If such Debt Service Reserve Fund Investment expires prior to fifteen (15) days after the final maturity of the Series 2007 Bonds, it must provide, that if not renewed within fifteen (15) days prior to its expiration date in an amount equal to the undrawn amount thereof (other than because of a reduction in the Debt Service Reserve Fund Requirement or the deposit of cash in the Debt Service Reserve Fund to replace it), the Trustee will be permitted to draw the full amount of such Debt Service Reserve Fund Investment. The Trustee will draw down the full amount of such Debt Service Reserve Fund Investment and deposit such amount in the Debt Service Reserve Fund fifteen (15) days prior to expiration of such Debt Service Reserve Fund Investment if it is not renewed as provided for in the preceding sentence. The Debt Service Reserve Fund Investment must be able to be drawn upon at any time that cash could be withdrawn from the Debt Service Reserve Fund. Prior to accepting any such Debt Service Reserve Fund Investment, the Trustee, the Corporation, the Board, the Issuer, and the Bond Insurer must receive a Bond Counsel opinion that such acceptance and any payment of funds in the Debt Service Reserve Fund to the Corporation is authorized by the Indenture and will not adversely affect the exclusion of interest on the Series 2007 Bonds from gross income for purposes of federal income taxation. If a Debt Service Reserve Fund Investment shall be deposited in the Debt Service Reserve Fund in lieu of cash, the cash amount contained in the Debt Service Reserve Fund will be required to be transferred to the Replacement Fund.

If a disbursement shall be made under a surety bond deposited in the Debt Service Reserve Fund, the Corporation will be obligated to either reinstate the maximum limits of such surety bond immediately following such disbursement in twelve (12) equal monthly installments or as required by the Issuer of the Debt Service Reserve Fund Investment in an amount equal to the Debt Service Reserve Fund Requirement or deposit into the Debt Service Reserve Fund funds in the amount of the disbursement made under the Debt Service Reserve Fund Investment, or a combination of such alternatives as shall equal the Debt Service Reserve Fund Requirement.

### **Application of Insurance Proceeds; Condemnation Award**

If all or any portion of the Phase Four Facilities shall be damaged or destroyed by a Casualty or shall be taken by Expropriation proceedings, the Corporation will be required, upon receipt of notice from the University and/or the Board instructing the Corporation to do so, as expeditiously as possible, to prosecute or cause to be prosecuted continuously and diligently the repair, restoration, or replacement thereof; provided, however, that the

Corporation will in no way be liable for any costs of the repair, restoration, or replacement of the Phase Four Facilities in excess of the proceeds of any insurance or of any Expropriation award received because of such Casualty or Expropriation. The proceeds of any insurance, including the proceeds of any self-insurance through ORM, or of any Expropriation award or payment in lieu of Expropriation, received on account of any damage, destruction, or taking of all or any portion of the Phase Four Facilities will be delivered to the Trustee and held by the Trustee in a special account to be established upon receipt of any such funds and held by the Trustee in trust or in the case of self insurance through ORM, as described in the second succeeding paragraph, and will be made available for, and to the extent necessary be applied to, such restoration, repair, and replacement. Any amounts so held by the Trustee will be disbursed to pay the costs of restoration, replacement, and repair of the Phase Four Facilities with respect to which they are held, in each case promptly after receipt of a written request of the Corporation as advised by the Board, stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing, repairing, or restoring the Phase Four Facilities and that no amount previously shall have been disbursed by the Trustee for payment of the costs to be so paid. In making such payments, the Trustee will be permitted to rely conclusively upon such written requests and will have no liability or responsibility to investigate any matter stated therein, or for any inaccuracy or misstatement therein. In no event will the Trustee be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Phase Four Facilities, or for the improper use of moneys properly disbursed pursuant to request made under the Indenture. Any proceeds remaining on deposit with the Trustee following completion of the repairs, restoration, or replacement of the Phase Four Facilities will be paid by the Trustee to the Board.

In the event the University shall decide not to repair, restore, or replace the Phase Four Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of Expropriation proceedings (including payments received or payable in lieu of Expropriation and including any portion of such payments attributable to the Board's interest) will be paid to the Trustee and applied to the prepayment of the Series 2007 Bonds in accordance with the terms of the Indenture.

In the event ORM shall insure the Phase Four Facilities, the Board will be required to cause the Corporation to use the insurance proceeds received from ORM in accordance with policies and procedures of ORM (requiring invoices to be submitted to ORM for payment to vendors, or alternatively, production of invoices paid by the Board to ORM for reimbursement of vendor payments) to effect the repair, restoration or replacement of the Phase Four Facilities

#### **Application of Money in the Replacement Fund**

(a) The Replacement Fund will be funded on the Closing Date in the amount of the Replacement Fund Requirement from proceeds of the Series 2007 Bonds.

All moneys in the Replacement Fund will be held for the benefit of the Board through the Corporation, will not be pledged under the Indenture, and will be permitted to be drawn on and used by the Corporation or the Board to (i) replace any worn out, obsolete, inadequate, unsuitable, or undesirable property, furniture, equipment, fixtures, and other property owned by the Board or the Corporation and located on the Phase Four Facilities, and (ii) maintain the Phase Four Facilities and to make all alterations, repairs, restorations, and replacements to the Phase Four Facilities as and when needed to preserve the Phase Four Facilities in good working order, condition, and repair, each as required by the Phase Four Facilities Lease. Withdrawals from the Replacement Fund for the purposes set forth above will be made by the Trustee upon its receipt of a requisition from the Board or the Corporation complying with the requirements of the Indenture. Moneys in the Replacement Fund will also be permitted to be drawn by the Trustee and transferred to the Debt Service Fund if amounts on deposit therein are insufficient to pay debt service on the Bonds on any Interest Payment Date or Principal Payment Date.

(b) Any moneys remaining in the Replacement Fund immediately prior to the time all of the Bonds are paid, or provision for their payment is made in accordance with the Indenture, will be paid to the University.

#### **Events of Default and Remedies**

Each of the following will be an "*Event of Default*" under the Indenture:

(a) Payment of any installment of interest, on any of the Bonds shall not be made when the same shall become due and payable;

(b) The payment of principal of or premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, whether at maturity or by proceedings for redemption or by acceleration or otherwise;

(c) An “*Event of Default*” under the Agreement shall have occurred;

(d) A default with respect to the Bonds shall occur under the Phase Four Facilities Lease;

(e) Default by the Issuer in the due and punctual performance of any other of the covenants, conditions, agreements, or provisions contained in the Bonds or in the Indenture on the part of the Issuer to be performed, if such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer, the Board, the Bond Insurer, and the Corporation by the Trustee, which will be permitted to give such notice in its discretion and will be required to give such notice at the written request of the owners of not less than a majority in principal amount of the Bonds then outstanding. Such default shall not become an Event of Default if said default shall be of the nature that (i) it cannot be corrected within the thirty (30) day period after receipt of notice, but the Issuer (or the Corporation pursuant to the provisions of the Indenture) shall promptly institute and diligently pursue corrective action until such default is cured, or (ii) the Trustee shall determine that such default is not curable but such default does not affect the validity or enforceability of the Bonds, the Indenture, or the Agreement, an event of nonperformance shall not have occurred under the Agreement (other than as a result of the cross-default provisions), and such default shall not impair the security or the obligations provided for or under the Bonds, the Indenture, or the Agreement, and (iii) the Bond Insurer shall have consented to such event not being an Event of Default.

For all purposes of the Indenture described hereunder (other than “**Notice of Defaults**” below), the Bond Insurer will be deemed to be the sole owner of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policies, and the Bond Insurer will be entitled to (i) notify the Trustee of the occurrence of an Event of Default hereunder, (ii) request that the Trustee intervene in judicial proceedings that affect the Bonds or the security therefor, (iii) direct all remedies in the Event of Default, (iv) be recognized as the owner of each Bond that it insures for the purposes of exercising all rights and privileges available to Bondholders, (v) have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a Bondholder in accordance with the provisions of the Indenture or each Bond for which it insures.

Upon the occurrence of an Event of Default, the Issuer, the Trustee, and, subject to the provisions of the Indenture described below under the subheadings “**Majority of Bondholders Control Proceedings**” and “**Individual Bondholder Action Restricted,**” the Bondholders will have all the rights and remedies as may be allowed by law, the Indenture, the Assignment of Agreements and Documents, or pursuant to the provisions of the Agreement and/or the Phase Four Facilities Lease by virtue of their assignment under the Indenture, including but not limited to, acceleration of the maturity of all Bonds, or suit at law or in equity to enforce or enjoin the action or inaction of parties under the provisions of the Indenture, the Agreement, or the Phase Four Facilities Lease.

Upon the occurrence of an Event of Default, the Trustee will be permitted, with the prior written consent of the Bond Insurer, and upon the written request of the Bond Insurer will be required, by notice in writing to the Issuer, the Board and the Corporation, to declare the Bonds then outstanding immediately due and payable, and such Bonds will become and be immediately due and payable, anything in such Bonds or in the Agreement or the Indenture to the contrary notwithstanding, and the Trustee will be permitted to exercise any remedies granted to it in the Indenture. In such event, there will be due and payable on the Bonds an amount equal to the principal amount of all the Bonds then outstanding plus all interest accrued thereon and which will accrue thereon to the date of payment. If the Bond Insurer shall be in default of its payment obligations under any of the Bond Insurance Policies, the owners of not less than a majority of the aggregate principal amount of Bonds outstanding, will be permitted to direct the Trustee to declare the Bonds then outstanding immediately due and payable.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action, or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under the Indenture, the Agreement, the

Assignment of Agreements and Documents, or the Phase Four Facilities Lease, the Trustee will be permitted to annul such declaration and its consequences with respect to the Series 2007 Bonds if: (i) moneys shall have been deposited in the Debt Service Fund sufficient to pay all matured installments of principal (other than principal due solely because of acceleration) and interest; (ii) moneys shall be available sufficient to pay the charges, compensation, expenses, disbursements, advances, and liabilities of the Issuer and the Trustee; (iii) all other amounts then payable by the Issuer or the Corporation under the Indenture or the Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Issuer or the Trustee (other than a default in the payment of the principal of the Bonds due only because of such declaration) shall have been remedied to the satisfaction of the Issuer and the Trustee. No such annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

No waiver of any Event of Default will be effective without the written consent of the Bond Insurer.

#### **Insufficiency in the Debt Service Fund and the Debt Service Reserve Fund; Application of Moneys**

Anything in the Indenture to the contrary notwithstanding, if at any time the moneys in the Debt Service Fund and the Debt Service Reserve Fund shall not be sufficient to pay the interest on, premium, if any, or the principal of the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities), such moneys, together with any other moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Indenture or otherwise shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys will be applied:

FIRST, to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay any particular installment, then to the payment thereof, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; then

SECOND, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds that shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) in the order of their due dates, with interest on the principal amount of such Bonds due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds and the interest thereon, then to the payment thereof ratably, according to the amount of the interest due on such date, and next, to the payment of the principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and then

THIRD, to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of the Indenture.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of the Indenture described in (b) above, in the event that the principal of all the Bonds shall later become or be declared due and payable, then all such moneys will be applied in accordance with the provisions of (a) above.

Whenever money is to be applied by the Trustee pursuant to the provisions of the Indenture, such money will be required to be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for application in the future; the deposit of such money or otherwise setting aside such money in trust for the proper purpose will constitute proper application by the Trustee; and the Trustee will incur no liability whatsoever to the Issuer, to any Bondholder, or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it will be required to fix the date (which will be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date, interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee will give such notice as it may deem appropriate of the fixing of any such date and will not be required to make payment to the owner of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement or for cancellation if fully paid.

#### **Discontinuance of Proceedings**

In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the Issuer, the Trustee, and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers, and duties of the Trustee will continue as though no proceeding had been taken.

#### **Appointment of Receiver**

Upon the occurrence of an Event of Default, and upon filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or keeper pending such proceedings, with such powers as the court making such appointment shall confer.

#### **Remedies Not Exclusive**

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Bondholders will be intended to be exclusive of any other remedy, but each and every remedy will be cumulative and will be in addition to every other remedy given under the Indenture or existing at law or in equity on or after the date of execution and delivery of the Indenture.

#### **Remedies Vested In Trustee**

All rights of action under the Indenture, the Agreement, the Assignment of Agreements and Documents, or under any of the Bonds will be permitted to be enforced by the Trustee without possession of the Bonds and without their production in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee will be permitted to be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds.

#### **Majority of Bondholders Control Proceedings**

If an Event of Default shall have occurred and be continuing, subject to all rights granted to the Bond Insurer in the Indenture, the owners of at least a majority of the aggregate outstanding principal amount of Bonds then outstanding will have the right, after written notice delivered to the Trustee, at any time by an instrument or instruments in writing executed and delivered to the Trustee, together with security or indemnity satisfactory to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture, provided the direction shall be in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, shall not be unduly prejudicial to the interest of Bondholders not joining in such direction, and provided further, that nothing in the Indenture described under this subheading shall impair the right of the Trustee in its discretion to take any other action under the Indenture that it may deem proper and that shall not be inconsistent with the direction by the Bondholders.

### **Individual Bondholder Action Restricted**

No owner of any Bond will have any right to institute any suit, action, or proceeding for the enforcement of the Indenture or for the execution of any trust thereunder or for any remedy thereunder unless an Event of Default shall have occurred (other than a payment default) as to which the Trustee shall have actual notice or as to which the Trustee shall have been notified in writing, and the owners of at least a majority of the aggregate outstanding principal amount of Bonds shall have made written request to the Trustee to proceed to exercise the powers granted to it under the Indenture or to institute an action, suit, or proceeding in its own name; and these Bondholders shall have offered the Trustee such indemnity as may be satisfactory to the Trustee, and the Trustee shall have failed or refused to exercise the powers granted in the Indenture or to institute an action, suit, or proceeding in its own name for a period of sixty (60) days after receipt of the request and offer of indemnity.

No one or more owners of Bonds will have any right in any manner whatsoever to disturb or prejudice the security of the Indenture or to enforce any right thereunder except in the manner therein provided and then only for the equal benefit of the owners of all outstanding Bonds.

### **Waiver and Non-Waiver of Event of Default**

No delay or omission of the Trustee or of any owner of Bonds to exercise any right or power accruing upon any Event of Default will impair the right or power or shall be construed to be a waiver of an Event of Default or an acquiescence therein. Every power and remedy given by the Indenture to the Trustee and to the owners of the Bonds, respectively, will be permitted to be exercised from time to time and as often as may be deemed expedient.

The Trustee, with Bond Insurer consent, will be permitted to waive any Event of Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action, or proceeding instituted by it under the provisions of the Indenture or before the completion of the enforcement of any other remedy under the Indenture.

Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon written request of the Bond Insurer or the Bond Insurer and the owners of at least a majority of the aggregate principal amount of the Bonds then outstanding, will be required to waive any Event of Default and its consequences; provided, however, that a default in the payment of the principal of, premium, if any, or interest on any Bond, when due and payable or upon call for redemption, will not be permitted to be waived after the date the same shall become due and payable without the written consent of the owners of all the Bonds at the time outstanding.

In case of a waiver by the Trustee of any Event of Default, the Issuer, the Trustee, and the Bondholders will be restored to their former positions and rights under the Indenture, but no waiver will extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee will not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with the terms of the Indenture.

### **Notice of Defaults**

Within thirty (30) days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee shall be deemed to have notice, the Trustee will be required (unless the Event of Default shall already have been cured) to give written notice of the Event of Default to the owners of all Bonds then outstanding in the manner provided in the Indenture, provided that, except in the case of a default in the payment of principal, redemption price, or interest on any of the Bonds, the Trustee will be permitted to withhold the notice to the Bondholders if, in its sole judgment, it shall determine that the withholding of notice is not detrimental to the best interest of the Bondholders.

The Trustee will be required to notify, in writing, the Issuer, the Board, the Bond Insurer, and the Corporation immediately of any Event of Default known to the Trustee.

The Trustee will be required to provide the Bond Insurer immediate notice of any default in the payment of principal of, premium, if any, or interest on the Bonds.



### **Opportunity of Corporation to Cure Certain Defaults**

The Issuer and the Trustee by the Indenture will grant the Corporation full authority on the account of the Board and/or the Issuer to perform any covenant or obligation and to otherwise fulfill any condition the failure or non-performance of which shall be or shall be alleged to be an Event of Default under the provisions of the Indenture described in subsection (f) under the subheading “**Events of Default and Remedies**” above, and the Trustee will agree that performance by the Corporation will be deemed to be performance by the Board or the Issuer.

### **Trustee**

The obligations and duties of the Trustee will be described in the Indenture, the Agreement, the Phase Four Facilities Lease and the Assignment of Agreements and Documents, and the Trustee will undertake only those obligations and duties that are expressly set out and only upon such terms and conditions as set forth in the Indenture, the Agreement, the Phase Four Facilities Lease and the Assignment of Agreements and Documents. The Trustee will not independently pass upon the validity of the Bonds, the security thereof, the adequacy of the provisions for payment thereof, or the tax-exempt status of the interest on the Series 2007 Bonds. The Trustee will be permitted to rely upon the opinion of bond counsel for the validity of the Series 2007 Bonds and the tax-exempt status of the interest on the Series 2007 Bonds. The Indenture will expressly provide that the Trustee will not be responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel.

Under the terms of the Indenture, the Trustee will be liable only for those damages caused by its negligence or willful misconduct. Under the Indenture, the Trustee will not be deemed to have notice of an Event of Default described in items (b) through (e) under the heading “**THE INDENTURE - Events of Default and Remedies**” unless the Trustee shall have actual knowledge of such Event of Default or shall have been given written notice of such Event of Default by the Bond Insurer or any Bondholder. All notices or other instruments required by the Indenture to be delivered to the Trustee will be required to be delivered to the principal corporate trust office of the Trustee. The summary of the Trustee's rights, duties, obligations, and immunities contained herein is not intended to be a complete summary, and references must be made to the Indenture for a complete statement of the Trustee's rights, duties, obligations, and immunities.

### **Qualification of the Trustee**

There will at all times be a Trustee under the Indenture. Any successor Trustee thereunder will be required to be a trust company or commercial bank (having trust powers) organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having unimpaired capital and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. If such trust company or bank shall publish reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of the Indenture described under this subheading, the unimpaired capital and surplus of such association or corporation will be deemed to be its unimpaired capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, it will be required to resign immediately in the manner and with the effect specified below.

### **Resignation and Removal of Trustee**

No resignation or removal of the Trustee and no appointment of a successor Trustee will become effective until the acceptance of appointment by the successor Trustee under the Indenture and until notice of resignation or removal and appointment, as the case may be, shall have been provided to the Bond Insurer.

The Trustee will be permitted to resign at any time by giving written notice thereof to the Issuer, the Bond Insurer, the Board, the Corporation, and the Bondholders. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the retiring Trustee will be permitted to petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee will be permitted to be removed with or without cause at any time by an instrument or instruments in writing to the Trustee, with copies to the Issuer, the Bond Insurer, the Board, and the Corporation, signed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding or by their attorneys, legal representatives, or agents and delivered to the Trustee, the Issuer, the Bond Insurer, the Board, and the Corporation (such instruments to be effective only when received by the Trustee).

If at any time

(i) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Corporation for the Board or by any Bondholder, or

(ii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, (1) the Issuer, in its discretion and without obligation, will be permitted or the Corporation, on behalf of the Board, will be permitted to remove the Trustee, or (2) any Bondholder will be permitted, on behalf of himself and all others similarly situated, to petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor but only, in each case, with the prior written approval of the Bond Insurer.

If the Trustee shall be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause other than resignation (it being understood that no vacancy may occur as a result of resignation since the Trustee will not be permitted to resign unless a successor shall have been appointed) or if the Trustee shall tender its resignation, the Issuer with the approval of the Bond Insurer (so long as the Bond Insurer is not in default under the Bond Insurance Policies) will promptly appoint a successor provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses shall accrue. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by an instrument or concurrent instruments in writing executed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding and delivered to the Corporation for the Board and the retiring Trustee, the successor Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer. If no successor Trustee shall have been so appointed by the Issuer or the Bondholders and accepted appointment in the manner hereinafter described, any Bondholder who shall have been a *bona fide* owner of a Bond for at least six (6) months will be permitted, on behalf of himself and all others similarly situated, to petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Issuer will be required to give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to all Bondholders upon the written request of the Trustee and provided the Issuer shall have been furnished with sufficient funds to pay all costs and expenses (including attorney's fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses shall accrue. Each notice will be required to include the name and address of the principal corporate trust office of the successor Trustee.

### **Successor Trustee**

Every successor Trustee appointed under the Indenture will be required to execute, acknowledge, and deliver to its predecessor, and also to the Issuer, the Bond Insurer, and the Corporation, for the Board, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, will become fully vested with all the rights, immunities, powers, and trusts, and subject to all the duties and obligations, of its predecessors; but such predecessor will, nevertheless, on the written request of its successor or of the Issuer and upon payment of the expenses, charges, and other disbursements of such predecessor that are payable pursuant to the provisions of the Indenture, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers, and trusts of such predecessor under the Indenture; and every predecessor Trustee will be required to deliver all property and moneys held by it under the Indenture to its successor, subject, nevertheless, to its preference, if any, provided for in the Indenture. Should any instrument in writing from the Issuer be required by

any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers, and trusts by the Indenture vested or intended to be vested in the predecessor Trustee, any such instrument in writing will be executed, acknowledged, and delivered by the Issuer upon the written request of the Trustee and provided the Issuer shall be furnished with sufficient funds to pay all costs and expenses (including attorneys' fees) reasonably incurred by the Issuer in connection therewith as such costs and expenses accrue.

Notwithstanding any of the foregoing provisions of the Indenture, any bank or trust company having power to perform the duties and execute the trusts of the Indenture and otherwise qualified to act as Trustee under the Indenture with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the corporate trust assets and corporate trust business of such bank or trust company may be sold, will be deemed the successor of the Trustee.

### **Supplemental Indentures**

Subject to the conditions and restrictions in the Indenture, the Indenture may be amended or supplemented from time to time, without the consent of the registered owners of the Bonds, but with consent of the Bond Insurer, for one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Indenture; (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, or authority that may be lawfully granted to or conferred upon the Bondholders or the Trustee or either of them; (c) to subject to the lien and pledge of the Indenture additional revenues, properties or collateral; (d) to modify, amend, or supplement the Indenture or any supplemental indenture in such manner as to permit the qualification thereof under any federal statute hereafter in effect or under any state Blue Sky Law, and, in connection therewith, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions, and provisions as may be permitted or required by any said federal statute or Blue Sky Law; provided that any such supplemental indenture shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of the Bonds; or (e) to provide any other modifications that, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders.

The Indenture also may be amended from time to time with the consent of the registered owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, and with the consent of the Bond Insurer, for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that no amendment will be permitted to be made, without the consent of the Bond Insurer and the owners of all the Bonds then outstanding, permitting: (a) an extension of the stated maturity or reduction in the principal amount or premium of, or reduction in the rate or extension of the time of payment of interest on, any Bonds; or (b) the creation of any lien on the Trust Estate or any part thereof pledged under the Indenture prior to or on a parity with the lien of the Indenture; or (c) a reduction in the aforesaid aggregate outstanding principal amount of Bonds the owners of which shall be required to consent to any such supplemental indenture. No such amendment will modify the rights, duties, or immunities of the Trustee without the written consent of the Trustee.

### **Defeasance**

When all of the Bonds shall have been paid and discharged and there shall have been paid all the fees and charges of the Trustee due or to become due through the date on which the last of the Bonds shall have been retired, then the Indenture will cease, terminate, and become null and void, and thereupon the Trustee will be required to release the Indenture including the cancellation and discharge of the lien thereof, and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien thereof and, if necessary, to enter on the records such satisfaction and discharge and to re-convey to the Issuer any property or interest therein or other rights thereby conveyed and such other instruments to evidence such release and discharge as may be reasonably required by the Issuer, and the Trustee will be required to assign and deliver to the Issuer any property at the time subject to the lien of the Indenture which may then be in its possession, except amounts in any fund otherwise required to be paid by the Indenture and except such cash and investments as shall be held by the Trustee for the payment of interest and premium, if any, on and retirement of the Bonds.

Notwithstanding the foregoing, the obligation of the Board to pay the fees and expenses of the Trustee in accordance with the terms of the Indenture, will survive defeasance of the Bonds, the discharge of the Indenture, and the termination of the Agreement.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policies, the Bonds will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Issuer to the registered owners will continue to exist and will run to the benefit of the Bond Insurer, and the Bond Insurer will be subrogated to the rights of such registered owners.

Provision for the payment of any Bond will be deemed to have been made and the Bonds deemed discharged if the Trustee, or an escrow trustee, shall hold, in trust for and irrevocably committed thereto, moneys or Defeasance Obligations of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient for the payment of such Bonds, at their maturity or redemption date of the principal thereof, together with the redemption premium, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been duly made for the giving of such notice.

## **SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT**

### **Nature and Benefits**

The Agreement will be executed and delivered in part to induce concurrently therewith the purchase by others of the Series 2007 Bonds, and, accordingly, all covenants and agreements on the part of the Corporation and the Issuer, as set forth in the Agreement, will thereby be declared to be for the benefit of the Trustee for the owners from time to time of the Series 2007 Bonds. The Corporation will consent and agree to the assignment by the Issuer to the Trustee under the Indenture of all of the Issuer's right, title, and interest (except for certain rights relating to exculpation, indemnification, and payment of expenses) in, to, and under the Agreement, including the interest of the Issuer in and to the Phase Four Facilities Lease assigned by the Corporation to the Issuer thereunder, and will agree that the provisions of the Agreement may be enforced by the Trustee under the provisions of the Indenture. The Corporation will agree to do all things within its power in order to comply with, and to enable the Issuer to comply with, all requirements and to fulfill, and to enable the Issuer to fulfill, all covenants of the Indenture and the Series 2007 Bonds.

The Agreement will be a limited obligation of the Corporation, payable solely from the Phase Four Base Rental, and the Agreement will remain in full force and effect until the Series 2007 Bonds and the interest therein have been fully paid or otherwise provided for or discharged.

### **Construction, Improvement and Equipping of the Phase Four Facilities**

The Corporation will lease the Phase Four Land and will agree to develop and construct or cause to be developed and constructed the Phase Four Facilities with all reasonable dispatch and in accordance with the Phase Four Facilities Documents and will agree to take all action necessary to enforce the provisions of the Phase Four Facilities Documents. The Phase Four Facilities as constructed will be owned by the Board and subject to the Phase Four Ground Lease.

### **Disbursements from Project Fund**

The money in the Project Fund will be required to be applied by the Trustee, and in connection therewith requisitions will be required to be presented by the Corporation signed by an Authorized Corporation Representative, for payment of the Costs of the Phase Four Facilities in accordance with the Indenture and the Agreement, and pending such application, such money will be invested and reinvested in accordance with the Indenture.

### **Use of Bond Proceeds**

Under the Agreement, proceeds of the sale of the Series 2007 Bonds, after the required transfers to the Bond Insurer and to the Debt Service Reserve Fund and the Costs of Issuance Account of the Bond Proceeds Fund, will be deposited in the Project Fund and applied to the payment of the Costs of the Phase Four Facilities. Moneys in the Project Fund will be applied by the Trustee, upon presentation of requisitions by the Corporation by an Authorized Corporation Representative, for payment of the Costs of the Phase Four Facilities, in accordance with the Agreement. Pending such application, moneys in the Project Fund will be invested and reinvested in accordance with the Indenture.

### **Completion of Payment of Construction of the Phase Four Facilities**

At such time as the Corporation shall have notice that the funds initially deposited in the Project Fund on the Closing Date to finance the Phase Four Facilities, together with the investment earnings thereon, are insufficient to pay the completion Costs of the Phase Four Facilities, the Corporation will be required to deliver to the Trustee and the Issuer written estimates by an architect and an Authorized Corporation Representative of the additional funds required to pay the completion Costs of the Phase Four Facilities, and such additional information and data as may be reasonably requested by the Issuer and the Trustee. The Corporation will be required to complete the development and construction of the Phase Four Facilities and pay that portion of the completion Costs of the Phase Four Facilities as may be in excess of the money available therefor in the Project Fund. The obligation of the Corporation to pay in full the completion Costs of the Phase Four Facilities will be a limited obligation of the Corporation payable solely from the Phase Four Base Rental.

Upon request of the Corporation, the Issuer will use its best efforts to issue and sell, upon terms and at prices acceptable to the Issuer and the Corporation, one or more series of Additional Bonds for the purpose of financing the completion Costs of the Phase Four Facilities; provided, however, that failure of the Issuer to issue such additional Bonds will not relieve the Corporation of its obligation to provide the additional money required to pay the completion Costs of the Phase Four Facilities. If, after exhaustion of the money in the Project Fund, the Corporation should pay any portion of the Costs of the Phase Four Facilities, it will not be entitled to any reimbursement therefor from the Issuer or from the Trustee and will not be entitled to any abatement, diminution, or postponement of payments required to be made by it under the Agreement.

When the Phase Four Facilities shall be substantially complete, the Corporation will detail all Costs of the Phase Four Facilities, and other facilities necessary in connection with the Phase Four Facilities, to the Issuer and the Trustee, and will certify such Costs of the Phase Four Facilities have been paid. The certification will provide that the Phase Four Facilities are substantially complete in accordance with the Plans and Specifications.

### **Disbursement of Bond Proceeds**

In order to provide funds for paying the Costs of the Phase Four Facilities, the Issuer, as soon as practicable after the execution of the Agreement will proceed to issue, sell, and deliver the Series 2007 Bonds to the purchasers thereof and will deposit the proceeds thereof as provided by the Indenture with the Trustee for disbursement in accordance with the provisions of the Indenture.

Upon the terms and conditions of the Agreement, the Issuer will lend to the Corporation the proceeds of the sale of the Series 2007 Bonds. The proceeds of the Loan will be deposited with the Trustee and applied in accordance with the Indenture.

### **Loan Payments**

The Corporation, for and in consideration of the issuance of the Series 2007 Bonds under the Indenture by the Issuer and the application of the proceeds thereof by the Issuer as provided in the Indenture for the benefit of the Corporation, will promise to repay the Loan, but solely from the Phase Four Base Rental, by making the following payments to or for the account of the Issuer in an amount sufficient for the payment in full of all Series 2007 Bonds from time to time issued under the Indenture and then outstanding, including (i) the total interest becoming due and payable on the Bonds to the date of payment thereof, and (ii) the total principal amount of and premium, if any, on

the Bonds. The Payments with respect to the Bonds will be payable directly to the Trustee for the account of the Issuer in installments as follows:

(a) At such time as may be required by the Tax Regulatory Agreement, to the Rebate Fund the amount required to be deposited thereunder;

(b) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Interest Account of the Debt Service Fund an amount equal to one-fifth (1/5<sup>th</sup>) of the interest due and payable on such Series 2007 Bonds on August 1, 2007 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing August 25, 2007, an amount equal to one-sixth (1/6<sup>th</sup>) of the interest due and payable on such Series 2007 Bonds on the next February 1 and August 1 or such lesser amount that, together with amounts already on deposit in the Interest Account of the Debt Service Fund, will be sufficient to pay interest on such Series 2007 Bonds on such Phase Four Interest Payment Date;

(c) On the twenty-fifth (25<sup>th</sup>) day of each month, commencing March 25, 2007, into the Principal Account of the Debt Service Fund an amount equal to one-eleventh (1/11<sup>th</sup>) of the principal of the Series 2007 Bonds payable on February 1, 2008 and thereafter, on the twenty-fifth (25<sup>th</sup>) day of each month commencing February 25, 2008, an amount equal to one-twelfth (1/12<sup>th</sup>) of the principal due and payable on such Series 2007 Bonds on the next Principal Payment Date;

(d) On the twenty-fifth (25<sup>th</sup>) day of each month any amounts due to the Bond Insurer under the Reimbursement Agreement.

(e) On the twenty-fifth (25<sup>th</sup>) day of each month following any drawing on the Debt Service Reserve Fund in accordance with Section 4.18 hereof, an amount equal to the lesser of (i) one twelfth (1/12<sup>th</sup>) of the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement within twelve (12) months or (ii) the excess of the Debt Service Reserve Fund Requirement over the amount on deposit in the Debt Service Reserve Fund; and

(f) Annually, beginning June 25, 2009, an amount equal to one-half of one percent (1/2%) of funds available for construction pursuant to the Construction Contract, as determined by the University, into the Replacement Fund, or such lesser annual amount as is permitted by the Louisiana State Board of Regents and approved by the Bond Insurer.

Each installment of the Payments payable by the Corporation under the Agreement will be required to be in an amount that, without regard to the payments required above, but including moneys in the Debt Service Fund then available, will be designed to provide for the timely payment in full of the principal of, premium, if any, and interest on the Bonds.

Notwithstanding anything to the contrary contained in the Agreement, the Corporation will promise that it will pay the Payments from the Phase Four Base Rentals at such times and in such amounts as to assure that no default in the payment of the principal of, premium, if any, or interest on the Series 2007 Bonds shall at any time occur.

Whenever the Corporation shall fail to pay the full amount of any installment of the Payments payable under the Agreement by the day of the month in which such installment is due, the Trustee will be required to give immediate telephonic notice thereof, promptly confirmed in writing, to an Authorized Corporation Representative.

The Corporation will also be required to cause the Board to pay promptly when due under the Phase Four Facilities Lease all amounts of Phase Four Additional Rental owed by the Board thereunder, including, but not limited to, all Default or Delay Rentals and Administrative Expenses owed to the Corporation, the Issuer, and/or the Trustee thereunder.

The Corporation will be entitled to a credit against and reduction of the Payments from accrued interest, if any, derived from the sale of the Bonds, rents and any other moneys deposited with the Trustee in the Receipts Fund in accordance with the Indenture, surplus moneys (including investment earnings) contained in the funds and

accounts held by the Trustee under the Indenture, including the Debt Service Fund, the Debt Service Reserve Fund, and the Replacement Fund.

### **Obligation to Make Payments**

The obligation of the Corporation to repay the Loan by making the Payments from the Phase Four Base Rental will be absolute and unconditional and will not be subject to, nor will the Corporation be entitled to assert, any rights of abatement, deduction, reduction, deferment, recoupment, setoff, offset, or counterclaim by the Corporation or any other person, nor will the same be abated, abrogated, waived, diminished, postponed, delayed, or otherwise modified under or by reason of any circumstance or occurrence that may arise or take place, irrespective of what statutory rights the Corporation may have to the contrary, including, but without limiting the generality of the foregoing:

- (i) Any damage to or destruction of part or all of the Phase Four Facilities;
- (ii) The taking or damaging of part or all of the Phase Four Facilities or any temporary or partial use thereof by any public authority or agency in the exercise of the power of eminent domain, sequestration, or otherwise;
- (iii) Any assignment, novation, merger, consolidation, transfer of assets, leasing, or other similar transaction of, by, or affecting the Corporation, except as otherwise provided in the Agreement;
- (iv) Any change in the tax or other laws of the United States, the State, or any governmental authority;
- (v) The termination of the Phase Four Ground Lease or the Phase Four Facilities Lease, any failure of title or any lawful or unlawful prohibition of the Corporation's use of the Phase Four Facilities or any portion thereof or the interference with such use by any person or any commercial frustration of purpose or loss or revocation of any permits, licenses, or other authorizations required for the operation of the Phase Four Facilities; and
- (vi) Any failure of the Issuer or the Trustee to perform and observe any agreement or covenant, expressed or implied, or any duty, liability, or obligation arising out of or in connection with the Agreement, the invalidity, unenforceability, or disaffirmance of any of the Agreement, the Indenture, or the Bonds or for any other cause similar or dissimilar to the foregoing.

Furthermore, the Corporation will covenant and agree that it will remain obligated under the Agreement in accordance with its terms, and that it will not take or participate or acquiesce in any action to terminate, rescind, or avoid the Agreement.

### **Tax Covenants of the Corporation**

The Corporation will covenant to make such use of the proceeds of the Bonds, regulate investment of proceeds thereof, and take such other and further actions as may be required by the Code and applicable temporary, proposed, and final regulations and procedures, necessary to assure that interest on the Series 2007 Bonds is excludable from gross income for federal income tax purposes.

The Corporation will covenant to restrict the use of the proceeds of the Series 2007 Bonds and take other actions as may be required by the Code so as to reasonably expect that the proceeds will not be used to cause the Series 2007 Bonds to constitute "arbitrage bonds" under Section 148 of the Code.

The Corporation will also covenant to maintain its status as an exempt organization under Section 501(c)(3) of the Code organized and operated exclusively for religious, charitable, scientific, and educational purposes and not to perform any act or enter into any agreement that will adversely affect its ability to maintain such status.

## Corporate Existence

Under the Agreement, the Corporation will covenant not to merge into, or consolidate with, one or more corporations, or allow one or more of such corporation to merge into it, or sell or convey all or substantially all of its assets to any person or entity or acquire all or substantially all of the assets of any person or entity, unless: (a) any successor corporation shall be a 501(c)(3) corporation organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Trustee an appropriate instrument, satisfactory to the Bond Insurer, the Issuer, and the Trustee, containing the agreement of such successor corporation to assume, jointly and severally and *in solido*, the due and punctual payment of the principal of, premium, if any, and interest on all obligations of the Corporation (including, without limitation, the Bonds) according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Indenture and the Agreement to be kept and performed by the Corporation, accompanied by an opinion of counsel as to the validity and enforceability of such assumption (which counsel and opinion, including without limitation the scope, form, substance, and other aspects thereof, are acceptable to the Bond Insurer, the Issuer, and the Trustee); (b) immediately after such merger there would not be a default in the performance or observance of any covenant or condition of the Indenture, the Agreement, the Phase Four Ground Lease, or the Phase Four Facilities Lease; and (c) there shall be delivered to the Bond Insurer, the Issuer, and the Trustee an opinion of Bond Counsel to the effect under existing laws, the consummation of such merger, whether or not contemplated on the original date of delivery of the Series 2007 Bonds, would not adversely affect the validity of the Bonds or the exclusion otherwise available from gross income of interest on the Series 2007 Bonds for federal or State income tax purposes.

## Defaults and Remedies

Each of the following will be an "Event of Default" under the Agreement:

(a) Failure by the Corporation to make timely payment of any Payment under the Agreement;

(b) An Event of Default shall exist under the Indenture, the Phase Four Facilities Lease with respect to the Bonds or the Tax Regulatory Agreement.

(c) The termination of the Phase Four Facilities Lease.

(d) The Corporation shall fail duly to perform, observe or comply with any other covenant, condition or agreement on its part under the Agreement (other than a failure to make any payment required under the Agreement), and such failure continues for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Trustee; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such thirty (30) day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as the Corporation shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion.

(e) The entry of a decree or order by a court having jurisdiction in the premises adjudging the Corporation a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Corporation under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.

(f) The institution by the Corporation of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official)



of the Corporation or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due.

Whenever any Event of Default shall have occurred and be continuing, any one or more of the following remedial steps may be taken with the consent of the Bond Insurer and shall be taken at the direction of the Bond Insurer:

(i) the Issuer or the Trustee may declare all installments of Payments to be immediately due and payable, whereupon the same will become immediately due and payable;

(ii) the Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Corporation under the Agreement;

(iii) the Issuer or the Trustee may have access to and inspect, examine, and make copies of any and all books, accounts, and records of the Corporation; and/or

(iv) the Issuer or the Trustee (or the owners of the Bonds in the circumstances permitted by the Indenture) may exercise any option and pursue any remedy provided by the Indenture.

#### **No Remedy Exclusive; Selective Enforcement**

No remedy conferred upon or reserved to the Issuer or the Trustee by the Agreement will be intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Agreement and as existing at law or in equity. No delay or omission to exercise any right or power accruing upon any event of nonperformance will impair any such right or power or be construed to be a waiver thereof, but any such right and power will be permitted to be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in the Agreement, it will not be necessary under the Agreement to give any notice, other than such notice as may be expressly required therein. In the event the Issuer or the Trustee shall elect to selectively and successively enforce its rights under the Agreement, such action will not be deemed a waiver or discharge of any other lien, encumbrance, or security interest securing payment of the indebtedness secured by the Agreement until such time that it shall have been paid in full all sums secured under the Agreement. The foreclosure of any lien provided pursuant to the Agreement without the simultaneous foreclosure of all such liens will not merge the liens granted that are not foreclosed with any interest that the Issuer or the Trustee might obtain as a result of such selective and successive foreclosure.

#### **Indenture Overriding**

All of the provisions of the Agreement will be subject to and subordinate to the rights and remedies of the Bond Insurer, the Bondholders, and the Trustee pursuant to the Indenture. The Issuer will have no power to waive any Event of Default under the Agreement, except with respect to indemnification and its administrative payments, without the consent of the Trustee and the Bond Insurer to such waiver.

#### **Amendment of Agreement; Amendment of Phase Four Facilities Lease or Phase Four Ground Lease**

The Issuer and the Corporation, with the consent of the Bond Insurer but without the consent of the owners of any of the Bonds outstanding under the Indenture, will be permitted to enter into supplements to the Loan Agreement which shall not be inconsistent with the terms and provisions thereof for any of the following purposes: (a) to cure any ambiguity or formal defect, inconsistency, or omission in the Agreement or to clarify matters or questions arising thereunder; (b) to add covenants and agreements for the purpose of further securing the obligations of the Corporation thereunder; (c) to confirm as further assurance any mortgage or pledge of additional property, revenues, securities, or funds; (d) to conform the provisions of the Agreement in connection with the provisions of any supplements or amendments to the Indenture; (e) to provide any other modifications that, in the sole judgment of the Trustee, are not prejudicial to the interests of the Bondholders; or (f) to conform the covenants and provisions of the Corporation contained in the Agreement to any different financial statement presentation required by the

Financial Accounting Standard Board that is different than the presentation required as of the Closing Date so long as the effect of such conformed covenants and provisions shall be substantially identical to the effect of the covenants and provisions as in effect on the Closing Date.

The Agreement will be permitted to be amended with the written consent of the Bond Insurer and the owners of not less than a majority of the aggregate principal amount of Bonds then outstanding; provided, however, that no such amendment will be permitted to be adopted that shall decrease the percentage of owners of Bonds required to approve an amendment or that shall permit a change in the date of payment of the principal of or interest on any Bonds or of any redemption price thereof or the rate of interest thereon without the consent of the owners of all of the aggregate principal amount of the Bonds then Outstanding.

Subject to the terms and provisions of the Agreement, with the written consent of the Bond Insurer, the Phase Four Facilities Lease or the Phase Four Ground Lease will be permitted to be amended or modified in any manner not inconsistent with the terms and provisions of the Agreement, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Phase Four Facilities Lease or the Phase Four Ground Lease that does not have an adverse effect upon the interest of the Bondholders; (b) to grant to or confer upon the Issuer or the Trustee, for the benefit of the Bondholders, any additional rights, remedies, powers, or authorities that lawfully may be granted to or conferred upon the Issuer or the Trustee; (c) to more clearly identify the Phase Four Facilities or to add to or subtract from the Phase Four Facilities any property; (d) to amend or modify the Phase Four Facilities Lease or the Phase Four Ground Lease in any manner specifically required or permitted by the terms thereof, including as may be necessary to maintain the exclusion from gross income of interest on the Series 2007 Bonds for federal income tax purposes; (e) to make any amendment or modification required as a condition to obtaining any rating by Moody's or S&P with respect to the Bonds; (f) to make any amendment or modification required as a condition to the issuance of the Bond Insurance Policies; and (g) to amend or modify the Phase Four Facilities or the Phase Four Ground Lease in any other manner that, in the judgment of the Trustee, shall not be materially adverse to the interests of the owners of the Bonds, the Bond Insurer, or the Trustee and that does not involve a change described in the second succeeding paragraph.

In addition to amendments and modifications covered by the above paragraph, the Bond Insurer, the Issuer, and the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, will have the right, from time to time, to consent to and approve any other amendment or modification of the Phase Four Facilities Lease or the Phase Four Ground Lease. Notice of the proposed modification or amendment will be required to be mailed by the Trustee to the Bond Insurer and to each of the owners of the Bonds at the address indicated on the registration books of the Trustee. If, within sixty (60) days, or such longer period as shall be prescribed by the Issuer, as advised by the Corporation, following the mailing of such notice the owners of the requisite percentage in aggregate principal amount of the Bonds outstanding at the time of the execution of any such amendment or modification shall have consented to and approved such amendment or modification, no owner of any Bond will have any right to object to any of the terms and provisions contained therein or the operation thereof, or to enjoin or restrain the parties thereto from executing the same or from taking any action pursuant to the provisions of the Agreement.

Nothing contained in the two preceding paragraphs will permit, or be construed as permitting, without the approval and consent of the Bond Insurer and all of the owners of the Bonds, (i) a reduction in the amount of, or the extension of the time for, any payment of Phase Four Base Rental due under the Phase Four Facilities Lease or any amount due under the Bond Insurance Policies; or (ii) the termination of the Phase Four Facilities Lease or the Phase Four Ground Lease prior to the expiration of its stated term.

APPENDIX "D"

FORM OF BOND COUNSEL OPINION

\_\_\_\_\_, 2007

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

§ \_\_\_\_\_  
Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

§ \_\_\_\_\_  
Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of March 1, 2007 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) construct a new intermodal parking facility and related facilities defined in the Indenture as the Phase Four Facilities (the "Phase Four Facilities"), (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of March 1, 2007 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Phase Four Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Phase Four Facilities will be located from the Board of Supervisors for the University of Louisiana System (the "Board") pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by a First Amendment to Ground and Buildings Lease Agreement dated as of March 1, 2007 (the "Ground Lease"). The Corporation is leasing the Phase Four Facilities to the Board pursuant to an Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by a First Amendment to the Agreement to Lease with Option to Purchase dated as of March 1, 2007 (the "Facilities Lease").

The Bonds are also entitled to the benefits of an Assignment of Agreements and Documents dated as of March 1, 2007 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board, and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board, and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.
2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.
3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.
4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.
5. Interest on the Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board, and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board, and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement, and the Tax Regulatory Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board, or the Corporation fails to comply with the foregoing covenants, interest on the Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement, and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Corporation, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution, and delivery by the Corporation of, the Agreement, the Ground Lease, and the Facilities Lease and the valid and binding effect thereof on the Corporation; (iv) the Corporation being exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Phase Four Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code; and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by-laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

We have also relied on the opinion of McGlinchey Stafford PLLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution, and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir, Clark & Adams, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization, execution, and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution, and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture, and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

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APPENDIX "F"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") constitutes the written undertaking of the **Board of Supervisors for the University of Louisiana System** (the "Board"), on behalf of **Southeastern Louisiana University** (the "University") for the benefit of the holders of the Bonds (as defined herein), required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"). The Board is an "obligated person" within the meaning of the Rule.

**SECTION 1. Definitions.** In addition to the definitions set forth in that certain Trust Indenture dated as of \_\_\_\_\_, 2007 (the "Indenture") by and between the Issuer (as defined herein) and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

*"Audited Financial Statements"* means annual financial statements of the University or operating data prepared in accordance with GAAP and mandated by statutory accounting requirements in effect from time to time, which financial statements shall have been audited by a firm of independent certified public accountants or the Legislative Auditor of the State.

*"Board"* means the Board of Supervisors for the University of Louisiana System.

*"Bond Insurer"* means MBIA Insurance Corporation.

*"Bonds"* means the \$ \_\_\_\_\_ Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A and the \$ \_\_\_\_\_ Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B and such Bonds issued in exchange for other such Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Bonds pursuant to the Indenture.

*"Corporation"* means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

*"Disclosure Representative"* means the President of the Board or his or her designee or such other officer, employee, agent or representative as the Dissemination Agent shall designate in writing from time to time.

*"Dissemination Agent"* means the Board, in its capacity as such, which (through its Disclosure Representative) shall collect and provide the Financial Information in accordance with Section 2 hereof.

*"Financial Information"* means the annual financial information (which shall be based on financial statements prepared in accordance with GAAP), or operating data with respect to the University, provided at least annually, of the type included in the Official Statement as further described in **Exhibit B** hereto, which annual financial information shall include Audited Financial Statements.

*"Fiscal Year"* means the period commencing on the first day of July of any year and ending on the last day of June of the following year or such other period of twelve (12) consecutive calendar months as shall be specified by the Board.

*"GAAP"* means generally accepted accounting principles.

"*Issuer*" means the Louisiana Local Government Environmental Facilities and Community Development Authority as issuer of the Bonds.

"*Material Event*" means any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves, reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to rights of the owners of the Bonds;
- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution or sale of property, if any, securing repayment of the Bonds; and
- (xi) Rating changes.

"*NRMSIR*" means any Nationally Recognized Municipal Securities Information Repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule. The NRMSIRs, as of the date of this Disclosure Certificate, appear in **Exhibit C** attached hereto.

"*Notice of Material Events*" means the Notice required to be given in accordance with Section 4 hereof.

"*Official Statement*" means the final Official Statement dated \_\_\_\_\_, 2007 with respect to the Bonds.

"*Report Date*" shall have the meaning set forth in Section 2(a)(i) hereof.

"*Repository*" means each NRMSIR and each SID.

"*Rule*" means Rule 15c2-12(b)(5)(i) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*SID*" means any public or private repository or entity designated by the Board as a state depository for the purpose of the Rule. The SIDs, as of the date of this Disclosure Certificate, appear in **Exhibit E** attached hereto.

"*State*" means the State of Louisiana.

"*Underwriter*" means Morgan Keegan and Company, Inc.

"*University*" means Southeastern Louisiana University, Hammond, Louisiana.

## **SECTION 2. Provision of Financial Information.**

**(a) THE BOARD HEREBY COVENANTS AND AGREES TO ACT AS "DISSEMINATION AGENT" IN CONNECTION WITH THE BONDS.**

**The Dissemination Agent, either on its own or through its designated Disclosure Representative, shall, while any of the Bonds are Outstanding, collect and provide the Financial Information to the Repositories and to the Bond Insurer no later than six (6) months from the end of each Fiscal Year ending after the issuance of the Bonds (the "Report Date"), commencing December 31, 2007. The Dissemination Agent may adjust the Report Date if the Board or the University change their Fiscal Year by providing written notice of the change of Fiscal Year and the new Report Date to each then existing Repository; provided that the new Report Date shall be no more than 180 days after the end of the new Fiscal Year, and provided further that the period between the final Report Date relating to**

the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration.

It shall be sufficient if the Dissemination Agent provides to each then existing Repository the Financial Information (or any portion thereof) by specific reference to documents previously provided to each Repository or filed with the Securities and Exchange Commission or, if such document is a final official statement, available from the Municipal Securities Rulemaking Board. The Dissemination Agent shall clearly identify each such other document so incorporated by reference.

IF THE DISSEMINATION AGENT IS UNABLE TO PROVIDE THE FINANCIAL INFORMATION TO EACH THEN EXISTING REPOSITORY BY THE REPORT DATE, THEN THE DISSEMINATION AGENT SHALL SEND A NOTICE TO EACH THEN EXISTING REPOSITORY IN SUBSTANTIALLY THE FORM ATTACHED HERETO AS EXHIBIT A.

IF THE DISSEMINATION AGENT IS UNABLE TO PROVIDE THE AUDITED FINANCIAL STATEMENTS TO EACH THEN EXISTING REPOSITORY BY THE REPORT DATE, THEN THE BOARD SHALL PROVIDE TO EACH THEN EXISTING REPOSITORY UNAUDITED FINANCIAL STATEMENTS OF THE BOARD AND, AS REQUIRED BY THE RULE, AUDITED FINANCIAL STATEMENTS, WHEN AND IF AVAILABLE, TO EACH THEN EXISTING REPOSITORY.

THE DISSEMINATION AGENT SHALL DETERMINE, EACH YEAR PRIOR TO THE DATE FOR PROVIDING THE ANNUAL REPORT, THE NAME AND ADDRESS OF EACH THEN EXISTING NRMSIR AND EACH THEN EXISTING SID.

**SECTION 3. Content of Financial Information.** The Financial Information shall contain or incorporate by reference information described in **Exhibit B** attached hereto, as well as the following:

AUDITED FINANCIAL STATEMENTS FOR THE UNIVERSITY;

THE ACCOUNTING PRINCIPLES PURSUANT TO WHICH THE AUDITED FINANCIAL STATEMENTS WERE PREPARED;

THE STATEMENT THAT THE ABOVE-DESCRIBED INFORMATION HAS BEEN PROVIDED DIRECTLY BY THE BOARD AND/OR THE UNIVERSITY AND

IDENTIFICATION OF ANY DOCUMENTS PREVIOUSLY FILED BY THE BOARD, THE UNIVERSITY, THE STATE OR ANY OTHER ENTITY AND INCORPORATED BY REFERENCE PURSUANT TO SECTION (2)(A)(II) HEREOF.

The Dissemination Agent reserves the right to cross-reference any or all of such annual financial information and operating data to other documents to be provided to the Repositories or the Municipal Securities Rulemaking Board.

The Dissemination Agent reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Dissemination Agent; provided that the Dissemination Agent agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 6 hereof.

#### **SECTION 4. Reporting of Material Events.**

IF A MATERIAL EVENT OCCURS WHILE ANY BONDS ARE OUTSTANDING, THE DISSEMINATION AGENT SHALL PROVIDE A MATERIAL EVENT NOTICE IN A TIMELY MANNER AND SHALL PROMPTLY PROVIDE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD AND THE REPOSITORY, IF ANY, SUCH MATERIAL EVENT NOTICE. EACH MATERIAL EVENT NOTICE SHALL BE SO CAPTIONED AND SHALL PROMINENTLY STATE THE DATE, TITLE AND CUSIP NUMBERS OF THE BONDS. NOTWITHSTANDING THE FOREGOING, A NOTICE OF MATERIAL EVENT DESCRIBED IN ITEMS (VIII) AND (IX) UNDER THE DEFINITION OF "MATERIAL EVENT" HEREIN NEED NOT BE GIVEN UNDER THIS SUBSECTION ANY EARLIER THAN THE NOTICE (IF ANY) OF THE UNDERLYING EVENT IS GIVEN TO BONDHOLDERS OF AFFECTED BONDS PURSUANT TO THE INDENTURE.

**THE DISSEMINATION AGENT SHALL PROVIDE IN A TIMELY MANNER TO THE MUNICIPAL SECURITIES RULEMAKING BOARD AND TO THE REPOSITORY, IF ANY, NOTICE OF ANY FAILURE WHILE ANY BONDS ARE OUTSTANDING BY THE DISSEMINATION AGENT TO PROVIDE TO EACH THEN EXISTING REPOSITORY FINANCIAL INFORMATION ON OR BEFORE THE REPORT DATE.**

**THE DISSEMINATION AGENT MAY FROM TIME TO TIME CHOOSE TO PROVIDE NOTICE OF THE OCCURRENCE OF CERTAIN OTHER EVENTS, IN ADDITION TO MATERIAL EVENTS, IF, IN THE JUDGMENT OF THE DISSEMINATION AGENT, SUCH OTHER EVENT IS MATERIAL WITH RESPECT TO THE BONDS, BUT THE DISSEMINATION AGENT DOES NOT UNDERTAKE TO COMMIT TO PROVIDE ANY SUCH NOTICE OF THE OCCURRENCE OF ANY MATERIAL EVENT EXCEPT MATERIAL EVENTS.**

**WHENEVER THE DISSEMINATION AGENT OBTAINS KNOWLEDGE OF THE OCCURRENCE OF A MATERIAL EVENT, THE DISSEMINATION AGENT SHALL, AS SOON AS POSSIBLE, DETERMINE IF SUCH EVENT WOULD CONSTITUTE MATERIAL INFORMATION FOR BONDHOLDERS; PROVIDED, THAT ANY MATERIAL EVENT UNDER ITEMS (I), (VI), (VII), OR (XI) OF THE DEFINITION OF "MATERIAL EVENT" HEREIN WILL ALWAYS BE DEEMED TO BE MATERIAL.**

**SECTION 5. Termination of Reporting Obligation.** The Board's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption in whole or payment in full of all of the Bonds. In addition, any provision hereof and any provision relating to the Rule as set forth in the resolution authorizing the issuance of the Bonds shall be null and void in the event that the Board delivers to the Trustee (in its capacity as "Paying Agent") an opinion of counsel expert in federal securities laws to the effect that those portions of the Rule that require this Disclosure Certificate, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the Board shall have provided notice of such delivery and the cancellation of this Disclosure Certificate and that portion of the Bond Resolution relating to the Rule to each then existing Repository.

**SECTION 6. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not in and of itself cause the undertakings herein to violate, or adversely affect compliance with the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in or official interpretation of the Rule.

Provided, however, that the following conditions must be satisfied prior to such amendment:

**THE AMENDMENT MAY ONLY BE MADE IN CONNECTION WITH A CHANGE IN CIRCUMSTANCES THAT ARISES FROM A CHANGE IN LEGAL REQUIREMENTS, CHANGE IN LAW, OR CHANGE IN THE IDENTITY, NATURE, OR STATUS OF THE BOARD, OR TYPE OF BUSINESS CONDUCTED;**

**THE UNDERTAKING HEREUNDER, AS AMENDED, WOULD HAVE COMPLIED WITH THE REQUIREMENTS OF THE RULE AT THE TIME OF THE PRIMARY OFFERING, AFTER TAKING INTO ACCOUNT ANY AMENDMENTS OR INTERPRETATIONS OF THE RULE, AS WELL AS ANY CHANGE IN CIRCUMSTANCES; AND**

**THE AMENDMENT DOES NOT MATERIALLY IMPAIR THE INTERESTS OF THE HOLDERS OF THE BONDS, AS DETERMINED EITHER BY PARTIES UNAFFILIATED WITH THE BOARD (SUCH AS BOND COUNSEL), OR BY APPROVING VOTE OF SUCH HOLDERS IN ACCORDANCE WITH THE TERMS OF THE INDENTURE AT THE TIME OF THE AMENDMENT.**

Further, the Financial Information containing the amended operating data or financial information shall explain in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

Further provided, if an amendment is made to an undertaking hereunder specifying the accounting principles to be followed in preparing the Audited Financial Statements, the Financial Information for the year in which the change is made should present a comparison between the Audited Financial Statements or information

prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the Audited Financial Statements, in order to provide information to investors to enable them to reevaluate the ability of the Board to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles should be sent to the Repositories or the Municipal Securities Rulemaking Board.

Amendments to **Exhibits C and D** may be made by the Dissemination Agent at any time to correct or update the list of Repositories.

**SECTION 7. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Dissemination Agent from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in any Financial Information or Notice of Material Event in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Financial Information or Notice of Material Event.

**SECTION 8. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Board, the Underwriter and the holders of the Bonds, and shall create no rights in any other person or entity.

**BOARD OF SUPERVISORS FOR THE UNIVERSITY  
OF LOUISIANA SYSTEM**

By: \_\_\_\_\_  
Randy Moffett, Authorized Representative

Date: \_\_\_\_\_, 2007

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Louisiana Local Government Environmental Facilities and  
Community Development Authority

Name of Obligated Person: Board of Supervisors for the  
University of Louisiana System

Name of Bond Issue: \$ \_\_\_\_\_ Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds (Southeastern Louisiana University  
Student Housing/University Facilities, Inc.: Phase  
Four Parking Project) Series 2007A and \$ \_\_\_\_\_  
Louisiana Local Government Environmental Facilities  
and Community Development Authority Revenue Bonds  
(Southeastern Louisiana University Student  
Housing/University Facilities, Inc.: Phase Four Parking  
Project) Series 2007B

Date of Issuance: \_\_\_\_\_, 2007

NOTICE IS HEREBY GIVEN that the Board has not provided the Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the Board dated \_\_\_\_\_, 2007. The Board anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT B

(A) Names of the entities, enterprises, funds, accounts and other persons with respect to whom information will be provided:

Entity:

1. BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM
2. SOUTHEASTERN LOUISIANA UNIVERSITY

(B) Types of information to be provided: (e.g., specific types of financial statements and general descriptions of operating, economic, statistical, utilization and trend data)

Audited Financial Statements, including the same type of information set forth in the Official Statement in **Appendix A** thereto.

Collection information regarding the Parking Fee, on an annual basis.

(C) The accounting principles pursuant to which financial statements will be prepared:

Generally accepted accounting principles.

\*Note: In accordance with Section 3(d) of the Continuing Disclosure Certificate, the Board is required to specifically identify any documents previously filed with a Repository that is being incorporated by reference.

**EXHIBIT C**

**NATIONALLY RECOGNIZED MUNICIPAL SECURITIES  
INFORMATION REPOSITORIES**

**Bloomberg Municipal Repository**

100 Business Park Drive

Skillman, NJ 08558

Phone: (609) 279-3225

Fax: (609) 279-5962

<http://www.bloomberg.com/markets/rates/municontacts.html>

Email: [Munis@Bloomberg.com](mailto:Munis@Bloomberg.com)

**DPC Data Inc.**

One Executive Drive

Fort Lee, NJ 07024

Phone: (201) 346-0701

Fax: (201) 947-0107

<http://www.dpcdata.com>

Email: [nrmsir@dpcdata.com](mailto:nrmsir@dpcdata.com)

**FT Interactive Data**

Attn: NRMSIR

100 William Street, 15th Floor

New York, NY 10038

Phone: 212-771-6999; 800-689-8466

Fax: 212-771-7390

<http://www.ftid.com>

Email: [NRMSIR@interactivedata.com](mailto:NRMSIR@interactivedata.com)

**Standard & Poor's Securities Evaluations, Inc.**

55 Water Street

45th Floor

New York, NY 10041

Phone: (212) 438-4595

Fax: (212) 438-3975

[www.jjkenny.com/jjkenny/pser\\_descrip\\_data\\_rep.html](http://www.jjkenny.com/jjkenny/pser_descrip_data_rep.html)

Email: [nrmsir\\_repository@sandp.com](mailto:nrmsir_repository@sandp.com)



**EXHIBIT D**  
**STATE INFORMATION DEPOSITORIES**

None

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**EXECUTION COPY**

**TAX REGULATORY AGREEMENT AND ARBITRAGE CERTIFICATE**

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**"), University Facilities, Inc. (the "**Corporation**"), the Board of Supervisors for the University of Louisiana System (the "**Board**") and The Bank of New York Trust Company, N.A., in its capacity as Trustee (the "**Trustee**") under the Indenture (as defined herein) hereby enter into this Tax Regulatory Agreement and Arbitrage Certificate (together with the exhibits attached hereto, the "Tax Agreement") in connection with the issuance of the Authority's (i) \$5,545,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A and (ii) \$2,490,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (collectively, the "**Bonds**"). The representations of facts and circumstances and covenants of the Authority made herein are in part made pursuant to Treasury Regulations § 1.148-2(b)(2)(i).

**I. General Provisions**

1. Purpose of this Tax Agreement. The Authority, the Corporation and the Board are delivering this Tax Agreement to Bond Counsel with the understanding and acknowledgment that Bond Counsel will rely upon this Tax Agreement in rendering their opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code.
2. Status of the Authority, the Board, the Corporation and the University.
  - a. The Authority is a political subdivision of the State of Louisiana created pursuant to the authority of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16) (the "Act").
  - b. The Board is a public and constitutional corporation of the State of Louisiana (the "State"), created by Article VIII, Section 6(A) of the Louisiana Constitution of 1974, as amended, and statutes of the State.
  - c. Southeastern Louisiana University (the "University") is a public institution under the supervision of the Board. The University serves an integral educational function of the Board.
  - d. The Corporation is a Louisiana non-profit corporation, organized on a non-stock basis, that was created to exclusively promote, assist and benefit the mission of the University.
3. Authorization of the Bonds. The Authority is issuing the Bonds pursuant to the Act and the terms of the Indenture.

4. Purpose for the Bonds. The Authority is issuing the Bonds to loan the proceeds to the Corporation for the purpose of (i) financing a portion of construction of a new intermodal parking facility (the "Phase Four Facilities"); (ii) funding a deposit to the Debt Service Reserve Fund; and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.
5. No Other Bonds. There are no obligations heretofore issued or to be issued by or on behalf of any state, territory or possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia, that were or will be sold: (i) within 15 days of the date of sale of the Bonds; (ii) pursuant to the same plan of financing as the Bonds; and (iii) are payable directly or indirectly by the Corporation or the Board or any related person or from the same source or sources from which the Bonds are payable.
6. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed thereto in **Exhibit A** to this Tax Agreement. Any capitalized term not defined in **Exhibit A** to this Tax Agreement shall have the meaning ascribed thereto in Section 1.1 of the Indenture.

## **II. Description, Ownership and Use of the Phase Four Facilities**

1. General. The Authority, the Board and the Corporation recognize and acknowledge that, to ensure that the interest on the Bonds remains excludable from the gross income of the bondholders, the Bonds must satisfy the requirements to be treated as "qualified 501(c)(3) bonds" under Code Section 145. To ensure that the Bonds are and remain qualified 501(c)(3) bonds, the Authority, the Board and the Corporation make the acknowledgments, representations, warranties and covenants as noted and contained in this Article II.
2. The Phase Four Facilities. As more fully described in the Official Statement relating to the issuance of the Bonds, the Phase Four Facilities will consist of parking facilities on the land leased under the Ground Lease. The parking facilities improvements will be owned by the Board as constructed and leased to the Corporation pursuant to the Phase Four Ground Lease.
3. Ownership of the Phase Four Facilities. Pursuant to the terms of the Phase Four Ground Lease, the Board will lease the land on which the Phase Four Facilities will be constructed to the Corporation, and the Corporation will renovate or construct the Phase Four Facilities thereon. Pursuant to the terms of the Phase Four Facilities Lease, the Corporation will lease the Phase Four Facilities to the Board. The Phase Four Ground Lease and the Phase Four Facilities Lease will terminate upon payment in full of the Bonds. At that time, full, unencumbered ownership of the Phase Four Facilities will vest in the Board.
4. Contracts. The Corporation has disclosed to Bond Counsel all its contracts and agreements and those of the Board relating to the management, maintenance and operation of the Phase Four Facilities on **Exhibit D**. Except for those contracts and

agreements listed on **Exhibit D**, the Corporation represents that there are no contracts or agreements relating to the management, maintenance and operation of the Phase Four Facilities and the Corporation does not expect to enter into any such contracts or agreements.

5. Not Private Activity Bonds. The Board and the Corporation will not use the Phase Four Facilities or cause the Phase Four Facilities to be used in a manner that will result in the Bonds not meeting the requirements imposed upon qualified 501(c)(3) bonds.
  - a. The Board and the Corporation acknowledge that the Bonds will be considered "private activity bonds" if more than 5% of the Phase Four Facilities is used by a Private Person in a trade or business or by the Corporation or any other Exempt Entity in an Unrelated Business.
  - b. The Board and the Corporation acknowledge that in determining whether all or a portion of the Phase Four Facilities is used, directly or indirectly, in the trade or business of a Private Person for purposes of the "private business use test" under Section 141(b)(1) of the Code, use of the Phase Four Facilities or any portion thereof by a Private Person pursuant to any agreement, including any management or other service contract must be examined.
  - c. Except for Permitted Contracts the Board and the Corporation will not enter into any contract or agreement with respect to any portion of the Phase Four Facilities without first disclosing such contract to the Authority.
  - d. None of the Authority, the Corporation nor the Board knows of any reason that the Phase Four Facilities, or any part thereof, will not be used as described in this Tax Agreement in the absence of (i) supervening circumstances not anticipated by the Authority, the Corporation or the Board at the date of issue of the Bonds, (ii) adverse circumstances beyond their control or (iii) obsolescence of such insubstantial parts or portions thereof as may occur as a result of normal use thereof.

### **III. General Tax Matters**

1. Form 8038. To the best of the knowledge of the Authority, the Corporation and the Board, the information shown on IRS Form 8038 that is included in the transcript of proceedings relating to the issuance of the Bonds is true, accurate and complete.
2. No adverse actions. The Authority, the Corporation and the Board will not knowingly take or permit to be taken any action that would have the effect, directly or indirectly, of causing the interest on any of the Bonds to be included in the gross income of the holders thereof for federal income tax purposes.
3. Filings. The Authority will comply with and make all filings required by all effective rules, rulings or Regulations promulgated by the Department of Treasury or the IRS with respect to obligations described in Section 103 and Sections 141-150 of the Code.

4. Information Reporting. The Authority will comply with the information reporting requirements of Section 149(e)(2) of the Code.
5. Federal Guarantee. The Authority, the Corporation and Board will not cause the Bonds to be treated as "Federally Guaranteed Obligations" for purposes of Section 149(b) of the Code, as may be modified in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or IRS with respect to Federally Guaranteed Obligations described in Section 149(b) of the Code. Unless otherwise excepted under Section 149(b) of the Code, the Bonds will be considered federally guaranteed obligations if (i) the payment of principal and interest with respect to the Bonds is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), (ii) 5% or more of the Bond Proceeds is (A) to be used in making loans, the payment of principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) or (B) to be invested (directly or indirectly) in federally insured deposits or accounts or (iii) the payment of principal or interest on the Bonds is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). For purposes of determining whether the Bonds are federally guaranteed, a guarantee by the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Insurance Corporation, the Government National Mortgage Association or the Resolution Funding Corporation is not considered a "federal guarantee".
6. Not Hedge Bonds. The Corporation and the Trustee covenant that not more than fifty percent (50%) of the Bond Proceeds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.
7. Payment of Costs of Issuance. The Authority reasonably expects that at least 95% of the Costs of Issuance will have been paid by the date that is 180 days after the Date of Issue.
8. Private Activity Bond Requirements Applicable to Qualified 501(c)(3) Bonds.
  - a. At least 95% of the proceeds of the Bonds will be used to provide either land or property of a character subject to the allowance for depreciation under the Code, and substantially all amounts to be paid or incurred from the proceeds of the Bonds are, for federal income tax purposes, chargeable to a capital account related to the Phase Four Facilities or would be so chargeable either with a proper election by the Company (under Section 266 of the Code) or but for a proper election by the Company to deduct such amounts.
  - b. None of the proceeds of the Bonds will be used directly or indirectly to provide residential rental property for family units.
  - c. None of the proceeds of the Bonds will be used to provide a facility the primary purpose of which is retail food and beverage services, automobile sales or service, or the provision of recreation or entertainment and no portion of the proceeds of the Bonds will be used to provide any private or commercial golf course, country



club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility, or racetrack. Furthermore, no portion of the proceeds of the Bonds will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

- d. No more than 2% of the proceeds of the Bonds will be used to pay Costs of Issuance of the Bonds.
- e. The average maturity of the Bonds is 18.255 years, which does not exceed 120% of the average reasonably expected economic life of the Phase Four Facilities financed with proceeds of the Bonds.
- f. As required by Section 147(f) of the Code, the Bonds and the Phase Four Facilities were the subject of a public hearing held on October 31, 2006, which was preceded by reasonable public notice, and were subsequently approved by the Louisiana Attorney General.

#### **IV. 501(c)(3) Status of the Corporation**

- 1. General. The Corporation recognizes that it must be an organization described in Code section 501(c)(3) in order for the interest on the Bonds to be and remain excludable from the gross income of the bondholders.
- 2. Corporation Counsel Opinion. Attached hereto as **Exhibit H** is an opinion from Corporation Counsel that:
  - a. The Corporation is a not-for-profit corporation, duly organized and existing under the laws of the State of Louisiana;
  - b. The Corporation has received a written determination from the IRS that the Corporation is an organization that is described in Code section 501(c)(3) and not a private foundation as defined in Code section 509(a) (the "Corporation Determination Letter");
  - c. The Corporation Determination Letter has not been modified, limited or revoked and the Corporation is in compliance with all terms, conditions and limitations, if any, contained in the letter; and
  - d. The facts and circumstances that form the basis of the Corporation Determination Letter as represented to the IRS continue to exist and no material facts or circumstances have arisen that could affect the validity of the Corporation Determination Letter.
- 3. Representations, warranties and covenants. The Corporation hereby represents, warrants and covenants that:

- a. The Corporation Counsel opinion referred to in Section IV.2. of this Tax Agreement is based upon all material facts relating to the operations of the Corporation since the time of its organization.
- b. The Corporation has not been audited by the Internal Revenue Service and the Corporation continues to be recognized as an organization described in Section 501(c)(3) of the Code.
- c. Throughout the term of the Bonds, the Corporation shall do, or cause to be done, all things necessary to continue to be a not-for-profit corporation, duly organized and existing under the laws of the State of Louisiana.
- d. The Corporation will not perform any act or enter into any agreement that adversely affects the federal income tax status of the Corporation, including its status as an organization described in Section 501(c)(3) of the Code and shall conduct its operations in a manner that will conform to the standards necessary to continue to qualify the Corporation as an organization described in Section 501(c)(3) of the Code or any successor provision of federal income tax law.
- e. Throughout the term of the Bonds, the Corporation shall do, or cause to be done, all things necessary to continue to be classified as an organization described in Section 501(c)(3) of the Code that is not a private foundation as defined in Section 509(a) of the Code.
- f. The Corporation does not expect to perform any act, or enter into any agreement or transaction that would result in it no longer being an organization described in Section 501(c)(3) of the Code. To that end, the Corporation hereby covenants that it will follow all rulings and procedures outlined by the Regulations relating to organizations described in Section 501(c)(3) of the Code.
- g. The Corporation's ownership and operation of the Phase Four Facilities is substantially related to and in furtherance of the Corporation's Exempt Purpose.

## **V. Yield on the Bonds**

1. Generally. For purposes of this Tax Agreement, Yield is calculated as set forth in Code section 148(b) and Treasury Regulations §§ 1.148-4 and 1.148-5. The Yield on the Bonds will be determined on an aggregate basis by treating all payments of principal and interest with respect to the Bonds as if paid with respect to a single obligation issued on the Closing Date for an amount equal to the issue price of the Bonds. For purposes of this Tax Agreement, Yield shall be calculated on a 360-day year basis with interest compounded semi-annually.
2. Issue Price.
  - a. Under Section 1.148-1(b) of the Treasury Regulations, the "issue price" of the Bonds is the first price at which a substantial amount of the Bonds is sold to the public. For this purpose, the term "public" does not include bond

houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers.

- b. The Underwriter has furnished a certificate, attached hereto as **Exhibit E**, which certifies (1) that all of the Bonds have been the subject of an initial bona fide offering to the public (exclusive of bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at prices equal to those amounts set forth on **Exhibit E**, (2) that such initial offering prices were established by a bona fide bid without regard to any amounts that would increase the Yield on any maturity of the Bonds above their market Yields, and (3) as to the prices (exclusive of accrued interest) at which a substantial amount of each maturity of Bonds were sold to the public (exclusive of bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers). Based on past financing practices, the Authority believes that the initial offering price of the Bonds is reasonable under customary standards applicable in the established tax-exempt market.
- c. By reference to the Underwriter's certificate, the issue price of the Bonds is \$7,963,369.70, computed as follows:

Par Amount of Bonds	\$8,035,000.00
<u>Less Original Issue Discount</u>	<u>\$ (71,630.30)</u>
<u>Issue Price</u>	<u>\$7,963,369.70</u>

3. **Bond Insurance Premiums; Qualified Guarantee.** In computing the Yield on the Bonds, the amount of the fees for the Bond Insurance is treated as qualified guarantee on the Bonds. This treatment is based upon representations made by the Underwriter on **Exhibit E** and the Bond Insurer on **Exhibit F** which together represent that the fees paid for the Bond Insurance were negotiated at arm's length and are within the normal range of charges charged by the Bond Insurer for the transfer of credit risk with respect to similar tax-exempt obligations, that the present value of interest saved as a consequence of the Bond Insurance exceeds the present value of the fees for the Bond Insurance, and that the fees for the Bond Insurance are not included in any direct or indirect payment for a cost, risk or other element that is not customarily borne by guarantors of tax-exempt bonds in transactions in which the Bond Insurer has no involvement other than as a guarantor. The Authority believes that the fees for the Bond Insurance are reasonable based on past financing practices.
4. **Yield on the Bonds.** The Underwriters have shown on Exhibit E that the Yield on the Bonds, calculated in accordance with the rules described above, is 4.744316%.

## VI. Arbitrage

1. **General.** The Corporation, as advised by the Board, is given the right under section 4.9 of the Indenture to direct the investment of Bond Proceeds while held in the funds and accounts established under the Indenture. The Corporation acknowledges that the continued exclusion of interest on the Bonds from gross income of the recipients thereof

for purposes of federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code. The Corporation hereby agrees and covenants that it shall not permit at any time or times any of the Bond Proceeds to be used in a manner that would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Corporation further agrees and covenants that it shall do and perform all acts and things necessary to ensure that the requirements of Section 148 of the Code are met.

2. Reasonable Expectations. This Article VI sets forth the reasonable expectations, statement of facts and representations of the Authority, the Board and the Corporation with respect to the amount, use and investment of the proceeds of the Bonds.
3. Funds and Accounts. The only funds and accounts relating to the Bonds are those listed below. Such funds and accounts are created under the Indenture and maintained with the Trustee:
  - a. Bond Proceeds Fund and a Costs of Issuance Account therein;
  - b. Debt Service Fund, and the following accounts therein:
    - (1) Interest Account
    - (2) Principal Account
  - c. Project Fund;
  - d. Debt Service Reserve Fund;
  - e. Rebate Fund; and
  - f. Receipts Fund.
4. Description of Funds. Under the terms of the Indenture, the funds listed above will be used as follows:
  - a. The Bond Proceeds Fund. The Bond Proceeds Fund shall be used to receive the proceeds of the Bonds. On the Closing Date, the Trustee shall disburse amounts held in the Bond Proceeds Fund, the Project Fund and the Debt Service Reserve Fund the amount specified in the request and authorization delivered pursuant to Section 3.12 of the Indenture.
  - b. The Debt Service Fund.
    - (1) The Debt Service Fund is comprised of an Interest Account and a Principal Account.
    - (2) Moneys on deposit in the Debt Service Fund (and accounts therein) will be used solely and exclusively for the payment of debt service on the Bonds

as it falls due at stated maturity or by redemption or upon acceleration, all as provided herein and in the Indenture.

- c. The Project Fund. Moneys in the Project Fund will be applied to the payment of the Costs of the Phase Four Facilities pursuant to the procedure established in Section 4.12 of the Indenture.
  - d. The Debt Service Reserve Fund. Moneys on deposit in the Debt Service Reserve Fund shall be maintained in an amount equal to the Debt Service Reserve Fund Requirement for the Bonds and will be transferred to the Interest Account or the Principal Account of the Debt Service Fund in such amount as shall be necessary to remedy any deficiency therein with respect to the Series 2007A Bonds, the Series 2007B Bonds or any Additional Bonds that are Tax-Exempt Bonds. Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund is sufficient to pay in full all outstanding Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Fund shall be transferred to the Debt Service Fund and shall be available to pay all outstanding Bonds in accordance with their terms. If the balance of the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, all amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the Interest Account of the Debt Service Fund.
  - e. The Rebate Fund. Moneys deposited and held in the Rebate Fund will be used to make all rebate payments owed to the United States under the Code in accordance with the provisions of Article VII of this Tax Agreement.
  - f. The Receipts Fund. There shall be deposited into the Receipts Fund all funds (i) received from or paid on behalf of the Board under the Phase Four Facilities Lease; and (ii) all Phase Four Lawfully Available Funds from the Board used to make Base Rental Payments pursuant to the Phase Four Facilities Lease. Moneys on deposit in the Receipts Fund on the twenty-fifth (25<sup>th</sup>) day of each month will be applied by the Trustee in accordance with Section 4.8 of the Indenture.
5. No other sinking or pledge fund. Except for the Debt Service Fund and the Debt Service Reserve Fund, there are no funds or accounts comprised of securities (within the meaning of Section 165(g)(2)(A) or (B) of the Code), obligations, annuity contracts or investment-type property, established by or on behalf of the Authority, the Board or Corporation, that are reasonably expected to be used or generate earnings to be used to pay Debt Service on the Bonds, or that are reserved or pledged as collateral for payment of Debt Service on the Bonds, and for which there is reasonable assurance that amounts therein will be available to pay such Debt Service if the Board or the Corporation encounters financial difficulties; therefore, there is no other fund created or established or to be created or established that would be treated as a sinking fund in connection with the Bonds.

6. No Replacement Funds.
  - a. Except for amounts in the Debt Service Fund and the Debt Service Reserve Fund, neither the Authority, the Board nor the Corporation expects to have on hand any property, including cash and securities, that is legally required or otherwise restricted (no matter where held or the source thereof) to be used, directly or indirectly, for the purposes for which the Bonds are being issued.
  - b. No portion of the Bond Proceeds will be used as a substitute for other funds that were otherwise to be used as a source of financing for the Phase Four Facilities or for the payment of Debt Service on the Bonds and that have been or will be used to acquire directly or indirectly securities producing a Yield in excess of the Yield on the Bonds.
  - c. The term of the Bonds is no longer than is reasonably necessary for the purposes of the Bonds.
7. Use of Bond Proceeds. This section sets forth the reasonable expectations of the Authority with respect to the use of the Bond Proceeds from the Bonds.
  - a. On the basis of the facts, estimates and circumstances in existence on the date hereof, the Authority reasonably expects that the proceeds derived from the sale of the Bonds will be equal to \$7,963,369.70, that the Underwriters will retain \$90,393.75 as underwriter's discount, and that the Authority will receive \$7,872,975.95 (for purposes of this section 7, the "Bond Proceeds").
  - b. The Bond Proceeds, together with a capital contribution by the University in the amount of \$625,000.00 (the "Capital Contribution") are expected to be needed and fully expended as follows:
    - (1) \$70,000.00 of Bond Proceeds will be retained in the Cost of Issuance Account of the Bond Proceeds Fund, which, together with \$90,000.00 of Capital Contribution will be used to pay the Costs of Issuance of the Bonds;
    - (2) \$359,000 of Bond Proceeds will be wired to the Bond Insurer to pay the premium on the insurance policy on the Bonds;
    - (3) \$482,968.76 of Bond Proceeds will be deposited into the Debt Service Reserve Fund; and
    - (4) \$6,961,007.19 of Bond Proceeds will be deposited into the Project Fund, which, together with \$535,000 Capital Contribution, and together with interest thereon, will be used by the Corporation to pay the Costs of the Phase Four Facilities.
8. Investment and Disposition of Amounts in Funds.

- a. **General Rule.** No Nonpurpose Investment may be acquired with Gross Proceeds for an amount (including transaction costs, except as otherwise provided in §1.148-5(e) of the Regulations) in excess of the Fair Market Value of such Nonpurpose Investment. No Nonpurpose Investment may be sold or otherwise disposed of for an amount (including transaction costs, except as otherwise provided in §1.148-5(e) of the Treasury Regulations) less than the Fair Market Value of the Nonpurpose Investment.
- b. **Fair Market Value.** In general, the Fair Market Value of any Nonpurpose Investment is the price at which a willing buyer would pay to a willing seller to acquire the Nonpurpose Investment, with no amounts paid to artificially reduce or increase the Yield on such Nonpurpose Investment. **Exhibit C** to this Tax Agreement sets forth certain safe harbors for determining Fair Market Value. Other methods may be used to establish Fair Market Value, provided, however, that such methods comply with the requirements of §1.148-5(d)(6) of the Regulations.
- c. **Arm's Length Purchase and Sale.** If a Nonpurpose Investment is acquired pursuant to an arm's length transaction without regard to any amount paid to reduce the Yield on the Nonpurpose Investment, the Fair Market Value of the Nonpurpose Investment shall be the amount paid for the Nonpurpose Investment (without increase for transaction costs, except as otherwise provided in §1.148-5(e) of the Regulations). If a Nonpurpose Investment is sold or otherwise disposed of in an arm's length transaction without regard to any reduction in the disposition price to reduce the Rebate Amount, the Fair Market Value of the Nonpurpose Investment shall be the amount realized from the sale or other disposition of the Nonpurpose Investment (without reduction for transaction costs, except as otherwise provided in §1.148-5(e) of the Regulations).
- d. **Broker Compensation.** For purposes of computing the Yield on any Nonpurpose Investment which has been acquired through a broker or other intermediary obtaining bids for such Nonpurpose Investment, any compensation that is received by such broker or other intermediary, whether payable by or on behalf of the obligor or obligee under such Nonpurpose Investment, shall be treated as set forth in Regulations §1.148-5(e).

9. **Expectations with Regard to Certain Funds.**

- a. **The Project Fund.** The moneys in the Project Fund, together with investment earnings thereon, will be used, needed and fully expended to pay Costs of the Phase Four Facilities by March 13, 2009. With respect to the expenditure of the Bond Proceeds deposited in the Project Fund for the Costs of the Phase Four Facilities, the Corporation reasonably expects the following:
  - (1) at least 85% of the Net Sale Proceeds of the Bonds, as defined in Reg. 1.148-1(b) of the Regulations, deposited in the Project Fund will be

allocated to expenditures on the Phase Four Facilities within three (3) years of the Date of Issue;

- (2) within six (6) months of this date, the Corporation will incur a substantial binding obligation to a third party to expend not less than 5% of the Net Sale Proceeds of the Bonds deposited in the Project Fund; and
- (3) the Corporation will proceed with due diligence to complete the Phase Four Facilities and the allocation of the Net Sale Proceeds of the Bonds deposited in the Project Fund to expenditures on the Phase Four Facilities substantially in accordance with the schedule attached hereto as **Exhibit G**.

b. The Debt Service Fund.

- (1) The Debt Service Fund (including the Interest Account and the Principal Account) is used primarily to achieve a proper matching of revenues and debt service within each Bond Year. The Debt Service Fund will be depleted at least once annually except for a reasonable carryover amount not in excess of the greater of (A) the earnings on the Debt Service Fund for the immediately preceding Bond Year or (B) 1/12th of the principal and interest payments on the Bonds for the immediately preceding Bond Year.
- (2) Amounts deposited in the Debt Service Fund will be spent within thirteen months after the date of such deposit, and any investment earnings (net of losses) received from the investment or reinvestment of moneys held in such funds will be expended within one year after the date of accumulation thereof in the fund.

c. The Debt Service Reserve Fund. The Debt Service Reserve Fund will be used only as a reserve for the payment of principal or interest on the Bonds in the event that no other moneys are available therefor. The total amount held in the Debt Service Reserve Fund at any time will not exceed the Debt Service Reserve Fund Requirement.

10. Restrictions on Investments of Amounts in Certain Funds.

- a. The Project Fund. Amounts deposited into the Project Fund may be invested without regard to investment Yield limitations until March 13, 2010. Thereafter, amounts deposited into the Project Fund are required to be invested in Yield Restricted Obligations. Investment earnings on amounts held in the Project Fund are subject to the rebate requirement described in Article VII of this Agreement.
- b. The Debt Service Fund. Amounts deposited in the Debt Service Fund may be invested without regard to investment Yield limitations for a period not exceeding thirteen months from the date of the first deposit of such amounts in the Debt Service Fund. Such amounts are not subject to the rebate requirement described



in Article VII of this Agreement. To the extent that amounts deposited in the Debt Service Fund are not spent as provided in Section VI.9.b(1) of this Tax Agreement, such amounts must be invested in Yield Restricted Obligations.

- c. The Debt Service Reserve Fund. Amounts deposited into the Debt Service Reserve Fund may be invested without regard to investment Yield. Investment earnings on amounts held in the Debt Service Reserve Fund are subject to the rebate requirement described in Article VII of this Agreement.
- d. The Rebate Fund. Amounts deposited into the Rebate Fund and the Receipts Fund (prior to their transfer out of the Receipts Fund) may be invested without regard to investment Yield limitations. Investment earnings on amounts held in these Funds are not subject to the rebate requirement described in Article VII of this Agreement.
- e. Investment Earnings. Investment earnings on amounts deposited into the Project Fund may be invested without regard to investment Yield limitations until the later of (i) March 13, 2010; or (ii) one year from the date of receipt of such investment earnings. Investment earnings on amounts in the Debt Service Fund and the Debt Service Reserve Fund may be invested without regard to investment Yield limitations for a period of one year from the date of receipt of such investment earnings. All such earnings are subject to the rebate requirement described in Article VII of this Agreement. Investment earnings on amounts in the Rebate Fund and the Receipts Fund may be invested without regard to investment Yield limitations.
- f. Yield Restricted Obligations. For purposes of this Tax Agreement, Yield Restricted Obligations shall mean Tax-Exempt Obligations or Nonpurpose Investments with a Yield not exceeding 0.125% above the Yield on the Bonds.
- g. No Abusive Arbitrage Device. The Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code and related regulations, enabling the Authority, the Corporation or any other person to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (ii) increases the burden on the market for tax-exempt obligations in any manner, including, without limitation, selling bonds that would not otherwise be sold, or selling more bonds, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

## **VII. REBATE**

1. General. The Board and the Corporation acknowledge that the continued exclusion of interest on the Bonds from gross income of the recipients thereof for purposes of federal income taxation depends, in part, upon compliance with rebate requirement described in this section. To that end, the Board and the Corporation covenant to comply with the requirements of the Code relating to the rebate requirement as discussed in this Article

VII. The Board and the Corporation acknowledge that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. The Board and the Corporation covenant that they will undertake to determine what is required with respect to the rebate provisions contained in Section 148(f) of the Code and the regulations promulgated thereunder and will comply with any requirements that may be applicable to the Bonds. Except to the extent inconsistent with any requirements of the Code or the regulations, the Board and/or the Corporation will undertake the methodology described in this Tax Agreement.

2. The Rebate Fund. There is created under the Indenture the Rebate Fund held by the Trustee. The Authority and the Corporation have agreed to keep the Rebate Fund separate and apart from all other funds and moneys held by any of the Authority, the Corporation and the Trustee.
3. Record Keeping. The Corporation shall maintain, or cause the Trustee to maintain, detailed records with respect to each Nonpurpose Investment attributable to Gross Proceeds of the Bonds, including: (i) purchase price; (ii) information establishing Fair Market Value on the date such investment became a Nonpurpose Investment; (iii) any accrued interest due on its purchase date; (iv) face amount; (v) coupon rate; (vi) frequency of interest payments; (vii) disposition price; (viii) accrued interest due on its disposition date; and (ix) disposition date. These records are required to facilitate the calculation of the Rebate Amount.
4. Rebate Amount Calculation and Payment.
  - a. The Corporation will prepare, or cause to be prepared, a calculation of the Rebate Amount within 45 days after each Computation Date.
  - b. On or before 45 days following each Computation Date, the Corporation shall pay to and deposit in the Rebate Fund an amount such that the balance held in the Rebate Fund equals the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date.
  - c. Not later than 60 days after each Installment Computation Date, the Corporation shall pay, or direct the Trustee to pay, to the United States, 90% of the Rebate Amount. The Corporation shall pay, or direct the Trustee to pay, to the United States, not later than 60 days after the Final Computation Date, 100% of the Rebate Amount.
  - d. Each payment required to be made hereto shall be mailed to the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by: (i) a copy of IRS Form 8038-T; (ii) the CUSIP number for the Bond with the latest maturity; and (iii) a statement summarizing the determination of the Rebate Amount. If such payment is made by the Corporation, the Corporation shall provide the Trustee with evidence of such payment and copies of the

accompanying materials required by this subsection. If such payment is to be made by the Trustee, the Corporation shall furnish to the Trustee the materials required by this subsection.

5. Record Retention. In connection with the calculation of the Rebate Amount, the Trustee shall maintain the following records:
  - a. The Trustee shall record all amounts paid to the United States pursuant to this Article. The Trustee shall furnish to the Authority and the Corporation copies of any materials filed with the IRS pertaining thereto and shall provide the Authority and the Corporation with all records in its possession that the Authority, the Corporation or the Rebate Analyst may request relating to the calculation of any Rebate Amount.
  - b. The Trustee or the Corporation shall retain records of the rebate calculations until six (6) years after the Final Computation Date.
  - c. The Trustee shall keep and record the data described in Section VI.3 herein pertaining to the investments of the Bond Proceeds.
6. Rebate Analyst.
  - a. A Rebate Analyst shall be appointed by the Corporation and retained by the Trustee to perform the rebate calculations required herein. The Rebate Analyst and each successor Rebate Analyst shall signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Authority, the Corporation and the Trustee under which such Rebate Analyst will agree to discharge its duties pursuant to this Tax Agreement in a manner consistent with prudent industry practice. In lieu of the appointment of another party as Rebate Analyst, the Corporation and the Trustee may agree to have the Trustee serve as the Rebate Analyst hereunder.
  - b. The Trustee and the Authority may rely conclusively upon and shall be fully protected from all liability in relying upon the opinions, calculations, determination, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Corporation upon presentation of an invoice for services rendered in connection therewith.
7. Spending Exceptions from Rebate Requirement. Section 148(f)(4) of the Code and Section 1.148-7 of the Regulations provide for spending exceptions to the rebate requirement. These exceptions are the six-month exception, the eighteen-month exception, and the two-year exception. To the extent that Gross Proceeds of the Bonds are determined to have been allocated to expenditures in a manner which satisfies any of the spending exceptions, investment earnings allocable to such Proceeds need not be rebated to the United States.

### VIII. Miscellaneous

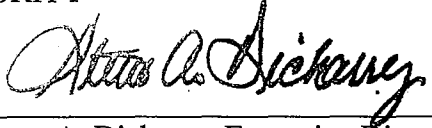
1. Term. This Tax Agreement shall be effective from the date of issuance of the Bonds through the date six (6) years after the Final Computation Date and will be effective at all times while the Bonds are outstanding.
2. Amendments. Notwithstanding any other provision hereof, any provision of this Tax Agreement may be amended or waived by an instrument in writing executed by the Authority, the Board, the Corporation and the Trustee, provided that there first shall have been provided to the Trustee a written opinion of Bond Counsel, in form and substance satisfactory to the Trustee and the Authority, that such amendment or waiver will not adversely affect the exclusion of interest on the Bonds from the gross income of the recipients thereof for purposes of federal income taxation.
3. Default; Remedies.
  - a. The failure of any party to this Tax Agreement to perform any of its required duties under any provision hereof shall constitute an event of default under this Tax Agreement.
  - b. Upon an occurrence of an event of default, the Authority or the Trustee may, in their discretion, proceed to protect and enforce their rights and the rights of the owners of the Bonds by pursuing any available remedy under and in accordance with the Indenture and the Loan Agreement, in addition to pursuing any other available remedy, including, but not limited to, a suit at law or in equity.

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[Signature Page to Tax Regulatory Agreement and Arbitrage Certificate]

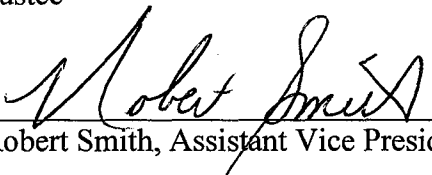
**IN WITNESS WHEREOF**, the Authority, the Corporation, the Board and the Trustee have caused this Tax Agreement to be executed on their behalf by their duly authorized representative this 14<sup>th</sup> day of March, 2007.

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT  
AUTHORITY

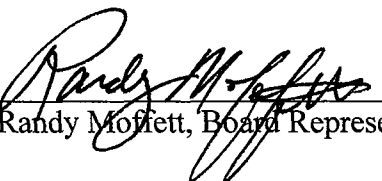
By:   
Steve A. Dicharry, Executive Director

[SEAL]

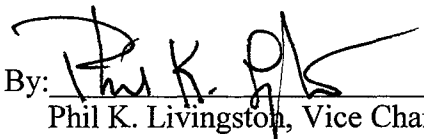
THE BANK OF NEW YORK TRUST  
COMPANY, N.A.,  
as Trustee

By:   
Robert Smith, Assistant Vice President

BOARD OF SUPERVISORS FOR THE  
UNIVERSITY OF LOUISIANA SYSTEM

By:   
Randy Moffett, Board Representative

UNIVERSITY FACILITIES, INC.

By:   
Phil K. Livingston, Vice Chairman

## **Exhibit A to Tax Regulatory Agreement and Arbitrage Certificate Definitions**

In addition to the words defined in this Tax Agreement and the Indenture, the following terms shall have the following meanings as used herein, unless the context requires a different meaning. In the case that the definition assigned to a term in this Tax Agreement or this Exhibit A differs from the definition assigned to that same term in any other document, the definition assigned by this Tax Agreement or this Exhibit A shall control for purposes of this Tax Agreement.

**"Board"** means Board of Supervisors for the University of Louisiana System, formerly known as the Board of Trustees for State Colleges and Universities, or its legal successor as the management board of the University, acting on behalf of the University.

**"Bond Counsel"** means Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P. or such other nationally recognized counsel that is nationally recognized as expert in matters relating to the issuance of municipal bonds in this state that is acceptable to the Authority.

**"Bond Insurer"** means MBIA Insurance Corporation.

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

**"Bond Proceeds"** means all Proceeds of the Bonds.

**"Bond Year"** shall mean the twelve-month period ending on February 1, except that the first Bond Year shall begin on the Date of Issuance of the Bonds and end on February 1, 2008.

**"Bond Yield"** or **"Yield on the Bonds"** means the Yield of the Bonds calculated in accordance with Section 1.148-4 of the Regulations.

**"Code"** means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

**"Computation Date"** means an Installment Computation Date or the Final Computation Date.

**"Computation Date Credit"** means, on the last day of each Bond Year during which there are Gross Proceeds subject to the rebate requirements of Article V hereof and on the Final Computation Date, the amount of \$1,000.

**"Computation Period"** means the period between computation periods.

**"Corporation's Exempt Purpose"** means the purpose of the Corporation upon which the Corporation's status as an organization described in Code section 501(c)(3) is based.

**"Cost of Issuance"** means all costs incurred in connection with the issuance of the Bonds other than fees paid to or on behalf of credit enhancers as fees for "qualified guarantees" as defined in Section 1.148-4(f) of the Regulations. Examples of Costs of Issuance include (but are not limited to):

- (a) underwriting fees;
- (b) counsel fees (including Bond Counsel, underwriters' counsel, Authority's counsel, Corporation counsel, Trustee's counsel, and any other specialized counsel fees incurred in connection with the issuance of the Bonds);
- (c) rating agency fees (except for any such fee that is paid in connection with or as a part of the fee for credit enhancement of the Bonds);
- (d) trustee fees incurred in connection with the issuance of the Bonds;
- (e) costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing); and
- (f) fees to cover administrative costs and expenses incurred in connection with the issuance of the Bonds.

**"Costs of the Phase Four Facilities"** means those costs incurred by the Corporation in connection with the demolition of certain existing facilities and the renovation, development and construction of the Phase Four Facilities.

**"Date of Issue"** means March 14, 2007.

**"Discharged"** means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due, if cash is available at the place of payment, and no interest accrues with respect to such Bonds after such date.

**"Economic Accrual Method"** (also known as the constant interest method or actuarial method) means the method of computing Yield that is based on the compounding of interest at the end of each compounding period.

**"Exempt Entity"** means any entity that is exempt from the payment of federal income taxes under Code section 501(c)(3) or as a disregarded entity that is owned by an entity that is exempt from the payment of federal income taxes under Code section 501(c)(3).

**"Exempt Purpose"** means the purpose of an Exempt Entity upon which the Exempt Entity's status as an organization described in Code section 501(c)(3) is based.

**"Fair Market Value"** shall have the meaning set forth in Section VI.8.b and Exhibit C to this Tax Agreement.

**"Final Computation Date"** means the date the last Bond is Discharged.

**"Future Value"** means the Value of a Receipt or Payment at the end of any interval as determined by using the Economic Accrual Method and equals the Value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over a period at a rate equal to the Yield on the Bonds, using the same compounding interval and financial conventions used to compute Bond Yield.

**"Gross Proceeds"** means any Proceeds or Replacement Proceeds of the Bonds.

**"Indenture"** means the Trust Indenture dated as of March 1, 2007, by and between the Authority and the Trustee, in connection with the issuance of the Bonds.

**"Installment Computation Date"** means the last day of the fifth Bond Year and each succeeding fifth Bond Year, or such other date selected by the Corporation in accordance with the Regulations.

**"Investment"** means any Purpose Investment or Nonpurpose Investment, including any other tax-exempt bond.

**"Investment Proceeds"** means any amounts actually or constructively received from investing Gross Proceeds of the Bonds.

**"Minor Portion"** means an amount not exceeding the lesser of 5% of the Sale Proceeds or \$100,000.

**"Nonpurpose Investment"** means any security, obligation, annuity contract, or investment type property defined in Section 148(b) of the Code and 148-1(b) of the Regulations that is not a Tax-Exempt Obligation.

**"Payments"** means, for purposes of computing the Rebate Amount: (i) amounts actually or constructively paid to acquire a Nonpurpose Investment (or treated as paid to a commingled fund); (ii) for a Nonpurpose Investment that is allocated to an issue on a date after it is actually acquired (e.g., an Investment that becomes allocable to Transferred Proceeds or to Replacement Proceeds) or that becomes subject to the rebate requirement of the Code on a date after it is actually acquired (e.g., an Investment allocated to a reasonably required reserve or replacement fund for a construction issue at the end of the two-year spending period), the Value of that Investment on that date; (iii) for a Nonpurpose Investment that was allocated to an issue at the end of the preceding computation period, the Value of that Investment at the beginning of the computation period; (iv) on the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of an issue that are subject to the rebate requirement of the Code, and on the final maturity date, a Computation Date Credit; and (v) Yield Reduction Payments on Nonpurpose investments made pursuant to Section 1.148-5(c) of the Regulations. For purposes of computing the Yield on an investment (including the Value of the Investment), Payment means amounts to be actually or constructively paid to acquire the Investment; provided, however, that payments made by a conduit borrower, such as the Company, are not treated as

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paid until the conduit borrower ceases to receive the benefit of earnings on those amounts. Payments on Investments, including Guaranteed Investment Contracts, are adjusted for Qualified Administrative Costs of acquiring a Nonpurpose Investment.

**"Permitted Contract"** shall mean any contract with respect to the Phase Four Facilities that is described on **Exhibit B** to this Tax Agreement.

**"Private Person"** means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust or unincorporated organization other than a governmental unit as that term is used in Section 141 of the Code or an Exempt Entity.

**"Proceeds"** means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

**"Purpose Investment"** means an Investment that is acquired to carry out the governmental purpose of an issue. The Loan Agreement constitutes a Purpose Investment.

**"Qualified Administrative Costs"** means reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, record keeping, custody and similar costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same Investment or a reasonably comparable Investment if acquired with a source of funds other than Gross Proceeds of tax-exempt bonds. However, for guaranteed investments, brokers' commissions or similar fees paid is not a Qualified Administrative Cost to the extent that the commissions exceed the safe harbor described in Regulation section 1.148-5(e)(2)(iii).

**"Rebate Amount"** means the excess of the Future Value of all Receipts with respect to the Investments in Nonpurpose Investments allocated to the Gross Proceeds of the Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments. Future Value is computed as of the Computation Date.

**"Rebate Analyst"** means the firm of certified public accountants, Bond Counsel or other specialist in the calculation of arbitrage rebate chosen in accordance with Section V.6 hereof to determine the Rebate Amount, if any.

**"Rebate Payment Date"** means any date on which a payment of a Rebate Amount is required to be paid to the United States pursuant to section V.4(b) of this Tax Agreement.

**"Receipts"** means, for purposes of computing the Rebate Amount: (a) amounts actually or constructively received from a Nonpurpose Investment (including amounts treated as received from a commingled fund) such as earnings and return of principal; (b) for a Nonpurpose Investment that ceases to be allocated to an issue before its disposition or redemption date (e.g., an Investment that becomes allocable to transferred Proceeds of another issue or that ceases to be allocable to the issue pursuant to the universal cap under Section 1.148-6 of the regulations) or that ceases to be subject to the rebate requirement of the Code on a date earlier than its

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disposition or redemption date (e.g., an Investment allocated to a fund initially subject to the rebate requirement of the code but that subsequently qualifies as a bona fide debt service fund), the Value of that Nonpurpose Investment on that date; and (c) for a Nonpurpose Investment that is held at the end of a computation period, the Value of that Investment at the end of that period. For purposes of computing Yield on an Investment, receipts means amounts to be actually or constructively received from the Investment, such as earnings and return or principal (including the Value of an Investment). Receipts on Investments, including Guaranteed Investment Contracts, are adjusted (reduced) for Qualified Administrative Costs.

**"Regulation" or "Regulations"** means the final Income Tax Regulations promulgated by Department of the Treasury and applicable to the Bonds, including Sections 1.148-0 through 1.148-11 and Sections 1.149, 1.150-2 relating to arbitrage compliance.

**"Replacement Proceeds"** means the amount described in Section 1.148-1(c) of the Regulations.

**"Sale Proceeds"** means any amounts actually or constructively received from the sale of the Bonds and accrued interest other than Pre-Issuance Accrued Interest.

**"Rebate Fund"** means the fund of that name created under Section 4.8 of the Supplemental Indenture.

**"Tax-Exempt Obligation"** means any obligation the interest on which is excludable from gross income under section 103(a) of the Code, any interest in a regulated investment company the income of which is at least 95% excludable to the holder under Section 103(a) of the Code, and any certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program, but does not include any interest in a "specified private activity bond" within the meaning of section 57(a)(5)(C) of the Code.

**"Transferred Proceeds"** means the amount described in Section 1.148-9 of the Regulations.

**"Underwriter"** means Morgan Keegan & Company, Inc.

**"Unrelated Business"** means a trade or business carried on by an Exempt Entity that is not substantially related to the Exempt Entity's Exempt Purpose.

**"Value"** means Value as determined under Section 1.148-4(e) of the Regulations for a Bond and Value determined under Section 1.148-5(d) for an Investment.

**"Yield"** means, for purposes of determining the Yield on the Bonds, the Yield computed under the Economic Accrual Method using consistently applied compounding intervals of not more than one year. Yield shall be calculated in accordance with the Regulations. A short first compounding interval may be used. Yield is expressed as an annual percentage rate that is calculated to at least four decimal places. Other reasonable, standard financial conventions, such as the 30 days per month/360 days per year convention, may be used in computing Yield but

{B0431725.2}

must be consistently applied. The Yield on a fixed yield issue is the discount rate that, when used in computing the present Value as of the issue date of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the issue and amounts reasonably expected to be paid as fees for qualified guarantees on the issue, produces an amount equal to the present Value, using the same discount rate, of the aggregate issue price of bonds of the issue as of the issue date. In the case of obligations purchased or sold at a substantial discount or premium or in the case of variable rate obligations, the Regulations prescribe certain special yield calculation rules. For purposes of determining the Yield on an Investment, the Yield computed under the Economic Accrual Method, using the same compounding interval and financial conventions used to compute the Yield on the Bonds should be used.

**"Yield Reduction Payment"** means a payment to the United States with respect to an Investment which is treated as a Payment for that Investment that reduces the Yield on that Investment in accordance with Section 1.148-5(c) of the Regulations. Yield Reduction Payments include Rebate Amounts paid to the United States.

## **Exhibit B to Tax Regulatory Agreement and Arbitrage Certificate**

### **Permitted Contracts**

Certain Management Contracts described in Revenue Procedure 97-13.

Pursuant to Rev. Proc. 97-13, a management or other service contract between the Corporation and a Private Person will not result in the related portion of the Phase Four Facilities being used in the trade or business of that Private Person if the guidelines listed in (1) through (4) below are satisfied:

1. The contract provides for reasonable compensation for services rendered and is not based, in whole or in part, on a share of net profits from the operation of the Phase Four Facilities. Furthermore, the service provider may not receive an ownership interest in the Phase Four Facilities. Reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties is not by itself to be treated as compensation. Permitted compensation arrangements include arrangements where:

(A) at least 95 percent of the compensation is based on a periodic fixed fee for each annual period during the term (a fee does not fail to qualify as a periodic fixed fee as a result of a one-time incentive award, equal to a single, stated dollar amount, under which compensation automatically increases when a gross revenue or expense target, but not both, is reached), provided, that a contract with this compensation arrangement must have a term not exceeding the lesser of (i) 15 years or (ii) 80 percent of the reasonably expected useful life of the related portion of the Phase Four Facilities;

(B) at least 80 percent of the compensation is based on a periodic fixed fee for each annual period during the term, provided, that a contract with this compensation arrangement must have a term not exceeding the lesser of (i) 10 years or (ii) 80 percent of the reasonably expected useful life of the related portion of the Phase Four Facilities;

(C) (i) at least 50 percent of the compensation is based on a periodic fixed fee, (ii) 100 percent of the compensation is based on a capitation fee, or (iii) 100 percent of the compensation is based on a combination of a capitation fee and a periodic fixed fee, for each annual period during the term, provided, that a contract with this compensation arrangement must have a term not exceeding 5 years and, in addition, the contract must be terminable by the Authority, the Board or Corporation on reasonable notice, without penalty or cause, at the end of the third year of the contract term;

(D) all compensation is based on (i) a per-unit fee or (ii) a combination of a per-unit fee and a periodic fixed fee, provided that a contract with this compensation arrangement must have a term not exceeding 3 years and, in addition, the contract must be terminable by the Authority, the Board or Corporation on reasonable notice, without penalty or cause, at the end of the second year of the contract term; or

(E) all compensation is based on (i) a percentage of fees charged, or (ii) a combination of a per-unit fee and a percentage of revenue or expense fee, provided, that a contract with this compensation arrangement must have a term not exceeding 2 years and, in addition, the contract must be terminable by the Authority, the Board or Corporation on reasonable notice, without penalty or cause, at the end of the first year of the contract term, and provided further that this compensation arrangement is available only for (i) contracts where the provider provides services to third parties, and (ii) management contracts for the Phase Four Facilities during a start-up period where there are insufficient operations to estimate annual gross revenues and expenses.

2. Not more than 20 percent of the voting power of the Authority, the Board or Corporation is vested in the service provider, its directors, officers, shareholders and employees.
3. Overlapping board members of the Authority, the Board or Corporation and the service provider do not include the chief executive officers of the service provider or the Authority, the Board or Corporation or their respective governing bodies.
4. The Authority, the Board or Corporation and the service provider are not Related Parties.

## Exhibit C to Tax Regulatory Agreement and Arbitrage Certificate

### Fair Market Value

The following describes certain safe harbors that apply for purposes of determining the Fair Market Value of the obligations described below:

1. **Certificates of Deposit.** The purchase of certificates of deposit with fixed interest rates, fixed payment schedules and substantial penalties for early withdrawal will be deemed to be an Investment purchased at its Fair Market Value on the purchase date if the Yield on the certificate of deposit is not less than:
  - (i) The Yield on reasonably comparable direct obligations of the United States; and
  - (ii) The highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.
  
2. **Guaranteed Investments Contracts.** A Guaranteed Investment Contract ("GIC") is a Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract). The purchase price of a GIC is treated at its Fair Market Value on the purchase date if all of the following conditions are satisfied:
  - (i) A bona fide solicitation in writing for a specified GIC, is timely forwarded to all potential providers. The solicitation must have specified the material terms of the GIC, including the collateral security requirements for the GIC, if any, and, unless the moneys invested pursuant to such investment will be held in a float fund or a debt service reserve fund, the Corporation's reasonably expected draw-down schedule for the moneys to be invested. The solicitation must also include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the company or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the Corporation or any other person for purposes of satisfying Treasury Regulations Section 1.148-5(d)(6)(iii)(B)(1) or (2).
  - (ii) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

- (iii) At least three reasonably competitive providers (i.e., having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Bonds (e.g., a lead underwriter within 15 days of the Date of Issue or financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the Corporation or Trustee uses an agent to conduct the bidding, the agent may not bid.
- (iv) The determination of the terms of the GIC takes into account the Corporation's reasonably expected drawdown schedule for the amounts to be invested.
- (v) The provider of the GIC certifies the administrative costs that it is paying, or expects to pay, to third parties in connection with the GIC and such administrative costs are Qualified Administrative Costs of Investment.
- (vi) The GIC has a Yield at least equal to the highest yielding of the qualifying bids received from the bidders that have no material financial interest in the Bonds. If the GIC is not the highest-yielding of the qualifying bids, the Authority or the Corporation must have significant non-tax reasons, such as creditworthiness of the bidder, for failure to purchase the highest-yielding GIC offered.
- (vii) The Yield on the GIC is no less than the Yield available from the provider thereof at the time such GIC was entered into on reasonably comparative investment contracts offered to other persons, if any, from a source of funds other than gross proceeds of an issue of tax-exempt obligations.
- (viii) The terms of the GIC, including collateral security requirements, are commercially reasonable.
- (ix) The Corporation retains, or directs the Trustee to retain, until three years after the last outstanding Bond is retired, (i) a copy of the GIC contract, (ii) a receipt or other record of the amount actually paid for the GIC and a copy of the provider's certification described in (vii), (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results.

**3. United States Treasury Securities - State and Local Government Series.** If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Department of the Treasury (as in the case of the United States Treasury Securities - State and Local Government Series ("SLGS") obligations), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation

**Exhibit D to Tax Regulatory Agreement and Arbitrage Certificate**  
**Contracts Relating To Phase Four Facilities**

**None**



## Exhibit E to Tax Regulatory Agreement and Arbitrage Certificate

### Underwriters Certificate

The undersigned, being the original purchaser of \$8,035,000 of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A and Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "Bonds") hereby represents (1) that the reoffering prices of the Bonds set forth below, plus accrued interest, represent the maximum initial offering prices at which a substantial amount of each maturity of the Bonds was sold to the public (exclusive of bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) through a bona fide public offering and (2) that such initial offering prices were established by a bona fide bid without regard to any amounts which would increase the Yield on any maturity of the Bonds above its market Yield:

#### 2007A Bonds

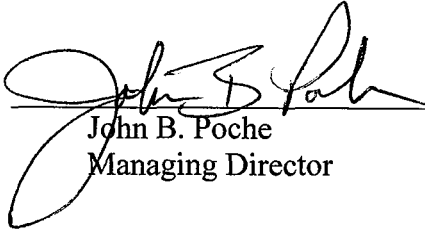
Maturity Date February 1	Principal Amount Due	Reoffering Price
2008	\$ 165,000	100.485%
2009	145,000	101.023
2010	150,000	101.513
2011	155,000	102.003
2012	160,000	102.386
2013	170,000	101.357
2014	175,000	102.942
2015	185,000	102.967
2016	190,000	102.905
2017	200,000	102.926
2027	2,515,000	98.537
2031	1,335,000	97.927

#### 2007B Bonds

Maturity Date February 1	Principal Amount Due	Reoffering Price
2037	\$2,490,000	98.275%

The undersigned further represents that the present value of the cost of the Municipal Bond Insurance Policy of MBIA Insurance Corporation for the Bonds is less than the present value of interest reasonably expected to be saved as a result of the Municipal Bond Insurance Policy using the Yield on the Bonds (determined with regard to the cost of the Municipal Bond Insurance Policy) as the discount rate in determining such present value.

Morgan Keegan and Company, Inc.



---

John B. Poche  
Managing Director

**Exhibit F to Tax Regulatory Agreement and Arbitrage Certificate**  
**Certificate of Bond Insurer**



Capital Strength. Triple-A Performance.

**MBIA Insurance Corporation**  
113 King Street, Armonk, NY 10504  
Tel 914-273-4545  
www.mbia.com

## TAX CERTIFICATE

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

University Facilities, Inc.  
Hammond, Louisiana

\$5,545,000

Louisiana Local Government Environment Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four  
Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environment Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four  
Parking Project)  
Series 2007B

Ladies and Gentlemen:

In connection with the issuance of the above referenced obligations (the "Obligations"), we are issuing two financial guaranty insurance policies (collectively, the "Bond Policies"), each securing the payment of principal of and interest on one series of the Obligations.

This is to advise you that:

1. The Bond Policies are an unconditional obligation of MBIA Insurance Corporation (the "Insurer") to pay scheduled payments of principal and interest on the Obligations in the event of a failure to do so by the Louisiana Local Government Environment Facilities and Community Development Authority ;
2. The insurance premiums in the amounts of \$222,000 for Series 2007A and \$137,000 for Series 2007B represent the charge for a transfer of credit risk and were determined in arm's-length negotiations and are required to be paid as a condition to the issuance of the Bond Policies;

MBIA Insurance Corporation, 113 King Street, Armonk, NY 10504, Tel 914-273-4545, www.mbia.com



3. No portion of such premiums represent an indirect payment of costs related to the issuance of the Obligations, other than for the transfer of credit risk;

4. The Insurer does not reasonably expect that it will be called upon to make any payment under the Bond Policies; and

5. To the extent the Insurer is called upon to make any payment under the Bond Policies, the Insurer reasonably expects to pursue all available legal remedies to secure reimbursement for such payment.

Dated: March 14, 2007

MBIA INSURANCE CORPORATION

By  \_\_\_\_\_  
Assistant Secretary

**Exhibit G to Tax Regulatory Agreement and Arbitrage Certificate**

**Project Construction Schedule Attached**



Preliminary

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES**

AND COMMUNITY DEVELOPMENT AUTHORITY

(SOUTHEASTERN LOUISIANA UNIVERSITY, UNIVERSITY FACILITIES, INC.)

AAA INSURED(MBIA), REVENUE BONDS, SERIES 2007 B

**Operation of Parking Garage**

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
03/14/2007	287,777.78	4.5000000%	-	287,777.81	287,777.78	0.03
04/01/2007	283,007.01	4.5000000%	4,770.77	287,777.78	287,777.78	0.03
05/01/2007	280,403.47	4.5000000%	7,374.31	287,777.78	287,777.78	0.03
06/01/2007	281,445.26	4.5000000%	6,332.52	287,777.78	287,777.78	0.03
07/01/2007	282,490.91	4.5000000%	5,286.86	287,777.77	287,777.78	0.02
08/01/2007	283,540.46	4.5000000%	4,237.32	287,777.78	287,777.78	0.02
09/01/2007	284,593.90	4.5000000%	3,183.87	287,777.77	287,777.78	0.01
10/01/2007	285,651.26	4.5000000%	2,126.51	287,777.77	287,777.77	0.01
11/01/2007	286,712.53	4.5000000%	1,065.23	287,777.76	287,777.77	-
<b>Total</b>	<b>\$2,555,622.58</b>	<b>-</b>	<b>\$34,377.39</b>	<b>\$2,590,000.00</b>	<b>\$2,590,000.00</b>	<b>-</b>



**Exhibit H to Tax Regulatory Agreement and Arbitrage Certificate**  
**Corporation Counsel Opinion**



# SEALE & ROSS

A PROFESSIONAL LAW CORPORATION  
HAMMOND • BATON ROUGE

T. JAY SEALE, III  
KENNETH L. ROSS  
RUSSELL W. RUDOLPH  
PATRICK K. RESO<sup>3</sup>  
KEVIN P. LANDRENEAU<sup>1</sup>  
GLEN R. GALBRAITH  
STEVEN L. MCKNEELY, LL.M.<sup>2,3</sup>  
LESLI S. BOLNER  
CARL S. GOODE, LL.M.<sup>2,3,4,5</sup>  
ASHLEY C. ATCHISON  
NICOLE R. DILLON  
RICHARD L. TRAINA

March 14, 2007

**Via Hand Delivery**

REPLY TO:  
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POST OFFICE DRAWER 699  
HAMMOND, LOUISIANA 70404  
TELEPHONE 985.542.8500  
FACSIMILE 985.542.4111  
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OF COUNSEL  
ALLEN HARVEY  
JOHANNA R. LANDRENEAU

ADMITTED IN TEXAS<sup>1</sup>  
IN TAXATION<sup>2</sup>

BOARD CERTIFIED ESTATE PLANNING AND  
ADMINISTRATION SPECIALIST<sup>3</sup>

BOARD CERTIFIED  
TAX LAW SPECIALIST<sup>4</sup>

ADMITTED IN MISSOURI<sup>5</sup>

Louisiana Local Government Environmental  
Facilities & Community Development Authority  
8712 Jefferson Highway, Suite A  
Baton Rouge, LA 70809

The Bank of New York Trust Company, N.A., as Trustee  
10161 Centurion Parkway  
Jacksonville, FL 32256

Board of Supervisors for the University of Louisiana System  
1201 North 3<sup>rd</sup> Street, Suite 7300  
Baton Rouge, LA 70802

University Facilities, Inc.  
SLU Box 10709  
Hammond, LA 70402

Morgan Keegan & Company, Inc.  
909 Poydras Street, Suite 1300  
New Orleans, LA 70112

Jones, Walker, Waechter, Poitevent, Carrère  
8555 United Plaza Blvd.  
Baton Rouge, LA 70809

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

**OPINION OF COUNSEL**

- Re:** \$5,545,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "**Series 2007A Bonds**")
- and** \$2,490,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "**Series 2007 B Bonds**")

Ladies and Gentlemen:

We are counsel for University Facilities, Inc. (the "**Corporation**"). In connection with the issuance and delivery of the above-captioned bonds (collectively, the "**Series 2007 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The Articles of Incorporation, the Bylaws, and the minute book of the Corporation.
2. The Trust Indenture (the "**Indenture**") dated as of March 1, 2007, by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and The Bank of New York Trust Company, N.A., as Trustee (in such capacity, the "**Trustee**").
3. The First Amendment to Ground and Buildings Lease (the "**Phase Four Ground Lease**") dated as of March 1, 2007, by and between the Board of Supervisors for the University of Louisiana System (the "**Board**") on behalf of Southeastern Louisiana University (the "**University**"), and the Corporation, which amends that certain Ground and Buildings Lease Agreement dated as of August 1, 2004, between the Board, on behalf of the University, and the Corporation.
4. The First Amendment to Agreement to Lease With Option to Purchase (the "**Phase Four Facilities Lease**") dated as of March 1, 2007, by and between the Corporation and the Board, which amends that certain Agreement to Lease With Option to Purchase dated as of August 1, 2004, by and between the Corporation and the Board.

5. The Loan Agreement (the "*Loan Agreement*") dated as of March 1, 2007, by and between the Authority and the Corporation.
6. The Assignment of Agreements and Documents (the "*Assignment of Agreements and Documents*") dated as of March 1, 2007, by the Corporation in favor of the Trustee.
7. The Tax Regulatory Agreement and Arbitrage Certificate (the "*Tax Agreement*") dated as of March 14, 2007, by and among the Authority, the Corporation, the Board, and the Trustee.
8. The Bond Purchase Agreement (the "*Bond Purchase Agreement*") dated as of March 5, 2007, among the Authority, the Corporation, and Morgan Keegan & Company, Inc., as Underwriter (the "*Underwriter*").
9. The First Amendment to Reimbursement Agreement and Indemnity Agreement (the "*Reimbursement Agreement*") dated as of March 1, 2007, by and among the Authority, the Corporation and MBIA Insurance Corporation (the "*Bond Insurer*"), which amends that certain Reimbursement Agreement and Indemnity Agreement dated as of August 1, 2004, between the Authority and the Bond Insurer.
10. The Official Statement (the "*Official Statement*") dated March 5, 2007, by the Underwriter.

The Phase Four Ground Lease, the Phase Four Facilities Lease, the Loan Agreement, the Assignment of Agreements and Documents, the Tax Agreement, the Bond Purchase Agreement and the Reimbursement Agreement are hereinafter referred to collectively as the "*Corporation Documents*."

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

- (i) the Corporation has been duly organized, is validly existing as a nonprofit corporation under the laws of the State of no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual;
- (ii) the Corporation has all requisite power and authority to execute and deliver, and perform its obligations under, each of the Corporation Documents and to own its properties and carry on its business, and the Corporation has all licenses and permits necessary to conduct the

operation of the Phase Four Facilities (as such term is defined in the Loan Agreement) to the extent contemplated in the Corporation Documents;

- (iii) the Corporation is authorized to conduct business in each jurisdiction in which the failure so to qualify would materially adversely affect its business including the State;
- (iv) the execution and delivery of the Corporation Documents and the performance by the Corporation of its obligations thereunder have been duly authorized by all necessary action on the part of the Corporation, and the Corporation Documents constitute legal, valid, and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;
- (v) the execution and delivery of the Corporation Documents by the Corporation and the performance by the Corporation of its obligations thereunder do not violate any provision of law or any regulation applicable to the Corporation or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Corporation or any of its activities or property and do not conflict with or result in any breach of, or constitute a default under, any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or, to the best of our knowledge after due inquiry, any agreement or instrument to which the Corporation a party or by which it is bound;
- (vi) neither the issuance and sale of the Series 2007 Bonds, nor the consummation of any other of the transactions contemplated in the Corporation Documents, nor the fulfillment of the terms thereof will result in the creation of any lien, pledge, charge, or encumbrance upon any of the assets of the Corporation other than those expressly contemplated by such documents;

- (vii) the Corporation has duly approved the Indenture and has duly approved, executed, and authorized the use of the Official Statement by the Underwriter in connection with the offering and sale of the Series 2007 Bonds;
- (viii) to the best of our knowledge after due inquiry, all consents, approvals, and authorizations, if any, of any governmental authority required in connection with the acquisition, construction, furnishing, and equipping of the Phase Four Facilities (as such term is defined in the Corporation Documents) and the execution and delivery and the performance by the Corporation of its obligations under the Corporation Documents have been obtained;
- (ix) to the best our knowledge after due inquiry, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, or pending or threatened against or affecting the Corporation, wherein an unfavorable decision, ruling, or finding would adversely affect the validity of, or materially adversely affect (i) the transactions contemplated by, any of the Corporation Documents or (ii) the exclusion of the interest on the Series 2007A Bonds or the Series 2007B Bonds from the gross income of the registered owners thereof;
- (x) the Corporation has a written determination from the Internal Revenue Service that it has been determined to be an organization that is exempt from federal income taxation under §501(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"), by virtue of being an organization described in §501(c)(3) of the Code, the Corporation is not a "private Corporation," as defined in §509(a) of the Code, and its use of the Facilities does not constitute an "unrelated trade or business" as such term is defined in Section 513 (a) of the Code) and, to the best of our knowledge after due inquiry, the Corporation has conducted its operations and has made all necessary filings so as to maintain its status as an exempt organization and has done nothing to impair its status as an exempt organization; and
- (xi) nothing has come to our attention that leads us to believe that, as of the date thereof and as of the date hereof, the

Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; we do not express any opinion or belief as to the financial statements and other financial and statistical information and data contained in the Official Statement or as to any information under the captions "THE AUTHORITY" or "TAX EXEMPTION" in the Official Statement

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Corporation Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

Sincerely,

**SEALE & ROSS, A PROFESSIONAL LAW CORP.**

By:

  
T. Jay Seale, III

By:

  
Ashley C. Atchison

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") constitutes the written undertaking of the **Board of Supervisors for the University of Louisiana System** (the "Board"), on behalf of **Southeastern Louisiana University** (the "University") for the benefit of the holders of the Bonds (as defined herein), required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"). The Board is an "obligated person" within the meaning of the Rule.

**SECTION 1. Definitions.** In addition to the definitions set forth in that certain Trust Indenture dated as of March 1, 2007 (the "Indenture") by and between the Issuer (as defined herein) and The Bank of New York Trust Company, N.A., as trustee (the "Trustee), which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

*"Audited Financial Statements"* means annual financial statements of the University or operating data prepared in accordance with GAAP and mandated by statutory accounting requirements in effect from time to time, which financial statements shall have been audited by a firm of independent certified public accountants or the Legislative Auditor of the State.

*"Board"* means the Board of Supervisors for the University of Louisiana System.

*"Bond Insurer"* means MBIA Insurance Corporation.

*"Bonds"* means the \$5,545,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A and the \$2,490,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B and such Bonds issued in exchange for other such Bonds pursuant to the Indenture, or in replacement for mutilated, destroyed, lost or stolen Bonds pursuant to the Indenture.

*"Corporation"* means University Facilities, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation until payment or provision for the payment of all of the Bonds.

*"Disclosure Representative"* means the President of the Board or his or her designee or such other officer, employee, agent or representative as the Dissemination Agent shall designate in writing from time to time.

*"Dissemination Agent"* means the Board, in its capacity as such, which (through its Disclosure Representative) shall collect and provide the Financial Information in accordance with Section 2 hereof.



*"Financial Information"* means the annual financial information (which shall be based on financial statements prepared in accordance with GAAP), or operating data with respect to the University, provided at least annually, of the type included in the Official Statement as further described in **Exhibit B** hereto, which annual financial information shall include Audited Financial Statements.

*"Fiscal Year"* means the period commencing on the first day of July of any year and ending on the last day of June of the following year or such other period of twelve (12) consecutive calendar months as shall be specified by the Board.

*"GAAP"* means generally accepted accounting principles.

*"Issuer"* means the Louisiana Local Government Environmental Facilities and Community Development Authority as issuer of the Bonds.

*"Material Event"* means any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves, reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to rights of the owners of the Bonds;
- (viii) Bond calls;
- (ix) Defeasances;
- (x) Release, substitution or sale of property, if any, securing repayment of the Bonds;  
and
- (xi) Rating changes.

*"NRMSIR"* means any Nationally Recognized Municipal Securities Information Repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule. The NRMSIRs, as of the date of this Disclosure Certificate, appear in **Exhibit C** attached hereto.

*"Notice of Material Events"* means the Notice required to be given in accordance with Section 4 hereof.

*"Official Statement "* means the final Official Statement dated March 5, 2007 with respect to the Bonds.

*"Report Date"* shall have the meaning set forth in Section 2(a)(i) hereof.

*"Repository"* means each NRMSIR and each SID.

*"Rule"* means Rule 15c2-12(b)(5)(i) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SID" means any public or private repository or entity designated by the Board as a state depository for the purpose of the Rule. The SIDs, as of the date of this Disclosure Certificate, appear in **Exhibit E** attached hereto.

"State " means the State of Louisiana.

"Underwriter" means Morgan Keegan and Company, Inc.

"University" means Southeastern Louisiana University, Hammond, Louisiana.

## **SECTION 2. Provision of Financial Information.**

(a) (i) The Board hereby covenants and agrees to act as "Dissemination Agent" in connection with the Bonds.

(ii) The Dissemination Agent, either on its own or through its designated Disclosure Representative, shall, while any of the Bonds are Outstanding, collect and provide the Financial Information to the Repositories and to the Bond Insurer no later than six (6) months from the end of each Fiscal Year ending after the issuance of the Bonds (the "Report Date"), commencing December 31, 2007. The Dissemination Agent may adjust the Report Date if the Board or the University change their Fiscal Year by providing written notice of the change of Fiscal Year and the new Report Date to each then existing Repository; provided that the new Report Date shall be no more than 180 days after the end of the new Fiscal Year, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration.

(iii) It shall be sufficient if the Dissemination Agent provides to each then existing Repository the Financial Information (or any portion thereof) by specific reference to documents previously provided to each Repository or filed with the Securities and Exchange Commission or, if such document is a final official statement, available from the Municipal Securities Rulemaking Board. The Dissemination Agent shall clearly identify each such other document so incorporated by reference.

(b) If the Dissemination Agent is unable to provide the Financial Information to each then existing Repository by the Report Date, then the Dissemination Agent shall send a notice to each then existing Repository in substantially the form attached hereto as **Exhibit A**.

(c) If the Dissemination Agent is unable to provide the Audited Financial Statements to each then existing Repository by the Report Date, then the Board shall provide to each then existing Repository unaudited financial statements of the Board and, as required by the Rule, Audited Financial Statements, when and if available, to each then existing Repository.

(d) The Dissemination Agent shall determine, each year prior to the date for providing the annual report, the name and address of each then existing NRMSIR and each then existing SID.

**SECTION 3. Content of Financial Information.** The Financial Information shall contain or incorporate by reference information described in **Exhibit B** attached hereto, as well as the following:

- (a) Audited Financial Statements for the University;
- (b) the accounting principles pursuant to which the Audited Financial Statements were prepared;
- (c) the statement that the above-described information has been provided directly by the Board and/or the University and
- (d) identification of any documents previously filed by the Board, the University, the State or any other entity and incorporated by reference pursuant to Section (2)(a)(ii) hereof.

The Dissemination Agent reserves the right to cross-reference any or all of such annual financial information and operating data to other documents to be provided to the Repositories or the Municipal Securities Rulemaking Board.

The Dissemination Agent reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Dissemination Agent; provided that the Dissemination Agent agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 6 hereof.

**SECTION 4. Reporting of Material Events.**

(a) If a Material Event occurs while any Bonds are Outstanding, the Dissemination Agent shall provide a Material Event Notice in a timely manner and shall promptly provide to the Municipal Securities Rulemaking Board and the Repository, if any, such Material Event Notice. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds. Notwithstanding the foregoing, a Notice of Material Event described in items (viii) and (ix) under the definition of "Material Event" herein need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Indenture.

(b) The Dissemination Agent shall provide in a timely manner to the Municipal Securities Rulemaking Board and to the Repository, if any, notice of any failure while any Bonds are Outstanding by the Dissemination Agent to provide to each then existing Repository Financial Information on or before the Report Date.

(c) The Dissemination Agent may from time to time choose to provide notice of the occurrence of certain other events, in addition to Material Events, if, in the judgment of the Dissemination Agent, such other event is material with respect to the Bonds, but the Dissemination Agent does not undertake to commit to provide any such notice of the occurrence of any material event except Material Events.

(d) Whenever the Dissemination Agent obtains knowledge of the occurrence of a Material Event, the Dissemination Agent shall, as soon as possible, determine if such event would constitute material information for Bondholders; provided, that any Material Event under items (i), (vi), (vii), or (xi) of the definition of "Material Event" herein will always be deemed to be material.

**SECTION 5. Termination of Reporting Obligation.** The Board's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption in whole or payment in full of all of the Bonds. In addition, any provision hereof and any provision relating to the Rule as set forth in the resolution authorizing the issuance of the Bonds shall be null and void in the event that the Board delivers to the Trustee (in its capacity as "Paying Agent") an opinion of counsel expert in federal securities laws to the effect that those portions of the Rule that require this Disclosure Certificate, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; provided that the Board shall have provided notice of such delivery and the cancellation of this Disclosure Certificate and that portion of the Bond Resolution relating to the Rule to each then existing Repository.

**SECTION 6. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not in and of itself cause the undertakings herein to violate, or adversely affect compliance with the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in or official interpretation of the Rule.

Provided, however, that the following conditions must be satisfied prior to such amendment:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Board, or type of business conducted;

(b) The undertaking hereunder, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the holders of the Bonds, as determined either by parties unaffiliated with the Board (such as bond counsel), or by approving vote of such holders in accordance with the terms of the Indenture at the time of the amendment.

Further, the Financial Information containing the amended operating data or financial information shall explain in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

Further provided, if an amendment is made to an undertaking hereunder specifying the accounting principles to be followed in preparing the Audited Financial Statements, the Financial Information for the year in which the change is made should present a comparison between the Audited Financial Statements or information prepared on the basis of the new accounting

principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the Audited Financial Statements, in order to provide information to investors to enable them to reevaluate the ability of the Board to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles should be sent to the Repositories or the Municipal Securities Rulemaking Board.

Amendments to **Exhibits C and D** may be made by the Dissemination Agent at any time to correct or update the list of Repositories.

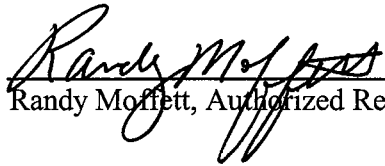
**SECTION 7. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Dissemination Agent from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or Notice of Material Event, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in any Financial Information or Notice of Material Event in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Financial Information or Notice of Material Event.

**SECTION 8. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Board, the Underwriter and the holders of the Bonds, and shall create no rights in any other person or entity.

[Remainder of page intentionally left blank]

[Signature Page - Continuing Disclosure Certificate]

**BOARD OF SUPERVISORS FOR THE  
UNIVERSITY OF LOUISIANA SYSTEM**

By:   
Randy Moffett, Authorized Representative

Date: March 14, 2007

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Louisiana Local Government Environmental Facilities and  
Community Development Authority

Name of Obligated Person: Board of Supervisors for the  
University of Louisiana System

Name of Bond Issue: \$5,545,000 Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds (Southeastern Louisiana University  
Student Housing/University Facilities, Inc.: Phase  
Four Parking Project) Series 2007A and \$2,490,000  
Louisiana Local Government Environmental Facilities  
and Community Development Authority Revenue Bonds  
(Southeastern Louisiana University Student  
Housing/University Facilities, Inc.: Phase Four Parking  
Project) Series 2007B

Date of Issuance: March 14, 2007

NOTICE IS HEREBY GIVEN that the Board has not provided the Financial Information  
with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of  
the Board dated March 14, 2007. The Board anticipates that the Annual Report will be filed by

\_\_\_\_\_.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT B

(A) Names of the entities, enterprises, funds, accounts and other persons with respect to whom information will be provided:

Entity:

1. BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM
2. SOUTHEASTERN LOUISIANA UNIVERSITY

(B) Types of information to be provided: (e.g., specific types of financial statements and general descriptions of operating, economic, statistical, utilization and trend data)

Audited Financial Statements, including the same type of information set forth in the Official Statement in **Appendix A** thereto.

Collection information regarding the Parking Fee, on an annual basis.

(C) The accounting principles pursuant to which financial statements will be prepared:

Generally accepted accounting principles.

\*Note: In accordance with Section 3(d) of the Continuing Disclosure Certificate, the Board is required to specifically identify any documents previously filed with a Repository that is being incorporated by reference.



## EXHIBIT C

### NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES

#### **Bloomberg Municipal Repository**

100 Business Park Drive  
Skillman, NJ 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
<http://www.bloomberg.com/markets/rates/municcontacts.html>  
Email: [Munis@Bloomberg.com](mailto:Munis@Bloomberg.com)

#### **DPC Data Inc.**

One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107  
<http://www.dpcdata.com>  
Email: [nrmsir@dpcdata.com](mailto:nrmsir@dpcdata.com)

#### **FT Interactive Data**

Attn: NRMSIR  
100 William Street, 15th Floor  
New York, NY 10038  
Phone: 212-771-6999; 800-689-8466  
Fax: 212-771-7390  
<http://www.ftid.com>  
Email: [NRMSIR@interactivedata.com](mailto:NRMSIR@interactivedata.com)

#### **Standard & Poor's Securities Evaluations, Inc.**

55 Water Street  
45th Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
[www.jjkenny.com/jjkenny/pser\\_descrip\\_data\\_rep.html](http://www.jjkenny.com/jjkenny/pser_descrip_data_rep.html)  
Email: [nrmsir\\_repository@sandp.com](mailto:nrmsir_repository@sandp.com)

**EXHIBIT D**  
**STATE INFORMATION DEPOSITORIES**

None

**FIRST AMENDMENT TO REIMBURSEMENT AND INDEMNITY AGREEMENT**

**AMONG**

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY,  
as Issuer**

**UNIVERSITY FACILITIES, INC.,  
as Borrower**

**AND**

**MBIA INSURANCE CORPORATION**

**\$5,545,000**

**Louisiana Local Government Environmental Facilities and  
Community Development Authority Revenue Bonds  
(Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

and

**\$2,490,000**

**Louisiana Local Government Environmental Facilities and  
Community Development Authority Revenue Bonds  
(Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B**

**Dated as of March 1, 2007**

## **REIMBURSEMENT AND INDEMNITY AGREEMENT**

THIS FIRST AMENDMENT TO REIMBURSEMENT AND INDEMNITY AGREEMENT (this "Amendment"), dated as of March 1, 2007 is entered into by and between LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY, a political subdivision of the State of Louisiana (the "Issuer"), UNIVERSITY FACILITIES, INC., a non-profit corporation incorporated and existing under the laws of the State of Louisiana (the "Corporation") and MBIA INSURANCE CORPORATION, a stock insurance corporation, duly organized and existing under the laws of the State of New York ("MBIA").

### **RECITALS**

1. The Issuer and MBIA entered into that certain Reimbursement and Indemnity Agreement dated as of August 1, 2004 (the "Original Agreement") relating to the issuance of the Bonds, as that term is defined in the Original Agreement. The Original Agreement, as amended by this Amendment, is referred to herein as the "Agreement."

2. The Issuer will issue the 2007 Bonds (as defined below) under the Trust Indenture, dated as of March 1, 2007 (the "2007 Indenture") between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), the proceeds of the sale of such Bonds to be loaned to University Facilities, Inc. (the "Corporation"), a Louisiana non-profit corporation formed for the benefit of Southeastern Louisiana University (the "University") in Tangipahoa Parish, Hammond, Louisiana) pursuant to a Loan Agreement dated as of March 1, 2007 (the "2007 Loan Agreement") between the Issuer and the Corporation for the purpose of (i) financing a portion of the cost of construction of a new intermodal parking facility located on the campus of the University (the "2007 Facilities"); (ii) funding a deposit to the Debt Service Reserve Fund; and (iii) paying costs of issuance of the 2007 Bonds.

2. MBIA has agreed to deliver to the Trustee its financial guaranty insurance policy guaranteeing regularly scheduled principal and interest payments on the 2007 Bonds.

3. This Amendment is entered into in order to (i) add the Corporation, the borrower of the proceeds of the Bonds (as defined below), as a party to the Agreement, (ii) update certain representations, warranties, covenants and other agreements of the Issuer as more fully set forth herein and (iii) amend certain provisions of the Original Agreement.

In consideration of the premises and the mutual promises set forth below, MBIA, the Issuer and the Corporation agree as follows:

### **ARTICLE I**

#### **DEFINITIONS**

The terms defined in this Article I shall, for all purposes of this Amendment, have the meanings herein specified. Capitalized terms used herein and not otherwise defined in this Article I shall have the meanings assigned to them in the Original Agreement.

“*2004 Bonds*” means, collectively, the Issuer’s \$60,985,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004A, the Issuer’s \$15,000,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004B and the Issuer’s \$925,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project), Series 2004C.

“*2007 Bonds*” means, collectively, the Issuer’s \$5,545,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc: Phase Four Parking Project), Series 2007A and the Issuer’s \$2,490,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc: Phase Four Parking Project), Series 2007B.

## ARTICLE II

### AMENDMENTS

Certain definitions set forth in Article I of the Original Agreement are hereby amended to read as follows:

“*Bonds*” means, collectively, the 2004 Bonds and the 2007 Bonds.

“*Closing Date*” means, with respect to the 2004 Bonds, August 13, 2005 and, with respect to the 2007 Bonds, March 14, 2007.

“*Facilities Lease*” means the Agreement to Lease With Option to Purchase dated as of August 1, 2004 by and between the Corporation, as lessor and the Board, as lessee, as amended by the First Amendment to Lease With Option to Purchase dated as of March 1, 2007.

“*Ground Lease*” means the Ground and Buildings Lease, dated as of August 1, 2004, by and between the Board, as lessor, and the Corporation, as lessee, as amended by the First Amendment to Ground and Buildings Lease Agreement dated as of March 1, 2007.

“*Indenture*” means, collectively, the Trust Indenture dated as of August 1, 2004 between the Issuer and the Trustee (the “2004 Indenture”) and the 2007 Indenture.

“*Insurance Policy*” means, collectively, each MBIA financial guaranty insurance policy guaranteeing regularly-scheduled principal and interest payments on the Bonds.

“*Loan Agreement*” means, collectively, the Loan Agreement dated as of August 1, 2004 by and between the Issuer and the Corporation and the 2007 Loan Agreement.

“*MBIA Commitment*” means each MBIA commitment to issue a financial guaranty insurance policy relating to Bonds.

“*Project*” or “*Facilities*” means, collectively, the student housing project located on the principal campus of the University and described as the “Facilities” in the 2004 Indenture and the 2007 Facilities.

“*Tax Regulatory Agreement*” means collectively, the Tax Regulatory Agreement and Arbitrage Certificate dated August 13, 2004 by and among the Issuer, the Corporation, the Board and the Trustee and the Tax Regulatory Agreement and Arbitrage Certificate dated March 14, 2007 by and among the Issuer, the Corporation, the Board and the Trustee.

“*Trustee*” means The Bank of New York Trust Company, N.A., a national banking association having trust powers, as Trustee under the 2004 Indenture and under the 2007 Indenture, and any successor or replacement thereof made in accordance with the provisions of the 2004 Indenture or the 2007 Indenture, as applicable.

### **ARTICLE III**

#### **REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER AND THE CORPORATION**

The Issuer hereby reaffirms the representations and warranties set out in Article II of the Original Agreement as of the date of this Amendment. The Corporation makes, on its own behalf for the benefit of MBIA, each of the representations and warranties set out in Article II of the Original Agreement as of the date hereof.

### **ARTICLE IV**

#### **THE CORPORATION**

The Corporation hereby agrees to be jointly and severally bound by all of the liabilities, obligations and indemnities of the Issuer set forth in the Original Agreement, subject to the limited recourse provisions of Article IX thereof, which provisions shall be deemed for the joint benefit of the Issuer and the Corporation. For purposes of Section 10.03 of the Original Agreement, notices shall be sent to the Corporation at:

University Facilities, Inc.  
SLU Box 10709  
Hammond, Louisiana 70402  
Attention: Executive Director

## ARTICLE IV

### MISCELLANEOUS PROVISIONS

**Section 4.01. *Amendments, Changes and Modifications.*** This Amendment may be amended, changed, modified, altered or terminated only with the prior written approval of MBIA, the Issuer and the Corporation.

**Section 4.02. *Severability.*** In the event any provision of this Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 4.03. *Counterparts.*** This Amendment may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

**Section 4.04. *Ratification.*** Except as specifically amended by this Amendment, the provisions of the Original Agreement remain in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK  
SIGNATURE PAGE FOLLOWS]

[Signature Page to First Amendment to Reimbursement and Indemnity Agreement]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its respective name by its duly authorized officer, all as of the date first above written.

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

By   
Steve A. Dicharry, Executive Director

UNIVERSITY FACILITES, INC.

By   
Phil K. Livingston, Vice Chairman

MBIA INSURANCE CORPORATION

By \_\_\_\_\_  
Title \_\_\_\_\_



IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its respective name by its duly authorized officer, all as of the date first above written.

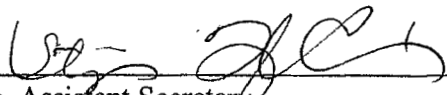
LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
Title \_\_\_\_\_

UNIVERSITY FACILITES, INC.

By \_\_\_\_\_  
Title \_\_\_\_\_

MBIA INSURANCE CORPORATION

By  \_\_\_\_\_  
Title Assistant Secretary

4810-6828-0065.1

\$5,545,000  
Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$2,490,000  
Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

**GENERAL CERTIFICATE OF THE AUTHORITY**

I, the undersigned Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") do hereby certify and covenant as follows:

1. The undersigned, Steve A. Dicharry is the duly appointed, qualified and acting Executive Director of the Authority and as such official is familiar with and have access to the books and corporate records of the Authority.

2. The persons named below are the duly appointed and qualified members of the Executive Committee and are presently serving terms which will expire as indicated to the right of their respective names:

<b>Executive Committee</b>	<b>Office</b>	<b>Expiration of Term</b>
M.E. (Toye) Taylor	Chairman	December 31, 2007
William A. Lazaro, Jr.	Vice-Chair	December 31, 2007
Mike Grimmer	Secretary-Treasurer	December 31, 2007
Mary S. Adams	Member	December 31, 2007
Daniel Rawls	Member	December 31, 2007
Julian Dufreche	Member	December 31, 2007
Jack Hammons	Member	December 31, 2007

3. The persons set forth in **Exhibit A** attached hereto are duly authorized officers for purposes of executing any and all documents, certificates, orders or writings with respect to the Bonds and holding the office stated opposite their respective names and the signatures appearing on said **Exhibit A** are genuine signatures of said officers.

4. Attached hereto as **Exhibit B** is a true and correct copy of the Authority's Amended and Restated By-Laws dated October 10, 2002, as amended October 14, 2004 and October 12, 2006, as the same are on file in the official records of the Authority and the same being in full force and effect as of the date of this certificate. The Authority duly approved the issuance of the Bonds by adopting resolutions at meetings held on February 12, 2004, May 13, 2004 and October 12, 2006 (collectively, the "Bond Resolution") at which a quorum was present.

5. The Chairman and Executive Director by their manual or facsimile signatures duly executed and attested the execution of the \$5,545,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A and \$2,490,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B of the Louisiana Local Government Environmental Facilities and Community Development Authority. The Bonds are issued under and secured by a Trust Indenture (the "Trust Indenture") dated as of March 1, 2007 by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The proceeds of the Bonds will be loaned to University Facilities, Inc. (the "Company") pursuant to a Loan Agreement (the "Loan Agreement") dated as of March 1, 2007 by and between the Authority and the Company. The Bonds are dated March 14, 2007 and are numbered, bear interest and mature as set forth in the Indenture.

6. We hereby certify, to the best of our knowledge and belief, that:

(A) the representations, warranties and covenants of the Authority contained in the Loan Agreement are true and correct in all material respects and are complied with as of the date hereof; and

(B) the Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to this date.

7. As required by the Bond Purchase Agreement we hereby certify that:

(A) as of the date of the Bond Purchase Agreement, the information contained in the Authority Sections of the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make statements contained therein, in the light of the circumstances under which they were made, not misleading;

(B) at all times subsequent to the date of the Bond Purchase Agreement to and including this date, the information contained in the Authority sections of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make statements contained therein, in light of the circumstances under which they were made, not misleading;

(C) to the best of our knowledge and belief that no litigation is pending or, to our knowledge threatened, to restrain or enjoin the execution and delivery of the Bonds,

the Resolution, the Tax Regulatory Agreement, the Indenture, the Loan Agreement or the existence or powers of the Authority or the right of the Authority to carry out the terms thereof, and the issuance of the Bonds and the execution and delivery of the other agreements contemplated by the Bond Purchase Agreement and by the Official Statement under the circumstances contemplated thereby and the compliance by the Authority with the provisions thereof will not conflict with or constitute on the part of the Authority a breach of or a default under the By-Laws, as amended, or any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, loan or other instrument to which the Authority is subject or by which it is bound.

8. All meetings of the Executive Committee of the Authority, including meetings at which action was taken with respect to the Bonds, have been open to the public in accordance with the provisions of Title 42 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 42:5). Meetings of the Executive Committee of the Authority are held in accordance with the call for the meetings issued by the Chairman.

9. All approvals required to be obtained pursuant to the Act by the Authority in connection with the issuance of the Bonds have been obtained and are in full force and effect as of the date hereof.

10. Any certificate signed by any officer of the Authority delivered to the Trustee or the Underwriters shall be deemed a representation of the Authority to the Trustee or the Underwriters as to the statements made therein.

11. The official journal of the Authority is *The Advocate*, a daily newspaper published in the City of Baton Rouge and of general circulation in the City of Baton Rouge, Louisiana, having been so designated by resolution duly and legally adopted by the Executive Committee of the Authority.

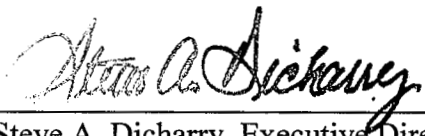
12. The seal affixed to this certificate and the Indenture and the Bonds is the official seal of the Authority.

13. The Authority has not pledged the Trust Estate to secure any other debt of the Authority that would result in there being a pledge on the Trust Estate superior to or on a parity with the pledge created by the Indenture.

[SIGNATURE PAGE TO GENERAL CERTIFICATE OF THE AUTHORITY]

IN WITNESS WHEREOF, the undersigned have hereunto set the official seal of the Authority and their signatures as of the 14th day of March, 2007.

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

By:   
Steve A. Dicharry, Executive Director

[SEAL]

**EXHIBIT A**

**OFFICERS OF THE BOARD OF DIRECTORS  
AND *EX OFFICIO* OFFICERS OF THE  
EXECUTIVE COMMITTEE OF THE  
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL  
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

<u>NAME</u>	<u>OFFICE</u>	<u>SIGNATURE</u>
M.E. Toye Taylor	Chairman	<u>M.E. Toye Taylor</u>
Steve A. Dicharry	Executive Director	<u>Steve A. Dicharry</u>
Linda D'Antoni	Assistant Secretary	<u>Linda U. D'Antoni</u>

EXHIBIT B

**AMENDED AND RESTATED  
BYLAWS  
OF  
LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
A POLITICAL SUBDIVISION OF THE  
STATE OF LOUISIANA**

**DATED  
OCTOBER 10, 2002**

**BYLAWS OF THE  
LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY**

**ARTICLE I - NAME, PURPOSE AND ACT**

This organization, now known as the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), was created by Act 813 of the 1991 Regular Session of the Louisiana Legislature, enacted as La. R.S. 33:4548.1, et seq. ("Act 813"), was amended by Act 1151 of the 1997 Regular Session of the Louisiana Legislature ("Act 1151"), each of which Acts were authorized to be enacted by the state legislature by virtue of Section 19 of Article VI of the Louisiana Constitution of 1974, as amended (Act 813, Act 1151 and Section 19 of Article VI herein referred to collectively as the "Act"). For ease of reference and convenience, the Authority may be referred to as the "Louisiana Community Development Authority".

The Authority was created for the purposes of assisting political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure, economic development and environmental facilities, and assisting in the financing of such needs by political subdivisions.

The Authority is generally governed by the Act. Individual powers and governing principles set forth in the Act may not be repeated herein. Terms not otherwise defined herein have the meaning attributed to such terms in the Act.

**ARTICLE II - BOARD OF DIRECTORS**

**SECTION 1.      Composition of the Board of Directors**

- A. Each participating Political Subdivision shall appoint one director to the Board of Directors of the Authority in the manner set forth in the Act. Each director shall be appointed for a term of four years. The participating Political Subdivision may remove its appointed director at any time, with or without cause, upon giving 30 days written notice to the Authority. Upon the expiration of the term of a director or his or her earlier resignation or removal from office, the participating Political Subdivision shall select a successor director in the manner set forth in the Act.



- B. The Authority shall be governed by the Board of Directors. The Board of Directors shall exercise all of the authority conferred upon the Authority in the Act except for that authority expressly delegated to the Executive Committee herein. The authority so delegated to the Executive Committee shall be solely exercised by it without any need or requirement for any act or action of, or subsequent ratification by, the Board of Directors, and the exercise of such authority by the Executive Committee shall be binding in all respects upon the Authority and the Board of Directors, and may in all respects be relied upon by third parties.

## **SECTION 2. Meetings of the Board of Directors**

- A. The Board of Directors shall have an annual meeting on or before November 1 of each year. The Executive Committee shall, at the beginning of each calendar year, set the date, time, and location of the annual meeting, and notice thereof shall be furnished to each director not less than thirty (30) days prior to the date set for such meeting and shall include an agenda. Upon the approval of two-thirds of the directors present, the Authority may take matters not included on the agenda. Such notice shall specify the date, time and location of each meeting and shall specify the purpose thereof and any action proposed to be taken. Such notice shall be provided to the director by mail to the address of such director as recorded in the office of the Authority. Special meetings of the Board of Directors shall be held at the request of the Chairman of the Executive Committee, a majority of the Executive Committee, or upon the written request of twenty-five (25) percent in number of the members of the Board of Directors. Notice of and the agenda for any special meeting of the Board of Directors shall be sent to each director not less than seven (7) days prior to the date of such meeting. All meetings of the Board of Directors shall be conducted in accordance with the Open Meetings Law.
- B. In cases of extraordinary emergency, special meetings of the Board of Directors may be called by the Chairman, the Executive Committee or upon the request of five (5) percent in number of the members of the Board of Directors and held at any time and place upon the same notice to the members of the Board of Directors as is required to be given to the public pursuant to the Open Meetings Law.
- C. A majority of the directors shall constitute a quorum of the Board of Directors. If a quorum shall fail to be present at any duly called meeting, the presiding officer may adjourn the meeting from time to time until a quorum is present. After a quorum has been established, it shall not be broken by withdrawal of any director.

## **SECTION 3. Voting**

Each director shall be entitled to one (1) vote at any meeting of the Board of Directors of the Authority. All actions by and decisions of the Board of Directors shall be by vote of the

majority of the directors entitled to vote which are present at a duly called meeting at which a quorum is present. No proxy voting or secret ballots shall be utilized, and all votes shall be by viva voce and recorded in the official written proceedings of the Authority.

### **ARTICLE III - OFFICERS OF THE BOARD OF DIRECTORS**

#### **SECTION 1. Officers of the Board of Directors**

- A. The elective officers of the Board of Directors shall be a Chairman, a Vice Chairman, and a Secretary/Treasurer. These officers shall be elected annually by and from the voting members of the Board of Directors at the annual meeting of the Board of Directors. Subsequent to the initial election of officers, each elective officer shall take office on the January 1 immediately following his election, and effective with the election of officers in 2001, each elective officer shall serve for a term of one (1) year, or until his successor has been elected and has taken office. Officers may not be re-elected for successive terms in any one office. The Board of Directors may remove any elected officer for just cause, as defined by the Board. In the event of such removal or the resignation of an officer, the Board of Directors shall elect a replacement to fill such Director's unexpired term.
- B. The Board of Directors shall appoint an Executive Director administer the affairs of the Authority, as authorized pursuant to R.S. 33:4548.6A(13). The Executive Director shall serve at the pleasure of the Board of Directors

#### **SECTION 2. Duties of Officers**

- A. The Chairman of the Board of Directors shall be the elected head of the Authority and ex officio Chairman of the Executive Committee. He shall preside at all meetings of the Board of Directors and of the Executive Committee and shall perform all other duties incidental thereto.
- B. The Vice Chairman shall also be ex officio Vice Chairman of the Executive Committee and shall act in the Chairman's stead with the same authority and duties as the Chairman in the event that the Chairman is absent or otherwise unavailable.
- C. The Secretary/Treasurer shall also be ex officio Secretary/Treasurer of the Executive Committee and shall oversee the maintenance of the minutes of the meetings of the Board of Directors and the Executive Committee, the giving of all required notices of such meetings, the maintenance of all of the financial records of the Authority and the disbursement of moneys and assets of the Authority.

- D. The Executive Director shall have general supervision over and be in administrative charge of the affairs of the Authority, including the conduct of the business and maintenance of the office of the Authority, and shall perform all the duties incident to his position and office. Except as otherwise provided by resolution of the Executive Committee, the Executive Director shall make final certification for payment of all duly authenticated and authorized items of expenditures for payment from any Authority funds from whatever source derived, and shall also approve all checks, vouchers, payrolls and requisitions before signing, or submission thereof for signature by any persons authorized to sign, the same. The Executive Director, with the oversight of the Secretary/Treasurer, shall keep a record of the proceedings of the Authority and shall be custodian of all books, documents and records filed with the Authority and of the minutes of the Authority of its official seal.

#### **ARTICLE IV - EXECUTIVE COMMITTEE**

##### **SECTION 1. Establishment of Executive Committee**

- A. There is hereby established an Executive Committee of the Board of Directors to be composed of seven members of the Board of Directors, consisting of the three officers of the Board of Directors, who shall serve on the Executive Committee as ex officio members for as long as they remain officers of the Board of Directors of the Authority, and four other members elected at the annual meeting of the Board of Directors (after the election of officers) from the voting members of the Directors. Effective with the election in 2001, the four at-large members of the Executive Committee shall be elected as follows: one member shall be elected for a term of one (1) year; one member shall be elected for a term of two (2) years; one member shall be elected for a term of three (3) years; and, one member shall be elected for a term of four (4) years. An at-large member shall not succeed himself in office as an at large member, and his successor shall be elected for a four year term. To ensure that all participating members are adequately represented, from time to time, on the Executive Committee, the Executive Committee shall appoint a nominating committee consisting of at least two (2) members of the Board of Directors to recommend a slate of candidates for election to the Executive Committee who will be representative of the participating members.
- B. The Board of Directors may remove a member of the Executive Committee for just cause at any special or emergency meeting called for that purpose. If an elected member of the Executive Committee is removed for cause or resigns during the term for which he was elected as a member of the Executive Committee, the Board of Directors shall elect a replacement to fill such Executive Committee member's unexpired term. If an officer of the Board of Directors is removed from office, his replacement shall serve on the Executive Committee for the officer's unexpired term.

- C. Subsequent to the initial election of Directors to the Executive Committee, each Director elected to the Executive Committee shall take office on the January 1 immediately following their election.
- D. Upon expiration of the term of a member of the Executive Committee who has not been replaced, such member shall continue to serve until so replaced.
- E. The Executive Committee shall provide a written report to the Board of Directors for review at its annual meeting setting forth a summary of activity, programs and financial condition of the Authority. Minutes of all Executive Committee meetings shall be made available to any Board of Directors member upon request.

## **SECTION 2. Meetings of the Executive Committee**

- A. The Executive Committee shall meet at least four (4) times per year, and more often if called by the Chairman, at the principal office of the Authority or at such other location as may be acceptable to a majority of the Executive Committee members. The Chairman of the Executive Committee shall set the date, time and location of each meeting, and notice thereof and an agenda shall be furnished to each member of the Executive Committee not less than two (2) calendar days prior to the date of such meeting. Executive Committee meetings shall be held in accordance with the Open Meetings Law. Such notice shall specify the date, time and location of such meeting and may specify the purpose thereof and any action proposed to be taken. Such notice shall be directed to the committee member by mail to the address of such committee member as recorded in the office of the Authority. Special meetings of the Executive Committee shall be held at the request therefor by the Chairman of the Executive Committee or a majority of the Executive Committee. Notice of any special meeting of the Executive Committee shall be sent to each committee member not less than one (1) calendar day prior to the date of such meeting. Each director shall be given notice of Executive Committee meetings in the same manner if so requested in writing.
- B. Four (4) members of the Executive Committee shall constitute a quorum. If a quorum shall fail to be present at any duly called meeting, the presiding officer may continue the meeting until a quorum is present. After a quorum has been established, it shall not be broken by withdrawal of any member.

## **SECTION 3. Voting**

Each member of the Executive Committee shall be entitled to one (1) vote. All actions by and decisions of the Executive Committee shall be by vote of not less than a majority of

the Executive Committee members present and voting. No proxy voting or secret ballots shall be utilized, and all votes shall be by viva voce and recorded in the official written proceedings of the Executive Committee, with a copy thereof placed in the official proceedings of the Authority.

**SECTION 4. Powers and Authority of the Executive Committee**

- A. Pursuant to and as authorized by the Act, the Board of Directors in addition to the other duties and powers delegated herein, hereby delegates to the Executive Committee the authority to exercise the powers of the Authority specified in R.S. 33:4548.5A(4) through (12) and (14) through (19), 33:4548.6, R.S. 33:4548.8, R.S. 33:4548.14 and R.S. 33:4548.15.
- B. The Executive Committee on behalf of and for the benefit of the Authority may enter into local service agreements with the participating political subdivisions through which such political subdivisions may agree to share in the costs of operating the Authority and to pay such charges and fees as may be imposed by the Executive Committee.
- C. The Executive Committee may exercise the authority conferred by these Bylaws without any need or requirement for any act or action of, or subsequent ratification by, the Board of Directors, and in the exercises of such authority by the Executive Committee it shall bind in all respects the Authority and the Board of Directors, and in all respects such exercises of authority by the Executive Committee may be relied upon by third parties.
- D. The Executive Committee may appear and seek approval of the State Bond Commission for the issuance of bonds of the Authority as provided for in R.S. 33:4548.9.
- E. In addition, the Executive Committee is hereby delegated such further authority as may be necessary and incidental to the authority herein delegated to effectuate and exercise its authority including, but not limited to the adoption of necessary rules and regulations for the conduct of its affairs.
- F. The Executive Committee shall have the sole authority to decide which Authorized Projects, as such term is defined in R.S. 33:4548.3B, shall be undertaken by the Authority and to determine all of the terms, conditions and provisions of such Authorized Projects.
- G. It is the intent of this Section to vest in the Executive Committee sole authority to make all decisions, to take all actions and to enter into all contracts, agreements and instruments on behalf of the Authority as those certain powers are specified herein.

Any action taken or decision made on behalf of the Authority shall be evidenced by resolution adopted by the Executive Committee. No other approvals or consents shall be necessary to bind the Authority with respect to any action or decision of the Executive Committee.

#### **SECTION 5. Execution of Documents**

A copy of the resolution adopted by the Executive Committee certified by the Chairman or Secretary-Treasurer of the Executive Committee (or such officers of the Authority designated in writing by the Chairman or Secretary-Treasurer of the Executive Committee) shall be evidence of the action of the Executive Committee and the Authority and any such certified resolution or other instrument so signed shall conclusively be presumed to be authentic. Likewise, all facts and matters stated therein shall conclusively be presumed to be true.

#### **SECTION 6. Reporting**

The Executive Committee shall be responsible for and shall cause to be filed such annual or other periodic audits, reports and disclosures as may be required from time to time pursuant to applicable federal or state statutes or regulations.

### **ARTICLE V - MISCELLANEOUS**

#### **SECTION 1. Directors' and Officers' Liabilities**

- A. No director or officer shall be liable for any claims resulting from any act or omission in connection with his duties as a member of the Board of Directors or Executive Committee of the Authority, or as an officer of the Board of Directors, except for claims resulting from the gross negligence or willful misconduct of such director or officer. The Executive Committee is hereby authorized and empowered to obtain, at the expense of the Authority, liability insurance fully protecting the respective directors, officers, employees, agents and the Authority from any loss or expense incurred, including reasonable attorney's fees, as a result of acts or omissions of the directors, officers, employees and agents. The Authority hereby agrees to save, hold harmless and indemnify each director, officer, employee and agent from any loss, damage or expense (including attorneys fees) incurred by said persons while acting in their official capacity or by reason of the fact the said person is or was a director, officer, employee or agent of the Authority, unless such loss, damage or expense was caused by the bad faith, gross negligence or willful misconduct of such director, officer, employee or agent. The termination of any civil or criminal action, suit or proceeding by judgement, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person acted other than in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the

Authority nor with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

- B. Any indemnification under this Section 1 of this Article shall be made by the Authority only as authorized in the specific case upon a determination that indemnification of the officer, director and employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in this Section 1 of this Article. Such determination shall be made (a) by the Executive Committee by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; provided, however, that if a director, officer, employee or agent of the Authority has been successful on the merits or otherwise in defense of any action, suit or proceeding, or in defense of any claim, issue or matter therein, he shall automatically be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith without the necessity of any such determination that he has met the applicable standard of conduct set forth in this Section 1 of this Article.

## **SECTION 2. Reliance on Counsel's Opinion**

The Board of Directors, the Executive Committee and the officers may employ and consult with legal counsel concerning any questions which may arise with reference to the duties and powers or with reference to any other matter pertaining to the operation of the Authority; and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by the directors, the Executive Committee and the officers hereunder in good faith in accordance with the opinion of such counsel, and the Board of Directors, the Executive Committee, and the officers shall not be liable therefor.

## **SECTION 3. Amendments to Bylaws**

These bylaws may be amended in writing at any time by the concurrence of no less than two thirds (2/3) of the voting members of the Board of Directors present at a duly called meeting at which a quorum is present. The notice of such meeting must state that one of the purposes of the meeting is to consider the amendment of these bylaws and must generally state the substance of such proposed amendment. These bylaws may not be amended so as to permit the diversion or application of any of the assets of the Authority for any purpose other than those specified herein or in the Act or which would impair any contractual obligations. The Board of Directors, upon adoption of or amendment to these bylaws, shall send a copy of any such amendment to the participating political subdivisions of the Authority.

**SECTION 4. Termination of Membership in the Authority.**

Except as noted below, an Authority member may terminate its participation in the Authority upon thirty (30) days written notice to the Chairman of the Board of Directors. An Authority member shall not be permitted to terminate its participation in the Authority so long as such Authority member is obligated to repay an outstanding obligation to the Authority; provided such obligation has been lawfully approved by such member.

**SECTION 5. Principal Office of the Authority**

The books and records pertaining to the Authority and its administration shall be kept and maintained at the office of the Authority.

**SECTION 6. Additional Committees**

The Executive Committee may from time to time appoint such other committees with such membership as the Executive Committee may determine necessary or appropriate. Such committees may be composed in whole or in part of persons who are not members of the Board of Directors.

**SECTION 7. Notices**

Whenever under the Act or these bylaws notice is required or permitted to be given to the Directors or officers of the Authority, such notice may be given in writing by regular mail or by facsimile or electronic transmission, in either case addressed to such Director or officer at his address as shown on the books of the Authority. The time when such notice is so mailed or delivered via facsimile shall be deemed the time of the giving of such notice.

**SECTION 8. Contracting for Services**

The Authority was created to lower the borrowing costs of political subdivisions and beneficiaries through participation in Authority financings. By sharing the costs of professional and other services negotiated at reasonable rates by the Authority, smaller financings undertaken through participation in Authority transactions can benefit directly and immediately. The Authority further recognizes the merit of independent review of proposed financial transactions to avoid self-dealing by professionals serving the Authority or its beneficiaries.

- A. The Executive Committee shall have the authority to contract with and hire professionals for the purpose of rendering legal, accounting, financial advisory, management and other services to the Authority and to pay such professionals for such services rendered to the Authority.



- B. The Executive Committee shall evaluate and determine fair and equitable compensation for legal services by reference to the Rules of Professional Conduct of the Louisiana State Bar Association, particularly, Rule 1.5 Fees. The fee schedules promulgated by the Attorney General of the State of Louisiana which describe the maximum fees allowed for services of bond counsel shall be complied with, but shall not be used to define or determine the amount of compensation for bond counsel services to the Authority.
- C. The Executive Committee shall evaluate and determine fair and equitable compensation for non-legal professionals in accordance with relevant industry standards, criteria and practice.

**SECTION 9. Preliminary Review of Authority Transactions**

The Executive Committee shall establish a procedure to review proposed Authority transactions for merit and shall have the authority to contract with independent financial advisors and such other professionals as it deems fit to evaluate and provide preliminary findings regarding the relative benefits of transactions proposed to the Authority, its members or to the beneficiaries of such transactions.

**SECTION 10. Severability**

Should any provision of these By-Laws be declared invalid or unlawful by a court of competent jurisdiction, the remaining provisions hereof shall remain in full force and effect and to that end, such invalid or unlawful provisions are hereby declared to be severable.

**ARTICLE VI - DISTRIBUTION OF ASSETS  
UPON FINAL DISSOLUTION**

Upon final dissolution of the Authority, all assets shall be sold as determined by the Executive Committee, all debts and obligations of the Authority shall be paid, and all funds then remaining shall be distributed to the then current Authority members on an equal share basis.

Adopted - 10-14-04

## Proposed Amendments to By-laws

Amend Article II, Section 1 (A), Article III, Section 1 (B), Article IV, Section 4 (A), and Article V, Section 6 as follows:

### ARTICLE II - BOARD OF DIRECTORS

#### SECTION 1. Composition of the Board of Directors

- A. Each participating Political Subdivision shall appoint one director to the Board of Directors of the Authority in the manner set forth in the Act. Each director shall be appointed for a term of four ~~two~~ years. The participating Political Subdivision may remove its appointed director at any time, with or without cause, upon giving 30 days written notice to the Authority. Upon the expiration of the term of a director or his or her earlier resignation or removal from office, the participating Political Subdivision shall select a successor director in the manner set forth in the Act.

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### ARTICLE III - OFFICERS OF THE BOARD OF DIRECTORS

#### SECTION 1. Officers of the Board of Directors

- B. ~~The Board of Directors shall appoint an executive Director administer the affairs of the Authority, as authorized pursuant to R.S. 33:4548.6A(13). The Executive Director shall serve at the pleasure of the Board of Directors.~~

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### ARTICLE IV - EXECUTIVE COMMITTEE

#### SECTION 4. Powers and Authority of the Executive Committee

- A. Pursuant to and as authorized by the Act, the Board of Directors in addition to the other duties and powers delegated herein, hereby delegates to the Executive Committee the authority to exercise the powers of the Authority specified in R.S. 33:4548.5A(4) (1) through (23), 33:4548.6, R.S. 33:4548.8, R.S. 33:4548.14 and R.S. 33:4548.15.

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### ARTICLE V - MISCELLANEOUS

#### SECTION 6. Additional Committees

- A. The Executive Committee may from time to time appoint such other committees with such membership as the Executive Committee may determine necessary or appropriate. Such committees may be composed in whole or in part of persons who are not members of the Board of Directors.
- B. The Executive Committee shall appoint a Chairman's Advisory Committee consisting of at least one (1) member and not exceeding three (3) members. Such Committee shall consist of past Chairmen of the Board of Directors, and shall provide advice to the Executive Committee on any matters coming before it.

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**Excerpt of the Minutes**

**LCDA Board of Directors' Meeting  
October 12, 2006  
LMA Building, Meeting Room 2  
11:00 a.m.**

5. Proposed Amendment to By-Laws

Mr. Lazaro suggested that the following amendment be added to the By-Laws to read as follows:

"E. Add Article III, Section 2 (E)

There shall be an Assistant Secretary of the Executive Committee who shall be appointed by the Executive Committee. The Assistant Secretary, in the absence of the Secretary/Treasurer and Executive Director are authorized to sign all documents on behalf of the Authority."

The motion was made by Councilman Jim Holland, seconded by Mr. Lazaro, and without objection, the motion carried.

14(a)

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY

On the motion of Mr. Lazaro seconded by Mr. Holt, the following resolution was adopted:

RESOLUTION

A RESOLUTION AUTHORIZING THE AUTHORITY TO PROCEED WITH THE DEVELOPMENT OF A PROJECT ON BEHALF OF UNIVERSITY FACILITIES, INC. INVOLVING THE ISSUANCE OF NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING / UNIVERSITY FACILITIES, INC. PROJECT) IN TWO OR MORE SERIES; AND OTHERWISE PROVIDING WITH RESPECT THERETO.

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") is a political subdivision established for public purposes under and pursuant to the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority; and

WHEREAS, the Act empowers the Authority to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act; and

WHEREAS, the Authority has been asked to proceed and desires to proceed with the development of a project on behalf of the University Facilities, Inc., a Louisiana non-profit corporation, (the "Corporation") involving the issuance of not to exceed \$85,000,000 Louisiana Local Government

Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in two or more series (the "Bonds"), to (i) refund the Corporation's loan from the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000 of which approximately \$14,945,000 is currently outstanding and (ii) to provide financing for the demolition of certain existing facilities and for the renovation, development and construction of student housing and related facilities at Southeastern Louisiana University (the "Project"); and

WHEREAS, the Authority desires to authorize the filing of an application with the Louisiana State Bond Commission (the "Commission") requesting that the Commission grant approval to the issuance of the Bonds in accordance with the Act; and

WHEREAS, it is desirable that the Executive Committee of the Authority (the "Executive Committee") adopt a resolution approving the issuance of the Bonds for the development of the Project; and

WHEREAS, the Authority reasonably expects to reimburse expenditures of the Corporation, incurred prior to the issuance of the Bonds, if any, for the Project from proceeds of the Bonds and that this resolution is a declaration of official intent under Section 1.150-2 of the United States Treasury Regulations; and

NOW THEREFORE, BE IT RESOLVED by the Executive Committee of the Board of Directors of Louisiana Local Government Environmental Facilities and Community Development Authority, acting as the governing authority of said Authority, that:

**SECTION 1.** Pursuant to the authority of the Act, the Project is hereby approved and the Executive Committee of the Authority does hereby authorize the undertaking and development of the Project and the issuance of the Authority's Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/ University Facilities, Inc. Project), in two or more series, tax-exempt, in an aggregate amount not to exceed \$85,000,000 (the "Bonds"), such Bonds to mature not later than thirty (30) years from the date of their issuance, bearing interest at a fixed or variable rate not exceeding twelve percent (12%) and secured by payments under a loan agreement with the Corporation to be entered into by the Corporation, which payments will be assigned and pledged to the Authority for payment of principal of and interest on the Bonds.

**SECTION 2.** This Resolution evidences official intent of the Authority toward the issuance of its Bonds as contemplated herein in accordance with the laws of the State and the United States Treasury Regulations, Section 1.150-2(e). The Bonds are not expected to exceed an aggregate principal amount of \$85,000,000.

**SECTION 3.** The officers and staff of the Authority are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the Authority, with any governmental board or entity having jurisdiction over the Bonds or the Project, such applications or requests for approval thereof as may be required by law.

**SECTION 4.** The Authority does hereby authorize the filing of an application with the Louisiana State Bond Commission (the "Commission") requesting approval of the issuance of the Bonds.

**SECTION 5.** To the extent that Bond Counsel deems necessary, the Authority hereby approves and authorizes the publication of one or more Notices of Public Hearing and does hereby further authorize and approve the conducting of public hearings as set forth in said notices in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1981, as amended.

**SECTION 6.** It is recognized, found and determined that a real necessity exists for the employment of Bond Counsel in connection with the issuance of the Bonds and accordingly, Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana is hereby employed as Bond Counsel to the Authority to do and to perform comprehensive, legal and coordinate professional work with respect to the issuance and sale of the bonds. Bond Counsel shall (i) prepare and submit to the Authority for adoption all of the proceedings incidental to the authorization, issuance, sale and delivery of the Bonds, (ii) counsel and advise the Authority with respect to the issuance and sale of the Bonds, and (iii) furnish their opinion covering the legality of the issuance thereof. The fee for bond counsel services to be paid Bond Counsel from Bond proceeds shall be (a) an aggregate amount less than the Attorney General's then current Bond Counsel Fee Schedule and other guidelines, as negotiated, for comprehensive, legal and coordinate professional work in the issuance of revenue bonds applied to the actual aggregate principal amount issued, sold, delivered and paid for at the time such Bonds are delivered, together with the reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, and (b) an hourly rate for legal work related to services not traditionally provided by bond counsel, if any, less than the Attorney General's maximum hourly rates, as negotiated, together with the reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, said fee to be payable out

of Bond proceeds subject to the Attorney General's written approval of said employment and fee as required by the Act.

**SECTION 7.** It is recognized and agreed that a real necessity exists for the employment of special counsel to serve as issuer counsel to the Authority to supervise the issuance of the Bonds and accordingly Casten & Pearce, Shreveport, Louisiana, is hereby employed for such purposes. The fee to be paid for such services shall be an amount computed at an hourly rate to be negotiated less than the Attorney General's current Hourly Fee Schedule, together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, and shall be payable by the Issuer from the proceeds of the Bonds.

**SECTION 8.** This Resolution does hereby incorporate by reference as though fully set out herein the provisions and requirements of the Act.

**SECTION 9.** This Resolution shall be published in one issue of the official journal of the Authority as soon as possible. The Bonds herein authorized shall be incontestable in the hands of bona fide purchasers thereof for value and no court shall have authority or jurisdiction to inquire into the legality thereof if the validity of the Bonds and the security therefor is not raised within thirty (30) days from the date of the publication of this Resolution.

**SECTION 10.** This Resolution shall become effective immediately upon its adoption.



This resolution having been submitted to a vote, the vote thereon was as follows:

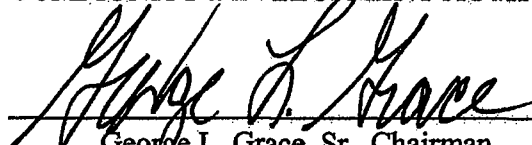
<u>Executive Committee Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Mayor George L. Grace, Sr.	x			
Mr. Wayne R. Savoy			x	
Mayor David C. Butler, II	x			
Mr. John Holt	x			
Mr. William A. Lazaro, Jr.	x			
Ms. Mary S. Adams	x			
Mr. M.E. "Toye" Taylor	x			

The Resolution was declared adopted on this 12<sup>th</sup> day of February, 2004.

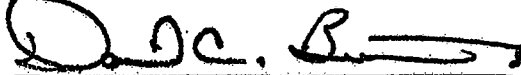
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(Other items of business not pertinent to the foregoing resolution may be found in the official minutes of the Executive Committee of the Authority.)

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

  
\_\_\_\_\_  
George L. Grace, Sr., Chairman

Attest:



David C. Butler, II, Secretary/Treasurer

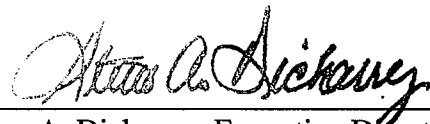
STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that the foregoing constitutes a true and correct copy of the proceedings taken by the Executive Committee of the Board of Directors of the Authority on February 12, 2004 authorizing the authority to proceed with the development of a project on behalf of the University Facilities, Inc. involving the issuance of not to exceed \$85,000,000 Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing / University Facilities Inc. Project) in two or more series; and to otherwise provide with respect thereto.

I further certify that this resolution has not been amended or rescinded.

IN FAITH WHEREOF, witness my official signature on this, the 13<sup>th</sup> day of March, 2007.



---

Steve A. Dicharry, Executive Director

[SEAL]

# CAPITAL CITY PRESS

146b)

Publisher of  
**THE ADVOCATE**

## PROOF OF PUBLICATION

The hereto attached notice was published in **THE ADVOCATE**, a daily newspaper of general circulation published in Baton Rouge, Louisiana, and the Official Journal of the State of Louisiana, the City of Baton Rouge, and the Parish of East Baton Rouge, in the following issues:

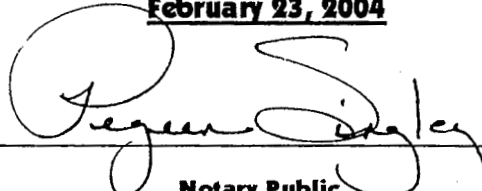
02/23/04



Legal/Public Notices Representative

Sworn and subscribed before me by the person whose signature appears above:

February 23, 2004



Notary Public

My Commission Expires: Indefinite  
Baton Rouge, Louisiana

LCDA

8712 JEFFERSON HWY STE A  
BATON ROUGE LA 70809-2233

2790067

**NOTICE**

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY**

On the motion of Mr. Lazaro seconded by Mr. Holt, the following resolution was adopted:

**RESOLUTION**

A RESOLUTION AUTHORIZING THE AUTHORITY TO PROCEED WITH THE DEVELOPMENT OF A PROJECT ON BEHALF OF UNIVERSITY FACILITIES, INC. INVOLVING THE ISSUANCE OF NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING / UNIVERSITY FACILITIES INC. PROJECT) IN TWO OR MORE SERIES AND OTHERWISE PROVIDING WITH RESPECT THERETO.

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority) is a political subdivision established for public purposes under and subject to the provisions of Chapter 42 of Article 53 of the Louisiana Revised Statutes of 1950 as amended (the "Act") and has constitutional and statutory authority; and

WHEREAS, the Act empowers the Authority to issue bonds to provide funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act; and

WHEREAS, the Authority has been asked to proceed and desires to proceed with the development of a project on behalf of the University Facilities, Inc. a Louisiana non-profit corporation (the Corporation) involving the issuance of not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing / University Facilities Inc. Project) in two or more series (the Bonds), to (i) refund the Corporation's loan from the Louisiana Public Facilities Authority, Equipment and Capital Facilities Rollover Loan Program Revenue Bonds Series 2000 of which approximately \$14,845,000 is currently outstanding and (ii) to provide financing for the demolition of certain existing facilities and for the renovation, development and construction of student housing and related facilities at Southeastern Louisiana University (the Project); and

WHEREAS, the Authority desires to authorize the filing of an application with the Louisiana State Bond Commission (the Commission) requesting that the Commission grant approval to the issuance of the Bonds in accordance with the Act;

WHEREAS, it is desirable that the Executive Committee of the Authority (the Executive Committee) adopt a resolution approving the issuance of the Bonds for the development of the Project; and

WHEREAS, the Authority reasonably expects to reimburse expenditures of the Corporation incurred prior to the issuance of the Bonds, if approved by the Bond Commission;

15(a)

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY

On the motion of Mr. Holt and seconded by Mr. Taylor, the following resolution was adopted:

RESOLUTION

A RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) IN ONE OR MORE SERIES; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE TRUST INDENTURE, THE LOAN AND ASSIGNMENT AGREEMENT; AUTHORIZING OTHER DOCUMENTS, CERTIFICATES OR CONTRACTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE OFFICERS AND DIRECTORS OF THE AUTHORITY TO DO ALL THINGS NECESSARY TO EFFECTUATE THIS RESOLUTION.

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), is a political subdivision of the State of Louisiana established for public purposes pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"); and

WHEREAS, the Act and other constitutional and statutory authority empower the Authority to issue bonds to provide funds to the beneficiary thereof to allow it to finance and refinance the construction and acquisition of public infrastructure and public works of all types and to provide for the issuance of bonds in order to finance such construction and acquisition; and

WHEREAS, University Facilities, Inc., a Louisiana nonprofit corporation, (the "Corporation") has requested that the Authority issue its revenue and refunding bonds to (i) refund the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan

Program Revenue Bonds, Series 2000 of which approximately \$14,945,000 is currently outstanding and (ii) provide financing for the demolition of certain existing facilities and for the renovation, development and construction of student housing and related facilities (collectively, the "Facilities") at Southeastern Louisiana University (collectively, the "Project");

WHEREAS, the University is a public institution of the State of Louisiana (the "State") and serves an integral educational function of the Board, an agency of the State;

WHEREAS, the Facilities shall be leased to the Board for its own behalf and for the benefit of the University; and

WHEREAS, the Authority has adopted a resolution on February 12, 2004, authorizing the issuance of its not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in one or more series (the "Bonds") pursuant to the Act for the purpose of providing financing for the Project; and

WHEREAS, on April 15, 2004, the State Bond Commission (the "Commission") granted its approval of the issuance of the Bonds and authorized the Authority to proceed with the financing of the Project for the Corporation through the issuance of the Bonds; and

WHEREAS, the Authority is authorized by the Act to secure its revenue bonds by a pledge of the income, revenues and receipts derived by or payable to the Authority under the Loan and Assignment Agreement ("Loan Agreement"); and

WHEREAS, the Authority and Bank of New York, Jacksonville, Florida (the "Trustee") will enter into a Trust Indenture (the "Indenture") pursuant to which the Authority's rights, duties and obligations under the Loan Agreement (except for certain rights of reimbursement of expenses, indemnification and exculpation, and rights to notices) shall be assigned by the

Authority under the Indenture to the Trustee for the benefit and security of the present and future owners of the Bonds; and

WHEREAS, in consideration of the loan by the Authority pursuant to the Loan Agreement, the Corporation will agree to make payments of principal and interest that will be sufficient to pay or reimburse the payment of the costs of issuance of the Bonds and principal of, interest and other charges relative to the Bonds; and

WHEREAS, the Authority has determined that the sale of the Bonds to Morgan Keegan & Company, Inc. (the "Underwriter") and the use of the proceeds thereof to finance the Project will be in furtherance of the public purposes intended to be served by the Act; and

WHEREAS, all consents and approvals required to be given by public bodies in connection with the authorization, issuance and sale of the Bonds as authorized by the Indenture and as required by the Act have been or will be secured prior to the delivery of the Bonds; and

WHEREAS, the Authority now desires to authorize the execution and delivery of the Loan Agreement and the Trust Indenture, substantially in the forms submitted to the Authority this date, and the execution and delivery of the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and all other documents, certificates and contracts ancillary thereto and required in connection with the transaction contemplated hereby in the forms as approved by Bond Counsel and counsel to the Authority, to authorize the sale and delivery of the Bonds to the Underwriter within certain parameters set forth herein, to authorize the use and distribution of the Preliminary Official Statement and the Official Statement with respect to the Bonds, and to provide for the execution of all instruments, documents and certificates in connection therewith.

NOW, THEREFORE, be it resolved by the Executive Committee of the Board of Directors of the Louisiana Local Government Environmental Facilities and Community Development Authority, acting as the governing authority for said Louisiana Local Government Environmental Facilities and Community Development Authority, that:

**SECTION 1.** For the purpose of financing the Project, the Authority hereby authorizes the issuance of not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in one or more series (the "Bonds"). The details of the Bonds and the other provisions of their issuance, security and payment shall be as set forth in the Indenture, said Indenture to be substantially in the form submitted at this meeting and filed with the official minutes of the Authority, with such additions, omissions and changes as may be approved by bond counsel to the Authority. The Bonds will be issued only as fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. The Bonds shall mature not later than 30 years from the date of issuance, and shall bear interest at a fixed or variable rate not to exceed twelve percent 12% per annum, all as provided in and subject to the terms and conditions of the Indenture; and shall be secured by payments under the Loan Agreement with the Corporation on behalf of the University, which payments will be assigned and pledged to the Authority for payment of principal and interest on the Bonds.

**SECTION 2.** The Bonds shall be sold and purchased pursuant to the terms of the purchase agreement (the "Bond Purchase Agreement") to be entered into by and between the Authority, the Underwriter and the Corporation, which will provide for the sale of the Bonds by the Authority to the Underwriter and which will be subject to completion to reflect the terms of

the marketing and sale of the Bonds. The use and distribution of a Preliminary Official Statement is hereby approved and the use and distribution of an Official Statement is hereby approved in such form as approved by Bond Counsel and counsel to the Authority with such additions, omissions and changes as may be approved by bond counsel to the Authority.

**SECTION 3.** The forms and terms of the Indenture and the Loan Agreement are hereby approved in substantially the form submitted to the Authority, all of the provisions of which are hereby made a part of this resolution, with such additions, omissions and changes as may be approved by Bond Counsel and counsel to the Authority. The execution and delivery of all ancillary documents, certificates or contracts by the Authority, including the Bond Purchase Agreement, in such form as is acceptable to Bond Counsel and counsel to the Authority, is hereby approved.

**SECTION 4.** The Bonds are hereby awarded to the Underwriter, Morgan Keegan & Company, Inc., or their designee, pursuant to the purchase agreement to be entered into by and among the Authority and the Underwriter, provided that the parameters of the terms of the Bonds set forth in this resolution are not exceeded.

**SECTION 5.** Bank of New York, Jacksonville, Florida, is hereby appointed and approved as Trustee under the Indenture.

**SECTION 6.** The Chairman, Vice Chairman, Secretary-Treasurer or Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do all things necessary, on the advice of bond counsel to the Authority, to effectuate the sale and delivery of the Bonds and to implement this resolution, including the publication hereof as required by the Act, the execution of agreements, documents or certificates necessary to issue and deliver the Bonds, including but not limited to the final versions of the Indenture and the Loan Agreement.



Said officers are hereby further authorized and directed to approve for and on behalf of and in the name of the Authority any changes, additions or deletions in any of the documents, instruments or certificates referred to in this resolution, provided that all such changes, additions or deletions, if any, shall be approved by bond counsel to the Authority and consistent with and within the authority provided by the Act.

**SECTION 7.** This resolution shall be published in The Advocate, the official journal of the Authority and the State of Louisiana published in Baton Rouge, Louisiana.

**SECTION 8.** This Resolution shall become effective immediately upon its adoption.

This resolution having been submitted to a vote, the vote thereon was as follows:

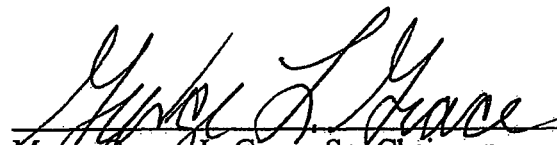
<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Mayor George L. Grace, Sr.	x			
Wayne R. Savoy			x	
Mayor David C. Butler, II	x			
John Holt	x			
William A. Lazaro, Jr.	x			
Mary S. Adams	x			
M.E. "Toye" Taylor	x			

The Resolution was declared adopted on this 13 day of May, 2004.

\*\*\*\*

(Other items of business not pertinent to the foregoing resolution may be found in the official minutes of the Executive Committee of the Authority.)

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

  
\_\_\_\_\_  
Mayor George L. Grace, Sr., Chairman

-Attest:

  
\_\_\_\_\_  
Mayor David C. Butler, II, Secretary/Treasurer

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that the foregoing constitutes a true and correct copy of the proceedings taken by the Executive Committee of the Board of Directors of the Issuer on May 13, 2004 regarding the resolution authorizing the Authority making certain findings with respect to and authorizing the issuance of \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in one or more series; approving the forms of and authorizing the execution and delivery of the Trust Indenture, the Loan and Assignment Agreement, the Preliminary Official Statement, the Official Statement and the Bond Purchase Agreement, and other documents, certificates or contracts required in Connection therewith; and authorizing the officers and directors of the authority to do all things necessary to effectuate this Resolution.

I further certify that this resolution has not been amended or rescinded.

IN FAITH WHEREOF, witness my official signature on this, the 13<sup>th</sup> day of March, 2007.

  
\_\_\_\_\_  
Steve A. Dicharry, Executive Director

[SEAL]

15(b)

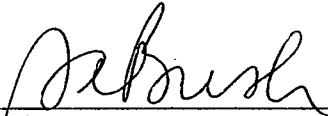
# CAPITAL CITY PRESS

Publisher of  
**THE ADVOCATE**

## PROOF OF PUBLICATION

The hereto attached notice was published in THE ADVOCATE, a daily newspaper of general circulation published in Baton Rouge, Louisiana, and the official Journal of the State of Louisiana, the City of Baton Rouge, and the Parish of East Baton Rouge, in the following issues:

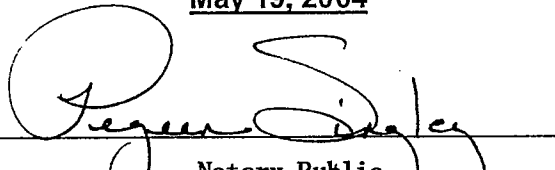
05/19/04



Legal/Public Notices Representative

Sworn and subscribed before me by the person whose signature appears above:

May 19, 2004



Notary Public  
My Commission Expires: Indefinite  
Baton Rouge, Louisiana

LCDA  
8712 JEFFERSON HWY STE A  
BATON ROUGE LA 70809-2233

2848185

**NOTICE**  
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY  
On the motion of Mr. Holt and seconded by Mr. Taylor, the following resolution was adopted:  
**RESOLUTION**  
A RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO AND AUTHORIZING THE ISSUANCE OF \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTH EASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/ UNIVERSITY FACILITIES, INC. PROJECT) IN ONE OR MORE SERIES APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE TRUST INDENTURE, THE LOAN AND ASSIGNMENT AGREEMENT, AUTHORIZING OTHER DOCUMENTS, GUARANTEES OR CONTRACTS REQUIRED IN CONNECTION THEREWITH, AND AUTHORIZING THE OFFICERS AND DIRECTORS OF THE AUTHORITY TO DO ALL THINGS NECESSARY TO EFFECTUATE THIS RESOLUTION.  
WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") is a political subdivision of the State of Louisiana established for public purposes pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (LA R.S. 33:4548.1 through 4548.16 inclusive) (the "Act"); and  
WHEREAS, the Act and other constitutional and statutory authority empower the Authority to issue bonds to provide funds to the beneficiary thereof to allow it to finance and refinance the construction and acquisition of public infrastructure and public works of all types and to provide for the issuance of bonds in order to finance such construction and acquisition; and  
WHEREAS, University Facilities, Inc. a Louisiana non-profit corporation (the "Corporation") has requested that the Authority issue its revenue and refunding bonds to (i) refund the Louisiana Public Facilities Authority Equipment and Capital Facilities Bonded Loan Program Revenue Bonds Series 2000 of which approximately \$14,945,000 is currently outstanding and (ii) provide financing for the demolition of certain existing facilities and for the renovation, development and construction of student housing and related facilities (collectively, the "Facilities") at Southeastern Louisiana University (collectively, the "Project");  
WHEREAS, the University is a public institution of the State of Louisiana (the "State") and serves an integral educational function of the Board, an agency of the State;  
WHEREAS, the Facilities shall be leased to the Board for its own behalf and for the benefit of the University; and  
WHEREAS, the Authority has adopted a resolution on February 12, 2004, authorizing the issuance of its not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in one or more series (the "Bonds") pursuant to the Act for the purpose of providing financing for the Project; and  
WHEREAS, as a result of the

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY

On the motion of Mr. Lazaro and seconded by Mayor Riggins, the following resolution was adopted:

RESOLUTION

A RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO THE PRIOR AUTHORIZATION OF NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) IN ONE OR MORE SERIES TO AUTHORIZE THE ISSUANCE OF **NOT TO EXCEED \$8,090,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT: PHASE IV PARKING) SERIES 2006**; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE SUPPLEMENTAL TRUST INDENTURE, THE FIRST AMENDMENT TO THE LOAN AND ASSIGNMENT AGREEMENT; AUTHORIZING OTHER DOCUMENTS, CERTIFICATES OR CONTRACTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE OFFICERS AND DIRECTORS OF THE AUTHORITY TO DO ALL THINGS NECESSARY TO EFFECTUATE THIS RESOLUTION.

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), is a political subdivision of the State of Louisiana established for public purposes pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"); and

WHEREAS, the Act and other constitutional and statutory authority empower the Authority to issue bonds to provide funds to the beneficiary thereof to allow it to finance and refinance the construction and acquisition of public infrastructure and public works of all types and to provide for the issuance of bonds in order to finance such construction and acquisition; and

WHEREAS, University Facilities, Inc., a Louisiana nonprofit corporation, (the "Corporation") has requested that the Authority issue its revenue bonds to provide financing for the development and construction of parking and related facilities (collectively, the "Phase IV Facilities") at Southeastern Louisiana University (collectively, the "Phase IV Project");

WHEREAS, the University is a public institution of the State of Louisiana (the "State") and serves an integral educational function of the Board, an agency of the State;

WHEREAS, the Facilities shall be leased to the Board for its own behalf and for the benefit of the University; and

WHEREAS, the Authority has adopted resolutions on February 12, 2004 and May 13, 2004, authorizing the issuance of its not to exceed \$85,000,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) in one or more series (the "Bonds") pursuant to the Act for the purpose of, among other things, providing financing for the demolition of certain existing facilities and for the renovation, development and construction of student housing and related facilities (collectively, the "Facilities") at Southeastern Louisiana University (collectively, the "Project"); and

WHEREAS, on April 15, 2004, the State Bond Commission (the "Commission") granted its approval of the issuance of the Bonds and authorized the Authority to proceed with the financing of the Project for the Corporation through the issuance of the Bonds; and

WHEREAS, pursuant to the above-described approvals and authorizations by the Authority and the Commission, the Authority issued bonds in the aggregate amount of \$76,910,000 (of the total authorization of \$85,000,000) in connection with the refunding of certain bonds and the financing of Phases I, II, and III of the Project; and

WHEREAS, the Corporation now requests that the Authority issue its not to exceed \$8,090,000 revenue bonds (the "Series 2006 Bonds") to provide financing for the development and construction of the Phase IV Facilities; and

WHEREAS, the Authority is authorized by the Act to secure its revenue bonds by a pledge of the income, revenues and receipts derived by or payable to the Authority under the Loan and Assignment Agreement, as amended ("Amended Loan Agreement"); and

WHEREAS, the Authority and Bank of New York, Jacksonville, Florida (the "Trustee") will enter into a Supplemental Trust Indenture (the "Supplemental Indenture"), pursuant to which the Authority's rights, duties and obligations under the Amended Loan Agreement (except for certain rights of reimbursement of expenses, indemnification and exculpation, and rights to notices) shall be assigned by the Authority under the Supplemental Indenture to the Trustee for the benefit and security of the present and future owners of the Series 2006 Bonds; and

WHEREAS, in consideration of the loan by the Authority pursuant to the Amended Loan Agreement, the Corporation will agree to make payments of principal and interest that will be sufficient to pay or reimburse the payment of the costs of issuance of the Series 2006 Bonds and principal of, interest and other charges relative to the Series 2006 Bonds; and

WHEREAS, the Authority has determined that the sale of the Bonds to Morgan Keegan & Company, Inc. (the "Underwriter") and the use of the proceeds thereof to finance the Phase IV Project will be in furtherance of the public purposes intended to be served by the Act; and

WHEREAS, all consents and approvals required to be given by public bodies in connection with the authorization, issuance and sale of the Series 2006 Bonds as authorized by the Supplemental Indenture and as required by the Act have been or will be secured prior to the delivery of the Series 2006 Bonds; and

WHEREAS, the Authority now desires to authorize the execution and delivery of the Amended Loan Agreement and the Supplemental Trust Indenture, substantially in the forms submitted to the Authority this date, and the execution and delivery of the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and all other documents, certificates and contracts ancillary thereto and required in connection with the transaction contemplated hereby in the forms as approved by Bond Counsel and counsel to the Authority, to authorize the sale and delivery of the Series 2006 Bonds to the Underwriter within certain parameters set forth herein, to authorize the use and distribution of the Preliminary Official Statement and the Official Statement with respect to the Series 2006 Bonds, and to provide for the execution of all instruments, documents and certificates in connection therewith.

NOW, THEREFORE, be it resolved by the Executive Committee of the Board of Directors of the Louisiana Local Government Environmental Facilities and Community Development Authority, acting as the governing authority for said Louisiana Local Government Environmental Facilities and Community Development Authority, that:

**SECTION 1.** For the purpose of financing the Phase IV Project, the Authority hereby authorizes the issuance of not to exceed \$8,090,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project: Phase IV Parking) Series 2006. The details of the Series 2006 Bonds and the other provisions of their issuance, security and payment shall be as set forth in the Supplemental Indenture, said Supplemental Indenture to be substantially in the form submitted at this meeting and filed with the official minutes of the Authority, with such additions, omissions and changes as may be approved by bond counsel to the Authority. The Series 2006 Bonds will be issued only as fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. The Series 2006 Bonds shall mature



not later than 30 years from the date of issuance, and shall bear interest at a fixed or variable rate not to exceed twelve percent 12% per annum, all as provided in and subject to the terms and conditions of the Supplemental Indenture; and shall be secured by payments under the Amended Loan Agreement with the Corporation on behalf of the University, which payments will be assigned and pledged to the Authority for payment of principal and interest on the Series 2006 Bonds.

**SECTION 2.** The Series 2006 Bonds shall be sold and purchased pursuant to the terms of the purchase agreement (the "Bond Purchase Agreement") to be entered into by and between the Authority, the Underwriter and the Corporation, which will provide for the sale of the Series 2006 Bonds by the Authority to the Underwriter and which will be subject to completion to reflect the terms of the marketing and sale of the Series 2006 Bonds. The use and distribution of a Preliminary Official Statement is hereby approved and the use and distribution of an Official Statement is hereby approved in such form as approved by Bond Counsel and counsel to the Authority with such additions, omissions and changes as may be approved by bond counsel to the Authority.

**SECTION 3.** The forms and terms of the Supplemental Indenture and the Amended Loan Agreement are hereby approved in substantially the form submitted to the Authority, all of the provisions of which are hereby made a part of this resolution, with such additions, omissions and changes as may be approved by Bond Counsel and counsel to the Authority. The execution and delivery of all ancillary documents, certificates or contracts by the Authority, including the Bond Purchase Agreement, in such form as is acceptable to Bond Counsel and counsel to the Authority, is hereby approved.

**SECTION 4.** The Series 2006 Bonds are hereby awarded to the Underwriter, Morgan Keegan & Company, Inc., or their designee, pursuant to the purchase agreement to be entered

into by and among the Authority and the Underwriter, provided that the parameters of the terms of the Series 2006 Bonds set forth in this resolution are not exceeded.

**SECTION 5.** Bank of New York, Jacksonville, Florida, is hereby appointed and approved as Trustee under the Supplemental Indenture.

**SECTION 6.** To the extent that Bond Counsel deems necessary, the Authority hereby approves and authorizes the publication of one or more Notices of Public Hearing and does hereby further authorize and approve the conducting of public hearings as set forth in said notices in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1981, as amended.

**SECTION 7.** The Chairman, Vice Chairman, Secretary-Treasurer or Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do all things necessary, on the advice of bond counsel to the Authority, to effectuate the sale and delivery of the Series 2006 Bonds and to implement this resolution, including the publication hereof as required by the Act, the execution of agreements, documents or certificates necessary to issue and deliver the Series 2006 Bonds, including but not limited to the final versions of the Supplemental Indenture and the Amended Loan Agreement. Said officers are hereby further authorized and directed to approve for and on behalf of and in the name of the Authority any changes, additions or deletions in any of the documents, instruments or certificates referred to in this resolution, provided that all such changes, additions or deletions, if any, shall be approved by bond counsel to the Authority and consistent with and within the authority provided by the Act.

**SECTION 8.** This resolution shall be published in The Advocate, the official journal of the Authority and the State of Louisiana published in Baton Rouge, Louisiana.

**SECTION 9.** This Resolution shall become effective immediately upon its adoption.

This resolution having been submitted to a vote, the vote thereon was as follows:

<u>Executive Committee Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
David C. Butler, II	x			
Mary S. Adams	x			
Mr. William A. Lazaro, Jr.	x			
M.E. (Toye) Taylor	x			
David Riggins	x			
Mike Grimmer	x			
Daniel Rawls	x			

The Resolution was declared adopted on this 12<sup>th</sup>, day of October, 2006.

\*\*\*\*

(Other items of business not pertinent to the foregoing resolution may be found in the official minutes of the Executive Committee of the Authority.)

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

  
Chairman

Attest:

  
Executive Director

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that the foregoing constitutes a true and correct copy of the proceedings taken by the Executive Committee of the Board of Directors of the Issuer on October 12, 2006 regarding the resolution authorizing the Authority making certain findings with respect to and authorizing the issuance of \$8,090,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project: Phase IV Parking) Series 2006; approving the forms of and authorizing the execution and delivery of the Supplemental Trust Indenture, the Amended Loan and Assignment Agreement, the Preliminary Official Statement, the Official Statement and the Bond Purchase Agreement, and other documents, certificates or contracts required in Connection therewith; and authorizing the officers and directors of the authority to do all things necessary to effectuate this Resolution.

IN FAITH WHEREOF, witness my official signature on this, the 12<sup>th</sup> day of October, 2006.

  
Executive Director

[SEAL]

# CAPITAL CITY PRESS

Publisher of  
**THE ADVOCATE**

## PROOF OF PUBLICATION

The hereto attached notice was published in THE ADVOCATE, a daily newspaper of general circulation published in Baton Rouge, Louisiana, and the official Journal of the State of Louisiana, the City of Baton Rouge, and the Parish of East Baton Rouge, in the following issues:

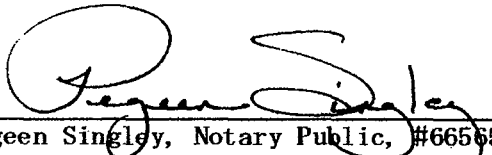
**10/23/06**



Susan A. Bush, Public Notices Clerk

Sworn and subscribed before me by the person whose signature appears above:

**October 23, 2006**



Pegeen Singley, Notary Public, #66565  
My Commission Expires: Indefinite  
Baton Rouge, Louisiana

LCDA

3441407

8712 JEFFERSON HWY STE A  
BATON ROUGE

LA 70809-2233

### PUBLIC NOTICE

#### LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY

On the motion of Mr. Lazaro and seconded by Mayor Riggins, the following resolution was adopted:

**RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO THE PRIOR AUTHORIZATION OF NOT TO EXCEED \$85,000,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE AND REFUNDING BONDS (SOUTH EASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) IN ONE OR MORE SERIES TO AUTHORIZE THE ISSUANCE OF NOT TO EXCEED \$8,090,000 LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTH EASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/UNIVERSITY FACILITIES, INC. PROJECT) PHASE IV PARKING SERIES 2006 APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE SUPPLEMENTAL TRUST INDENTURE, THE FIRST AMENDMENT TO THE LOAN AND ASSIGNMENT AGREEMENT, AUTHORIZING OTHER DOCUMENTS, CERTIFICATES OR CONTRACTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE OFFICERS AND DIRECTORS OF THE AUTHORITY TO DO ALL THINGS NECESSARY TO EFFECTUATE THIS RESOLUTION.**

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") is a political subdivision of the State of Louisiana established for public purposes pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (L.A.S.S. 33:4548.1 through 4548.16, inclusive) (the "Act"); and

WHEREAS, the Act and other constitutional and statutory authority empower the Authority to issue bonds to provide funds to the beneficiary thereof to allow it to finance and refinance the construction and acquisition of public infrastructure and public works of all types and to provide for the issuance of bonds in order to finance such construction and acquisition; and

WHEREAS, University Facilities, Inc., a Louisiana non-profit corporation (the "Corporation") has requested that the Authority issue its revenue bonds to provide financing for the development and construction of parking and related facilities (collectively, the "Phase IV Facilities") at Southeastern Louisiana University (collectively, the "Phase IV Project");

WHEREAS, the University is a public institution of the State of Louisiana (the "State") and serves an integral educational function of the Board, an agency of the State;

WHEREAS, the Facilities shall be leased to the Board for its own benefit and for the benefit of the University; and

WHEREAS, the Authority has adopted resolutions on

Bonds; and WHEREAS, the Authority now desires to authorize the execution and delivery of the Amended Loan Agreement and the Supplemental Trust Indenture, substantially in the forms submitted to the Authority this date, and the execution and delivery of the Preliminary Official Statement, the Official Statement, the Bond Purchase Agreement, and all other documents, certificates and contracts ancillary thereto and required in connection with the transaction contemplated hereby in the forms as approved by Bond Counsel and counsel to the Authority, to authorize the sale and delivery of the Series 2006 Bonds to the Underwriter within certain parameters set forth herein; to authorize the use and distribution of the Preliminary Official Statement and the Official Statement with respect to the Series 2006 Bonds; and to provide for the execution of all instruments, documents and certificates in connection therewith.

NOW, THEREFORE, be it resolved by the Executive Committee of the Board of Directors of the Louisiana Local Government Environmental Facilities and Community Development Authority, acting as the governing authority for said Louisiana Local Government Environmental Facilities and Community Development Authority, that:

**SECTION 1.** For the purpose of financing the Phase IV Project, the Authority hereby authorizes the issuance of not to exceed \$8,090,000.

Agreement with the Corporation on behalf of the University, which payments will be assigned and pledged to the Authority for payment of principal and interest on the Series 2006 Bonds.

**SECTION 2.** The Series 2006 Bonds shall be sold and purchased pursuant to the terms of the purchase agreement (the "Bond Purchase Agreement") to be entered into by and between the Authority, the Underwriter and the Corporation, which will provide for the sale of the Series 2006 Bonds by the Authority to the Underwriter and which will be subject to completion to reflect the terms of the marketing and sale of the Series 2006 Bonds. The use and distribution of a Preliminary Official Statement is hereby approved and the use and distribution of an Official Statement is hereby approved in such form as approved by Bond Counsel and counsel to the Authority with such additions, omissions and changes as may be approved by bond counsel to the Authority.

**SECTION 3.** The forms and terms of the Supplemental Indenture and the Amended Loan Agreement are hereby approved in substantially the form submitted to the Authority, all of the provisions of which are hereby made a part of this resolution, with such additions, omissions and changes as may be approved by Bond Counsel and counsel to the Authority. The execution and delivery of all ancillary documents, certificates or contracts by the Authority, including the Bond Purchase Agreement, in such form as is acceptable to Bond Counsel and counsel to the Authority, is hereby approved.

**SECTION 4.** The Series 2006 Bonds are hereby awarded to the Underwriter, Morgan Keegan & Company, Inc., or their designee, pursuant to the purchase agreement to be entered into by and among the Authority and the Underwriter, provided that the parameters of the terms of the Series 2006 Bonds set forth in this resolution are not exceeded.

**SECTION 5.** Bank of New York, Jacksonville, Florida, is hereby appointed and approved as Trustee under the Supplemental Indenture.

**SECTION 6.** To the extent that Bond Counsel deems necessary, the Authority hereby approves and authorizes the publication of one or more Notices of Public Hearing and does hereby further authorize and approve the conducting of public hearings as set forth in said notices in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

**SECTION 7.** The Chairman, Vice Chairman, Secretary-Treasurer or Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do all things necessary or the advice of bond counsel to the Authority, to effectuate the sale and delivery of the Series 2006 Bonds and to implement this resolution, including the publication hereof as required by the Act, the execution of agreements, documents or certificates necessary to issue and deliver the Series 2006 Bonds, including

(Ldb)

CERTIFICATE AND APPROVAL OF THE ATTORNEY GENERAL  
OF THE STATE OF LOUISIANA EVIDENCING PUBLIC APPROVAL  
PURSUANT TO SECTION 147(f) OF THE  
INTERNAL REVENUE CODE OF 1986, AS AMENDED

**NOT TO EXCEED \$8,090,000**  
**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL**  
**FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS**  
**(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING/ UNIVERSITY**  
**FACILITIES, INC. PROJECT: PHASE IV PARKING) SERIES 2006**

WHEREAS, the Louisiana Local Government Environmental Facilities (the "Authority") has on October 12, 2006 adopted a resolution authorizing the issuance of the above-referenced bonds in one or more series (the "Bonds"); and

WHEREAS, on October 31, 2006 the Authority held a public hearing on the issuance of the aforesaid Bonds after due notice thereof was published on October 16, 2006 in *The Advocate*, the official journal of the Authority, and in *Hammond Daily Star*, a newspaper of general circulation in Hammond, Louisiana (proofs of publication of the notice of public meeting and the excerpts of proceedings of the Authority's public hearing are both attached hereto and made a part hereof); and

WHEREAS, the Louisiana State Bond Commission (the "Commission") on April 15, 2004 approved the issuance of the Bonds in accordance with the Commission's Rules and Regulations; and

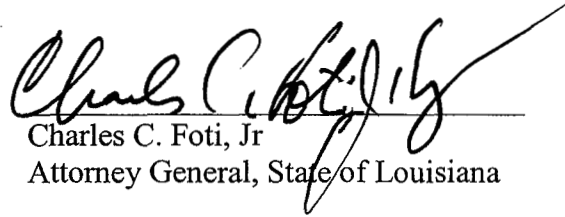
WHEREAS, the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), require that the issuance of private activity bonds under Section 147(f) of the Code must be approved by the "applicable elected representative" of the "governmental unit" issuing the Bonds or on whose behalf the Bonds are being issued in order for the bonds to be "qualified bonds" within the meaning of Section 141 of the Code; and

WHEREAS, under Section 147(f)(2)(E) the applicable elected representative of the governmental unit is, in this case, the Attorney General of the State of Louisiana, who is elected at large by the voters of the State of Louisiana as a whole; and

WHEREAS, as Attorney General of the State of Louisiana, the undersigned desires to approve the issuance of the Bonds for the purposes of Section 147(f) of the Code and Section 215 of TEFRA.

NOW, THEREFORE, I, Charles C. Foti, Jr, Attorney General of the State of Louisiana, hereby certify that I am the duly elected Attorney General of the State of Louisiana, and I do hereby approve the issuance of the Bonds for the purposes of Section 147(f) of the Code and Section 215 of TEFRA. I do hereby authorize the Authority and its officers to cause this Certificate to be filed of record in the Transcript of Proceedings for the Bonds and to file a copy thereof with any State or Federal agency, board or commission as may be required by any applicable State or Federal laws, rules or regulations.

WITNESS, my signature this 2<sup>nd</sup> day of November, 2006 at Baton Rouge, Louisiana.

  
\_\_\_\_\_  
Charles C. Foti, Jr  
Attorney General, State of Louisiana

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL  
FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY  
(the "Authority")

EXCERPTS OF PROCEEDINGS OF AUTHORITY'S PUBLIC HEARING  
OF OCTOBER 31, 2006

The public hearing of the Authority was called to order at 10:00 a.m. at the office of the Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana 70809. Steve A. Dicharry, Executive Director, presided.

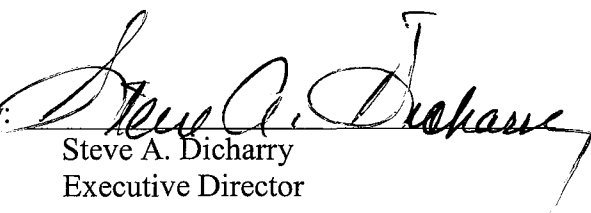
Mr. Dicharry advised the members of the general public who were in attendance as to the purpose of the public hearing to be conducted for the Authority. Mr. Dicharry then announced that he would receive questions and general comments from the audience and any statements from persons desiring to make statements to the Authority in connection with the issuance of Revenue Bonds for the Southeastern Louisiana University Student Housing/ University Facilities, Inc. – Phase IV Parking Project (the "Project").

There was no response from anyone in the audience.

Mr. Dicharry noted that the Report of the Public Hearing of the Authority would state that no one appeared to ask questions or give statements or comments and no written statements or comments were received concerning the Project.

The Notice of Public Hearing was published on October 16, 2006 in the official journal of the Authority and in a newspaper of general circulation in the Parish of Tangipahoa. Mr. Dicharry requested that copies of the Affidavits of Publication of the Notice of Public Hearing executed by representatives of *The Advocate* and *The Hammond Daily Star* evidencing that the Notice of Public Hearing was so published by the Authority be attached hereto for the project file of the Authority.

CERTIFIED TO BE A TRUE AND CORRECT COPY

By:   
Steve A. Dicharry  
Executive Director

[SEAL]



# CAPITAL CITY PRESS


17(ii)

Publisher of  
THE ADVOCATE

## PROOF OF PUBLICATION

The hereto attached notice was published in THE ADVOCATE, a daily newspaper of general circulation published in Baton Rouge, Louisiana, and the official Journal of the State of Louisiana, the City of Baton Rouge, and the Parish of East Baton Rouge, in the following issues:

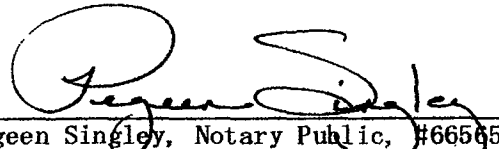
**10/16/06**



Susan A. Bush, Public Notices Clerk

Sworn and subscribed before me by the person whose signature appears above:

**October 16, 2006**



Pegeen Singley, Notary Public, #66565  
My Commission Expires: Indefinite  
Baton Rouge, Louisiana

LCDA

3436966

8712 JEFFERSON HWY STE A  
BATON ROUGE

LA 70809-2233

**NOT TO EXCEED \$8,090,000**  
**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND**  
**COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS**  
**(SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING /**  
**UNIVERSITY FACILITIES, INC. PROJECT: PHASE IV PARKING) SERIES 2006**

**NOTICE OF PUBLIC HEARING**

Notice is hereby given that the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") will conduct and hold a public hearing at the office of the Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana 70809 on Tuesday, October 31, 2006 at Ten o'clock (10:00) a.m. to hear any objections to the issuance, sale and delivery of its not to exceed \$8,090,000 Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project: Phase IV Parking) Series 2006 (the "Bonds").

The Bonds are being issued by the Authority for the purpose of providing financing for the development and construction of parking and related facilities, including an intermodal parking and transit facility (collectively, the "Facilities") located on the campus of Southeastern Louisiana University (the "University") in Hammond, Tangipahoa Parish, Louisiana on land owned by the Board of Supervisors for the University of Louisiana System (the "Board") acting on behalf of the University, which Facilities shall be owned by the Board, leased to University Facilities, Inc., a Louisiana non-profit corporation (the "Corporation") and leased back to the Board while the Bonds are outstanding.

The Bonds will be secured solely by payments made by the Corporation pursuant to a Loan Agreement by and between the Corporation and the Authority and will not be payable from any other revenues of the Authority or the State of Louisiana and will not constitute an indebtedness of the Authority or the State of Louisiana within the meaning of any constitutional or statutory limitations of indebtedness. The payments to be made by the Corporation under the Loan Agreement are payable from amounts received by the Corporation from the Board pursuant to the lease of the Facilities by the Corporation to the Board.

Following such public hearing, the Attorney General of the State of Louisiana will be asked to execute an approval certificate granting public approval to such proposed issuance of revenue bonds for the purpose of compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended, and addressing relating matters.

The public and interested parties are invited to attend or to submit written comments in advance of the Public Hearing to Steve A. Dicharry, Executive Director of the Louisiana Local Government Environmental Facilities and Community Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana 70809.

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY  
BY: /s/ Steve A. Dicharry  
Steve A. Dicharry  
Executive Director

# Hammond Daily Star

P.O. Box 1149, Hammond, Louisiana 70404  
Phone: Area Code (985) 254-7827

STATE OF LOUISIANA  
Parish of Tangipahoa

Before me the undersigned authority, personally came and appeared Jo Ann Lashouto, who after being by me duly sworn, did depose and say: That she is the Legal Clerk of the Hammond Daily Star, a daily newspaper of general circulation in Hammond and Tangipahoa Parish, Louisiana, and that the following Legal Notice appeared in the said Hammond Daily Star in its regular edition on

**NOT TO EXCEED**  
\$8,090,000  
**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY STUDENT HOUSING / UNIVERSITY FACILITIES, INC. PROJECT: PHASE IV PARKING) SERIES 2006**

**NOTICE OF PUBLIC HEARING**  
Notice is hereby given that the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") will conduct and hold a public hearing at the office of the Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana 70809 on Tuesday, October 31, 2006 at Ten o'clock (10:00) a.m. to hear any objections to the issuance, sale and delivery of its not to exceed \$8,090,000 Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project: Phase IV Parking) Series 2006 (the "Bonds").

The Bonds are being issued by the Authority for the purpose of providing financing for the development and construction of parking and related facilities, including an intermodal parking and transit facility (collectively, the "Facilities") located on the campus of Southeastern Louisiana University (the "University") in Hammond, Tangipahoa Parish, Louisiana on land owned by the Board of Supervisors for the University of Louisiana System (the "Board") acting on behalf of the University, which Facilities shall be owned by the Board, leased to University Facilities, Inc., a Louisiana non-profit corporation (the "Corporation") and leased back to the Board while the Bonds are outstanding.

The Bonds will be secured solely by payments made

October 16, 2006

Jo Ann Lashouto  
Jo Ann Lashouto  
Legal Clerk

Sworn to and subscribed before me  
this 25<sup>th</sup>  
day of October  
A.D. 2006  
Robert W Tillery  
Notary Public

**Robert W. Tillery, Notary Public**  
Bar Roll No. 12790

ORDER OF ISSUER REQUESTING TRUSTEE TO AUTHENTICATE  
AND DELIVER THE BONDS

\$5,545,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

March 14, 2007

The Bank of New York Trust Company, N.A.  
Jacksonville, Florida  
as Trustee of the above-captioned bonds

You have been designated to serve as trustee pursuant to the terms of a Trust Indenture dated as of March 1, 2007 (the "Indenture") between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and you, as trustee (the "Trustee"), and resolutions adopted by the Issuer on February 12, 2004, May 13, 2004 and October 12, 2006 authorizing the above-captioned bonds (the "Bonds"), copies of which, having been duly adopted and executed by the Issuer, have been furnished to you for your review.

You are in receipt of an opinion of Bond Counsel and certifications by the Issuer to the effect that the Bonds have been duly authorized and executed and that all conditions precedent to delivery of the Bonds have been fulfilled.

You are hereby authorized and directed to sign the Trustee's Certificate of Authentication on the Bonds in the aggregate principal amount of \$8,035,000,000 and to register said Bonds in the name of the respective Purchasers thereof. The purchase price of the Bonds to be paid by the Purchasers thereof is \$7,513,975.95, representing the \$8,035,000 aggregate principal amount of the Bonds, less an original issue discount of \$71,630.30, less an Underwriter's discount of \$90,393.75, and less bond insurance premium of \$359,000. In addition you are receiving \$625,000 contribution from the Board of Supervisors for the University of Louisiana System. Upon receipt by you of such sums, you are directed to deliver the Bonds to the Purchaser or to its agent for such purpose and to deposit the aggregate total of \$8,138,975.95 as follows:

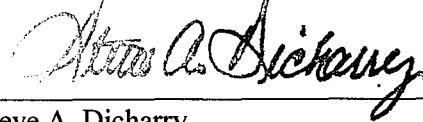
\$7,496,007.19	to the Project Fund
\$482,968.76	To the Debt Service Reserve Fund
\$160,000	to the Costs of Issuance Account
<b>\$8,138,975.95</b>	<b>TOTAL USES</b>

Costs of Issuance shall be paid as set forth in the Closing Order executed this date.

Upon your authentication of the Bonds as herein directed and your receipt, disbursement, deposit and transfer of the sums as hereinabove directed, you are specifically directed to invest the moneys on deposit in funds and accounts established by you pursuant to the Indenture in accordance with its terms and conditions and the Tax Regulatory Agreement and Arbitrage Certificate of the Issuer also delivered to you this date.

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

BY:



Steve A. Dicharry  
Executive Director

[SEAL]

**Information Return for Tax-Exempt  
Private Activity Bond Issues**

(Under Internal Revenue Code section 149(e))

▶ See separate instructions.

OMB No. 1545-0720

**Part I Reporting Authority** Check if Amended Return

1 Issuer's name Louisiana Local Government Environmental Facilities and Community Development Authority		2 Issuer's employer identification number 72-1416168	
3 Number and street (or P.O. box if mail is not delivered to street address) 8712 JEFFERSON HIGHWAY		Room/suite Ste A	4 Report number 1 2007 - 04
5 City, town, or post office, state, and ZIP code BATON ROUGE LA 70809		6 Date of issue March 14, 2007	
7 Name of issue Revenue Bonds (Southeastern Louisiana University Student Housing/ University Facilities, Inc.; Phase Four Parking Project) Series 2007A and Series 2007B		8 CUSIP number 546279 A91	
9 Name and title of officer or legal representative whom the IRS may call for more information Fred L. Chevalier, Attorney		10 Telephone number of officer or legal representative 225-248-2048	

**Part II Type of Issue** (check the applicable box(es) and enter the issue price for each) Issue Price

<b>11 Exempt facility bond:</b>	
a <input type="checkbox"/> Airport (sections 142(a)(1) and 142(c))	11a
b <input type="checkbox"/> Docks and wharves (sections 142(a)(2) and 142(c))	11b
c <input type="checkbox"/> Water furnishing facilities (sections 142(a)(4) and 142(e))	11c
d <input type="checkbox"/> Sewage facilities (section 142(a)(5))	11d
e <input type="checkbox"/> Solid waste disposal facilities (section 142(a)(6))	11e
f <input type="checkbox"/> Qualified residential rental projects (sections 142(a)(7) and 142(d)), as follows:	11f
Meeting 20-50 test (section 142(d)(1)(A)) <input type="checkbox"/>	
Meeting 40-60 test (section 142(d)(1)(B)) <input type="checkbox"/>	
Meeting 25-60 test (NYC only) (section 142(d)(6)) <input type="checkbox"/>	
Has an election been made for deep rent skewing (section 142(d)(4)(B))?. . . <input type="checkbox"/> Yes <input type="checkbox"/> No	
g <input type="checkbox"/> Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f))	11g
h <input type="checkbox"/> Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions)	11h
Facility type _____	
1986 Act section _____	
i <input type="checkbox"/> Qualified enterprise zone facility bonds (section 1394) (see instructions)	11i
j <input type="checkbox"/> Qualified empowerment zone facility bonds (section 1394(f)) (see instructions)	11j
k <input type="checkbox"/> District of Columbia Enterprise Zone facility bonds (section 1400A) (see instructions)	11k
l <input type="checkbox"/> Qualified public educational facility bonds (sections 142(a)(13) and 142(k))	11l
m <input type="checkbox"/> Other. Describe (see instructions) ▶ _____	11m
<b>12</b> <input type="checkbox"/> Qualified mortgage bond (section 143(a))	<b>12</b>
<b>13</b> <input type="checkbox"/> Qualified veterans' mortgage bond (section 143(b))	<b>13</b>
Check the box if you elect to rebate arbitrage profits to the United States <input type="checkbox"/>	
<b>14</b> <input type="checkbox"/> Qualified small issue bond (section 144(a)) (see instructions)	<b>14</b>
Check the box for \$10 million small issue exemption <input type="checkbox"/>	
<b>15</b> <input type="checkbox"/> Qualified student loan bond (section 144(b))	<b>15</b>
<b>16</b> <input type="checkbox"/> Qualified redevelopment bond (section 144(c))	<b>16</b>
<b>17</b> <input type="checkbox"/> Qualified hospital bond (section 145(c)) (attach schedule — see instructions)	<b>17</b>
<b>18</b> <input checked="" type="checkbox"/> Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule — see instructions)	<b>18</b> 7,963,369.70
Check box if 95% or more of net proceeds will be used <b>only</b> for capital expenditures <input checked="" type="checkbox"/>	
<b>19</b> <input type="checkbox"/> Nongovernmental output property bond (treated as private activity bond) (section 141(d))	<b>19</b>
<b>20</b> <input type="checkbox"/> Other. Describe (see instructions) ▶ _____	<b>20</b>



**Part III Description of Bonds** (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
<b>21</b>	2/1/2037	\$ 7,963,369.70	\$ 8,035,000	18.255 years	4.7443 %

Part IV Uses of Proceeds of Issue (including underwriters' discount)		Amount
22	Proceeds used for accrued interest	00.0
23	Issue price of entire issue (enter amount from line 21, column (b))	7,963,396.70
24	Proceeds used for bond issuance costs (including underwriters' discount)	160,393.75
25	Proceeds used for credit enhancement	359,000.00
26	Proceeds allocated to reasonably required reserve or replacement fund	482,968.76
27	Proceeds used to currently refund prior issue (complete Part VI)	
28	Proceeds used to advance refund prior issue (complete Part VI)	
29	Add lines 24 through 28	1,002,362.51
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	6,961,034.19

**Part V Description of Property Financed by Nonrefunding Proceeds**  
**Caution:** The total of lines 31a through e below must equal line 30 above. Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.

31 Type of Property Financed by Nonrefunding Proceeds:		Amount
a	Land	
b	Buildings and structures	6,961,034.19
c	Equipment with recovery period of more than 5 years	
d	Equipment with recovery period of 5 years or less	
e	Other (describe)	

32 North American Industry Classification System (NAICS) of the projects financed by nonrefunding proceeds.					
	NAICS Code	Amount of nonrefunding proceeds		NAICS Code	Amount of nonrefunding proceeds
a	485111	\$ 6,961,034.19	c		\$
b		\$	d		\$

**Part VI Description of Refunded Bonds (Complete this part only for refunding bonds.)**

33	Enter the remaining weighted average maturity of the bonds to be currently refunded	years
34	Enter the remaining weighted average maturity of the bonds to be advance refunded	years
35	Enter the last date on which the refunded bonds will be called	
36	Enter the date(s) the refunded bonds were issued	

**Part VII Miscellaneous**

37	Name of governmental unit(s) approving issue (see the instructions)	Louisiana Attorney General, TEFRA hearing held October 31, 2006
38	Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III)	<input type="checkbox"/>
39	Check the box if you have elected to pay a penalty in lieu of arbitrage rebate	<input type="checkbox"/>
40	Check the box if you have identified a hedge (see instructions)	<input type="checkbox"/>
41	Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds and provide name and EIN of the primary private user	<input type="checkbox"/>

**Part VIII Volume Caps**

		Amount
42	Amount of state volume cap allocated to the issuer. Attach copy of state certification	n/a
43	Amount of issue subject to the unified state volume cap	
44	Amount of issue not subject to the unified state volume cap or other volume limitations:	
a	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	
b	Under a carryforward election. Attach a copy of Form 8328 to this return	
c	Under transitional rules of the Tax Reform Act of 1986. Enter Act section	IRC 146(g)(2)
d	Under the exception for current refunding (section 146(i) and section 1313(a) of the Tax Reform Act of 1986)	
45a	Amount of issue of qualified veterans' mortgage bonds	
b	Enter the state limit on qualified veterans' mortgage bonds	
46a	Amount of section 1394(f) volume cap allocated to issuer. Attach copy of local government certification	
b	Name of empowerment zone	
47	Amount of section 142(k)(5) volume cap allocated to issuer. Attach copy of state certification	

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

**Sign Here**

Signature of officer: Steve A. Dicharry  
 Name of above officer (type or print): Steve A. Dicharry

Date: March 14, 2007  
 Title of officer (type or print): Executive Director

**Attachment  
Form 8038**

**Louisiana Local Government Environmental Facilities and  
Community Development Authority  
EIN 72-1416168**

Line 18:

Borrowing Organization:	University Facilities, Inc.
EIN:	72-1417328
Amount of Issue Benefiting this Organization:	\$7,963,369.70



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue  
Service  
OGDEN, UT 84201

SLU

2. Article Number

(Transfer from service label)

7005 3110 0000 6653 4083

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

Agent

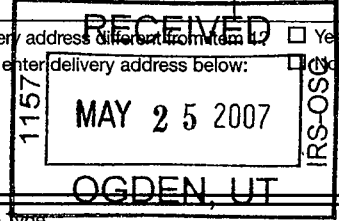
Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No



3. Service type

Certified Mail  Express Mail

Registered  Return Receipt for Merchandise

Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15\*

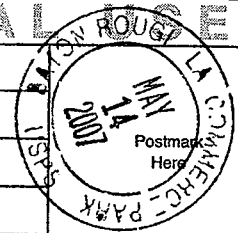
**U.S. Postal Service™**  
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OFFICIAL USE

7005 3110 0000 6653 4083

Postage \$ \_\_\_\_\_  
 Certified Fee \_\_\_\_\_  
 Return Receipt Fee (Endorsement Required) \_\_\_\_\_  
 Restricted Delivery Fee (Endorsement Required) \_\_\_\_\_  
 Total Postage & Fees \$ 5.38



SLU

Sent to: Internal Rev. Service  
 Street, Apt. No., or PO Box No. OGDEN, UT 84201  
 City, State, ZIP+4

PS Form 3800, June 2002

See Reverse for Instructions

SBC No. : 04-18  
SBC: April 15, 2004

LOUISIANA STATE BOND COMMISSION

The following resolution was offered by Salter and seconded by Mount:

A RESOLUTION APPROVING THE ISSUANCE, SALE AND DELIVERY OF AN AGGREGATE OF NOT TO EXCEED \$85,000,000 OF LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY REVENUE BONDS (SOUTHEASTERN LOUISIANA UNIVERSITY / UNIVERSITY FACILITIES, INC. PROJECT) IN TWO OR MORE SERIES; APPROVING CERTAIN DOCUMENTS RELATING TO SAID BONDS; AND AUTHORIZING THE APPROPRIATE OFFICERS OF THE STATE BOND COMMISSION TO EXECUTE ANY INSTRUMENT, DOCUMENT AND CERTIFICATE IN CONNECTION WITH THE FOREGOING.

WHEREAS the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), by resolution adopted on February 12, 2004 (the "Resolution"), has made application to the Louisiana State Bond Commission (the "Commission") for approval of to issue, sell and deliver not exceeding an aggregate of \$85,000,000 of the Authority's Revenue Bonds (Southeastern Louisiana University / University Facilities, Inc. Project) in two or more series (the "Bonds"), in accordance with the provisions of Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act") and other constitutional and statutory authority, for the purpose of refunding its outstanding loan from the Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2000 of which approximately \$14,945,000 is currently outstanding and for the purpose of financing the demolition of certain existing facilities and renovating, developing and constructing student housing and related facilities at Southeastern Louisiana University to be located on land owned by the Board of Supervisors for the University of Louisiana System (the "Board"). The completed Facilities will be leased back to the to the Board.

WHEREAS, the Commission, in accordance with the provisions of the Act, desires to approve the issuance of the Bonds and the execution and delivery of the Trust Indenture and the Loan Agreement in the form submitted to the Commission, and any additional instruments providing security for the payment of the Bonds (the "Documents");

NOW, THEREFORE, BE IT RESOLVED by the State Bond Commission:

SECTION 1. There is hereby approved the issuance, sale and delivery of not exceeding an aggregate of \$85,000,000 Louisiana Local Government Environmental Facilities and

Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc. Project) in two or more series under the provisions of the Act, bearing interest at a fixed or variable rate not to exceed twelve percent (12%) per annum, as more fully set forth in the Indenture, and maturing no later than thirty (30) years from the date of issuance thereof. The Bonds shall be issued and secured by and be in the form and have the details and features as provided in the Documents submitted to the Commission this date.

SECTION 2. There is hereby approved the Documents described in the preamble to this resolution, with such changes as may be approved by bond counsel to the Authority (provided such changes are not inconsistent with the Act), and any additional documents providing security for the Bonds.

SECTION 3. The Chairman and Secretary of this Commission be and they are hereby authorized to execute and deliver such instruments, documents and certificates as may be required for, and/or necessary, convenient and appropriate to the approval of the foregoing.

This resolution having been submitted to a vote, the vote thereon was as follows:

**YEAS: Salter, Mount, Kopplin, Smith, Ater, Gachassin, Hines, Heitmeier, Irons, Murray, Hammett, DeWitt, LeBlanc**

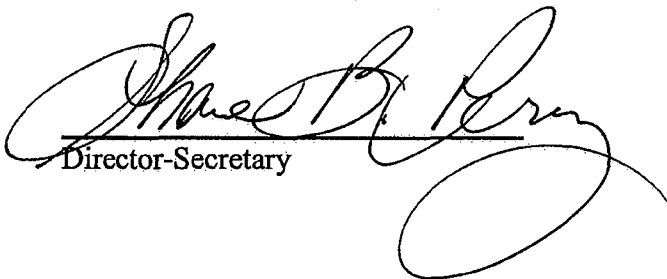
**NAYS: None**

**ABSENT: None**

**NOT VOTING: Kennedy**

And the resolution was declared adopted on this, the 15<sup>th</sup> day of April, 2004.

Certified to be a true copy.

  
\_\_\_\_\_  
Director-Secretary

\$8,035,000

**Louisiana Local Government Environmental  
Facilities and Community Development Authority Revenue Bonds  
(Southeastern Louisiana University Student Housing  
/ University Facilities, Inc.: Phase Four Parking  
Project), Series 2007A and Series 2007B**

**SBC# 04-18**

I, the undersigned Jianling Wu of the Louisiana State Bond Commission (the "Commission"), hereby acknowledge that I have received payment in the amount \$4,694.25 representing payment in full of the fees charged by the Commission in connection with closing of the above referenced transaction.

LOUISIANA STATE BOND COMMISSION

Jianling Wu  
Name: JIANLING WU  
Title: Debt Analyst

DATE: 5/29/07

## MINUTES

### BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM

#### JOINT FACILITIES PLANNING AND FINANCE COMMITTEE AUGUST 24, 2006

The Joint Facilities Planning and Finance Committee of the Board of Supervisors for the University of Louisiana System met on Thursday, August 24, 2006, at 3:15 p.m. in the Auditorium, Room 100, "The Louisiana Purchase Board Room," of the Claiborne Building Conference Center, 1201 North Third Street, Baton Rouge, Louisiana.

**Facilities Planning Members Present:**

Mr. Gordon A. Pugh, Chair  
Mr. Winfred F. Sibille, Vice Chair  
Mrs. Elsie P. Burkhalter  
Mr. Robert T. Hale

**Finance Members Present:**

Mr. Michael H. Woods, Chair  
Mr. Andre G. Coudrain, Vice Chair  
Mr. D. Wayne Parker

**Members Absent:**

Mr. Donald T. "Boysie" Bollinger  
Mr. Victor Bussie  
Mr. Jeffrey S. Jenkins  
Mr. Walter R. Rhodes

**Other Members Present and Made Voting Members:**

Dr. Mildred G. Gallot  
Mr. Jimmy D. Long, Sr.  
Mr. Aron Walker III

**Staff Present:**

Dr. Nick Bruno  
Dr. Kay Kirkpatrick  
Mr. J. Douglas Lee  
Mrs. Dee'Layn Cothern  
Mrs. Devery Pierce  
Ms. Linda Law Clark  
Mrs. Renee S. Lorio

Finance Chair Woods called the meeting to order.

Upon motion of Mr. Coudrain, seconded by Mr. Pugh, the Committee approved the minutes of the June 22, 2006 meeting of the Joint Facilities Planning and Finance Committee.

Mr. Woods asked for a motion to add two items of other business.

Upon motion of Mr. Coudrain, seconded by Mr. Pugh, the Joint Facilities Planning and Finance Committee voted unanimously to amend its agenda to include two items of other business.

After receiving staff recommendations and System university presentations, the Joint Facilities Planning and Finance Committee discussed the following items and took the following actions without objection.

- G.1. Grambling State University's request for approval of the form and authorizing the execution of Ground and Facilities Lease Agreements, Agreement to Lease with Option to Purchase, and Act of Donation involving the financing, design, and implementation of the University's comprehensive housing and student services redevelopment plan.

Upon motion of Dr. Gallot, seconded by Mrs. Burkhalter, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Grambling State University's request for approval of the form and authorizing the execution of Ground and Facilities Lease Agreements, Agreement to Lease with Option to Purchase, and Act of Donation involving the financing, design, and implementation of the University's comprehensive housing and student services redevelopment plan.*

***BE IT FURTHER RESOLVED,** that Dr. Sally Clausen, President of the University of Louisiana System, and/or Dr. Horace Judson, President of Grambling State University, are/is hereby designated and authorized to execute any and all documents necessary to execute said lease agreement.*

***AND FURTHER,** that UL System staff and legal counsel ensure that all documents conform to statutory and administrative requirements.*

- G.2. Nicholls State University's request to establish a fee structure for the College of Business Administration's newly proposed Executive Master of Business Administration (EMBA) Program.

Upon motion of Mr. Sibille, seconded by Mr. Pugh, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Nicholls State University's request to establish a fee structure for the College of Business Administration's newly proposed Executive Master of Business Administration (EMBA) Program.*

- G.3. Nicholls State University's request for approval to execute an affiliation agreement with NSU Facilities Corporation, a 501(c)3 corporation.

Upon motion of Dr. Gallot, seconded by Mr. Pugh, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Nicholls State University's request for approval to execute an affiliation agreement with the NSU Facilities Corporation, a 501(c)3 corporation.*

- G.4. Nicholls State University's request for approval of a student referendum to fund Title IX, facility, and life safety program needs for the Athletics program.

Upon motion of Mr. Pugh, seconded by Mrs. Burkhalter, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Nicholls State University's request for a student referendum to fund Title IX, facility, and life safety program needs for the Athletics program.*

- G.5. Northwestern State University's request for ratification of agreement between the University, the Louisiana School of Math, Science, and the Arts, and the Natchitoches Parish School Board involving transfer of property and realignment of property lines.

Upon motion of Mr. Parker, seconded by Mr. Hale, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Northwestern State University's request for ratification of agreement between the University, the Louisiana School of Math, Science, and the Arts, and the Natchitoches Parish School Board involving transfer of property and realignment of property lines.*

***AND FURTHER,** that UL System staff and legal counsel ensure that all documents conform to statutory and administrative requirements.*

- G.6. Southeastern Louisiana University's request for approval of the form and authorizing the execution of (a) first amendment to agreement to lease with option to purchase, and (b) first amendment to ground and building lease agreement in connection with the University's comprehensive housing plan to include partial financing and the implementation of the University's intermodal transportation facility and Strawberry Stadium renovations.

Upon motion of Mr. Coudrain, seconded by Mr. Pugh, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Southeastern Louisiana University's request for approval of the form and authorizing the execution of (a) first amendment to agreement to lease with option to purchase, and (b) first amendment to ground and building lease agreement in connection with the University's comprehensive housing plan to include partial financing and the implementation of the University's intermodal transportation facility and Strawberry Stadium renovations.*

***BE IT FURTHER RESOLVED,** that Dr. Sally Clausen, President of the University of Louisiana System, and/or Dr. Randy Moffett, President of Southeastern Louisiana University, are/is hereby designated and authorized to execute any and all documents necessary to execute said lease agreements.*

***AND FURTHER,** that UL System staff and legal counsel ensure that all related documents conform to statutory and administrative requirements.*

- G.7. University of Louisiana at Lafayette's request for approval of supplemental pay for Mr. Gerald Hebert, an employee in the Office of Development, which will be funded by the UL Lafayette Foundation.

Upon motion of Mr. Pugh, seconded by Mr. Coudrain, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve University of Louisiana at Lafayette's request for approval of supplemental pay for Mr. Gerald Hebert, an employee in the Office of Development, which will be funded by the UL Lafayette Foundation.*

- G.8. University of Louisiana at Monroe's request for approval of the resolution to approve the form and to authorize the execution of a First Amendment of the Amended and Restated Agreement to Lease with Option to Purchase in connection with the lease and leaseback of a portion of the ULM campus to the University of Louisiana at Monroe Facilities, Inc.



Upon motion of Mr. Coudrain, seconded by Mrs. Burkhalter, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED***, that the Board of Supervisors for the University of Louisiana System does hereby approve University of Louisiana at Monroe's (ULM) request for approval of the resolution to approve the form and to authorize the execution of a First Amendment of the Amended and Restated Agreement to Lease with Option to Purchase in connection with the lease and leaseback of a portion of the ULM campus to the University of Louisiana at Monroe Facilities, Inc.

***BE IT FURTHER RESOLVED***, that Dr. Sally Clausen, President of the University of Louisiana System, and/or Dr. James E. Cofer, President of the University of Louisiana at Monroe, are/is hereby designated and authorized to execute any and all documents necessary to execute said lease agreement.

***AND FURTHER***, that UL System staff and legal counsel ensure that all documents conform to statutory and administrative requirements.

- G.9. University of Louisiana at Monroe's request for approval of the form and authorizing the execution of a Ground Lease Agreement, an Agreement to Lease with Option to Purchase and Act of Donation involving the financing and implementation of the University's intermodal transit facility and parking improvements project.

Upon motion of Mr. Coudrain, seconded by Mr. Sibille, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED***, that the Board of Supervisors for the University of Louisiana System does hereby approve University of Louisiana at Monroe's request for approval of the form and authorizing the execution of a Ground Lease Agreement, an Agreement to Lease with Option to Purchase and Act of Donation involving the financing and implementation of the University's intermodal/transportation facility and parking improvements project.

***AND FURTHER***, that UL System staff and legal counsel ensure that all documents conform to statutory and administrative requirements.

- G.10. University of Louisiana at Monroe's request for approval to purchase four residential properties from the ULM Foundation for no more than the appraised value of each property to allow for future growth and expansion of the University campus.

This item was **withdrawn** upon the request of Dr. James Cofer, President of University of Louisiana at Monroe.

- G.11. University of Louisiana System's request for approval to adopt a resolution and to execute an agreement with the State of Louisiana to provide Medicare-only coverage upon retirement to eligible officers and employees of the University of Louisiana System and System universities.

Upon motion of Mr. Parker, seconded by Mr. Pugh, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the adoption of attached resolution and the execution of the attached agreement with the State of Louisiana to provide Medicare-only coverage upon retirement to eligible officers and employees of the University of Louisiana System and System universities.*

- G.12. University of Louisiana System's request for approval of the Fiscal Year 2007-2008 Capital Outlay Budget Request and the Institutions' Five-Year Capital Outlay Plans.

Upon motion of Mr. Sibille, seconded by Dr. Gallot, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve the Fiscal Year 2007-2008 Capital Outlay Budget Request and the Institutions' Five-Year Capital Outlay Plans.*

- G.13. University of Louisiana System's request for approval of Fiscal Year 2006-2007 Operating Budgets, including organizational charts, undergraduate/graduate mandatory attendances fees, and faculty pay plans.

Upon motion of Mr. Sibille, seconded by Mr. Long, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Fiscal Year 2006-2007 Operating Budgets, including organizational charts, undergraduate/graduate mandatory attendance fees, and faculty pay plans.*

- G.14. Other Business - University of Louisiana at Monroe's request for approval of a proposal from the ULM Foundation to initiate a process to construct an on-campus residence for the President of the University of Louisiana at Monroe.

Upon motion of Mr. Sibille, seconded by Mr. Long, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve University of Louisiana at Monroe Foundation's request to initiate a process to construct an on-campus residence for the President of the University of Louisiana at Monroe.*

***BE IT FURTHER RESOLVED,** that, upon completion of the project, the land and all improvements will be purchased by the University at a price not to exceed \$400,000.00.*

***BE IT FURTHER RESOLVED,** that any and all steps taken throughout this project from start to finish (including plans and authority to inspect construction) shall be shared with and approved by University and System Staff.*

***AND FURTHER,** that once the project is completed all documents related to the purchase will be submitted to the Board for final approval.*

- G.15. Other Business - Louisiana Tech University's request for approval to enter into a lease agreement with Louisiana Tech Foundation, Inc. to install field lighting in Joe Aillet Stadium.

Upon motion of Mr. Sibille, seconded by Dr. Gallot, the Joint Facilities Planning and Finance Committee voted unanimously to approve the adoption of the following resolution.

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System does hereby approve Louisiana Tech University's request to enter into a lease agreement with Louisiana Tech Foundation, Inc. to install field lighting in Joe Aillet Stadium.*

***BE IT FURTHER RESOLVED,** that Dr. Daniel D. Reneau, President of Louisiana Tech University, is hereby designated and authorized to execute any and all documents associated with said lease by the University of Louisiana System on behalf of and for the use of Louisiana Tech University.*

***AND FURTHER,** that UL System staff and legal counsel will ensure that all documents conform to statutory and administrative requirements.*

Upon motion of Mr. Sibille, seconded by Mr. Parker, there being no further business, the Committee adjourned at 4:29 p.m.

**BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM**

The following resolution was offered upon motion by Mr. Woods:

**RESOLUTION**

A RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A (a) FIRST AMENDMENT TO AGREEMENT TO LEASE WITH OPTION TO PURCHASE AND (b) FIRST AMENDMENT TO GROUND AND BUILDING LEASE AGREEMENT IN CONNECTION WITH THE LEASE AND LEASE BACK OF A PORTION OF THE SOUTHEASTERN LOUISIANA UNIVERSITY CAMPUS TO UNIVERSITY FACILITIES, INC. AND THE DEMOLITION AND/OR CONSTRUCTION OF NEW STUDENT HOUSING AND RELATED FACILITIES THEREON; AUTHORIZING THE ISSUANCE OF COMPLETION BONDS FOR THE FACILITIES; APPROVING THE EXECUTION OF ANY AND ALL DOCUMENTS AND CERTIFICATES IN CONNECTION THEREWITH; AND PROVIDING FOR OTHER MATTERS IN CONNECTION THEREWITH.

**WHEREAS**, the Board of Supervisors for the University of Louisiana System (the "Board") has, pursuant to La. R.S. 17:3361 through 17:3365 (the "Act"), and other constitutional and statutory authority supplemental thereto, leased a portion of the campus of Southeastern Louisiana University (the "University") to University Facilities, Inc. (the "Corporation") in order to enable the Corporation to demolish outmoded facilities and construct thereon new student housing and related facilities for the students of the University (the "Facilities"); and

**WHEREAS**, the Corporation has financed the construction of the Facilities using the proceeds of bonds (the "Bonds") issued by Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"); and

**WHEREAS**, the Board desires to approve and authorize the execution of (a) First Amendment to Ground and Building Lease Agreement by and between the Board and the Corporation dated as of August 1, 2004 (the "Ground Lease") and (b) First Amendment to Agreement to Lease with Option to Purchase (the "Facilities Lease"), by and between the Board and the Corporation dated as of August 1, 2004, each relative to the lease and lease-back of a portion of the University's campus to the Corporation for construction or demolition and reconstruction of new Facilities on the main campus of the University (the "Project"); and

**WHEREAS**, the Issuer has issued three series of Bonds on behalf of the Corporation to finance the Facilities aggregating \$76,890,000 designated as:

- (1) \$60,985,000 Louisiana Local government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004A;

- (2) \$15,000,000 Louisiana Local government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004B; and
- (3) \$925,000 Louisiana Local government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) Series 2004C.

**WHEREAS**, the University and the Board now desire to amend the description of Facilities in the Ground Lease and Facilities Lease to delete the renovation of Cardinal Newman Hall from the approved list of projects for the Facilities to be financed and to specifically include improvements to the football stadium and the construction of the new intermodal parking facilities on the campus of the University; and

**WHEREAS**, the University has requested that the Board approve the issuance of an additional amount of bonds for the financing of the construction of the new intermodal parking facilities as described in the amendment to Exhibit A to the Ground Lease and Facilities Lease;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Supervisors for the University of Louisiana System, as follows:

SECTION 1. The First Amendment to Ground and Building Lease Agreement and the First Amendment to Agreement Lease with Option to Purchase, substantially the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, are hereby approved.

SECTION 2. There is hereby approved the issuance by the Issuer of an additional series of bonds under a supplemental trust indenture by and between the Issuer and the Bank of New York Trust Company, N.A. in order to complete the Facilities as described on Exhibit A to the Ground Lease and Facilities Lease, as hereby amended.

SECTION 3. The Chairman, Vice Chairman, Secretary of the Board, the System President or the President of the University shall be authorized to execute the First Amendments to the Ground Lease and the Facilities Lease attached hereto as Exhibits A and B, and any certificates, documents or other items necessary therefor, subject to approval by the bond insurer of the above-referenced bonds prior thereto.

SECTION 4. This resolution shall take effect immediately.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Mr. Jimmy D. Long, Mrs. Elsie Burkhalter, Mr. Victor Bussie, Mr. Andre G. Coudrain, Dr. Mildred G. Gallot, Mr. D. Wayne Parker, Mr. Gordon A. Pugh, Mr. Winfred F. Sibille, Mr. Aron Walker, III, Mr. Michael H. Woods

NAYS: None.

ABSENT: Mr. Donald T. "Boysie" Bollinger, Mr. Robert T. Hale, Mr. Jeffrey S. Jenkins, Mr. Walter R. Rhodes, Dr. Eunice W. Smith, Mr. Charles C. Teamer, Sr.

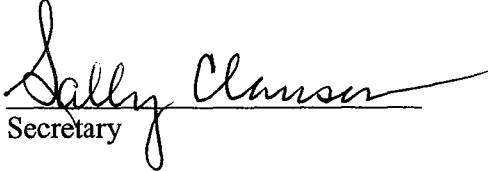
ABSTAINING: None.

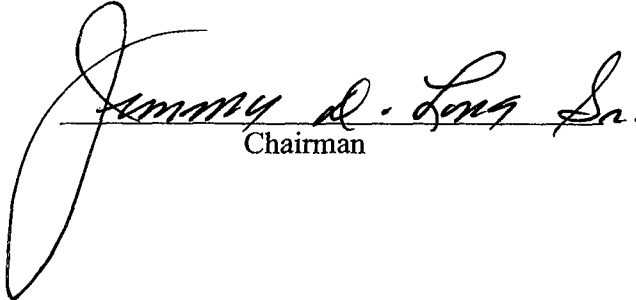
The Resolution was declared to be adopted on the 25<sup>th</sup> day of August, 2006.

\*\*\*\*\*

(Other items not pertinent hereto are omitted)

Upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

  
Secretary

  
Chairman

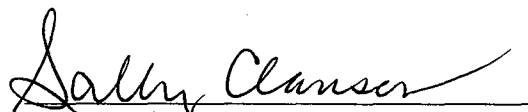
STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary/System President to the Board of Supervisors for the University of Louisiana System (the "Board") do hereby certify that the foregoing pages constitute a true and correct copy of a resolution adopted by the Board on August 25, 2006 approving the form and authorizing the execution of a First Amendment to Ground and Building Lease Agreement and First Amendment to Agreement to Lease with Option to Purchase in connection with the lease and lease-back of a portion of the Southeastern Louisiana University campus to University Facilities, Inc. and the demolition and/or construction of new student housing facilities thereon; approving the issuance of completion bonds for the Facilities; approving the execution of any and all documents and certificates in connection therewith; and providing for other matters in connection therewith was duly adopted by the Board at a meeting duly called, noticed and held and at which meeting a quorum was present and voting.

I further certify that said Resolution has not been amended or rescinded and is in full force and effect.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said Board on this, the 13<sup>th</sup> day of December, 2006.

  
Secretary/System President

[SEAL]

MINUTES  
BOARD OF REGENTS  
JUNE 22, 2006

The Board of Regents met in session at 9:05 a.m. Thursday, June 22, 2006, in the Louisiana Purchase Room of the Claiborne Building in Baton Rouge, Louisiana. Chair Roland Toups called the meeting to order. Executive Assistant to the Commissioner, Ms. Carolyn Blanchard, called the roll, and a quorum was established.

Present for the meeting were:

- William Blake
- Scott Brame
- Richard D'Aquin
- Frances Henry
- Stanley Jacobs
- Ingrid Labat
- Robert Levy
- W. Clinton Rasberry, Jr.
- Mary Ellen Roy
- William Smith
- Harold Stokes
- Pat Strong
- Artis Terrell
- Roland Toups
- Terry Landry, Jr.

Absent for the meeting was:

- Virgil Robinson, Jr.

PUBLIC COMMENTS

Chair Toups noted that no written requests were received for public comments and asked whether the audience had any comments at this time. There were none.



**MINUTES APPROVED**

**APPROVAL OF THE MINUTES OF MAY 25, 2006**

**On motion of Regent Levy, seconded by Regent Rasberry, the Board voted unanimously to approve the minutes of May 25, 2006.**

**RECOGNITION OF DR. ROBERT TWILLEY,  
DR. SHIRLEY LASKA, AND DR. JOHN CLEMENTS**

Dr. Kerry Davidson, Deputy Commissioner for Sponsored Programs, noted that on April 2-4, 2006 the Post-Katrina Forum was held at the Marriott Hotel in New Orleans. Dr. Davidson continued by stating that several ideas were developed from the 2006 Post-Katrina Forum for the proposed 2007 Gulf Coast Forum.

Dr. Davidson noted that success for the 2006 Forum rests with the individuals who served as Chair and Co-Chairs. Dr. E. Joseph Savoie, Commissioner for Higher Education, presented appreciation plaques to Dr. Robert Twilley, Chair of the Forum from Louisiana State University and A&M College, Dr. John Clements, Co-Chair of the Forum from Tulane University, and Dr. Shirley Laska, Co-Chair of the Forum from the University of New Orleans for their service and time devoted to the 2006 Post-Katrina Forum.

**REPORT ON THE ECONOMIC IMPACT OF THE LOUISIANA STATE UNIVERSITY  
HEALTH SCIENCES CENTER IN SHREVEPORT  
BY DR. LOREN SCOTT OF LOREN C. SCOTT AND ASSOCIATES, INC.**

Dr. John McDonald, Chancellor, LSU Health Sciences Center-Shreveport, introduced Dr. Loren Scott, who started his career at Louisiana State University and A&M College in 1969 in the Department of Economics. Dr. Scott presented an economic impact study entitled "The Economic Impact of the Louisiana State University Health Sciences Center on the State and Shreveport-Bossier

City.” Dr. Scott noted that: (1) the LSU Health Sciences Center at Shreveport (LSUHSC-S) is not only an impressive source of quality health services, education and research, but also a significant economic driver in the northwest region of the State; (2) the LSUHSC-S is the third largest employer in the Shreveport-Bossier City area; (3) the Center has an annual payroll of over \$280 million; and (4) the 436 bed hospital served over 20,000 in-patients and almost 452,000 out-patients during 2004-05.

Next, Dr. McDonald introduced Ms. Lisa Babin, President of the LSUHSC-S Foundation. Ms. Babin thanked the Board for allowing them to make the presentation and said the Center was an excellent investment for the state of Louisiana. Regent Toups mentioned that Dr. Larry Hollier, Chancellor, LSU Health Sciences Center-New Orleans, was in the audience.

#### **PRESENTATION BY THE LOUISIANA OFFICE OF STUDENT FINANCIAL ASSISTANCE**

Chairman Toups introduced Mr. Jack Guinn, Executive Director, Louisiana Office of Student Financial Assistance (LOSFA), and Ms. Melanie Amrhein, Assistant Executive Director of LOSFA. Mr. Guinn gave a powerpoint presentation and noted that LOSFA is governed by the Louisiana Student Financial Assistance Commission and the Louisiana Tuition Trust Authority. He said there are four major programs which LOSFA administers: (1) the Tuition Opportunity Program for Students (TOPS), (2) the Student Tuition Assistance and Revenue Trust (START), (3) Leveraging Educational Assistance Partnership (LEAP); and (4) the Federal Family Education Loan Program (FFELP). Mr. Guinn said that LOSFA is the designated guarantor in Louisiana for loans made under the FFELP. He further stated that until 2005, LOSFA was making good progress at capturing

a larger share of the state's student loan market, but price competition from external guarantors and the effects of recent hurricanes combined to financially weaken the state's guaranty agency.

Regents Henry and Strong, who are Commission members, voiced their thanks to Mr. Guinn for his leadership and urged him to let the other management boards see what the agency offers. Regent Toups also suggested that it would be good for Mr. Guinn to give this presentation to each management board. Dr. Savoie noted that a meeting with financial aid officers will be held on June 30, 2006 to discuss further concerns.

## **REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES**

### **FINANCE COMMITTEE REPORT**

On behalf of Regent Stokes, Chair of the Finance Committee, Mr. Donald Vandal, Deputy Commissioner for Finance and Administration, presented motions from the Finance Committee Report of June 21, 2006.

Mr. Vandal noted that before the Finance Committee meeting began, Mr. Terry C. Landry, Jr. from the Southern University Law Center, was sworn in as the new student member on the Regents and assigned to the Academic and Student Affairs Committee, the Learning Centers Committee, Planning, Research and Performance Committee, and Sponsored Programs Committee.

### **UPDATE ON STATE BUDGET FOR POSTSECONDARY EDUCATION, FY 2006-07**

Mr. Vandal noted that the Legislature had adjourned on Monday, June 19<sup>th</sup> and finalized amendments to House Bill 1. He continued by saying that the Board of Regents was appreciative of the Governor and Legislature for keeping postsecondary education as a top priority.

### **FORMULA REVISIONS, STATUS AND ON-GOING REVIEW**

**On motion of Regent Stokes, seconded by Regent D'Aquin, the Board voted unanimously to accept the recommendation of the Finance Committee to approve the proposed changes and clarifications to the Louisiana Public Postsecondary Education Funding Formula. (Appendix on file in the Board of Regents' offices.)**

**FUNDING ALLOCATIONS REQUIRING BOARD OF REGENTS PLAN**

**A. FACULTY PAY PLAN**

**On motion of Regent Stokes, seconded by Regent Brame, the Board voted unanimously to accept the recommendation of the Finance Committee to approve the guidelines of the faculty salary proposal; and also, the Board authorize the Chair of the Board of Regents, the Chair of the Finance Committee, and the Commissioner of Higher Education, acting jointly, to approve the final dollar allocation for the pay plan distribution. (Appendix on file in the office of the Board of Regents.)**

**B. LIBRARY AND SCIENTIFIC ACQUISITIONS**

**On motion of Regent Stokes, seconded by Regent D'Aquin, the Board voted unanimously to accept the recommendation of the Finance Committee to approve the distribution of the Library and Scientific Acquisition funding. (Appendix on file in the office of the Board of Regents.)**

**C. RESOLVE ACCOUNTS RECEIVABLE & NON-REIMBURSABLE EXPENSES**

**On motion of Regent Stokes, seconded by Regent Strong, the Board voted unanimously to accept the recommendation of the Finance Committee to approve the distribution of the Accounts Receivable and Other Disaster - Related Unreimbursed Expenses funding and that as a condition of the funding, the institutions are to write off any remaining balances due to the enrollment of displaced students. (Appendix on file in the office of the Board of Regents.)**

**D. UNCERTAIN ENROLLMENT, FINANCIAL STABILITY, AND RECOVERY EFFORTS AND COMMUNITY AND TECHNICAL COLLEGE AND ACADEMIC LEARNING CENTER DEVELOPMENT**

**On motion of Regent Stokes, seconded by Regent Brame, the Board voted unanimously to accept the recommendation of the Finance Committee to approve the distribution of \$1,781,722 from the Uncertain Enrollment, Financial Stability, and Recovery Efforts funds to the University of New Orleans. (Appendix on file in the office of the Board of Regents.)**

E. PATHWAYS TO CONSTRUCTION EMPLOYMENT INITIATIVE

**On motion of Regent Stokes, seconded by Regent D'Aquin, the Board voted unanimously to accept the recommendation of the Finance Committee to approve the allocation model for the Pathways to Construction Employment Initiative. (Appendix on file in the office of the Board of Regents.)**

LONI SUPER COMPUTING

Mr. Vandal stated that an update was given on funding provided to further enhance computing capabilities of the LONI network.

REPORT FROM DEPUTY COMMISSIONER

Mr. Vandal said updates were given on the following items: (A) funding formula, (B) funds flow and bench marking project for the LSU Health Sciences Centers, and (C) the need to establish a task force to review the Board's current Athletic Policy.

Regent Toups said a resolution would be delivered to the Governor thanking her for supporting postsecondary education in the completed session. Mr. Vandal also noted that the current issue of the Wall Street Journal had an advertisement by Louisiana Economic Development which featured Dr. Les Guice, Chairman, Louisiana Optical Network Initiative (LONI).

ADOPTION OF THE FINANCE COMMITTEE REPORT OF JUNE 21, 2006

**On motion of Regent Stokes, seconded by Regent Blake, the Board voted unanimously to adopt the Finance Committee Report of June 21, 2006. (Copy on file in the office of the Board of Regents.)**

**FACILITIES AND PROPERTY COMMITTEE**

On behalf of Regent Jacobs, Chair of the Facilities and Property Committee, Mr. Rich Griswold, Associate Commissioner for Facilities, presented motions from the Facilities and Property

Committee Report of June 21, 2006.

HURRICANE DAMAGE PERMANENT REPAIR STATUS REPORT

Mr. Griswold noted that Mr. Jerry Jones, Director of Facility Planning and Control, had provided a comprehensive report on the process and efforts to make permanent repairs to facilities for postsecondary educational institutions that were damaged by Hurricanes Katrina and Rita. Mr. Griswold also presented a photo report of the current status of institutions affected by the storms of 2005.

SMALL CAPITAL PROJECTS REPORT

**On motion of Regent Jacobs, seconded by Regent Strong, the Board voted unanimously to accept the recommendation of the Facilities and Property Committee to approve the small capital projects as follows:**

**Hazardous Materials Abatement, Laville Cafeteria**  
Louisiana State University and A&M College  
\$270,800 from Auxiliary Funds

**Additions and Renovations to Golf Clubhouse**  
Louisiana State University at Alexandria  
\$349,000 from Auxiliary Funds

EXPEDITED APPROVAL REPORT

Mr. Griswold informed the Board that two projects were approved utilizing the expedited approval procedure: (1) the Business Education Complex at Louisiana State University and A&M College and (2) the renovation of the Kinesiology and Health Studies, including the renovation of the Cefalu Coliseum, at Southeastern Louisiana University.

PROJECTS UTILIZING ALTERNATIVE MEANS OF FINANCING

**On motion of Regent Jacobs, seconded by Regent Blake, the Board voted unanimously to accept the recommendation of the Facilities and Property Committee to approve the project to construct student housing at Louisiana**

**State University at Alexandria. The project will cost approximately \$12,750,000, will utilize the lease/leaseback model of alternative means financing, and will provide residential accommodations for approximately 271 students. An MRA of 1.5% of the construction cost per year will be established.**

Regent Roy stated that she would be unable to vote favorably for the Intermodal Facility and improvements to the Strawberry Stadium Improvements at Southeastern Louisiana University (SLU). She continued by stating that at this time, considering all the problems higher education is facing due to the hurricanes, spending money for a new press box and seating area at a football stadium seemed unnecessary. She said that SLU will have to sell land to finance this project, and it would seem that this money should be funneled into academics instead of athletics.

**On motion of Regent Jacobs, seconded by Regent Blake, the Board voted to accept the recommendation of the Facilities and Property Committee to approve the project to construct an Intermodal Facility and Improvements to Strawberry Stadium at Southeastern Louisiana University. The project will cost approximately \$12,000,000, utilizing the lease/leaseback model of alternative means financing. A 500 car parking garage will be constructed, and the existing stadium press box will be replaced and seating areas constructed. Regents Roy and Levy voted no.**

#### CAPITAL OUTLAY STATUS REPORT

Mr. Griswold said a capital outlay status report was given on the projects recommended in the Board of Regents' FY 2006-07 Capital Outlay Budget Request which were included in House Bill No. 2.

Regent Toups requested that a letter of thanks be sent to Mr. Jerry Jones for his presentation the day before at the Facilities and Property Committee meeting. Mr. Toups said the report would be considered during the Regents' retreat in August.

#### ADOPTION OF THE FACILITIES AND PROPERTY COMMITTEE REPORT OF JUNE 21,

2006

**On motion of Regent Jacobs, seconded by Regent Levy, the Board voted unanimously to adopt the Facilities and Property Committee Report of June 21, 2006. (Copy on file in the office of the Board of Regents.)**

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE**

On behalf of Regent Brame, Chair of the Academic and Student Affairs Committee, Mr. Gerard Killebrew, Associate Commissioner for Academic Affairs, presented motions from the Academic and Student Affairs Committee Report of June 21, 2006.

PROPOSED NEW PROGRAMS**SOUTHERN UNIVERSITY NEW ORLEANS**

## 1. M.S. in Management Information Systems

**On motion of Regent Brame, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Academic and Student Affairs Committee to grant conditional approval for the proposed M.S. program in Management Information Systems (CIP Code 52.1299) at Southern University-New Orleans, beginning Fall 2006. Prior to program implementation, University administrators shall meet with Mr. Donnie Vandal, Deputy Commissioner for Finance and Administration, and Mr. Gerard Killebrew, Associate Commissioner for Academic Affairs, to discuss immediate funding needs and sources of such funding for the first year of program operations. The primary foci of these discussions shall be resource issues directly related to required AACSB program accreditation and efforts by the University to afford such resources within existing state funding. Thereafter, beginning June 1, 2007 and on that same date until AACSB program accreditation has been achieved, an annual report addressing these concerns shall be sent to Mr. Vandal and Mr. Killebrew and necessary follow-up meetings scheduled to resolve any outstanding issues.**

**Upon implementation of the above program, the existing M.S. program in Computer Information Systems (CIP Code 11.0701) at Southern University-New Orleans shall be terminated.**

## 2. B.S. in Business Entrepreneurship



**On motion of Regent Brame, seconded by Regent Landry, the Board voted unanimously to accept the recommendation of the Academic and Student Affairs Committee to grant conditional approval for the proposed B.S. program in Business Entrepreneurship (CIP Code 52.0701) at Southern University New Orleans, beginning Fall 2006. Prior to program implementation, University administrators shall meet with Mr. Donnie Vandal, Deputy Commissioner for Finance and Administration, and Mr. Gerard Killebrew, Associate Commissioner for Academic Affairs, to discuss immediate funding needs and sources of such funding for the first year of program operations. The primary foci of these discussions shall be resource issues directly related to required AACSB program accreditation and efforts by the University to afford such resources within existing state funding. Thereafter, beginning June 1, 2007 and on that same date until AACSB program accreditation has been achieved, an annual report addressing these concerns shall be sent to Mr. Vandal and Mr. Killebrew and necessary follow-up meetings scheduled to resolve any outstanding issues.**

**Upon implementation of the above program, the existing B.S. program in Business Administration (CIP Code 52.0201) at Southern University New Orleans is hereby terminated.**

**3. B.A. in Public Administration**

**On motion of Regent Brame, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Academic and Student Affairs Committee to grant conditional approval for the proposed B.A. program in Public Administration (CIP Code 44.0401) at Southern University New Orleans; program implementation, however, shall be delayed until a Department Head/Program Director is hired. In addition, prior to program implementation, University administrators shall meet with Mr. Donnie Vandal, Deputy Commissioner for Finance and Administration, and Mr. Gerard Killebrew, Associate Commissioner for Academic Affairs, to discuss immediate funding needs and sources of such funding for the first year of program operations. Thereafter, beginning June 1, 2007 and on that same date until the program is fully implemented, an annual report addressing these concerns shall be sent to Mr. Vandal and Mr. Killebrew and necessary follow-up meetings scheduled to resolve any outstanding issues.**

**LOUISIANA STATE UNIVERSITY ALEXANDRIA - B.S. IN PSYCHOLOGY**

**On motion of Regent Brame, seconded by Regent Strong, the Board voted unanimously to accept the recommendation of the Academic and Student Affairs Committee to grant conditional approval for the proposed B.S. program**

in Psychology (CIP Code 42.0101) at Louisiana State University Alexandria, effective immediately. By August 1, 2007, the University shall engage the services of an additional, full-time Psychology faculty. A report to the Commissioner of Higher Education indicating that this stipulation has been addressed shall be due by the same date.

**BATON ROUGE COMMUNITY COLLEGE - A.S. IN BUSINESS**

On motion of Regent Brame, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Academic and Student Affairs Committee to grant conditional approval for the Associate of Science in Business (CIP Code 52.0101) at Baton Rouge Community College, effective immediately. By January 1, 2007, the College shall submit a progress report to the Commissioner of Higher Education documenting efforts to establish articulation agreements with the Colleges of Business at LSU A&M and Southern University Baton Rouge, as well as a timeline for achieving program accreditation from the Association of College Business Schools and Programs.

**SELECT CAMPUSES OF THE LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM - CERTIFICATE OF GENERAL STUDIES**

On motion of Regent Brame, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Academic and Student Affairs Committee to grant approval for the proposed Certificate of General Studies program (CIP Code 24.0102) at Baton Rouge Community College, Bossier Parish Community College, Delgado Community College, Nunez Community College, River Parishes Community College, South Louisiana Community College, Louisiana Delta Community College, Fletcher Technical Community College, and Sowela Technical Community College, effective immediately.

**ADMINISTRATIVE AND CURRICULAR REVISIONS - UNIVERSITY OF NEW ORLEANS - REQUEST FOR SELECT ADMINISTRATIVE/CURRICULAR CHANGES/REVISIONS**

On motion of Regent Brame, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Academic and Student Affairs Committee to grant approval for proposed administrative/curricular changes/terminations at the University of New Orleans.

**STATUS OF PROGRAMS REQUIRED TO SEEK SPECIALIZED ACCREDITATION**

On motion of Regent Brame, seconded by Regent D'Aquin, the Board voted unanimously to accept the recommendation of the Academic and Student

**Affairs Committee to direct Nunez Community College and Nicholls State University to seek and attain accreditation from the National Association for Industrial Technology for the programs listed below in accordance with the time schedule given:**

- 1. Nunez Community College- A.A.S. in Industrial Technology (CIP Code 15.0404)**
- 2. Nicholls State University-A.S. in Petroleum Services; A.S. in Petroleum Services Safety Technology; B.S. in Petroleum Services (CIP Code 15.0903)**

**TEACHER EDUCATION INITIATIVES - EVALUATION OF A REDESIGNED INITIAL TEACHER PREPARATION PROGRAM AND GRADUATE PROGRAMS FOR TEACHERS AND EDUCATION LEADERS**

**On motion of Regent Brame, seconded by Regent D'Aquin, the Board voted unanimously to accept the recommendation of the Academic and Student Affairs Committee to grant approval for the following redesigned initial teacher preparation programs and graduate programs for teachers and education leaders:**

- 1. The Master of Education Degree in Curriculum & Instruction-Early Childhood Education (CIP Code: 13.0301) at Northwestern State University; and,**
- 2. The Master of Education Degree in Educational Technology Leadership (CIP Code: 13.9999); Master of Education Degree in Curriculum and Instruction (CIP Code: 13.0301) in Art Education, Elementary Education, English Education, Foreign Language Education, Mathematics Education, Science Education, and Social Studies Education; Bachelor or Art Degree in Art Education – Grades K-12 (13.1302), Spanish Education – Grades K-12 (CIP Code: 13.1330), French Education – Grades (CIP Code: 13.1325); Bachelor of Science Degree in Health and Physical Education/Kinesiology – Grades K-12 (CIP Code: 13.1314); Bachelor of Music Education Degree – Grades K-12 (CIP Code: 13.1312) in Instrumental Music and Vocal Music; and Non-Master's/Certification Program in Instrumental Music and Vocal Music at Louisiana State University and A&M College.**

He mentioned that with this action the review of all redesigned teacher preparation programs, with the exception of special education, was now complete.

CONSIDERATION OF THE AY 2006-2007 STATEWIDE GENERAL EDUCATION MATRIX

**On motion of Regent Brame, seconded by Regent Landry, the Board voted unanimously to accept the recommendation of the Academic and Student Affairs Committee to grant approval for the AY 2006-2007 Statewide General Education Matrix.**

PROGRESS REPORT ON THE OPERATIONS OF LOUIS - THE LOUISIANA LIBRARY NETWORK

Mr. Killebrew stated that Ms. Sara Zimmerman, LOUIS Associate Director, gave an update on past activities and future plans for LOUIS.

REPORT OF THE ASSOCIATE COMMISSIONER

Mr. Killebrew said that updates were given on the following items:

- A. Louisiana's Participation in the American Diploma Project;
- B. Statewide Review of Existing Licensed Practical Nursing Programs;
- C. Status of Review of Conditionally Approved Programs;
- D. Status of Reviews for Proposed Programs/Units; and
- E. Staff Approval of Routine Academic Requests.

ADOPTION OF THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE REPORT OF JUNE 21, 2006

**On motion of Regent Brame, seconded by Regent D'Aquin, the Board voted unanimously to adopt the Academic and Student Affairs Committee Report of June 21, 2006. (Copy on file in the office of the Board of Regents.)**

**LEGISLATION COMMITTEE REPORT**

On behalf of Regent Blake, Chair of the Legislation Committee, Ms. Connie Koury, General Counsel, presented the Legislation Committee Report of June 21, 2006.

Ms. Koury discussed several items:

- A. A resolution by the Council of Student Body Presidents involving the rising costs of text books;
- B. SCR 62 by Senator Fields requesting the Board of Regents to study the availability

of need-based aid for students attending postsecondary institutions in Louisiana;

- C. SCR 134 by Senator McPherson requesting the Board of Regents and the nursing boards to work together to study the feasibility of expanding nursing programs in order to alleviate the nursing shortage crisis in Louisiana;
- D. SB 530 by Senator Fields which provides relative to the powers and duties of the Board of Regents over the appointment of presidents of the public postsecondary education systems and the head of public colleges and universities. The bill allows the Regents to interview potential candidates for the presidency of the systems and eliminates the requirement for Board of Regents to confirm campus heads; and
- E. HB 154 and 768 both discuss postsecondary education institutions and a requirement for documentation of certain immunizations or waivers if they choose not to receive the vaccine. HB 768 complements HB 154 in that it requires the Department of Health and Hospitals (DHH) to establish rules and regulations to provide for prioritization of the requirement for a vaccine and DHH had initiated the passage of HB 768 in order to ensure that scarce supply of the vaccine is used in a way that best meets known health risks.

Regent Toups commended Commissioner Savoie and the staff for inviting the members of the House and Senate Education Committees to the Regents' office to confer about the various issues that concerned postsecondary education.

#### ADOPTION OF THE LEGISLATION COMMITTEE REPORT OF JUNE 21, 2006

**On motion of Regent Jacobs, seconded by Regent Strong, the Board voted unanimously to adopt the Legislation Committee Report of June 21, 2006.**  
*(Copy on file in the office of the Board of Regents.)*

#### **PLANNING, RESEARCH, AND PERFORMANCE COMMITTEE**

On behalf of Regent Levy, Chair of the Planning, Research, and Performance Committee, Dr. Larry Tremblay, Associate Commissioner for Planning and Research, presented motions from the Planning, Research, and Performance Committee Report of June 21, 2006.

#### LICENSURE

Dr. Tremblay mentioned that Delta College of Arts & Technology was to be considered for

an initial license but additional meetings need to be held prior to final recommendation.

**On motion of Regent Levy, seconded by Regent Strong, the Board voted unanimously to accept the recommendation of the Planning, Research and Performance Committee to renew the licenses of the following institutions:**

1. **Concordia University**
2. **Embry Riddle University**
3. **Ottawa University**

**REPORT FROM THE ASSOCIATE COMMISSIONER**

Dr. Tremblay said updates were given on several matters:

1. Statistics on the Regents' Scholar Program and a review of the requirements for the award may bring possible recommendations for consideration in August;
2. The Return To Learn program;
3. Recent ACT statistics; and
4. Summary statistics on degrees conferred by Louisiana's public institutions.

**ADOPTION OF THE PLANNING, RESEARCH, AND PERFORMANCE COMMITTEE REPORT OF JUNE 21, 2006**

**On motion of Regent Levy, seconded by Regent Rasberry, the Board voted unanimously to adopt the Planning, Research, and Performance Committee Report of June 21, 2006. (Copy on file in the office of the Board of Regents.)**

**SPONSORED PROGRAMS COMMITTEE REPORT**

On behalf of Regent Rasberry, Chair of the Sponsored Programs Committee, Dr. Davidson presented motions from the Sponsored Programs Committee Report of June 21, 2006.

**CONSIDERATION OF THE FY 2007/08 - FY 2013/14 BOARD OF REGENTS SUPPORT FUND (BoRSF) LONG-RANGE STRATEGIC PLAN FOR HIGHER EDUCATION**

Dr. Davidson noted that Dr. Gene D'Amour, Senior Vice President for Resource Development, Xavier University, voiced concern about portions of the Strategic Plan.

**On motion of Regent Rasberry, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Sponsored Programs Committee to approve the FY 2007-08 through FY 2013-14 Board of Regents Support Fund (BoRSF) Long-Range Strategic Plan for Higher Education.**

**FUNDING RECOMMENDATIONS FOR ENDOWED PROFESSORSHIPS AND ADDITIONAL ENDOWED CHAIRS SUBMITTED DURING THE FY 2005-06 CYCLE**

**On motion of Regent Rasberry, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Sponsored Programs Committee to approve funding for all remaining FY 2005-06 Endowed Chairs for Eminent Scholars proposals and all FY 2005-06 Endowed Professorships applications.**

**CONSIDERATION OF A REQUEST FROM SOUTHERN UNIVERSITY-NEW ORLEANS TO EXTEND THE INVERSE RATIO PROVISION OF THE BoRSF ENDOWMENTS PROGRAMS**

**On motion of Regent Rasberry, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Sponsored Programs Committee to grant Southern University-New Orleans' request that its applications for an endowed chair and an endowed professorship be considered under the existing inverse ratio provision. The Committee further recommends that a decision regarding the general extension of the inverse ratio provision be considered within the context of an upcoming plan for the restructuring of the Endowed Professorships program. This plan is to be discussed during fall, 2006 and finalized for inclusion in the FY 2007-08 BoRSF Plan and Budget.**

**REQUEST FROM LSU-BR FOR MATCHING FUNDS FOR A PROPOSAL TO THE NATIONAL SCIENCE FOUNDATION IN SUPPORT OF THE LOUISIANA SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (LA-STEM) PROGRAM**

**On motion of Regent Rasberry, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Sponsored Programs Committee to approve the commitment of matching funds from previously unspent monies in the Board of Regents Support Fund for the LA-STEM Research Scholars Program proposal being submitted to the National Science Foundation by the LSU Office of Strategic Initiatives. The amount of matching funds provided for the proposal shall be approximately \$200,000 per year for the five-year duration of the award (FY 2007-08 through FY 2011-12), not to exceed a total of \$1,000,000. Matching funds are to be provided only if NSF funding is received.**

**UPDATE ON THE STATUS OF THE POST-KATRINA SUPPORT FUND INITIATIVE (P-KSFI)**

Dr. Davidson noted that Dr. Gene D'Amour of Xavier University, Dr. Theodore Callier of Dillard University, and Dr. Diola Bagayoko of Southern University requested a reconsideration of several of the specific guidelines and restrictions relative to the Post-Katrina Support Fund Initiative. Dr. Davidson said further consideration would be given as the P-KSFI evolves.

SPECIAL INCENTIVES FOR DOCTORAL STUDENTS AT SEVERELY IMPACTED CAMPUSES

**On motion of Regent Rasberry, seconded by Regent Levy, the Board voted unanimously to accept the recommendation of the Sponsored Programs Committee to authorize an allocation of \$50,000 from the FY 2005-06 Plan and Budget for "Special Incentives for Doctoral Students at Severely Impacted Campuses."**

ADOPTION OF THE SPONSORED PROGRAMS COMMITTEE REPORT OF JUNE 21, 2006

**On motion of Regent Rasberry, seconded by Regent Levy, the Board voted unanimously to adopt the Sponsored Programs Committee Report of June 21, 2006. (Copy on file in the office of the Board of Regents.)**

**TECHNOLOGY COMMITTEE**

On behalf of Regent Labat, Chair of the Technology Committee, Mr. Gerard Killebrew presented the Technology Committee Report of June 21, 2006.

INTRODUCTION OF THE NEW STATE CHIEF INFORMATION OFFICER

Mr. Killebrew noted that Mr. Rizwan Ahmed was introduced as the new Chief Information Officer for the Division of Administration, Office of Information Technology.

INTRODUCTION OF THE LONI EXECUTIVE DIRECTOR AND LONI UPDATE

Mr. Killebrew stated that Mr. Charlie McMahon would be introduced as the new Louisiana Optical Network (LONI) Executive Director at the August Technology Committee meeting.

REPORT OF THE ASSOCIATE COMMISSIONER FOR INFORMATION AND LEARNING TECHNOLOGY



Mr. Killebrew noted that updates were given on several items:

1. The difficulties associated with the National LambdaRail (NLR)/Internet 2 merger;
2. Mr. Brian Voss, CIO at Louisiana State University and A&M College, would be introduced at the Technology Committee meeting as the new NLR Board representative;
3. Statewide E-Learning Support Center (SELSC);
4. Open Source Pilot (OSP);
5. SREB/Sharable Content Object Repositories for Education (SCORE);
6. Supporting Electronic Learning and Essential Campus Transitions (SELECT) Grants Program;
7. Statewide Interoperability Executive Committee (SIEC); and
8. LEARNET Loop Pilot (LLP).

ADOPTION OF THE TECHNOLOGY COMMITTEE REPORT OF JUNE 21, 2006

**On motion of Regent Labat, seconded by Regent Levy, the Board voted unanimously to adopt the Technology Committee Report of June 21, 2006.**  
*(Copy on file in the office of the Board of Regents.)*

**REPORTS AND RECOMMENDATIONS OF THE COMMISSIONER**

Commissioner Savoie reported on the following items:

- Several staff members recently welcomed new babies – Axel Vasquez and wife had a baby girl on June 1 and Kim Small had a baby boy on June 2.
- Axel Vasquez has accepted a new position as Business Officer in the Lafayette area and will leaving at the end of the month.
- On June 14, 2006 Mr. Bill Bentley, Executive Vice President and Chief Operations Officer of the Points of Light Foundation, was welcomed by Governor Kathleen Babineaux Blanco and Lt. Governor Mitch Landrieu as the State launched its VolunteerLouisiana.gov website. This website is a place where volunteers interested in helping in Louisiana's recovery can register and be connected with a variety of opportunities throughout the state with emphasis on the southern coast.
- Speak to the Louisiana Association of School Superintendents in Lake Charles about dual enrollment on June 23;
- SREB's annual meeting will be held on June 25-27 in Atlanta;

- SHEEO's annual meeting will take place in Alaska on July 19<sup>th</sup>; and
- Next Committee/Board meetings and Board retreat will be August 23 and 24.

ADJOURNMENT

**On motion of Regent Toups, seconded by Regent Levy, there being no further business to come before the Board, the meeting was adjourned at 11:25 a.m.**

UNIVERSITY FACILITIES, INC.



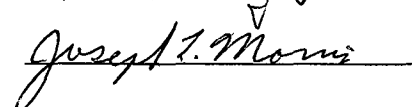
General Certificate of The Corporation

- Re:** \$5,545,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "**Series 2007A Bonds**")
- and** \$2,490,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "**Series 2007 B Bonds**")

As of March 13, 2007

The undersigned, representing University Facilities, Inc. (the "**Corporation**"), hereby certifies as follows:

1. Attached hereto as **Exhibit A** is the certificate of good standing status of the Corporation in the State of Louisiana issued by the Secretary of State of the State of Louisiana.
2. Attached hereto as **Exhibit B** is a certified copy of the Articles of Incorporation of the Corporation, together with any amendments thereto, as in effect on the date hereof.
3. Attached hereto as **Exhibit C** is a true, correct and complete copy of the By-Laws of the Corporation, together with any amendments thereto, as in effect on the date hereof.
4. The persons named below are at the date hereof the duly elected, qualified and acting officers of the Corporation holding the offices indicated are designated for purposes of the above-referenced bond issue as "**Authorized Corporation Representatives**" and the corresponding signature is the genuine signature of the person named:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Stephen M. Smith	President/Chairman	
Phil K. Livingston	Vice President/Vice Chairman	
Joseph Morris	Secretary	

5. The following documents, together with any other documents executed in connection with the following documents and the transactions evidenced thereby, are collectively referred to as the ***“Corporation Documents”***:
- The Articles of Incorporation, the Bylaws, and the minute book of the Corporation.
  - The Trust Indenture (the ***“Indenture”***) dated as of March 1, 2007, by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the ***“Authority”***) and The Bank of New York Trust Company, N.A., as Trustee (in such capacity, the ***“Trustee”***).
  - The First Amendment to Ground and Buildings Lease (the ***“Phase Four Ground Lease”***) dated as of March 1, 2007, by and between the Board of Supervisors for the University of Louisiana System (the ***“Board”***) on behalf of Southeastern Louisiana University (the ***“University”***), and the Corporation, which amends that certain Ground and Buildings Lease Agreement dated as of August 1, 2004, between the Board, on behalf of the University, and the Corporation.
  - The First Amendment to Agreement to Lease With Option to Purchase (the ***“Phase Four Facilities Lease”***) dated as of March 1, 2007, by and between the Corporation and the Board, which amends that certain Agreement to Lease With Option to Purchase dated as of August 1, 2004, by and between the Corporation and the Board.
  - The Loan Agreement (the ***“Loan Agreement”***) dated as of March 1, 2007, by and between the Authority and the Corporation.
  - The Assignment of Agreements and Documents (the ***“Assignment of Agreements and Documents”***) dated as of March 1, 2007, by the Corporation in favor of the Trustee.
  - The Tax Regulatory Agreement and Arbitrage Certificate (the ***“Tax Agreement”***) dated as of March 14, 2007, by and among the Authority, the Corporation, the Board and the Trustee.
  - The Bond Purchase Agreement (the ***“Bond Purchase Agreement”***) dated as of March 5, 2007, among the Authority, the Corporation, and Morgan Keegan & Company, Inc., as Underwriter (the ***“Underwriter”***).

- The First Amendment to Reimbursement Agreement and Indemnity Agreement (the “*Reimbursement Agreement*”) dated as of March 1, 2007, by and among the Authority, the Corporation and MBIA Insurance Corporation (the “*Bond Insurer*”), which amends that certain Reimbursement Agreement and Indemnity Agreement dated as of August 1, 2004, between the Authority and the Bond Insurer.
  - The Official Statement (the “*Official Statement*”) dated March 5, 2007, by the Underwriter.
6. Attached hereto as **Exhibit D** are copies of the resolutions of the Corporation dated June 30, 2006 (the “*Resolutions*”). Said Resolutions are true, complete and correct copies of the Resolutions and remain in full force and effect without modification, alteration or amendment.
7. Pursuant to the Bond Purchase Agreement among the Corporation, the Authority and the Underwriters named therein, I hereby certify that:
- (a) (i) each of the representations and warranties of the Corporation contained in the Bond Purchase Agreement and in the Corporation Documents, is true, accurate and complete in every material respect and (ii) the Corporation has complied with and performed its obligations to be performed on and prior to the Closing Date under the Bond Purchase Agreement and under all of the Corporation Documents in every material respect;
  - (b) The Official Statement dated March 5, 2007, as of that date, is accurate in all material respects, and does not include any untrue statements of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;
  - (c) Except as disclosed in the Official Statement, there is no pending or, to the best of the knowledge of the Corporation, threatened legal action against the Corporation, nor any suit other proceeding, inquiry or investigation at law or in equity, before or by any court, governmental agency, authority, board, body or arbitrator, nor, to the best of the knowledge of the Authority, is there any basis therefore, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Corporation Documents, the Official Statement or any agreement or instrument to which the Corporation is a party or by which it is bound, and which is used or contemplated for use in the consummation of the transactions contemplated therein and herein, or which would materially

adversely affect the transactions contemplated by the foregoing, or which would adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes;

- (d) (i) The Corporation is a private nonprofit corporation duly incorporated, validly organized and existing and qualified to do business and in good standing under the laws of the State of Louisiana; (ii) it is organized under the Louisiana Nonprofit Corporation Law (La. R.S. 12:201 et seq.) and operated to support and benefit the educational, scientific, research and public service missions of University Facilities, Inc. (iii) it is not organized and operated for pecuniary profit; and (iv) it is organized and operated such that no part of its net earnings will inure to the benefit of any person, private stockholder or individual;
- (e) The Corporation has authorized all action necessary to be taken for the execution, delivery and due performance by Corporation under the Corporation Documents;
- (f) The execution and delivery of the Corporation Documents will not conflict with or constitute a breach of or default under any existing law, court order or administrative regulation, decree or order or any agreement, indenture, mortgage or other instrument to which the Corporation is subject or under which the Corporation or its properties is or may be bound; and
- (g) The execution and delivery of the Corporation Documents will not conflict with or constitute a breach of or default under its Articles of Incorporation or By-Laws;
- (h) Since the date of the Official Statement, no material and adverse change has occurred in the financial position or results of operations of the Corporation;
- (i) The Corporation has not, since the end of its most recent fiscal year, incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Preliminary Official Statement;
- (j) No event affecting the Corporation has occurred since the date of the Preliminary Official Statement that should be disclosed in the Preliminary Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein in light of the circumstances in which

they are made not misleading as of the Closing Date in any material respect; and

- (k) There has been no change or threatened change in the status of the Corporation as a nonprofit corporation exempt from federal income taxation under §501(a) of the Code or its liability for federal income taxes for any tax year ended before the Closing Date.

IN WITNESS WHEREOF, the undersigned has hereunto set his signature as of the 13th day of March, 2007.

**UNIVERSITY FACILITIES, INC.**

By:   
Phil K. Livingston, Vice Chairman

Acknowledgment and Signature Identification:

By:   
Stephen M Smith, Chairman

**Exhibits:**


- Exhibit A:** Certificate of Good Standing of the Corporation in the State of Louisiana issued by the Secretary of State of the State of Louisiana.
- Exhibit B:** Certified copy of the Articles of Incorporation of the Corporation, together with any amendments thereto, as in effect on the date hereof.
- Exhibit C:** True, correct and complete copy of the By-Laws of the Corporation, together with any amendments thereto, as in effect on the date hereof.
- Exhibit D:** Copies of the resolutions of the Corporation dated June 30, 2006.

**End of Document**

a

UNITED STATES OF AMERICA

State of Louisiana



Jay Dardenne  
 SECRETARY OF STATE

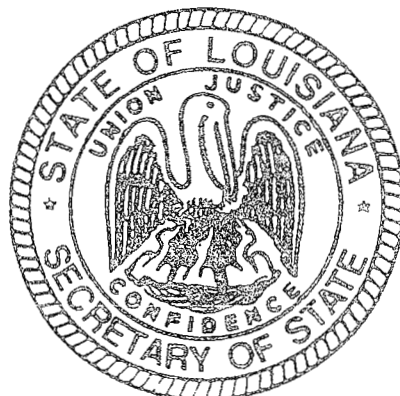
*As Secretary of State, of the State of Louisiana, I do hereby Certify that*  
 UNIVERSITY FACILITIES, INC.

A corporation domiciled in HAMMOND, LOUISIANA,

Filed charter and qualified to do business in this State on  
 November 10, 1997,

I further certify that the records of this Office indicate  
 the corporation has paid all fees due the Secretary of  
 State, and so far as the Office of the Secretary of State is  
 concerned is in good standing and is authorized to do  
 business in this State as a Non-Profit Corporation.

*In testimony whereof, I have hereunto set  
 my hand and caused the Seal of my Office  
 to be affixed at the City of Baton Rouge on,*  
 March 7, 2007




*Jay Dardenne*  
 VSC 34576750N  
 Secretary of State



b

UNITED STATES OF AMERICA

State of Louisiana



Jay Dardenne  
 SECRETARY OF STATE

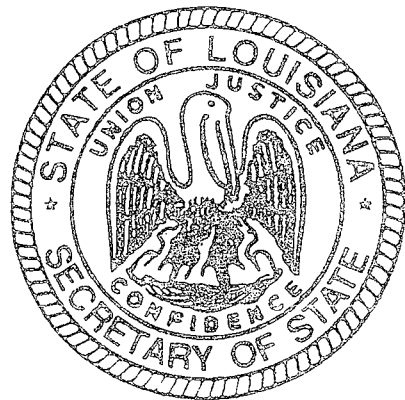
*As Secretary of State, of the State of Louisiana, I do hereby Certify that*  
 the annexed and following is a True and Correct copy of the  
 Articles of Incorporation, Amendments and 2006 Annual Report  
 of

UNIVERSITY FACILITIES, INC.

A LOUISIANA corporation domiciled at HAMMOND,

As shown by comparison with documents filed and recorded in  
 this Office.

*In testimony whereof, I have hereunto set  
 my hand and caused the Seal of my Office  
 to be affixed at the City of Baton Rouge on,*  
 March 7, 2007



*Jay Dardenne*  
 VSC 34576750N

*Secretary of State*

**ARTICLES OF INCORPORATION OF  
UNIVERSITY FACILITIES, INC.  
A NONPROFIT CORPORATION**

**STATE OF LOUISIANA  
PARISH OF TANGIPAHOA**

Before the undersigned Notary Public, duly commissioned and qualified, and in the presence of the undersigned competent witnesses, personally appeared:

Phil K. Livingston, a resident of the full age of majority of Tangipahoa Parish, Louisiana, with a mailing address of 1543 West Belleridge Drive, Hammond, Louisiana 70401;

who declared, in the presence of the undersigned notary public and in the presence of the undersigned competent witnesses, that, availing himself of the provisions of the Louisiana Nonprofit Corporation Law (Title 12, Chapter 2, Louisiana Revised Statutes 1950, as revised and codified by Acts 1968, No. 105, Legislature of Louisiana, and as thereafter amended), he does hereby organize a nonprofit corporation in pursuance of that law, under and in accordance with the following Articles of Incorporation:

**ARTICLE 1**

**NAME**

The name of this corporation is **UNIVERSITY FACILITIES, INC.**

**ARTICLE 2**

**OBJECTS AND PURPOSES**

The exclusive object and purpose for which this corporation is formed is to promote, assist and benefit the mission of Southeastern Louisiana University by engaging in any lawful activity in which a nonprofit corporation meeting the requirements of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("IRC" or "Code"), may engage, all in accordance with the directions received from its Board of Directors, specifically including, but not limited to, acquiring, constructing, developing, managing, leasing as lessor or lessee, mortgaging and/or conveying student housing and other facilities on the campus of Southeastern Louisiana University (the "University").

In carrying out this object and purpose, the corporation shall have and enjoy every power and authority granted by the Louisiana Nonprofit Corporation Law.

### **ARTICLE 3**

#### **DURATION**

The duration of this corporation shall be in perpetuity, or such maximum period as may be authorized by the Louisiana Nonprofit Corporation Law.

### **ARTICLE 4**

#### **NONPROFIT CORPORATION**

This corporation is a nonprofit corporation.

### **ARTICLE 5**

#### **REGISTERED OFFICE**

The registered office of the corporation shall be located at:

8555 United Plaza Boulevard, 5th Floor  
Baton Rouge, Louisiana 70809

### **ARTICLE 6**

#### **REGISTERED AGENT**

The full name and address of the corporation's registered agent is:

Michael C. Herbert  
8555 United Plaza Boulevard, 5th Floor  
Baton Rouge, Louisiana 70809

**ARTICLE 7**  
**INCORPORATOR**

The full name and address of the incorporator is:

Phil K. Livingston  
1505 University Drive  
Hammond, Louisiana 70401

**ARTICLE 8**  
**BOARD OF DIRECTORS**

**SECTION 1:** Unless and until otherwise provided in the By-laws, all of the corporate powers of this corporation shall be vested in and all of the business and affairs of this corporation shall be managed by the Board of Directors.

**SECTION 2:** Subject to Article 8, Section 3 below which sets forth the initial Board of Directors, the number, qualifications, manner of election and removal from office, length of terms, meeting and voting procedures, powers and duties of the Board of Directors shall be prescribed in the By-laws of the corporation.

**SECTION 3:** The initial Board of Directors shall consist of three (3) members whose names, physical addresses and length of initial terms are as follows:

<b>Name and Address</b>	<b>End of Term:</b>
Phil K. Livingston 1505 University Drive Hammond, Louisiana 70401	6/30/2001
Stephen Smith 213 College Drive Hammond, Louisiana 70401	6/30/1999
Charles Redmond 1543 West Belleridge Drive Baton Rouge, Louisiana 70815	6/30/2000

## ARTICLE 9

### MEMBERSHIP

**SECTION 1:** This corporation is organized on a non-stock basis.

**SECTION 2:** The Board of Directors shall comprise the entire membership of the corporation.

## ARTICLE 10

### ASSETS OF THE CORPORATION

**SECTION 1:** All revenues collected by the corporation shall be used by it to carry out its objects and purposes.

**SECTION 2:** The corporation shall observe all local, state and federal laws which apply to nonprofit organizations meeting the requirements of IRC Section 501(c)(3). Upon the dissolution or final liquidation of the corporation, any assets and funds of the corporation which exceed its outstanding liabilities shall be transferred, paid, distributed and delivered to the University. In no event shall the directors, officers or members of this corporation receive any of the corporation's assets or funds upon its dissolution or final liquidation.

## ARTICLE 11

### CORPORATE ACTIVITIES

**SECTION 1:** No part of the net earnings or other funds of the corporation shall inure to the benefit of or be distributed to its directors, officers, or other persons, except that the corporation shall be authorized and empowered to pay reasonable expenses incurred for services actually rendered on its behalf and to make payments and distributions in furtherance of the objects and purposes of the corporation.

**SECTION 2:** No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986, as amended or (c) by a nonprofit corporation under the laws of the State of Louisiana, as amended.

**SECTION 3:** All actions taken by the corporation shall implement the mission, objects and purposes of the corporation and conform with applicable laws and regulations providing tax exempt status.

**ARTICLE 12**

**AMENDMENTS AND DISSOLUTION**

**SECTION 1:** These Articles of Incorporation may be amended by a two-thirds (2/3) vote of the Board of Directors in accordance with the notice requirements set out in the By-laws of the corporation.

**SECTION 2:** Authorization of the voluntary dissolution or liquidation of the corporation shall be taken only by a two-thirds (2/3) vote of the Board of Directors of the corporation and as is otherwise provided in the By-laws of the corporation.

**ARTICLE 13**

**CORPORATE LIABILITY AND INDEMNIFICATION**

**SECTION 1:** No incorporator, director, officer, employee, member or agent of this corporation shall ever be held liable or responsible for the contracts, debts or defaults of the corporation, nor shall any mere informality in organization have the effect of rendering these Articles of Incorporation null or of exposing the incorporator, director, officer, employee, member or agent to any liability whatsoever.

**SECTION 2:** The corporation shall indemnify and hold harmless each incorporator, director, officer, employee, member or agent now or hereafter serving the corporation in accordance with the terms and conditions set forth in the By-laws of the corporation.

THUS DONE AND PASSED at Hammond, Louisiana, on the 10th day of November, 1997,  
in the presence of the undersigned Notary Public and competent witnesses.

WITNESSES:

INCORPORATOR:

Joni W. Notaraine  
Sandra Donuaino

Phil K. Livingston  
Phil K. Livingston

Michael C. Herbert  
NOTARY PUBLIC

MICHAEL C. HERBERT, NOTARY PUBLIC  
MY COMMISSION EXPIRES AT DEATH

**AFFIDAVIT OF ACCEPTANCE OF APPOINTMENT  
BY DESIGNATED REGISTERED AGENT**

To the Corporation Department of the Secretary of State,  
State of Louisiana

**STATE OF LOUISIANA  
PARISH OF TANGIPAHOA**

On this 10th day of November, 1997, before me, a Notary Public in and for the State and Parish aforesaid, personally came and appeared Michael C. Herbert, who is to me known to be the person, and who, being duly sworn, acknowledged to me that he does hereby accept appointment as the registered agent of **University Facilities, Inc.**, a nonprofit corporation authorized to transact business in the State of Louisiana pursuant to the provisions of the Louisiana Nonprofit Corporation Law (Title 12, Chapter 2, Louisiana Revised Statutes 1950, as revised and codified by Acts 1968, No. 105, Legislature of Louisiana).

  
\_\_\_\_\_  
Michael C. Herbert

SWORN TO AND SUBSCRIBED before me, this 10th day of November, 1997.

  
\_\_\_\_\_  
NOTARY PUBLIC



**CERTIFICATE OF CORRECTION TO  
ARTICLES OF INCORPORATION OF  
UNIVERSITY FACILITIES, INC.**

**STATE OF LOUISIANA  
PARISH OF TANGIPAHOA**

**BEFORE ME**, the undersigned Notary Public in and for the State of Louisiana, and in the presence of the undersigned competent witnesses, personally appeared the persons whose names are hereunto subscribed, who declared that:

A. University Facilities, Inc. (the "Corporation") is a non-profit corporation organized under the laws of the State of Louisiana by and under Articles of Incorporation dated November 10, 1997, which have been filed of record in the Office of the Louisiana Secretary of State on November 10, 1997.

B. Certain errors in the Articles of Incorporation have been discovered and therefore the Corporation desires to correct its Articles of Incorporation as set forth below.

C. In accordance with the provisions of the Louisiana Non-Profit Corporation Law (Title 12, Chapter 2, Louisiana Revised Statute 1950, as revised and codified by Act 1968, No. 105, Legislature of Louisiana, and as thereafter amended), the Corporation hereby corrects its Articles of Incorporation as follows:

D. In order to correct the address of the incorporator of the corporation shown in the appearance clause on the first page of the Articles of Incorporation, said appearance clause is hereby deleted in its entirety and in lieu thereof is placed the following:

"Phil K. Livingston, a resident of the full age of majority of Tangipahoa Parish, Louisiana, with a mailing address of 1505 University Drive, Hammond, Louisiana 70401"

E. In order to correct the name of the third member of the Board of Directors listed in Article 8, Section 3 of the Articles of Incorporation at the bottom of page 3, the information relating to said member is hereby deleted in its entirety and in lieu thereof is placed the following:

"Charles Redman  
1543 West Belleridge Drive  
Baton Rouge, Louisiana 70815"

G. In all other respects the Articles of Incorporation of the Corporation are correct.

THUS DONE AND PASSED at Hammond, Louisiana, on the 23rd day of December, 1997, in the presence of the undersigned Notary Public and competent witnesses:

WITNESSES:

Stanley L. Knight

Stephen Smith  
Stephen Smith, President and Chairperson

Charles J. Augmy

Nick J. Bruno  
Nick J. Bruno, Secretary and Executive Director

Paul M. Regg  
Notary Public

AMENDMENT TO THE  
ARTICLES OF INCORPORATION  
UNIVERSITY FACILITIES, INC.

UNITED STATES OF AMERICA  
STATE OF LOUISIANA  
PARISH OF TANGIPAHOA

**BE IT KNOWN**, that on the 27<sup>th</sup> day of October, 1998,

**BEFORE ME**, the undersigned authority, a Notary Public, duly commissioned and qualified in and for the aforesaid Parish and State, and in the presence of the undersigned competent witnesses, personally came and appeared:

**STEPHEN SMITH AND NICK J. BRUNO**

President and Secretary of the Corporation, who declared unto me, Notary, that they are the persons authorized and directed by a resolution of a special meeting of the Members and Directors of the Corporation held on October 6, 1998, to execute this Amendment to the Articles of Incorporation and that at said meeting, a majority of the Corporation's Directors were present and both Directors present did vote in favor of the resolutions adopted at said meeting.

Apparer further declared that in accordance with the resolutions adopted at said meeting Article 2 of the Articles of Incorporation is hereby amended to include the following language after the last sentence, to-wit:

The Corporation shall also have the express authority to enter into consulting agreements and provide consulting services to third parties, for a fee, to the extent that the receipt of such fees do not affect the exempt status of the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Apparers further declared that in all other respects the Articles of Incorporation and all other amendments thereto shall remain in full force and effect.

**THUS DONE AND SIGNED** in multiple originals in my office in Hammond, Louisiana, on the day, month and year hereinabove first written, and in the presence of the undersigned

27/10/98

competent witnesses who hereunto sign their names with the said Appearer and me, Notary,  
after due reading of the whole.

WITNESSES:

UNIVERSITY FACILITIES, INC.

Mary A. Costanza

BY:

Stephen Smith

STEPHEN SMITH, PRESIDENT




Carole J. Lupony

BY:

Nick J. Bruno

NICK J. BRUNO, SECRETARY

Patrick K. Ross  
NOTARY PUBLIC

<b>Al Ater</b> <b>Secretary of State</b> 	<b>DOMESTIC CORPORATION</b> <b>ANNUAL REPORT</b>  For Period Ending November 10, 2006	  
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<b>Mailing Address Only</b> (INDICATE CHANGES TO THIS ADDRESS IN THIS BOX) 34576750 N UNIVERSITY FACILITIES, INC. C/O DR. NICK J. BRUNO BOX 746, SLU HAMMOND, LA 70402	247	<b>Registered Office Address in Louisiana</b> (INDICATE CHANGES TO THIS ADDRESS IN THIS BOX) (Do Not Use P.O. Box) 213 COLLEGE DR. HAMMOND, LA 70401
		Federal Tax ID Number

Our records indicate the following registered agents for the corporation. Indicate any changes or deletions below. All agents must have a Louisiana address. Do not use a P. O. Box. A NEW REGISTERED AGENT REQUIRES A NOTARIZED SIGNATURE.

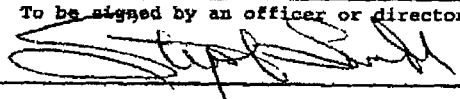
T. JAY SEALE, III  
 200 NORTH CATE ST./HAMMOND, LA 70401

I hereby accept the appointment of registered agent(s).  _____ New Registered Agent Signature	Sworn to and subscribed before me on <b>NOTARY NAME MUST BE TYPED OR PRINTED WITH NOTARY #</b>  _____ Notary Signature	_____ Date
--	--	---------------

Our records indicate the following officers or directors for the corporation. Indicate any changes or deletions below. If space is needed for additional officers/directors, attach an addendum. Include addresses. Do not use a P.O. Box. Indicate all offices held by each individual listed.

PHIL K. LIVINGSTON 1505 UNIVERSITY DRIVE/HAMMOND, LA 70401	DIR
STEPHEN SMITH 213 COLLEGE DRIVE/HAMMOND, LA 70401	DIR
JOHN W. GAUTIER 1301 N. GENERAL PERSHING/HAMMOND, LA 70401	DIR

2006 OCT 20 AM 9:41  
 SECRETARY OF STATE

IGN →	To be signed by an officer or director	Title	Phone	Date
		PRESIDENT	985.519.2282	10-18-06

Enclose filing fee of \$ <b>5.00</b> Make remittance payable to Secretary of State Do Not Send Cash Do Not Staple web site: <a href="http://www.sos.louisiana.gov">www.sos.louisiana.gov</a>	Return by: <b>November 10, 2006</b>  to: <b>Commercial Division</b> <b>P.O. Box 94125</b> <b>Baton Rouge, LA 70804-9125</b> <b>Phone (225) 925-4704</b>	CHECK IF NO CHANGE  (    )
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**DO NOT STAPLE**

Restated to include Amendments of:  
October 26, 1998  
June 21, 2000  
August 10, 2004

BY-LAWS  
OF  
UNIVERSITY FACILITIES, INC.

PREAMBLE

University Facilities, Inc. (the "Corporation"), by its Board of Directors (collectively "Board"), does hereby adopt the following By-laws ("By-laws"):

ARTICLE I

GENERAL

**SECTION 1: Name.** This organization is a nonprofit corporation under the laws of the State of Louisiana, and shall be known as "University Facilities, Inc."

**SECTION 2: Principal Office.** The principal office of the Corporation shall be located at 213 College Drive, Hammond, Louisiana 70401. The registered office of the Corporation shall be located at 8555 United Plaza Boulevard, 5th Floor, Baton Rouge, Louisiana 70809. The Corporation may change the principal and/or registered office or have such additional offices as the Board, may, from time to time, determine to be in the best interest of the Corporation.

**SECTION 3: Mission and Objectives.**

(A) **Mission Statement.** The mission of the Corporation ("Mission") shall be to promote, assist and benefit the educational, scientific, research and public service mission of Southeastern Louisiana University (the "University").

(B) **Corporate Objectives.** The implementation of the Mission shall include the following, non-exclusive objectives (collectively "Corporate Objectives"):

1. To acquire, construct, develop, manage, lease as lessor or lessee, mortgage and/or convey student housing and other facilities on the campus of the University.

2. To provide financial assistance to the University and its students and to aid and facilitate the carrying on by the University of its mission.

3. To engage in any other lawful activity deemed by the Corporation necessary or advisable in order to support and assist the University in carrying out its mission and objectives.

4. The Corporation shall also have the express authority to enter into consulting agreements and provide consulting services to third parties, for a fee, to the extent that the receipt of such fees do not affect the exempt status of the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

**SECTION 4: Limitation of Authority.** The Corporation and its activities shall be nonpartisan, nonsectional and nonsectarian, It shall observe all local, state and federal laws which apply to nonprofit organizations as defined in Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended (“IRC”), or any subsequent provisions. No part of the Corporation’s net earnings shall inure to the benefit of any Member or other person. The Corporation is not organized for profit and shall not engage in any activity ordinarily carried on for profit that is not in furtherance of its exempt purpose.

## ARTICLE II

### MEMBERSHIP

**SECTION 1: Non-Stock Membership.** The Corporation is organized on a membership and not a stock basis.

**SECTION 2: Eligibility.** The Board shall constitute the entire membership of the Corporation.

## ARTICLE III

### SELECTION OF BOARD

**SECTION 1: Function.** The complete direction and management of the affairs of the Corporation and the control and disposition of its properties and funds shall be vested in the Board. The duties of the Board shall include, but shall not be limited to, establishing policies and making decisions for the Corporation, electing subsequent members of the Board of Directors (the “**Directors**”) and electing officers.

**SECTION 2: Number.** The number of Directors shall consist of either (3) or five (5) individuals, as determined from time to time by the Board.

**SECTION 3: Composition.** Every seat on the Board to be filled because of the expiration of the term of a Director shall be filled by the majority vote of the remaining Directors whose seats are not being filled as set forth herein. If there are three Directors, one of the seats on the Board (the “**University Seat**”) shall be filled by persons nominated by the President of the University and the remaining two seats on the Board (the “**At Large Seats**”) shall be filled by persons nominated by the remaining Director whose At Large Seat is not being filled. If there are five Directors, there shall be two University Seats filled by persons nominated by the President of the University and the remaining three seats shall be At Large Seats filled by persons nominated by the remaining Directors whose At Large Seats are not being filled. The procedure for the nomination and election of Directors shall be in accordance with Section 6 of this Article.

**SECTION 4: Terms.**

(A) **Three-Year Terms.** The Directors shall serve three (3) year terms.

(B) **The Term for University Seats.** Directors holding university seats shall serve for the term for which they are elected as determined according to these By-Laws; provided, however, that they shall vacate their seats on the Board in the event that they are no longer employed by the university. Such vacancy shall be filled in accordance with Section 8 below.

**SECTION 5: Staggered Terms.**

(A) Directors shall serve on a staggered term basis, with one new Director to be elected each year.

**SECTION 6: Director Nominations.**

(A) **Procedure.** The President of the University shall nominate one or more candidates to fill each of the University Seats to be filled. Any Director whose At Large Seat is not being filled shall have the right to nominate one or more candidates to fill each of the At Large Seats to be filled.

(B) **Delivery of Nominations; Election of Directors.** At the annual meeting of the Corporation, all nominations shall be delivered to and voted upon by each of the Directors whose seats are not being filled (both those holding University Seats and those holding At Large Seats), and the remaining Directors shall by majority vote elect a Director to fill the Board seat from the nominees selected in accordance with Section 6(A) above, with the candidate receiving the greatest number of votes elected to the Board.

**SECTION 7: Seating of New Directors and Officers.** All new Directors shall serve effective the date of their election and be seated at such meeting. New Officers shall also commence their term effective as of such meeting.



**SECTION 8: Vacancies.** Vacancies among the Directors other than at the expiration of their term may be filled using the same procedure as for vacancies arising due to the expiration of the term of a Director, depending on which type of seat such Director held. Persons nominated in such manner to fill such a vacancy shall be elected by a majority vote of the Board for the unexpired term of the vacant directorship and shall serve effective as of the date of their election.

**SECTION 9: Removal.** Any Director may be removed at any time, with or without cause by a vote of two-thirds (2/3rds) of the Board.

**SECTION 10: Resignation.** Any Director may resign at any time by giving written notice to the Chairperson or Secretary. The resignation of any Director shall take effect at the time specified in such notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

## ARTICLE IV

### MEETINGS OF THE BOARD

**SECTION 1: Voting.** All Directors shall have an equal vote.

**SECTION 2: Quorum.** A quorum for a meeting of the Board shall consist of a majority of the Directors. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

**SECTION 3: Annual Meeting.** The annual meeting of the Board shall be held in each year during the period beginning one hundred twenty days prior to the close of the fiscal year. Notice of the time and place of the annual meeting of the Board shall be given to each Director at least seven (7) but not more than thirty (30) days before the date set for such meeting.

**SECTION 4: Regular Meetings.** Regular meetings of the Board shall be held at the principal office of the Corporation at such places and at such times as the Board may from time to time determine by resolution. Once established in writing by resolution, no notice of regular meetings of the Board need be given.

**SECTION 5: Special Meetings.** Special meetings of the Board shall be held whenever called by the Chairperson or by a majority of the Directors. Notice of each special meeting of the Board shall be given to each Director at least two (2) days before the day on which the special meeting is to be held. Every such notice shall state the time and place of the meeting and the purpose thereof. The business transacted at such special meeting shall be confined to the purposes stated in the notice.

**SECTION 6: Place of Meeting.** Except as otherwise provided, the Board may hold its meetings at such places within or without the State of Louisiana as shall be specified or fixed in the respective notice or waivers of notice thereof.

**SECTION 7: Telephonic Meetings.** Meetings of the Board may be held by means of telephone conference calls or similar communication provided all persons participating in the meeting can hear and communicate with each other. Participation in a Board meeting by such means of communication constitutes presence in person at the meeting except as to a person who participates in the meeting for the express purpose of objecting to the transacting of any business on the grounds that the meeting is not lawfully called or convened.

**SECTION 8: Consent of Directors.** Any action required by law to be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the actions so taken, is signed by all of the Directors.

## ARTICLE V

### EXECUTIVE DIRECTOR

**SECTION 1: Executive Director.** The Corporation shall obtain the services of an Executive Director experienced in matters pertaining to university facilities.

**SECTION 2: Election of Executive Director.** The Executive Director shall be elected by the Board from among one or more candidates nominated for the post by the President of the University. The Executive Director may only be removed by the Board for cause. Upon the resignation or removal for cause of the Executive Director, a successor Executive Director shall be elected in the manner set forth in this Section 2.

**SECTION 3: Duties and Responsibilities.** The Executive Director shall consult with and advise the Board regarding its activities pertaining to the Corporation's construction, ownership, lease, operation and/or maintenance of any facilities of the Corporation on the campus of the University. In addition, the Executive Director shall conduct the official correspondence of the Corporation, preserve all of its books, documents, and communications and keep its books of account. It shall be the duty of the Executive Director to submit a financial statement and written report of the year's work at the close of each fiscal year.

**SECTION 4: Reporting.** The Executive Director shall report to the Board. The Executive Director shall not be a member of the Board of Directors.

**SECTION 5: Compensation.** The Executive Director shall not be compensated by the Corporation. In the event that the Executive Director is an employee of the University, the Corporation shall reimburse the University, either directly or through in-kind services, for the value of the services rendered by the Executive Director to the Corporation.

## ARTICLE VI

### OFFICERS

**SECTION 1: Officers.** The Officers shall be a Chairperson, a Vice Chairperson, a Secretary, a Treasurer, an Executive Director; and such assistants and subordinate officers as the Board shall deem necessary. Each of the foregoing officers, except the Executive Director, are collectively referred to as the "Elected Officers". The offices of Secretary and Treasurer may be combined if the Board so elects. The Chairperson shall also serve as and have the title of President of the Corporation.

All Elected Officers shall be elected by the Board from among the Directors at the time of their election, except for the Secretary and Treasurer. The Executive Director may be elected as the Secretary and/or Treasurer of the Corporation.

**SECTION 2: Nominations.** Each Director shall have the right to nominate one candidate for each Elected Officer post to be filled.

**SECTION 3: Election of Officers.** The Elected Officers shall be elected by a majority vote of the Directors at the annual meeting of the Board.

**SECTION 4: Vacancies.** Whenever any vacancies shall occur in any of the Offices of the Corporation, such office shall be filled by the Board, and any officer so designated shall hold office for the remainder of the unexpired term of office.

**SECTION 5: Term of Office.**

(A) **Term.** The term of office of each of the Elected Officers shall be for a period of one (1) year, or until their successors have been duly elected and qualified.

(B) **Removal.** Any Elected Officer may be removed from office at any time with or without cause by a majority vote of the Board,

(C) **Seating of Officers.** New officers shall take office at the close of the meeting at which they are elected.

**SECTION 6: Chairperson of the Board.** The Chairperson shall be the elected head of the Corporation and preside at all meetings of the Board, and shall perform all other duties incidental thereto. The Chairperson shall conduct the official correspondence of the Corporation, preserve all of its books, documents, and communications, keep its books of account, and maintain an accurate record of all of the proceedings of all committees. It shall be the duty of the Chairperson to submit a financial statement and written report of the year's work at the close of each fiscal year. The Chairperson shall serve as the chief spokesperson of the Corporation. The Chairperson shall, subject to the approval of the Directors, appoint all committees and committee chairpersons. The Chairperson shall be an ex-officio member of all committees.

**SECTION 7: Vice Chairperson of the Board.** In the event of the absence, disability, or termination of service for any reason of the Chairperson, the Vice Chairperson shall act in the Chairperson's stead with the same authority, duties, and responsibilities as the Chairperson.

**SECTION 8: Secretary.** The Secretary shall keep the minutes of the meetings of the Board. These minutes shall be kept in appropriate books. The Secretary shall attend to the giving of all notices on behalf of the Corporation and shall have charge of all of the books and records of the Corporation and the Secretary shall perform all other duties incidental to the Secretary's office. The Board may appoint an Assistant Secretary to aid the Secretary in the performance of the Secretary's duties.

**SECTION 9: Treasurer.** The Treasurer shall submit a report of the accounts and financial condition of the Corporation at any meeting of the Board as may be required by the Board. The Treasurer shall assist in the keeping of any records in accordance with these functions. The Treasurer and the Chairman or either of them, shall, subject to restrictions by the Board, direct the disbursement of all monies and assets of the Corporation. The Board may, if it so desires, appoint an Assistant Treasurer to aid the Treasurer in the performance of the Treasurer's duties.

**SECTION 10: Delegation of Duties and Authority.** In the case of the absence of any Elected Officer, or for any other reason that the Board may deem sufficient as to any Elected Officer, the Board may delegate, for the time being, the powers of duties, or any of them, of such Elected Officer to any other Officers, to legal counsel for the Corporation, or to any Director.

## ARTICLE VII

### COMMITTEES

**SECTION 1: Appointment.** The Chairperson shall appoint all committee members and the chairperson of each committee subject to the confirmation of the Board. The Chairperson may appoint as advisory members of any committee persons essential to the activity because of the nature of their work, interest or position.

Committees may be standing committees and/or ad hoc committees.

**SECTION 2: Committee Functions.** The Board shall establish the function and objectives of all committees. It shall be the function of each committee, within the limits of policy set by the Board, to make investigations, to conduct studies and hearings, to make recommendations to the Board concerning their assignments, and to carry on such activities as may be delegated to them by the Board.

**SECTION 3: Limitation of Authority.** No committee shall take or make public any formal action, or make public any resolution, or in any way commit the Corporation on a question of policy without first receiving the approval of the Board.

**SECTION 4: Composition.** All committees shall be chaired by a Director, and committee members may be drawn from the general public as desired by the Chairperson and as otherwise provided in these By-laws. Each committee may have a vice chairperson and a secretary.

The Chairperson shall each serve as ex-officio members of all committees.

**SECTION 5: Ratification.** Any and all acts of any and all committees must be ratified by the Board.

**SECTION 6: Notice of Meetings.** Written notice of the time and place for the meeting, accompanied by the agenda of items to be considered, shall be sent to each member of the committee at least seven (7) days prior to the meeting, except in the case of emergency meetings which may be called by the Chairperson at the Chairperson's discretion.

**SECTION 7: Quorum.** A simple majority of any committee shall constitute a quorum of that committee. Any act of the majority of a committee at which a quorum is present shall constitute an act of that committee.

## ARTICLE VIII

### FINANCES

**SECTION 1: Corporation Funds.** All money received by the Corporation will be placed in a general operating fund(s).

**SECTION 2: Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of July and shall end on the 30th day of June.

**SECTION 3: Annual Audit.** An independent financial audit of the Corporation's revenues and expenditures shall be performed annually by a certified public accountant(s) licensed by the State of Louisiana and completed within sixty (60) days after the close of each fiscal year. A copy of such annual audit shall be furnished to the Legislative Auditor.

**SECTION 4: Bonding.** The Treasurer and all Officers and employees designated by the Board to handle money must be bonded in such amount as the Board shall deem necessary and the cost thereof shall be paid by the Corporation.

## ARTICLE IX

### PARLIAMENTARY PROCEDURE

The proceedings of the Corporation meetings shall be governed by and conducted according to the latest edition of Robert's Rules of Order.

## ARTICLE X

### NOTICE

**SECTION 1: Written Notice.** Whenever the provisions of a statute or the Articles of Incorporation, or any of these By-laws require or permit notice to be given to any Director or Officer, it shall not be construed to require personal notice, but any such notice may be given in writing by depositing the same in a post office or letter box in a prepaid, sealed wrapper, or by facsimile transmission by telephone ("Fax"), in either case addressed to such Director or Officer at his address as such address appears on the books of the Corporation. The time when the notice shall have been so mailed or delivered by Fax shall be deemed the time of the giving of such notice.

**SECTION 2: Waivers.** Any Director or Officer may waive, in writing or by Fax, any notice required or permitted to be given under any provisions of any statute or of the Articles of Incorporation or of these By-laws, either before, at, or after the meeting or other event of which notice is so provided. All Directors or Officers present at any meeting shall be deemed to have waived any and all notice thereof.

## ARTICLE XI

### INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Corporation shall indemnify and hold harmless any person who was or is party or is threatened to be made party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the Corporation) by reason of the fact that the person is or was:

- a) A Director, Officer, employee, incorporator or agent of the Corporation; and/or,
- b) Serving at the request of the Corporation as a Director, Officer, employee, incorporator or agent of another business, foreign or nonprofit corporation, partnership, joint venture or other enterprise,

(collectively "**Protected Group**") against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action,

suit, or proceeding if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that their conduct was unlawful; provided that in case of actions by or in the right of the Corporation, the indemnity shall be limited to expenses (including attorneys' fees and amounts paid in settlement not exceeding, in the judgment of the Board, the estimated expense of litigating the action to conclusion) actually and reasonably incurred in connection with the defense or settlement of such action.

No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of their duty to the Corporation unless and only to the extent that the court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, they are fairly and reasonably entitled to indemnity for such expense which the court shall deem proper.

The termination of any action, suit or proceeding by judgment, order settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which they reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that their conduct was unlawful.

To the extent that a member of the Protected Group has been successful on the merits or otherwise in defense of any such action, suit or proceeding, or in defense of any claim, issue or matter therein, they shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by them in connection therewith.

This indemnification (unless ordered by the court) shall be made by the Corporation only as authorized in a specific case upon a determination that the applicable standard of conduct has been met. Such determination shall be made by (a) the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable or a quorum of disinterested Directors so directs, by independent legal counsel.

The expenses incurred in defending such an action, suit or proceeding shall be paid by the Corporation in advance of the final disposition thereof if authorized by the Board in the manner provided above, upon receipt of an undertaking by or on behalf of the member of the Protected Group to repay such amount unless it shall ultimately be determined that they are entitled to be indemnified by the Corporation as authorized hereunder.

The foregoing indemnification shall not be exclusive of other rights to which any member of the Protected Group may be entitled as a matter of law, and shall inure to the benefit of any member of the Protected Group's heirs and legal representatives.

The Corporation may procure insurance on behalf of any member of the Protected Group against any liability asserted against or incurred by the person in any such capacity, or arising out

the person's status as such, whether or not the Corporation would have the power to indemnify the person against such liability under the laws of the State of Louisiana.

## ARTICLE XII

### SEAL

**SECTION 1: Corporation Seal.** The Corporation may use a seal of such design as may be adopted by the Board.

**SECTION 2: Necessity of Seal.** Failure to affix the seal shall not affect the validity of any instrument.

## ARTICLE XIII

### AMENDMENTS

These By-laws may be altered or amended or repealed by the affirmative vote of two-thirds (2/3rds) of the Board at any regular meeting or at any special meeting of the Board called for that purpose; provided, however, that no change of the time or place of the election of Directors shall be made within fifty (50) days preceding the day on which such election is to be held, and that in the case of any change of such time or place, notice thereof shall be given to each Director at least twenty (20) days before the election is held.

## ARTICLE XIV

### DISSOLUTION

**SECTION 1: Procedure.** The Corporation shall use its funds only to accomplish the Mission and Corporate Objectives, and no part of the funds shall inure, or be distributed to any Director, Officer or other person. On dissolution of the Corporation, any funds remaining shall be distributed to the University.


## ARTICLE XV

### GENERAL LAWS OF LOUISIANA

**SECTION 1: General Laws.** Any matters not heretofore covered by these By-laws or the Articles of Incorporation shall be governed by the provisions of the laws of the State of Louisiana.



I certify that the foregoing Restated By-laws were adopted by the members of the Board of Directors of the Corporation on the 12<sup>th</sup> day of December, 1997, and amended on October 26, 1998; June 21, 2000; and August 10, 2004.

  
Bradley A. O'Hara  
Dr. Brad O'Hara, Secretary

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**MEETING OF THE BOARD OF DIRECTORS AND MEMBERS**

**OF UNIVERSITY FACILITIES, INC.**

**HELD ON THE 30<sup>TH</sup> DAY OF JUNE, 2006**

A meeting of the Board of Directors and members of University Facilities, Inc. ("Corporation") was held in the Room 142 of Luther Dyson Hall, on the Southeastern Louisiana University Campus, on the above-mentioned date.

Present: Board members: Mr. Stephen Smith, Mr. Jack Gautier, Mr. Phil Livingston and Executive Director Dr. Joe Morris (to be appointed)

Mr. Stephen Smith, President, called the meeting to order at 2:00 p.m.

1. Appointment of Board Members. A review of the Corporate documents revealed that Mr. Jack Gautier's term as board member had expired and Mr. Phil Livingston's term as board member will expire this date. Upon motion duly made by Mr. Phil Livingston, seconded by Mr. Stephen Smith, and carried, it was unanimously:

**RESOLVED** that Mr. Jack Gautier be elected and appointed to the Board of Directors of the Corporation for the period of July 1, 2005 – June 30, 2008.

Upon motion duly made by Mr. Jack Gautier, seconded by Mr. Stephen Smith, and carried, it was unanimously:

**FURTHER RESOLVED** that Mr. Phil Livingston be elected and appointed to the Board of Directors of the Corporation for the period of July 1, 2006 – June 30, 2009.

Therefore, the Board Member terms are as follows:

Stephen Smith	July 1, 2004 – June 30, 2007
Jack Gautier	July 1, 2005 – June 30, 2008
Phil Livingston	July 1, 2006 – June 30, 2009

2. The Board of Directors reviewed the minutes from the June 8, 2005 meeting. Upon motion duly made by Mr. Livingston, seconded by Mr. Gautier, and carried, it was unanimously:

**RESOLVED** that the minutes be accepted as prepared.

3. Mr. Smith distributed and reviewed the Corporation's Audited Financial Statements as of June 30, 2005. It is noted that the Corporation had an unqualified opinion.

**RESOLVED** that the report be approved as presented.

4. Resignation of Dr. Brad O'Hara. Mr. Smith informed the Board that Dr. Brad O'Hara, Executive Director of the Corporation had accepted a job in Baton Rouge and felt this change would not allow him to continue as Executive Director; Therefore, Dr. O'Hara has resigned from the Board. Upon motion duly made by Mr. Gautier, seconded by Mr. Livingston, and carried, it was unanimously:

**RESOLVED** that the Board accept the resignation of Dr. Brad O'Hara as Executive Director of the Corporation.

5. Appointment of new Executive Director. Based upon discussions with Dr. Moffett, Dr. Crain, and Mr. Smith, the University is asking the Board to consider appointing Dr. Joseph Morris, Professor of Accounting, as the new Executive Director to replace Dr. Brad O'Hara. Upon a motion duly made by Mr. Livingston, seconded by Mr. Gautier, and carried, it was unanimously: **RESOLVED** that Dr. Joseph Morris be elected and appointed as Executive Director of the Corporation effective June 30, 2006.
6. Signature Authority on Bank Accounts. Given the above appointment of Dr. Joseph Morris, a motion was made by Mr. Gautier, seconded by Mr. Livingston to replace Dr. O'Hara with Dr. Morris as signature authority on all University Facility Bank Accounts. It was noted that all accounts require two signatures in order to process a check for payment.

**RESOLVED** that Dr. Joseph Morris be added to all bank accounts to replace Dr. Brad O'Hara.

7. Selection of Auditor for the 2006 year. Mr. Smith provided an Engagement Letter to the Board from Horton, Lee, Burnett, Peacock, Cleveland & Grainger, P.C. to provide auditing services for the fiscal year ending June 30, 2006. Mr. Smith indicated the Engagement Letter was acceptable accept for the issue date of the report. Mr. Smith indicated he is working with the CPA Firm to correct the situation. Upon a motion duly made by Mr. Livingston, seconded by Mr. Gautier, and carried, it was unanimously:

**RESOLVED** that appointment of Horton, Lee, Burnett, Peacock, Cleveland & Grainger, P.C. as auditors for the 2005-2006 fiscal year pending resolution of the report issuance date.

8. Housing Management Update. Mr. Smith informed the Board that Capstone Management was no longer providing management oversight for the housing complex on the University Campus. This was a mutual agreement between University Management and Capstone Management. This was effective May 15, 2006. Capstone Management is assisting the University to transition from their management team to the University management team, which will take over full operation on August 1, 2006.
9. Donation of Equipment to the University. In order to facilitate the above, there are a number of pieces of equipment that UFI must donate to the University in order to integrate it into their systems. These include, but are not limited to, all computer hardware on campus to be tied into the University's computer system as well as other functions the University may assume such as grounds, etc. Upon a motion duly made by Mr. Gautier, seconded by Mr. Livingston, and carried, it was unanimously:

**RESOLVED** that UFI donate to the University selected pieces of equipment to assist the Housing Management Staff to appropriately fulfill their obligations in overseeing the Housing Operation.

10. Housing Occupancy Update. Mr. Smith Provided a brief report on anticipated housing occupancy for the Fall 2006 Semester. During the first two Orientation Sessions, the University has received over 1500 applications for approximately 2100 housing spaces. The University still has three Summer Orientation Sessions to conduct and anticipate this number will increase with each session. The final numbers are anticipated to be in the

mid to upper 90 percentile as the Fall Semester starts. It is also noted that requests for single occupancy rooms are currently over subscribed. A question was asked if the University or UFI was considering future housing construction should the demand continue at this pace. Mr. Smith indicated that a Phase III was included in the original RFP, which would provide additional 200 single beds, but no action has been taken to execute that construction at this time.

11. Project Updates/Approvals:

- a. Camera project – The Corporation has residual funds in the Trustee Account from the original Bond Issue from August 2004. In order to provide additional protection to residents and to protect the investment the Corporation has in the facilities from damage etc., Mr. Smith asked the Board to ratify a \$334,000 project to install camera and prop alarms in the eight building recently constructed. This was a project Capstone Management initiated in January 2006 and continued at the University's request since the resignation of Capstone's Management. On a motion by Mr. Livingston, seconded by Mr. Gautier, and carried, it was unanimously:

**RESOLVED** the ratification of a contract with Stanley to install a Camera Prop Alarm System in the eight new housing facilities. This project should be completed for the Fall 2006 opening.

- b. Intermodal Facilities/Parking Garage – The University has requested the Board of University Facilities, Inc. to consider participating as in past construction projects to construct an Intermodal Parking Facility/Stadium Project. Mr. Smith indicated the structure would be similar to past projects where the University lease a certain piece of ground. The Corporation will borrow money and construct a facility as specified by the University and this facility would be leased back to the University. The source of revenues for this project include:
  - (1.) A federal grant of approximately \$2.2 million
  - (2.) A student fee of \$20 per semester
  - (3.) Seat licenses for club seating and suite rentals
  - (4.) Proceeds from land sales to improve facilities on campus
  - (5.) Residual cash the corporation may have because of the successful financing of a project for Aramark on the Southeastern Campus.

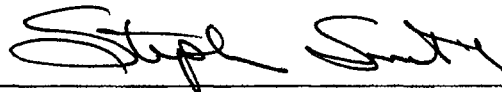
It was noted that UFI had already assisted with getting this project going with some of the cash reserves from the Aramark project. The team of Fauntleroy & Latham/Heery International/Brice Construction were selected in February to be the design build team. This project has received preliminary approval from the Board of Supervisors for the University of Louisiana System as well as the Board of Regents. It is anticipated the University will receive final approval from the Board of Supervisors at their August 2006 meeting pending the completion of the appropriate financial documents. Therefore, based upon a motion by Mr. Phil Livingston, seconded by Mr. Jack Gautier to adopt the following resolution. The said resolution was passed unanimously:

**RESOLVED** that University Facilities Inc. assist the University in the above referenced project, which would include and not be limited to, assist in funding the design fees and any financing documents to facilitate this construction.

**BE IT FURTHER RESOLVED** that the corporation is authorized to enter into, execute and deliver:

- (1.) A Ground Lease Agreement by and between the Board of Supervisors for the University of Louisiana System as "Leasor" and the Corporation as "Leasee" pursuant to which the Board will lease to the Corporation certain land on which will be constructed the project as described above.
  - (2.) An agreement to lease with an option to purchase (the facilities lease) by and between the Corporation as "Leasor" and the Board as "Leasee" pursuant to which the Corporation is leasing back to the Board the completed project, which the project will be financed by the issuance of bonds and other resources as identified above.
  - (3.) The Loan Agreement whereby the Corporation assigns its interest to the Lease and base rent payments as defined therein derived from the Facilities Lease to the Issuer. Be it further resolved that Phil K. Livingston is authorized to execute all documents on behalf of the Corporation in furtherance of the purpose of this resolution.
- c. Center for Student Excellence – Mr. Smith indicated that the University is also in the process of constructing a Center for Student Excellence to be constructed on the University Campus with student fees. This facility will be constructed to assist the University to satisfy its accreditation standards with SACS by providing certain activities to assist students in progressing in a timely manner through the University's curriculums. The facility will also include the Health Center, the Counseling Center, and the Faculty Productivity Center.

12. There being no further business to be transacted, on motion duly made by Mr. Livingston, and seconded by Mr. Gautier, the meeting was adjourned at 3:00 p.m.



STEPHEN SMITH, PRESIDENT & CHAIRMAN

The undersigned Secretary/Executive Director to the Corporation, certifies that the above and foregoing are a true and correct Minutes of the Meeting of the Members and Directors held on June 30, 2006, at which all Directors and Members, have waived notice, consented to the action taken therein.



JOSEPH MORRIS, EXECUTIVE DIRECTOR

# NOTICE OF CONTRACT

STATE OF LOUISIANA

April 4, 2007  
(Date of Contract)

PARISH OF TANGIPAHOA

University Facilities, Inc., a private entity, herein represented by Phil Livingston,  
Vice-President, its duly authorized agent (hereinafter called "Owner")

and

**BRICE BUILDING COMPANY, INC.**, a Delaware corporation, herein  
represented by William R. Doyle, Vice President Operations- New Orleans Division , its  
duly authorized agent (hereinafter called "Contractor") declare, for the purposes set forth  
hereinafter, that:

1. Pursuant to the provisions of Louisiana Revised Statute 9:4801 et seq.,  
including, but not limited to Louisiana Revised Statute 9:4811, Owner and Contractor  
hereby execute this Notice of Contract and shall cause it to be filed in the office of the  
Recorder of Mortgages for the Parish of Tangipahoa, State of Louisiana.

2. Owner and Contractor have entered into a written contract (the  
"Contract"), under which, subsequent to the filing of this instrument Contractor shall  
perform certain work on the immovable property of Owner as described on Exhibit "A"  
attached hereto.

3. The work to be done by Contractor consists generally of providing all of  
the materials and products and all of the labor and services necessary for construction of  
Southeastern Louisiana University Parking Garage and Stadium Renovations, Hammond,  
Louisiana, of the work from the actual contract on the property described on Exhibit "A"  
attached hereto.

4. The price of the work to be performed by Contractor is EIGHT MILLION  
THREE HUNDRED THIRTY-FOUR THOUSAND and 00/100 Dollars (\$8,334,000.00).

5. Payment of the price of the work by Owner to Contractor shall be made in  
accordance with the progress of the work. There will be periodic payments, with the last

payment on completion.

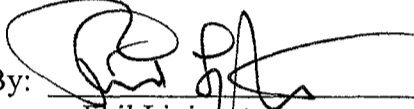
6. The mailing addresses of Owner and Contractor, respectively, are as follows:

**OWNER:** University Facilities, Inc.  
SLU 10709  
Hammond, LA 70402

**CONTRACTOR:** Brice Building Company, Inc.  
3500 N. Causeway Boulevard  
Suite 350  
Metairie, LA 70002

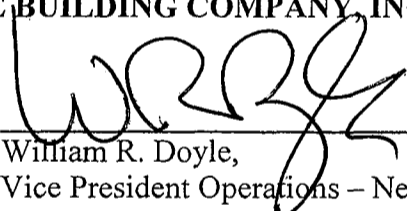
**OWNER:**

**UNIVERSITY FACILITIES, INC.**

By:   
\_\_\_\_\_  
Phil Livingston,  
Vice-President  
\_\_\_\_\_  
(Title)

**CONTRACTOR:**

**BRICE BUILDING COMPANY, INC.**

By:   
\_\_\_\_\_  
William R. Doyle,  
Vice President Operations – New Orleans Division

BRICE JOB NO. 6366

**NOTICE OF CONTRACT - Exhibit A**

**Property Description  
for  
Southeastern Louisiana University  
Hammond, LA 70403**

Southeastern Louisiana University, SLU 10709 bounded by West Dakota Street, North General Pershing and Western Avenue.



THE AMERICAN INSTITUTE OF ARCHITECTS



AIA Document A311

Performance Bond

KNOW ALL MEN BY THESE PRESENTS: that BRICE BUILDING COMPANY, INC. (Here insert full name and address or legal title of Contractor)

P.O. Box 7341, Metairie, LA 70010

as Principal, hereinafter called Contractor, and, ARCH INSURANCE COMPANY (Here insert full name and address or legal title of Surety)

One Liberty Plaza, 53rd Floor, New York, NY 10006

as Surety, hereinafter called Surety, are held and firmly bound unto University Facilities, Inc. (Here insert full name and address or legal title of Owner)

SLU 10709, Hammond, LA 70402

as Obligee, hereinafter called Owner, in the amount of Eight Million Three Hundred Thirty Four Thousand and No/100ths----- Dollars (\$ 8,334,000.00 ),

for the payment whereof Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS,

Contractor has by written agreement dated April 4, ~~XX~~ 2007 entered into a contract with Owner for (Here insert full name, address and description of project)

Southeastern Louisiana University Parking Garage and Stadium Renovations, Hammond, LA

in accordance with Drawings and Specifications prepared by (Here insert full name and address or legal title of Architect)

which contract is by reference made a part hereof, and is hereinafter referred to as the Contract.

# PERFORMANCE BOND

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if Contractor shall promptly and faithfully perform said Contract, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

The Surety hereby waives notice of any alteration or extension of time made by the Owner.

Whenever Contractor shall be, and declared by Owner to be in default under the Contract, the Owner having performed Owner's obligations thereunder, the Surety may promptly remedy the default, or shall promptly

1) Complete the Contract in accordance with its terms and conditions, or

2) Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by Surety of the lowest responsible bidder, or, if the Owner elects, upon determination by the Owner and the Surety jointly of the lowest responsible bidder, arrange for a contract between such bidder and Owner, and make available as Work progresses (even though there should be a default or a succession of

defaults under the contract or contracts of completion arranged under this paragraph) sufficient funds to pay the cost of completion less the balance of the contract price; but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the contract price," as used in this paragraph, shall mean the total amount payable by Owner to Contractor under the Contract and any amendments thereto, less the amount properly paid by Owner to Contractor.

Any suit under this bond must be instituted before the expiration of two (2) years from the date on which final payment under the Contract falls due.

No right of action shall accrue on this bond to or for the use of any person or corporation other than the Owner named herein or the heirs, executors, administrators or successors of the Owner.

Signed and sealed this 4th day of April 2007

Karen D Boyd  
(Witness)

BRICE BUILDING COMPANY, INC.  
(Principal) (Seal)  
By: William R. Doyle, Sr.  
(Title)  
Vice President Operations

Richard E Benzard  
(Witness)

ARCH INSURANCE COMPANY  
(Surety) (Seal)  
By: Melanie Stern  
(Title)  
Melanie Stern, Attorney-in-Fact

Countersigned:  
Louisiana Resident Agent:

By: Melanie Stern  
Melanie Stern, Metairie, LA

## POWER OF ATTORNEY

Know All Men By These Presents:

That the Arch Insurance Company, a corporation organized and existing under the laws of the State of Missouri, having its principal office in Kansas City, Missouri (hereinafter referred to as the "Company") does hereby appoint Stephen L. Cory, Pamela K. Tucker, Melanie Stern, Bert A. Guiberteu, Jr. and Eileen Hebert of Metairie, LA (EACH)

its true and lawful Attorney(s)-in-Fact, to make, execute, seal, and deliver from the date of issuance of this power for and on its behalf as surety, and as its act and deed:

Any and all bonds and undertakings

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver bonds or undertakings that guarantee the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

The Company may revoke this appointment at any time.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said 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 in Kansas City, Missouri.

This Power of Attorney is executed by authority of resolutions adopted by unanimous consent of the Board of Directors of the Company on March 3, 2003, true and accurate copies of which are hereinafter set forth and are hereby certified to by the undersigned Secretary as being in full force and effect:

"VOTED, That the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, or the Secretary shall have the power and authority to appoint agents and 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, recognizances, contracts of indemnity and other writings, obligatory in the nature thereof, and any such officers of the Company may appoint agents for acceptance of process."

This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the unanimous consent of the Board of Directors of the Company on March 3, 2003:

VOTED, That the signature of the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, and the signature of the Secretary, the seal of the Company, and certifications by the Secretary, may be affixed by facsimile on any power of attorney or bond executed pursuant to the resolution adopted by the Board of Directors on March 3, 2003, and any such power so executed, sealed and certified with respect to any bond or undertaking to which it is attached, shall continue to be valid and binding upon the Company.

In Testimony Whereof, the Company has caused this instrument to be signed and its corporate seal to be affixed by their authorized officers, this 10th day of April, 2006.

Arch Insurance Company

Attested and Certified



Martin J. Nilsen  
Martin J. Nilsen, Secretary

Edward M. Titus  
Edward M. Titus, Vice President

STATE OF NEW YORK SS

COUNTY OF NEW YORK SS

I Peter J. Calleo, a Notary Public, do hereby certify that Edward M. Titus and Martin J. Nilsen personally known to me to be the same persons whose names are respectively as Vice President and Secretary of the Arch Insurance Company, a Corporation organized and existing under the laws of the State of Missouri, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they being thereunto duly authorized signed, sealed with the corporate seal and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary acts for the uses and purposes therein set forth.

**PETER J. CALLEO, ESQ.**  
Notary Public, State of New York  
No. 02CA6109336  
Qualified in New York County  
Commission Expires May 3, 2008

Peter J. Calleo  
Peter J. Calleo, Notary Public  
My commission expires 5-03-2008

**CERTIFICATION**

I, Martin J. Nilsen, Secretary of the Arch Insurance Company, do hereby certify that the attached Power of Attorney dated on behalf of the person(s) as listed above is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said Edward M. Titus, who executed the Power of Attorney as Vice President, was on the date of execution of the attached Power of Attorney the duly elected Vice President of the Arch Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Arch Insurance Company on this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

Martin J. Nilsen  
Martin J. Nilsen, Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein and they have no authority to bind the Company except in the manner and to the extent herein stated.

**PLEASE SEND ALL CLAIM INQUIRIES RELATING TO THIS BOND TO THE FOLLOWING ADDRESS:**

**Arch Surety  
3 Parkway, Suite 1500  
Philadelphia, PA 19102**



THE AMERICAN INSTITUTE OF ARCHITECTS



AIA Document A311

Labor and Material Payment Bond

THIS BOND IS ISSUED SIMULTANEOUSLY WITH PERFORMANCE BOND IN FAVOR OF THE OWNER CONDITIONED ON THE FULL AND FAITHFUL PERFORMANCE OF THE CONTRACT

KNOW ALL MEN BY THESE PRESENTS: that BRICE BUILDING COMPANY, INC. (Here insert full name and address or legal title of Contractor) P.O. Box 7341, Metairie, LA 70010

as Principal, hereinafter called Principal, and, ARCH INSURANCE COMPANY (Here insert full name and address or legal title of Surety) One Liberty Plaza, 53rd Floor, New York, NY 10006

as Surety, hereinafter called Surety, are held and firmly bound unto University Facilities, Inc. (Here insert full name and address or legal title of Owner) SLU 10709, Hammond, LA 70402

as Obligee, hereinafter called Owner, for the use and benefit of claimants as hereinbelow defined, in the amount of Eight Million Three Hundred Thirty Four Thousand and No/100ths----- (Here insert a sum equal to at least one-half of the contract price) Dollars (\$8,334,000.00 ), for the payment whereof Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS,

Principal has by written agreement dated April 4, XIX 2007 entered into a contract with Owner for (Here insert full name, address and description of project) Southeastern Louisiana University Parking Garage and Stadium Renovations, Hammond, LA in accordance with Drawings and Specifications prepared by (Here insert full name and address or legal title of Architect)

which contract is by reference made a part hereof, and is hereinafter referred to as the Contract.

# LABOR AND MATERIAL PAYMENT BOND

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if Principal shall promptly make payment to all claimants as hereinafter defined, for all labor and material used or reasonably required for use in the performance of the Contract, then this obligation shall be void; otherwise it shall remain in full force and effect, subject, however, to the following conditions:

1. A claimant is defined as one having a direct contract with the Principal or with a Subcontractor of the Principal for labor, material, or both, used or reasonably required for use in the performance of the Contract, labor and material being construed to include that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental of equipment directly applicable to the Contract.

2. The above named Principal and Surety hereby jointly and severally agree with the Owner that every claimant as herein defined, who has not been paid in full before the expiration of a period of ninety (90) days after the date on which the last of such claimant's work or labor was done or performed, or materials were furnished by such claimant, may sue on this bond for the use of such claimant, prosecute the suit to final judgment for such sum or sums as may be justly due claimant, and have execution thereon. The Owner shall not be liable for the payment of any costs or expenses of any such suit.

3. No suit or action shall be commenced hereunder by any claimant:

a) Unless claimant, other than one having a direct contract with the Principal, shall have given written notice to any two of the following: the Principal, the Owner, or the Surety above named, within ninety (90) days after such claimant did or performed the last of the work or labor, or furnished the last of the materials for which said claim is made, stating with substantial

accuracy the amount claimed and the name of the party to whom the materials were furnished, or for whom the work or labor was done or performed. Such notice shall be served by mailing the same by registered mail or certified mail, postage prepaid, in an envelope addressed to the Principal, Owner or Surety, at any place where an office is regularly maintained for the transaction of business, or served in any manner in which legal process may be served in the state in which the aforesaid project is located, save that such service need not be made by a public officer.

b) After the expiration of one (1) year following the date on which Principal ceased Work on said Contract, it being understood, however, that if any limitation embodied in this bond is prohibited by any law controlling the construction hereof such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

c) Other than in a state court of competent jurisdiction in and for the county or other political subdivision of the state in which the Project, or any part thereof, is situated, or in the United States District Court for the district in which the Project, or any part thereof, is situated, and not elsewhere.

4. The amount of this bond shall be reduced by and to the extent of any payment or payments made in good faith hereunder, inclusive of the payment by Surety of mechanics' liens which may be filed of record against said improvement, whether or not claim for the amount of such lien be presented under and against this bond.

THIS BOND ONLY COVERS CLAIMS OF A CLAIMANT TO THE EXTENT THE PRINCIPAL HAS BEEN PAID FOR THE LABOR, SERVICES, EQUIPMENT OR MATERIALS PROVIDED BY SUCH CLAIMANT AND THAT FORMS THE BASIS FOR THE CLAIM AGAINST THIS BOND BY SUCH CLAIMANT. OBLIGATIONS OF THE SURETY UNDER THIS BOND ARE CONTINGENT UPON THE OBLIGEE HAVING PERFORMED ALL OF ITS OBLIGATIONS TO THE PRINCIPAL PURSUANT TO THE WRITTEN CONTRACT REFERRED TO ABOVE.

Signed and sealed this 4th day of April, 2007

Karen D. Boyd  
(Witness)

BRICE BUILDING COMPANY, INC.  
(Principal) (Seal)  
WRB  
By: William R. Doyle, Sr.  
(Title)  
Vice President Operations

Richard D. Bryant  
(Witness)

ARCH INSURANCE COMPANY  
(Surety) (Seal)  
Melanie Stern  
By: Melanie Stern  
(Title)  
Melanie Stern, Attorney-in-Fact

Countersigned:  
Louisiana Resident Agent:  
By: Melanie Stern  
Melanie Stern, Metairie, LA

# POWER OF ATTORNEY

Know All Men By These Presents:

That the Arch Insurance Company, a corporation organized and existing under the laws of the State of Missouri, having its principal office in Kansas City, Missouri (hereinafter referred to as the "Company") does hereby appoint Stephen L. Cory, Pamela K. Tucker, Melanie Stern, Bert A. Guiberteu, Jr. and Eileen Hebert of Metairie, LA (EACH)

its true and lawful Attorney(s)-in-Fact, to make, execute, seal, and deliver from the date of issuance of this power for and on its behalf as surety, and as its act and deed:

Any and all bonds and undertakings

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver bonds or undertakings that guarantee the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

The Company may revoke this appointment at any time.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said 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 in Kansas City, Missouri.

This Power of Attorney is executed by authority of resolutions adopted by unanimous consent of the Board of Directors of the Company on March 3, 2003, true and accurate copies of which are hereinafter set forth and are hereby certified to by the undersigned Secretary as being in full force and effect:

"VOTED, That the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, or the Secretary shall have the power and authority to appoint agents and 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, recognizances, contracts of indemnity and other writings, obligatory in the nature thereof, and any such officers of the Company may appoint agents for acceptance of process."

This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the unanimous consent of the Board of Directors of the Company on March 3, 2003:

VOTED, That the signature of the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, and the signature of the Secretary, the seal of the Company, and certifications by the Secretary, may be affixed by facsimile on any power of attorney or bond executed pursuant to the resolution adopted by the Board of Directors on March 3, 2003, and any such power so executed, sealed and certified with respect to any bond or undertaking to which it is attached, shall continue to be valid and binding upon the Company.

In Testimony Whereof, the Company has caused this instrument to be signed and its corporate seal to be affixed by their authorized officers, this 10th day of April, 2006.

Arch Insurance Company

Attested and Certified



*Martin J. Nilsen*

Martin J. Nilsen, Secretary

*Edward M. Titus*

Edward M. Titus, Vice President

STATE OF NEW YORK SS

COUNTY OF NEW YORK SS

I Peter J. Calleo, a Notary Public, do hereby certify that Edward M. Titus and Martin J. Nilsen personally known to me to be the same persons whose names are respectively as Vice President and Secretary of the Arch Insurance Company, a Corporation organized and existing under the laws of the State of Missouri, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they being thereunto duly authorized signed, sealed with the corporate seal and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary acts for the uses and purposes therein set forth.

**PETER J. CALLEO, ESQ.**  
Notary Public, State of New York  
No. 02CA6109336  
Qualified in New York County  
Commission Expires May 3, 2008

*Peter J. Calleo*  
Peter J. Calleo, Notary Public  
My commission expires 5-03-2008

**CERTIFICATION**

I, Martin J. Nilsen, Secretary of the Arch Insurance Company, do hereby certify that the attached Power of Attorney dated on behalf of the person(s) as listed above is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said Edward M. Titus, who executed the Power of Attorney as Vice President, was on the date of execution of the attached Power of Attorney the duly elected Vice President of the Arch Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Arch Insurance Company on this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

*Martin J. Nilsen*

Martin J. Nilsen, Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein and they have no authority to bind the Company except in the manner and to the extent herein stated.

**PLEASE SEND ALL CLAIM INQUIRIES RELATING TO THIS BOND TO THE FOLLOWING ADDRESS:**

**Arch Surety  
3 Parkway, Suite 1500  
Philadelphia, PA 19102**





 **AIA<sup>®</sup> Document A141<sup>™</sup> – 2004**

***Standard Form of Agreement Between Owner and Design-Builder***

AGREEMENT made as of the Fourth (4th) day of April in the year of Two Thousand and Seven (2007)  
(In words, indicate day, month and year)

BETWEEN the Owner:  
(Name, address and other information)

University Facilities, Inc.  
SLU 10709  
Hammond, Louisiana 70402

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

and the Design-Builder:  
(Name, address and other information)

Brice Building Company, Inc.  
3500 N. Causeway Boulevard, Suite 350  
Metairie, Louisiana 70002

Consultation with an attorney is also encouraged with respect to professional licensing requirements in the jurisdiction where the Project is located.

For the following Project:  
(Name, location and detailed description)

Southeastern Louisiana University Parking Garage and Stadium Renovations

The Owner and Design-Builder agree as follows.

## TABLE OF ARTICLES

- 1 THE DESIGN-BUILD DOCUMENTS
- 2 WORK OF THIS AGREEMENT
- 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
- 4 CONTRACT SUM
- 5 PAYMENTS
- 6 DISPUTE RESOLUTION
- 7 MISCELLANEOUS PROVISIONS
- 8 ENUMERATION OF THE DESIGN-BUILD DOCUMENTS

## TABLE OF EXHIBITS

- A TERMS AND CONDITIONS
- B DETERMINATION OF THE COST OF THE WORK
- C INSURANCE AND BONDS

### ARTICLE 1 THE DESIGN-BUILD DOCUMENTS

§ 1.1 The Design-Build Documents form the Design-Build Contract. The Design-Build Documents consist of this Agreement between Owner and Design-Builder (hereinafter, the "Agreement") and its attached Exhibits; Supplementary and other Conditions; Addenda issued prior to execution of the Agreement; the Project Criteria, including changes to the Project Criteria proposed by the Design-Builder and accepted by the Owner, if any; the Design-Builder's Proposal and written modifications to the Proposal accepted by the Owner, if any; other documents listed in this Agreement; and Modifications issued after execution of this Agreement. The Design-Build Documents shall not be construed to create a contractual relationship of any kind (1) between the Architect and Owner, (2) between the Owner and a Contractor or Subcontractor, or (3) between any persons or entities other than the Owner and Design-Builder, including but not limited to any consultant retained by the Owner to prepare or review the Project Criteria. An enumeration of the Design-Build Documents, other than Modifications, appears in Article 8.

§ 1.2 The Design-Build Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral.

§ 1.3 The Design-Build Contract may be amended or modified only by a Modification. A Modification is (1) a written amendment to the Design-Build Contract signed by both parties, (2) a Change Order, (3) a Construction Change Directive or (4) a written order for a minor change in the Work issued by the Owner.

### ARTICLE 2 THE WORK OF THE DESIGN-BUILD CONTRACT

§ 2.1 The Design-Builder shall fully execute the Work described in the Design-Build Documents, except to the extent specifically indicated in the Design-Build Documents to be the responsibility of others.

### ARTICLE 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 3.1 The date of commencement of the Work shall be the date of this Agreement unless a different date is stated below or provision is made for the date to be fixed in a notice issued by the Owner.  
(Insert the date of commencement if it differs from the date of this Agreement or, if applicable, state that the date will be fixed in a notice to proceed.) Agreement.

If, prior to the commencement of Work, the Owner requires time to file mortgages, documents related to mechanic's liens and other security interests, the Owner's time requirement shall be as follows:  
(Insert Owner's time requirements.)

§ 3.2 The Contract Time shall be measured from the date of commencement, subject to adjustments of this Contract Time as provided in the Design-Build Documents.  
(Insert provisions, if any, for liquidated damages relating to failure to complete on time or for bonus payments for early completion of the Work.)

§ 3.2.1 Liquidated Damages/Early Completion Bonus. Owner and Design-Builder expressly acknowledge and agree that the amount of costs, damages, losses and liabilities that the Owner would incur as a result of Design-Builder's failure to achieve Substantial Completion within the Contract Time (adjusted for extensions to which the Design-Builder is entitled) are difficult or impossible to accurately estimate. Therefore, in the event the Design-Builder does not achieve Substantial Completion within the Contract Time, the Design-Builder shall pay the Owner, as liquidated damages and not as a penalty, the sum of One Hundred and No/100 Dollars (\$100.00) for each work day that the actual time to achieve Substantial Completion exceeds the Contract Time. Such liquidated damages are the Owner's sole and exclusive remedy against the Design-Builder for the Design-Builder failing to achieve Substantial Completion within the Contract Time, and Owner hereby waives and releases Design-Builder from any and all other claims, actions, suits, causes of action, liabilities, expenses, losses and costs of any kind whatsoever arising out of or related to Design-Builder failing to achieve Substantial Completion within the Contract Time. Likewise, the Owner has agreed to pay the Design-Builder as an early completion bonus, the sum of One Hundred and No/100 Dollars(\$100.00) for each calendar day in excess of thirty (30) calendar days that the Project is substantially completed prior to the Substantial Completion Date, subject to time extensions to which Design-Builder is entitled under the Design-Build Documents.

§ 3.3 The Design-Builder shall achieve Substantial Completion of the Work not later than three hundred and seventy-two (372) days (the "Contract Time"), subject to adjustments of this Contract Time as provided in the Design-Build Document, from the date of commencement, or as follows:  
(Insert number of calendar days. Alternatively, a calendar date may be used when coordinated with the date of commencement. Unless stated elsewhere in the Design-Build Documents, insert any requirements for earlier Substantial Completion of certain portions of the Work.)

Portion of Work

Substantial Completion Date

#### ARTICLE 4 CONTRACT SUM

§ 4.1 The Owner shall pay the Design-Builder the Contract Sum in current funds for the Design-Builder's performance of the Design-Build Contract. The Contract Sum shall be one of the following:  
(Check the appropriate box.)

- Stipulated Sum in accordance with Section 4.2 below;
- Cost of the Work Plus Design-Builder's Fee in accordance with Section 4.3 below;
- Cost of the Work Plus Design-Builder's Fee with a Guaranteed Maximum Price in accordance with Section 4.4 below.

(Based on the selection above, complete either Section 4.2, 4.3 or 4.4 below.)

§ 4.2 STIPULATED SUM

§ 4.2.1 The Stipulated Sum shall be ( ), subject to additions and deductions as provided in the Design-Build Documents.

§ 4.2.2 The Stipulated Sum is based upon the following alternates, if any, which are described in the Design-Build Documents and are hereby accepted by the Owner:

§ 4.2.3 Unit prices, if any, are as follows:

Description	Units	Price (\$ 0.00)
-------------	-------	-----------------

§ 4.2.4 Allowances, if any, are as follows:

(Identify and state the amounts of any allowances, and state whether they include labor, materials, or both)

Allowance	Amount (\$ 0.00)	Included Items
-----------	------------------	----------------

§ 4.2.5 Assumptions or qualifications, if any, on which the Stipulated Sum is based, are as follows:

§ 4.3 COST OF THE WORK PLUS DESIGN-BUILDER'S FEE

§ 4.3.1 The Cost of the Work is as defined in Exhibit B.

§ 4.3.2 The Design-Builder's Fee is:

(State a lump sum, percentage of Cost of the Work or other provision for determining the Design-Builder's Fee and the method of adjustment to the Fee for changes in the Work.)

§ 4.4 COST OF THE WORK PLUS DESIGN-BUILDER'S FEE WITH A GUARANTEED MAXIMUM PRICE

§ 4.4.1 The Cost of the Work is as defined in Exhibit B, plus the Design-Builder's Fee.

§ 4.4.2 The Design-Builder's Fee is:

(State a lump sum, percentage of Cost of the Work or other provision for determining the Design-Builder's Fee and the method of adjustment to the Fee for changes in the Work.)

The Design-Builder's Fee shall be a lump sum of Five Hundred Seventy-Five Thousand and No/100 Dollars (\$575,000.00). For any changes that result in an increase in the Cost of the Work (and Guaranteed Maximum Price), ten percent (10%) of the cost of the additional Work shall be added to Design-Builder's Fee. Design-Builder's Fee shall not be reduced for deletions in the Work.

§ 4.4.3 GUARANTEED MAXIMUM PRICE

§ 4.4.3.1 The sum of the Cost of the Work and the Design-Builder's Fee is guaranteed by the Design-Builder not to exceed Eight Million, Three Hundred Thirty Four Thousand and No/100 Dollars ( \$8,334,000.00 ), subject to additions and deductions by changes in the Work as provided in the Design-Build Documents. Such maximum sum is referred to in the Design-Build Documents as the Guaranteed Maximum Price. Costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Design-Builder without reimbursement by the Owner.

(Insert specific provisions if the Design-Builder is to participate in any savings.)

§ 4.4.3.1.1 CONTINGENCY The Guaranteed Maximum Price includes a Contingency in the amount of Zero Dollars (\$0) which is available for Design Builder's exclusive use for costs that are incurred in performing the Work that are

not included in a specific line item or the basis for a Change Order under the Contract Documents. By way of example, and not as a limitation, such costs include trade buy-out differentials, overtime, acceleration, costs in correcting defective, damaged or nonconforming Work, design errors or omissions and Subcontractor defaults. The Contingency is not available to Owner for any reason, including changes in scope or any other item which would enable Contractor to increase the Guaranteed Maximum Price under the Contract Documents or which would otherwise entitle Contractor to additional compensation such as Owner-caused acceleration. Contractor shall provide Owner with an itemization of all charges against the Contingency.

§ 4.4.3.1.2 SAVINGS In the event the sum of the Cost of the Work and the Design-Builder's Fee shall be less than the Guaranteed Maximum Price, as adjusted in accordance with the Design-Build Documents, the resulting savings will be shared by the Owner and the Design-Builder as follows: 50% to the Owner and 50% to the Design-Builder. The Design-Builder's Contingency set forth in Section 4.4.3.1.1, above, shall not be included in the calculation of the Savings, if any, on the Project, and 100% of any unused portion of the Contingency shall be credited to the Owner.

§ 4.4.3.2 The Guaranteed Maximum Price is based on the following alternates, if any, which are described in the Design-Build Documents and are hereby accepted by the Owner:

§ 4.4.3.3 Unit Prices, if any, are as follows:

Description	Units	Price (\$ 0.00)
-------------	-------	-----------------

§ 4.4.3.4 Allowances, if any, are as follows:

*(Identify and state the amounts of any allowances, and state whether they include labor, materials, or both.)*

Allowance	Amount (\$ 0.00)	Included Items
For Landscaping	\$28,000.00	To Be Determined

§ 4.4.3.5 Assumptions, if any, on which the Guaranteed Maximum Price is based, are as follows:

*(Identify the assumptions on which the Guaranteed Maximum Price is based.)*

## § 4.5 CHANGES IN THE WORK

§ 4.5.1 Adjustments of the Contract Sum on account of changes in the Work may be determined by any of the methods listed in Article A.7 of Exhibit A, Terms and Conditions.

§ 4.5.2 Where the Contract Sum is the Cost of the Work, with or without a Guaranteed Maximum Price, and no specific provision is made in Sections 4.3.2 or 4.4.2 for adjustment of the Design-Builder's Fee in the case of Changes in the Work, or if the extent of such changes is such, in the aggregate, that application of the adjustment will cause substantial inequity to the Owner or Design-Builder, the Design-Builder's Fee shall be equitably adjusted on the basis of the Fee established for the original Work, and the Contract Sum shall be adjusted accordingly.

## ARTICLE 5 PAYMENTS

### § 5.1 PROGRESS PAYMENTS

§ 5.1.1 Based upon Applications for Payment submitted to the Owner by the Design-Builder, the Owner shall make progress payments on account of the Contract Sum to the Design-Builder as provided below and elsewhere in the Design-Build Documents.

§ 5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

§ 5.1.3 Provided that an Application for Payment is received not later than the 25th day of month, the Owner shall make payment to the Design-Builder not later than the 25th day of the following month. If an Application for Payment is received by the Owner after the application date fixed above, payment shall be made by the Owner not later than thirty ( 30 ) days after the Owner receives the Application for Payment.

§ 5.1.4 With each Application for Payment where the Contract Sum is based upon the Cost of the Work, or the Cost of the Work with a Guaranteed Maximum Price, the Design-Builder shall submit payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached, and any other evidence reasonably required by the Owner to demonstrate that cash disbursements already made by the Design-Builder on account of the Cost of the Work equal or exceed (1) progress payments already received by the Design-Builder, less (2) that portion of those payments attributable to the Design-Builder's Fee; plus (3) payrolls for the period covered by the present Application for Payment.

§ 5.1.5 With each Application for Payment where the Contract Sum is based upon a Stipulated Sum or Cost of the Work with a Guaranteed Maximum Price, the Design-Builder shall submit the most recent schedule of values in accordance with the Design-Build Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. Compensation for design services shall be shown separately. Where the Contract Sum is based on the Cost of the Work with a Guaranteed Maximum Price, the Design-Builder's Fee shall be shown separately. The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy as the Owner may reasonably require. This schedule of values, unless objected to by the Owner, shall be used as a basis for reviewing the Design-Builder's Applications for Payment.

§ 5.1.6 In taking action on the Design-Builder's Applications for Payment, the Owner shall be entitled to rely on the accuracy and completeness of the information furnished by the Design-Builder and shall not be deemed to have made a detailed examination, audit or arithmetic verification of the documentation submitted in accordance with Sections 5.1.4 or 5.1.5, or other supporting data; to have made exhaustive or continuous on-site inspections; or to have made examinations to ascertain how or for what purposes the Design-Builder has used amounts previously paid on account of the Agreement. Such examinations, audits and verifications, if required by the Owner, will be performed by the Owner's accountants acting in the sole interest of the Owner.

~~§ 5.1.7 Except with the Owner's prior approval, the Design-Builder shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.~~

§ 5.1.7 Except with the Owner's prior approval, which approval shall not be withheld unreasonably, the Design-Builder shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

## § 5.2 PROGRESS PAYMENTS - STIPULATED SUM

§ 5.2.1 Applications for Payment where the Contract Sum is based upon a Stipulated Sum shall indicate the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment.

§ 5.2.2 Subject to other provisions of the Design-Build Documents, the amount of each progress payment shall be computed as follows:

- .1 Take that portion of the Contract Sum properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Work by the share of the Contract Sum allocated to that portion of the Work in the schedule of values, less retainage of five percent ( 5% ) on the Work, other than services provided by design professionals and other consultants retained directly by the Design-Builder. Pending final determination of cost to the Owner of Changes in the Work, amounts not in dispute shall be included as provided in Section A.7.3.8 of Exhibit A, Terms and Conditions;
- .2 Add that portion of the Contract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction (or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing), less retainage of five percent ( 5% );
- .3 Subtract the aggregate of previous payments made by the Owner; and
- .4 Subtract amounts, if any, for which the Owner has withheld payment from or nullified an Application for Payment as provided in Section A.9.5 of Exhibit A, Terms and Conditions.

§ 5.2.3 The progress payment amount determined in accordance with Section 5.2.2 shall be further modified under the following circumstances:

- .1 add, upon Substantial Completion of the Work, a sum sufficient to increase the total payments to the full amount of the Contract Sum, less such amounts as the Owner shall determine for incomplete Work, retainage applicable to such work and unsettled claims; and  
(Section A.9.8.6 of Exhibit A, Terms and Conditions requires release of applicable retainage upon Substantial Completion of Work with consent of surety, if any.)
- .2 add, if final completion of the Work is thereafter materially delayed through no fault of the Design-Builder, any additional amounts payable in accordance with Section A.9.10.3 of Exhibit A, Terms and Conditions.

§ 5.2.4 Reduction or limitation of retainage, if any, under Section 5.2.2 shall be as follows:

*(If it is intended, prior to Substantial Completion of the entire Work, to reduce or limit the retainage resulting from the percentages inserted in Sections 5.2.2.1 and 5.2.2.2 above, and this is not explained elsewhere in the Design-Build Documents, insert here provisions for such reduction or limitation.)*

### § 5.3 PROGRESS PAYMENTS - COST OF THE WORK PLUS A FEE

§ 5.3.1 Where the Contract Sum is based upon the Cost of the Work plus a fee without a Guaranteed Maximum Price, Applications for Payment shall show the Cost of the Work actually incurred by the Design-Builder through the end of the period covered by the Application for Payment and for which Design-Builder has made or intends to make actual payment prior to the next Application for Payment.

§ 5.3.2 Subject to other provisions of the Design-Build Documents, the amount of each progress payment shall be computed as follows:

- .1 Take the Cost of the Work as described in Exhibit B;
- .2 Add the Design-Builder's Fee, less retainage of (     % ). The Design-Builder's Fee shall be computed upon the Cost of the Work described in the preceding Section 5.3.2.1 at the rate stated in Section 4.3.2; or if the Design-Builder's Fee is stated as a fixed sum in that section, an amount which bears the same ratio to that fixed-sum Fee as the Cost of the Work in the preceding section bears to a reasonable estimate of the probable Cost of the Work upon its completion;
- .3 Subtract the aggregate of previous payments made by the Owner;
- .4 Subtract the shortfall, if any, indicated by the Design-Builder in the documentation required by Section 5.1.4 or resulting from errors subsequently discovered by the Owner's accountants in such documentation; and
- .5 Subtract amounts, if any, for which the Owner has withheld or withdrawn a Certificate for Payment as provided in the Section A.9.5 of Exhibit A, Terms and Conditions.

§ 5.3.3 Retainage in addition to the retainage stated at Section 5.3.2.2, if any, shall be as follows:

§ 5.3.4 Except with the Owner's prior approval, payments for the Work, other than for services provided by design professionals and other consultants retained directly by the Design-Builder, shall be subject to retainage of not less than five percent ( 5% ). The Owner and Design-Builder shall agree on a mutually acceptable procedure for review and approval of payments and retention for Contractors.

### § 5.4 PROGRESS PAYMENTS - COST OF THE WORK PLUS A FEE WITH A GUARANTEED MAXIMUM PRICE

§ 5.4.1 Applications for Payment where the Contract Sum is based upon the Cost of the Work Plus a Fee with a Guaranteed Maximum Price shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment. The percentage of completion shall be the lesser of (1) the percentage of that portion of the Work which has actually been completed; or (2) the percentage obtained by dividing (a) the expense that has actually been incurred by the Design-Builder on account of that portion of the Work for which the Design-Builder has made or intends to make actual payment prior to the next Application for Payment by (b) the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values.

§ 5.4.2 Subject to other provisions of the Design-Build Documents, the amount of each progress payment shall be computed as follows:

- .1 Take that portion of the Guaranteed Maximum Price properly allocable to completed Work as determined by multiplying the percentage of completion of each portion of the Work by the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values. Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section A.7.3.8 of Exhibit A, Terms and Conditions;
- .2 Add that portion of the Guaranteed Maximum Price properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work, or if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing;
- .3 Add the Design-Builder's Fee, less retainage of five percent ( 5% ). The Design-Builder's Fee shall be computed upon the Cost of the Work described in the two preceding sections at the rate stated in Section 4.4.2 or, if the Design-Builder's Fee is stated as a fixed sum in that section, shall be an amount that bears the same ratio to that fixed-sum fee as the Cost of the Work in the two preceding sections bears to a reasonable estimate of the probable Cost of the Work upon its completion;
- .4 Subtract the aggregate of previous payments made by the Owner;
- .5 Subtract the shortfall, if any, indicated by the Design-Builder in the documentation required by Section 5.1.4 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by the Owner's accountants in such documentation; and
- .6 Subtract amounts, if any, for which the Owner has withheld or nullified a Certificate for Payment as provided in Section A.9.5 of Exhibit A, Terms and Conditions.

§ 5.4.3 Except with the Owner's prior approval, payments for the Work, other than for services provided by design professionals and other consultants retained directly by the Design-Builder, shall be subject to retainage of ~~not less than~~ five percent ( 5% ). The Owner and Design-Builder shall agree on a mutually acceptable procedure for review and approval of payments and retention for Contractors.

#### § 5.5 FINAL PAYMENT

§ 5.5.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Design-Builder no later than 30 days after the Design-Builder has fully performed the Design-Build Contract, including the requirements in Section A.9.10 of Exhibit A, Terms and Conditions, except for the ~~Design-Builder's~~ Design-Builder's responsibility to correct non-conforming Work discovered after final payment or to satisfy other requirements, if any, which extend beyond final payment.

#### ARTICLE 6 DISPUTE RESOLUTION

§ 6.1 The parties appoint the following individual to serve as a Neutral pursuant to Section A.4.2 of Exhibit A, Terms and Conditions:

*(Insert the name, address and other information of the individual to serve as a Neutral. If the parties do not select a Neutral, then the provisions of Section A.4.2.2 of Exhibit A, Terms and Conditions, shall apply.)*

§ 6.2 If the parties do not resolve their dispute through mediation pursuant to Section A.4.3 of Exhibit A, Terms and Conditions, the method of binding dispute resolution shall be the following:

*(If the parties do not select a method of binding dispute resolution, then the method of binding dispute resolution shall be by litigation in a court of competent jurisdiction.)*

*(Check one.)*

- [  ] Arbitration pursuant to Section A.4.4 of Exhibit A, Terms and Conditions
- [  ] Litigation in a court of competent jurisdiction
- [  ] Other *(Specify)*



**§ 6.3 ARBITRATION**

§ 6.3.1 If Arbitration is selected by the parties as the method of binding dispute resolution, then any claim, dispute or other matter in question arising out of or related to this Agreement shall be subject to arbitration as provided in Section A.4.4 of Exhibit A, Terms and Conditions.

**ARTICLE 7 MISCELLANEOUS PROVISIONS**

§ 7.1 The Architect, other design professionals and consultants engaged by the Design-Builder shall be persons or entities duly licensed to practice their professions in the jurisdiction where the Project is located and are listed as follows:

*(Insert name, address, license number, relationship to Design-Builder and other information.)*

Name and Address	License Number	Relationship to Design-Builder	Other Information
<u>Fautleroy &amp; Latham Architects, A.P.C.</u>	<u>AC0388</u>	<u>Architect</u>	<u>MEP Design</u>

§ 7.2 Consultants, if any, engaged directly by the Owner, their professions and responsibilities are listed below:

*(Insert name, address, license number, if applicable, and responsibilities to Owner and other information.)*

Name and Address	License Number	Responsibilities to Owner	Other Information
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§ 7.3 Separate contractors, if any, engaged directly by the Owner, their trades and responsibilities are listed below:

*(Insert name, address, license number, if applicable, responsibilities to Owner and other information.)*

Name and Address	License Number	Responsibilities to Owner	Other Information
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§ 7.4 The Owner's Designated Representative is:

*(Insert name, address and other information.)*

Stephen Smith

University Facilities, Inc., SLU 10709, Hammond, Louisiana 70402

Telephone: (985) 549-2282 Fax Number (985) 549-5095 Email Address: ssmith@selu.edu

§ 7.4.1 The Owner's Designated Representative identified above shall be authorized to act on the Owner's behalf with respect to the ~~Project~~ Project and have express authority to bind the Owner with respect to all matters requiring the Owner's approval or authorization. The Designated Representative shall have the authority to make all decisions on behalf of the Owner including, without limitation, those concerning estimates and schedules, construction budgets, design and changes in the work, and shall render such decisions promptly and furnish information expeditiously so as to avoid delay in the work.

§ 7.5 The Design-Builder's Designated Representative is:

*(Insert name, address and other information.)*

William R. Doyle, Sr.

Brice Building Company, Inc., 3500 N. Causeway Boulevard, Suite 350, Metairie, Louisiana 70002

Telephone: (504) 887-7020 Fax Number: (504) 887-7090 Email Address: bdoyle@bricebuilding.com

§ 7.5.1 The Design-Builder's Designated Representative identified above shall be authorized to act on the Design-Builder's behalf with respect to the Project and have express authority to bind the Design-Builder with respect to all matters requiring the Design-Builder's approval or authorization. The Designated Representative shall have the authority to make all decisions on behalf of the Design-Builder including, without limitation, those

concerning estimates and schedules, construction budgets, design and changes in the work, and shall render such decisions promptly and furnish information expeditiously so as to avoid delay in the Project work.

§ 7.6 Neither the Owner's nor the Design-Builder's Designated Representative shall be changed without ten days written notice to the other party.

§ 7.7 Other provisions:

§ 7.7.1 Where reference is made in this Agreement to a provision of another Design-Build Document, the reference refers to that provision as amended or supplemented by other provisions of the Design-Build Documents.

§ 7.7.2 Payments due and unpaid under the Design-Build Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.

*(Insert rate of interest agreed upon, if any.)*

Prime rate at Wachovia Bank plus two percent ( Prime + 2% ) per annum

*(Usury laws and requirements under the Federal Truth in Lending Act, similar state and local consumer credit laws and other regulations at the Owner's and Design-Builder's principal places of business, the location of the Project and elsewhere may affect the validity of this provision. Legal advice should be obtained with respect to deletions or modifications, and also regarding requirements such as written disclosures or waivers.)*

#### ARTICLE 8 ENUMERATION OF THE DESIGN-BUILD DOCUMENTS

§ 8.1 The Design-Build Documents, except for Modifications issued after execution of this Agreement, are enumerated as follows:

§ 8.1.1 The Agreement is this executed edition of the Standard Form of Agreement Between Owner and Design-Builder, AIA Document A141-2004.

§ 8.1.2 The Supplementary and other Conditions of the Agreement, if any, are as follows:  
*(Either list applicable documents below or refer to an exhibit attached to this Agreement.)*

<b>Document</b>	<b>Title</b>	<b>Pages</b>
<u>Title of the Supplementary and Other Conditions exhibit:</u>		

§ 8.1.3 The Project Criteria, including changes to the Project Criteria proposed by the Design-Builder, if any, and accepted by the Owner, consist of the following:

*(Either list applicable documents and their dates below or refer to an exhibit attached to this Agreement.)*

<b>Title</b>	<b>Date</b>
<u>Title of the Project Criteria exhibit:</u>	

§ 8.1.4 The Design-Builder's Proposal, dated \_\_\_\_\_, consists of the following:

*(Either list applicable documents below or refer to an exhibit attached to this Agreement.)*

Title of the Design-Builder's Proposal:

§ 8.1.5 Amendments to the Design-Builder's Proposal, if any, are as follows:

*(Either list applicable documents below or refer to an exhibit attached to this Agreement.)*

Title of the Amendments to Design-Builder's Proposal exhibit:

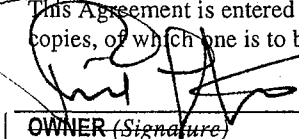
§ 8.1.6 The Addenda, if any, are as follows:

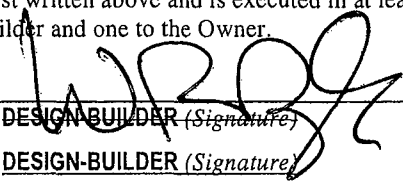
*(Either list applicable documents below or refer to an exhibit attached to this Agreement.)*

Number	Date	Pages
<u>Title of the Addenda exhibit:</u>		
§ 8.1.7 Exhibit A, Terms and Conditions.		
<i>(If the parties agree to substitute terms and conditions other than those contained in AIA Document A141-2004, Exhibit A, Terms and Conditions, <u>as modified for this Project</u>, then identify such terms and conditions and attach to this Agreement as Exhibit A.)</i>		
§ 8.1.8 Exhibit B, Determination of the Cost of the Work, if applicable.		
<i>(If the parties agree to substitute a method to determine the cost of the Work other than that contained in AIA Document A141-2004, Exhibit B, Determination of the Cost of the Work, <u>as modified for this Project</u>, then identify such other method to determine the cost of the Work and attach to this Agreement as Exhibit B. If the Contract Sum is a Stipulated Sum, then Exhibit B is not applicable.)</i>		
§ 8.1.9 Exhibit C, Insurance and Bonds, if applicable.		
<i>(Complete AIA Document A141-2004, Exhibit C, Insurance and Bonds or indicate "not applicable.")</i>		
§ 8.1.10 Other documents, if any, forming part of the Design-Build Documents are as follows:		
<i>(Either list applicable documents below or refer to an exhibit attached to this Agreement.)</i>		

- Title of the Other Documents exhibit:  
Exhibit D - Breakdown of Lump Sum Contract  
Exhibit E - Drawing List  
Exhibit F - Notice of Contract w/Property Description (Attached as Exhibit A)

This Agreement is entered into as of the day and year first written above and is executed in at least three original copies, of which one is to be delivered to the Design-Builder and one to the Owner.

  
 \_\_\_\_\_  
 OWNER (Signature)  
 OWNER (Signature)  
 University Facilities, Inc.  
 Phil Livingston, Vice-President  
 (Printed name and title)

  
 \_\_\_\_\_  
 DESIGN-BUILDER (Signature)  
 DESIGN-BUILDER (Signature)  
 Brice Building Company, Inc.  
 William R. Doyle, Sr.  
 (Printed name and title)



# AIA<sup>®</sup> Document A141<sup>™</sup> – 2004 Exhibit A

## *Terms and Conditions*

### for the following PROJECT:

*(Name and location or address)*

Southeastern Louisiana University Parking Garage and Stadium Renovations

### THE OWNER:

*(Name and location)*

University Facilities, Inc.  
SLU 10709  
Hammond, Louisiana 70402

### THE DESIGN-BUILDER:

*(Name and location)*

Brice Building Company, Inc.  
3500 N. Causeway Boulevard, Suite 350  
Metairie, Louisiana 70002

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Consultation with an attorney is also encouraged with respect to professional licensing requirements in the jurisdiction where the Project is located.

## TABLE OF ARTICLES

- A.1 GENERAL PROVISIONS
- A.2 OWNER
- A.3 DESIGN-BUILDER
- A.4 DISPUTE RESOLUTION
- A.5 AWARD OF CONTRACTS
- A.6 CONSTRUCTION BY OWNER OR BY SEPARATE CONTRACTORS
- A.7 CHANGES IN THE WORK
- A.8 TIME
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## ARTICLE A.1 GENERAL PROVISIONS

### § A.1.1 BASIC DEFINITIONS

#### § A.1.1.1 THE DESIGN-BUILD DOCUMENTS

The Design-Build Documents are identified in Section 1.1 of the Agreement.

#### § A.1.1.2 PROJECT CRITERIA

The Project Criteria are identified in Section 8.1.3 of the Agreement and may describe the character, scope, relationships, forms, size and appearance of the Project, materials and systems and, in general, their quality levels, performance standards, requirements or criteria, and major equipment layouts.

#### § A.1.1.3 ARCHITECT

The Architect is the person lawfully licensed to practice architecture or an entity lawfully practicing architecture identified as such in the Agreement and having a direct contract with the Design-Builder to perform design services for all or a portion of the Work, and is referred to throughout the Design-Build Documents as if singular in number. The term "Architect" means the Architect or the Architect's authorized representative. Nothing contained in the Agreement or any exhibits thereto, including this Exhibit "A," shall create a contractual or quasi-contractual relationship between the Owner and the Architect.

#### § A.1.1.4 CONTRACTOR

A Contractor is a person or entity, other than the Architect, that has a direct contract with the Design-Builder to perform all or a portion of the construction required in connection with the Work. The term "Contractor" is referred to throughout the Design-Build Documents as if singular in number and means a Contractor or an authorized representative of the Contractor. The term "Contractor" does not include a separate contractor, as defined in Section A.6.1.2, or subcontractors of a separate contractor.

#### § A.1.1.5 SUBCONTRACTOR

A Subcontractor is a person or entity who has a direct contract with a Contractor to perform a portion of the construction required in connection with the Work at the site. The term "Subcontractor" is referred to throughout the Design-Build Documents as if singular in number and means a Subcontractor or an authorized representative of the Subcontractor.

#### § A.1.1.6 THE WORK

The term "Work" means the design, construction and services required by the Design-Build Documents, whether completed or partially completed, and includes all other labor, materials, equipment and services provided or to be provided by the Design-Builder or Architect to fulfill the Design-Builder's obligations. The Work may constitute the whole or a part of the Project.

#### § A.1.1.7 THE PROJECT

The Project is the total design and construction of which the Work performed under the Design-Build Documents may be the whole or a part, and which may include design and construction by the Owner or by separate contractors.

#### § A.1.1.8 NEUTRAL

The Neutral is the individual appointed by the parties to decide Claims and disputes pursuant to Section A.4.2.1.

### § A.1.2 COMPLIANCE WITH APPLICABLE LAWS

§ A.1.2.1 If the Design-Builder or Architect believes that implementation of any instruction received from the Owner would cause a violation of any applicable law, statute, ordinance, building code, rule or regulation, the Design-Builder shall notify the Owner in writing. Neither the Design-Builder nor any Contractor or Architect shall be obligated to perform any act which they believe will violate any applicable law, ordinance, rule or regulation.

§ A.1.2.2 The Design-Builder shall be entitled to rely on the completeness and accuracy of the information contained in the Project Criteria, but not that such information complies with applicable laws, regulations and codes, which shall be the obligation of the Design-Builder-Design Builder to determine. In the event that a specific requirement of the Project Criteria conflicts with applicable laws, regulations and codes, the Design-Builder shall furnish Work which complies with such laws, regulations and codes. In such case, the Owner shall issue a Change Order to the Design-Builder unless the Design-Builder recognized such non-compliance prior to execution of this Agreement and failed to notify the Owner.

**§ A.1.2.3 AMERICANS WITH DISABILITIES ACT:** The Design-Builder shall use reasonable professional effort and judgment in interpreting and advising the Owner as to the necessary requirements for the Project to comply with the Americans With Disabilities Act (ADA). The Design-Builder shall rely upon the state fire marshal for interpretations of the ADA at the time the service is rendered. The Design-Builder does not warrant or guaranty that the Project will fully comply with interpretations of ADA requirements by regulatory or judicial bodies.

#### § A.1.3 CAPITALIZATION

§ A.1.3.1 Terms capitalized in these Terms and Conditions include those which are (1) specifically defined, (2) the titles of numbered articles and identified references to sections in the document, or (3) the titles of other documents published by the American Institute of Architects.

#### § A.1.4 INTERPRETATION

§ A.1.4.1 In the interest of brevity, the Design-Build Documents frequently omit modifying words such as “all” and “any” and articles such as “the” and “an,” but the fact that a modifier or an article is absent from one statement and appears in another is not intended to affect the interpretation of either statement.

§ A.1.4.2 Unless otherwise stated in the Design-Build Documents, words which have well-known technical or construction industry meanings are used in the Design-Build Documents in accordance with such recognized meanings.

#### § A.1.5 EXECUTION OF THE DESIGN-BUILD DOCUMENTS

§ A.1.5.1 The Design-Build Documents shall be signed by the Owner and Design-Builder.

§ A.1.5.2 Execution of the Design-Build Contract by the Design-Builder is a representation that the Design-Builder ~~has~~ and Architect have visited the site, become generally familiar with local conditions under which the Work is to be performed and correlated personal observations with requirements of the Design-Build Documents.

#### § A.1.6 OWNERSHIP AND USE OF DOCUMENTS AND ELECTRONIC DATA

§ A.1.6.1 Drawings, specifications, and other documents including those in electronic form, prepared by the Architect ~~and furnished by or~~ the Design-Builder are Instruments of Service. The Design-Builder, Design-Builder’s Architect and other providers of professional services individually shall retain all common law, statutory and other reserved rights, including copyright in those Instruments of Services ~~furnished-prepared~~ by them. Drawings, specifications, and other documents and materials and electronic data are furnished for use solely with respect to this Project.

§ A.1.6.2 Upon execution of the Design-Build Contract, the Design-Builder grants to the Owner a non-exclusive license to reproduce and use the Instruments of Service solely in connection with the Project, including the Project’s further development by the Owner and others retained by the Owner for such purposes, provided that the Owner shall comply with all obligations, including prompt payment of sums when due, under the Design-Build Documents. Subject to the Owner’s compliance with such obligations, such license shall extend to those parties retained by the Owner for such purposes, including other design professionals. The Design-Builder shall obtain similar non-exclusive licenses from its design professionals, including the Architect. The Owner shall not otherwise assign or transfer any license herein to another party without prior written agreement of the Design-Builder. Any unauthorized-reproduction or use of the Instruments of Service by the Owner or others shall be at the Owner’s sole risk and expense without liability to the Design-Builder and its design professionals. Except as provided in Section A.1.6.4, termination of this Agreement prior to completion of the Design-Builder’s services to be performed under this Agreement shall terminate this license. Notwithstanding any provisions to the contrary contained herein, the Owner further agrees that it will not use, employ, adapt, sell, exchange or market any part of the drawings, specifications and other documents furnished by the Design-Builder or Architect without written agreement relating to use, liability and-compensation.

§ A.1.6.3 Prior to any electronic exchange by the parties of the Instruments of Service or any other documents or materials to be provided by one party to the other, the Owner and the Design-Builder shall agree in writing on the specific conditions governing the format thereof, including any special limitations or licenses not otherwise provided in the Design-Build Documents:

§ A.1.6.4 If this Agreement is terminated for any reason other than the default of the Owner, each of the Design-Builder's design professionals, including the Architect, shall be contractually required to convey to the Owner a non-exclusive license to use that design professional's Instruments of Service for the completion, use and maintenance of the Project, conditioned upon the Owner's written notice to that design professional of the Owner's assumption of the Design-Builder's contractual duties and obligations to that design professional and payment to that design professional of all amounts due to that design professional and its consultants. If the Owner does not assume the remaining duties and obligations of the Design-Builder to that design professional under this Agreement, then the Owner shall indemnify and hold harmless the Design-Builder and that design professional from all claims and any expense, including legal fees, which that design professional or Design-Builder shall thereafter incur by reason of the Owner's use of such Instruments of Service. The Design-Builder shall incorporate the requirements of this Section A.1.6.4 in all agreements with its design professionals.

§ A.1.6.5 Submission or distribution of the Design-Builder's documents to meet official regulatory requirements or for similar purposes in connection with the Project is not to be construed as publication in derogation of the rights reserved in Section A.1.6.1.

## ARTICLE A.2 OWNER

### § A.2.1 GENERAL

§ A.2.1.1 The Owner is the person or entity identified as such in the Agreement and is referred to throughout the Design-Build Documents as if singular in number. The term "Owner" means the Owner or the Owner's authorized representative. The Owner shall designate in writing a representative who shall have express authority to bind the Owner with respect to all Project matters requiring the Owner's approval or authorization. The Owner shall render decisions in a timely manner and in accordance with the Design-Builder's schedule submitted to the Owner.

§ A.2.1.2 The Owner shall furnish to the Design-Builder within 15 days after receipt of a written request information necessary and relevant for the Design-Builder to evaluate, give notice of or enforce mechanic's lien rights. Such information shall include a correct statement of the record legal title to the property on which the Project is located, usually referred to as the site, and the Owner's interest therein.

### § A.2.2 INFORMATION AND SERVICES REQUIRED OF THE OWNER

§ A.2.2.1 Information or services required of the Owner by the Design-Build Documents shall be furnished by the Owner with reasonable promptness. Any other information or services relevant to the Design-Builder's performance of the Work under the Owner's control shall be furnished by the Owner after receipt from the Design-Builder of a written request for such information or services. The Owner shall promptly render decisions pertaining to information or services to avoid delay in the orderly progress of the design and construction.

§ A.2.2.2 The Owner shall be responsible to provide surveys, if not required by the Design-Build Documents to be provided by the Design-Builder, describing physical characteristics, legal limitations, and utility locations for the site of this Project, and a written legal description of the site. The surveys and legal information shall include, as applicable, grades and lines of streets, alleys, pavements, and adjoining property and structures; adjacent drainage; rights-of-way, restrictions, easements, encroachments, zoning, deed restriction, boundaries, and contours of the site; locations, dimensions, and necessary data pertaining to existing buildings, other improvements and trees; and information concerning available utility services and lines, both public and private, above and below grade, including inverts and depths. All the information on the survey shall be referenced to a Project benchmark.

§ A.2.2.3 The Owner shall provide, to the extent available to the Owner and if not required by the Design-Build Documents to be provided by the Design-Builder, the results and reports of prior tests, inspections or investigations conducted for the Project involving structural or mechanical systems, chemical, air and water pollution, hazardous materials or environmental and subsurface conditions and information regarding the presence of pollutants at the Project site. The Owner shall disclose all information known to the Owner regarding the presence of pollutants at the Project site.

§ A.2.2.4 The Owner may obtain independent review of the Design-Builder's design, construction and other documents by a separate architect, engineer, and contractor or cost estimator under contract to or employed by the Owner. Such independent review shall be undertaken at the Owner's expense in a timely manner and shall not delay the orderly progress of the Work.



§ A.2.2.5 The Owner shall cooperate with the Design-Builder in securing building and other permits, licenses and ~~inspections~~ inspections which are the Design-Builder's responsibility under the Design-Build Documents. The Owner shall not be required to pay the fees for such permits, licenses and inspections unless the cost of such fees is excluded from the responsibility of the Design-Builder under the Design-Build Documents.

§ A.2.2.6 The services, information, surveys and reports required to be provided by the Owner under Section A.2.2, shall be furnished at the Owner's expense, and the Design-Builder shall be entitled to rely upon the accuracy and completeness thereof, except as otherwise specifically provided in the Design-Build Documents or to the extent the Owner advises the Design-Builder to the contrary in writing.

§ A.2.2.7 If the Owner observes or otherwise becomes aware of a fault or defect in the Work or non-conformity with the Design-Build Documents, the Owner shall give prompt written notice thereof to the Design-Builder.

§ A.2.2.8 The Owner shall, ~~at the request of the Design-Builder, prior to execution of the Design-Build Contract Agreement and promptly upon request from time to time thereafter,~~ furnish to the Design-Builder reasonable evidence that financial arrangements have been made to fulfill the Owner's obligations under this Agreement. Unless such evidence is furnished on request prior to the execution of this Agreement, the Design-Builder is not required to execute the contract or to commence the Work. Further, unless such evidence is furnished on request promptly, from time to time, after commencement of the Work, the Design-Builder can stop the Work upon seven (7) days' prior notice to the Owner. Design-Builder shall not have or incur any liability to Owner as a result of the exercise of its rights to stop the Work hereunder as long as Design-Builder has properly exercised such rights, if any. The failure of the Design-Builder to insist upon the providing of this evidence at any one time shall not be a waiver of the Design-Build Documents. Owner's obligation to make payments pursuant to this Agreement nor shall it be a waiver of the Design-Builder's right to request or insist that such evidence be provided at a later date.

§ A.2.2.9 The Owner shall communicate through the Design-Builder with persons or entities employed or retained by the Design-Builder, unless otherwise directed in writing by the Design-Builder.

§ A.2.2.10 The Owner shall furnish the services of geotechnical engineers or other consultants, if not required by the Design-Build Documents to be provided by the Design-Builder, for subsoil, environmental, subsurface, chemical, hazardous material, air and water and ground conditions when such services are deemed reasonably necessary by the Design-Builder to properly carry out the design services provided by the Design-Builder and the Design-Builder's Architect. Such services may include, but are not limited to, test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, ground corrosion and resistivity tests, and necessary operations for anticipating subsoil conditions. The services of geotechnical engineer(s) or other consultants shall include preparation and submission of all appropriate reports and professional recommendations and the Design-Builder and Architect shall be entitled to rely on the accuracy and completeness of such reports and recommendations.

§ A.2.2.11 The Owner shall promptly obtain easements, zoning variances, and legal authorizations regarding site utilization where essential to the execution of the Owner's program.

§ A.2.2.12 OMITTED

§ A.2.2.13 The Owner shall be responsible for Design-Builder being allowed all necessary access to the site of the Project for performance of the Work.

§ A.2.2.14 The Owner shall establish and update an overall budget and total funds available for the Project, including reasonable contingencies. The budget shall not constitute the Contract Sum.

§ A.2.2.15 If the Owner requires the Design-Builder to maintain any special insurance coverage, policy, amendment, or rider, the Owner shall pay the additional cost thereof except as otherwise stipulated in this Agreement.

### § A.2.3 OWNER REVIEW AND INSPECTION

§ A.2.3.1 The Owner shall review and approve or take other appropriate action upon the Design-Builder's submittals, including but not limited to design and construction documents, required by the Design-Build Documents, ~~but only~~ for the ~~limited~~ purpose of checking for conformance with information given and the design ~~concept~~ expressed in the-

Design-Build Documents. The Owner's action shall be taken and such items will be returned to Design-Builder's possession with such reasonable promptness as to cause no delay in the Work or in the activities of the ~~Design-Builder-Design-Builder, the Architect,~~ or separate contractors. Review of such submittals is not conducted for the purpose of determining the ~~accuracy and completeness of other details, such as field dimensions where required and quantities, quantities,~~ or for substantiating instructions for installation or performance of equipment or systems, all of which remain the responsibility of the Design-Builder as required by the Design-Build Documents.

§ A.2.3.2 Upon review of the design documents, construction documents, or other submittals required by the Design-Build Documents, the Owner shall take one of the following actions:

- .1 Determine that the documents or submittals are in conformance with the Design-Build Documents and approve them.
- .2 Determine that the documents or submittals are in conformance with the Design-Build Documents but request changes in the documents or submittals which shall be implemented by a Change in the Work.
- .3 Determine that the documents or submittals are not in conformity with the Design-Build Documents and reject them.
- .4 Determine that the documents or submittals are not in conformity with the Design-Build Documents, but accept them by implementing a Change in the Work.
- .5 Determine that the documents or submittals are not in conformity with the Design-Build Documents, but accept them and request changes in the documents or submittals which shall be implemented by a Change in the Work.

§ A.2.3.3 The Design-Builder shall submit to the Owner for the Owner's approval, pursuant to Section A.2.3.1, any proposed change or deviation to previously approved documents or submittals. The Owner shall review each proposed change or deviation to previously approved documents or submittals which the Design-Builder submits to the Owner for the Owner's approval with reasonable promptness in accordance with Section A.2.3.1 and shall make one of the determinations described in Section A.2.3.2.

§ A.2.3.4 Notwithstanding the Owner's responsibility under Section A.2.3.2, the Owner's review and approval of the Design-Builder's documents or submittals shall not relieve the Design-Builder of responsibility for compliance with the Design-Build Documents unless a) the Design-Builder has notified the Owner in writing of the deviation prior to approval by the Owner or, b) the Owner has approved a Change in the Work reflecting any deviations from the requirements of the Design-Build Documents.

§ A.2.3.5 The Owner may visit the site to keep informed about the progress and quality of the portion of the Work completed. However, the Owner shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. Visits by the Owner shall not be construed to create an obligation on the part of the Owner to make on-site inspections to check the quantity or quality of the Work. The Owner shall neither have control over or charge of, nor be responsible for, the construction means, methods, techniques, sequences or procedures, or for the safety precautions and programs in connection with the Work, since these are solely the Design-Builder's rights and responsibilities under the Design-Build Documents, except as provided in Section A.3.3.7.

§ A.2.3.6 The Owner shall not be responsible for the Design-Builder's failure to perform the Work in accordance with the requirements of the Design-Build Documents. The Owner shall not have control over or charge of and will not be responsible for acts or omissions of the Design-Builder, Architect, Contractors, or their agents or employees, or any other persons or entities performing portions of the Work for the Design-Builder.

§ A.2.3.7 The Owner may reject Work that does not conform to the Design-Build Documents. Whenever the Owner considers it necessary or advisable, the Owner shall have authority to require inspection or testing of the Work in accordance with Section A.13.5.2, whether or not such Work is fabricated, installed or completed. However, neither this authority of the Owner nor a decision made in good faith either to exercise or not to exercise such authority shall give rise to a duty or responsibility of the Owner to the ~~Design-Builder, Design-Builder,~~ the Architect, Contractors, ~~material material~~ and equipment suppliers, their agents or employees, or other persons or entities performing portions of the Work. § A.2.3.8 The Owner may appoint an on-site project representative to observe the Work and to have such other responsibilities as the Owner and the Design-Builder agree to in writing.

~~§ A.2.3.8 The Owner may appoint an on-site project representative to observe the Work and to have such other responsibilities as the Owner and the Design-Builder agree to in writing.~~

§ A.2.3.9 The Owner shall conduct inspections to determine the date or dates of Substantial Completion and the date of final completion.

#### § A.2.4 OWNER'S RIGHT TO STOP WORK

§ A.2.4.1 If the Design-Builder fails to correct Work which is not in accordance with the requirements of the Design-Build Documents as required by Section A.12.2 or persistently fails to carry out Work in accordance with the Design-Build Documents, the Owner may issue a written order signed personally by the Owner, or the Owner's agent to the Design-Builder to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, the right of the Owner to stop the Work shall not give rise to a duty on the part of the Owner to exercise this right for the benefit of the Design-Builder or any other person or entity, except to the extent required by Section A.6.1.3.

#### § A.2.5 OWNER'S RIGHT TO CARRY OUT THE WORK

§ A.2.5.1 If the Design-Builder defaults or neglects to carry out the Work in accordance with the Design-Build Documents and fails within a seven-day period after receipt of written notice from the Owner to commence and continue correction of such default or neglect with diligence and promptness, the Owner may after such seven-day period give the Design-Builder a second written notice to correct such deficiencies within a three-day-seven-day period. If the Design-Builder within such three-day-seven-day period after receipt of such second notice fails to commence and continue to correct any deficiencies, the Owner may, without prejudice to other remedies the Owner may have, correct such deficiencies. In such case, an appropriate Change Order shall be issued deducting from payments then or thereafter due the Design-Builder the reasonable cost of correcting such deficiencies. If payments due the Design-Builder are not sufficient to cover such amounts, the Design-Builder shall pay the difference to the Owner. Such action by Owner shall be subject to dispute resolution procedures as provided in Article A.4, however, such dispute resolution procedures shall not be a condition precedent to Owner's right to correct deficiencies hereunder.

### ARTICLE A.3 DESIGN-BUILDER

#### § A.3.1 GENERAL

§ A.3.1.1 The Design-Builder is the person or entity identified as such in the Agreement and is referred to throughout the Design-Build Documents as if singular in number. ~~The Design-Builder may be an architect or other design professional, a construction contractor, a real estate developer or any other person or entity legally permitted to do business as a design-builder in the location where the Project is located.~~ The term "Design-Builder" means the Design-Builder or the Design-Builder's authorized representative. The Design-Builder's representative is authorized to act on the Design-Builder's behalf with respect to the Project.

§ A.3.1.2 The Design-Builder shall perform the Work in accordance with the Design-Build Documents.

#### § A.3.2 DESIGN SERVICES AND RESPONSIBILITIES

§ A.3.2.1 ~~When applicable law requires that Design services will be furnished and performed by licensed professionals, Fauntleroy & Latham Architects, A.P.C. (the Architect or other design professionals) pursuant to an agreement between the Design-Builder and the Architect or other design professionals (for the purposes of this Agreement the term "Architect" shall provide those be deemed to include other design professionals where appropriate for the type of design services being performed), and the Owner acknowledges that the design services through will not be performed by the Design-Builder but will be performed pursuant to contracts between the performance of qualified Design-Builder and persons firms, or entities duly licensed-licensed, authorized and registered to practice their professions. The render such services.~~ The Owner understands and agrees that the services performed by the Design-Builder's Architect and the Design-Builder's other design professionals and consultants are undertaken and performed in the sole interest of and for the exclusive benefit of the Design-Builder.

§ A.3.2.2 The agreements between the Design-Builder and Architect or other design professionals identified in the Agreement, and in any subsequent Modifications, shall be in writing. These agreements, including services and financial arrangements with respect to this Project, shall be promptly and fully disclosed to the Owner upon the Owner's written request.

§ A.3.2.3 The Design-Builder shall be responsible to the Owner for acts and omissions the conformance of the Work-performed by the Design-Builder's employees, ~~Architect~~-Contractors, Subcontractors and their agents and

employees, and other persons or entities, including the Architect and other design professionals, performing any portion of the Design-Builder's obligations under-with the requirements of the Design-Build Documents.

§ A.3.2.4 The Design-Builder and Architect shall carefully study and compare the Design-Build Documents, materials and other information provided by the Owner pursuant to Section A.2.2, shall take field measurements of any existing conditions related to the Work, shall observe any conditions at the site affecting the Work, and report promptly to the Owner any errors, inconsistencies or omissions discovered.

§ A.3.2.5 The Design-Builder shall provide to the Owner for Owner's written approval design documents furnished and prepared by the Architect sufficient to establish the size, quality and character of the Project; its architectural, structural, mechanical and electrical systems; and the materials and such other elements of the Project to the extent required by the Design-Build Documents. Deviations, if any, from the Design-Build Documents shall be disclosed in writing.

§ A.3.2.6 Upon the Owner's written approval of the design documents prepared by the Architect and submitted by the Design-Builder, the Design-Builder shall provide construction documents prepared by the Architect for review and written approval by the Owner. The Owner shall promptly conduct its review and provide its approval so as not to delay the Work. The construction documents shall set forth in detail the requirements for construction of the Project. The construction documents shall include drawings and specifications that establish the quality levels of materials and systems required. Deviations, if any, from the Design-Build Documents shall be disclosed in writing. Construction documents may include drawings, specifications, and other documents and electronic data setting forth in detail the requirements for construction of the Work, and shall:

- .1 be consistent with the approved design documents;
- .2 provide information for the use of those in the building trades; and
- .3 include documents customarily required for regulatory agency approvals.

§ A.3.2.7 The Design-Builder and Architect shall meet with the Owner periodically to review progress of the design and construction documents.

§ A.3.2.8 Upon the Owner's written approval of construction documents, and unless otherwise provided in the Design-Build Documents, the Design-Builder, with the assistance of the Owner, shall prepare and file documents required to obtain necessary approvals of governmental authorities having jurisdiction over the Project.

§ A.3.2.9 The Design-Builder shall obtain from each of the Design-Builder's professionals and furnish to the Owner certifications with respect to the documents and services provided by such professionals (a) that, to the best of their knowledge, information and belief, the documents or services to which such certifications relate (i) are consistent with the Project Criteria set forth in the Design-Build Documents, except to the extent specifically identified in such certificate, (ii) comply with applicable professional practice standards, and (iii) comply with applicable laws, ordinances, codes, rules and regulations governing the design of the Project; and (b) that the Owner and its consultants shall be entitled to rely upon the accuracy of the representations and statements contained in such certifications.

§ A.3.2.10 If the Owner requests the Design-Builder, the Architect or the Design-Builder's other design professionals to execute certificates other than those required by Section A.3.2.9, the proposed language of such certificates shall be submitted to the Design-Builder, or the Architect and such design professionals through the Design-Builder, for review and negotiation at least 14 days prior to the requested dates of execution. Neither the Design-Builder, the Architect nor such other design professionals shall be required to execute certificates that would require knowledge, services or responsibilities beyond the scope of their respective agreements with the Owner or Design-Builder.

### § A.3.3 CONSTRUCTION

§ A.3.3.1 The Design-Builder shall perform no construction Work prior to the Owner's review and approval of the construction documents. The Design-Builder shall perform no portion of the Work for which the Design-Build Documents require the Owner's review of submittals, such as Shop Drawings, Product Data and Samples, until the Owner has approved each submittal. Owner shall conduct its review of such construction documents and submittals and provide Design-Builder with its approval (or disapproval) of same within fourteen (14) calendar days of receipt thereof. If the Work is delayed due to the Owner's failure to take any action to approve (or disapprove) such construction documents or submittals within the fourteen (14) calendar day time period, the Contract Time shall be extended by the time of such delay, and the Contract Sum shall be increased by Change Order.

§ A.3.3.2 The construction Work shall be in accordance with approved submittals, except that the Design-Builder shall not be relieved of responsibility for deviations from requirements of the Design-Build Documents by the Owner's approval of design and construction documents or other submittals such as Shop Drawings, Product Data, Samples or other submittals unless the Design-Builder has specifically informed the Owner in writing of such deviation at the time of submittal and (1) the Owner has given written approval to the specific deviation as a minor change in the Work, or (2) a Change Order or Construction Change Directive has been issued authorizing the deviation. The Design-Builder shall not be relieved of responsibility for errors or omissions in design and construction documents or other submittals such as Shop Drawings, Product Data, Samples or other submittals by the Owner's approval thereof.

§ A.3.3.3 The Design-Builder shall direct specific attention, in writing or on resubmitted design and construction documents or other submittals such as Shop Drawings, Product Data, Samples or similar submittals, to revisions other than those requested by the Owner on previous submittals. In the absence of such written notice, the Owner's approval of a resubmission shall not apply to such revisions.

§ A.3.3.4 When the Design-Build Documents require that a Contractor provide professional design services or certifications related to systems, materials or equipment, or when the ~~Design-Builder~~ Design Builder in its discretion provides such design services or certifications through a Contractor, the Design-Builder shall cause professional design services or certifications to be provided by a properly licensed design professional, whose signature and seal shall appear on all drawings, calculations, specifications, certifications, Shop Drawings and other submittals prepared by such professional. Shop Drawings and other submittals related to the Work designed or certified by such professionals, if prepared by others, shall bear such design professional's written approval. The Owner shall be entitled to rely upon the adequacy, accuracy and completeness of the services, certifications or approvals performed by such design professionals.

§ A.3.3.5 The Design-Builder shall be solely responsible for and have control over all construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under the Design-Build Documents. Documents and construction shall be in accordance with the Design-Build Documents approved by the Owner.

§ A.3.3.6 The Design-Builder shall keep the Owner informed of the progress and quality of the Work.

§ A.3.3.7 The Design-Builder shall be responsible for the supervision and direction of the Work, using the Design-Builder's best commercially reasonable skill and attention. If the Design-Build Documents give specific instructions concerning construction means, methods, techniques, sequences or procedures, the Design-Builder shall evaluate the jobsite safety thereof and, except as stated below, shall be fully and solely responsible for the jobsite safety of such means, methods, techniques, sequences or procedures. If the Design-Builder determines that such means, methods, techniques, sequences or procedures may not be safe, the Design-Builder shall give timely written notice to the Owner and shall not proceed with that portion of the Work ~~without further written instructions from the Owner. If the Work, § A.3.3.8 The Design-Builder is then instructed to proceed with the required means, methods, techniques, sequences or procedures without acceptance of changes proposed by the Design-Builder, the Owner shall be solely responsible for any resulting loss or damage.~~ inspection of portions of Work already performed to determine that such portions are in proper condition to receive subsequent Work.

~~§ A.3.3.8 The Design-Builder shall be responsible for inspection of portions of Work already performed to determine that such portions are in proper condition to receive subsequent Work.~~

§ A.3.3.9 If an error or omission in the Design-Build documents is discovered after commencement of the construction, and as a result of such error or omission the Design-Builder is required to furnish additional labor, materials, and/or equipment, the Owner shall reimburse the Design-Builder for the costs of such labor, materials, and/or equipment but only to the extent that such costs do not exceed what it would have cost to furnish such labor, materials, and/or equipment had there been no error or omission in the original Design-Build Documents. Further, in such event there shall be no delay or extension of the Contract Time in connection with such additional Work.

#### § A.3.4 LABOR AND MATERIALS

§ A.3.4.1 Unless otherwise provided in the Design-Build Documents, the Design-Builder shall provide or cause to be provided and shall pay for design ~~services~~, services by the Architect, labor, materials, equipment, tools, construction

equipment and machinery, water, heat, utilities, transportation and other facilities and services necessary for proper execution and completion of the Work; whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

§ A.3.4.2 When a material is specified in the Design-Build Documents, the Design-Builder may make substitutions only with the consent of the Owner and, if appropriate, in accordance with a Change Order.

§ A.3.4.3 The Design-Builder shall enforce strict-commercially reasonable discipline and good order among the Design-Builder's employees and other persons carrying out the Design-Build Contract. The Design-Builder shall not permit employment of unfit persons or persons not skilled in tasks assigned to them.

#### § A.3.5 WARRANTY

§ A.3.5.1 The Design-Builder warrants to the Owner that materials and equipment furnished under the Design-Build Documents will be of good quality and new unless otherwise required or permitted by the Design-Build Documents, that the ~~Work-construction~~ will be free from defects not inherent in a design or product required by the Owner in the quality required or permitted by law or otherwise, and that the ~~Work-construction~~ will conform to the requirements of the Design-Build Documents. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective-non-conforming. The Design-Builder's warranty excludes remedy for damage or defect caused by abuse, modifications not executed by the Design-Builder, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage. If required by the Owner, the Design-Builder shall furnish satisfactory evidence as to the kind and quality of materials and equipment.

Notwithstanding any other provision of the Design-Build Documents, it is agreed that Design-Builder does not expressly or impliedly warrant any specified sole source or brand-named products, equipment, or material and Owner accepts the manufacturer's warranty as its sole recourse with regard to such items, provided that nothing in this paragraph shall affect Contractor's warranty with regard to the installation of such items. Other than the express warranty contained in this paragraph, Design-Builder makes no other warranty whether express or implied. The duration of all warranties of any kind from Design-Builder to Owner shall be for a period of one (1) year following the date of Substantial Completion unless otherwise noted in the Design-Build Documents. The warranty set forth herein is the sole warranty provided by the Design-Builder and is in lieu of any other warranty, express or implied.

#### § A.3.6 TAXES

§ A.3.6.1 The Design-Builder shall pay all sales, consumer, use and similar taxes for the Work provided by the Design-Builder which had been legally enacted on the date of the ~~Agreement, Design-Builder's proposal~~, whether or not yet effective or merely scheduled to go into effect.

#### § A.3.7 PERMITS, FEES AND NOTICES

§ A.3.7.1 The Design-Builder shall secure and pay for building and other permits and governmental fees, licenses and ~~inspections-inspections, as listed in detail on Exhibit ( ) to this Agreement~~, necessary for the proper execution and completion of the Work which are customarily secured after execution of the Design-Build Contract and which were legally required on the date the Owner accepted the Design-Builder's ~~proposal-proposal provided, however, that the~~ Design-Builder's obligation to secure such permits and licenses is conditioned upon the Owner providing the Design-Build Documents to Design-Builder that are in accordance with applicable laws, statutes, ordinances, building codes, rules and regulations.

§ A.3.7.2 The Design-Builder shall comply with and give notices required by laws, ordinances, rules, regulations and lawful orders of public authorities relating to the Project.

§ A.3.7.3 It is the Design-Builder's responsibility to ascertain that the Work is in accordance with applicable laws, ordinances, codes, rules and regulations.

~~§ A.3.7.4 If the Design-Builder performs Work contrary to applicable laws, ordinances, codes, rules and regulations, the Design-Builder shall assume responsibility for such Work and shall bear the costs attributable to correction.~~

If the Design-Builder performs Work contrary to applicable laws, ordinances, codes, rules and regulations, the Design-Builder shall assume responsibility for such Work and shall bear the costs attributable to correction.

### § A.3.8 ALLOWANCES

§ A.3.8.1 The Design-Builder shall include in the Contract Sum all allowances stated in the Design-Build Documents. Items covered by allowances shall be supplied for such amounts and by such persons or entities as the Owner may direct, but the Design-Builder shall not be required to employ persons or entities to which the Design-Builder has reasonable objection.

§ A.3.8.2 Unless otherwise provided in the Design-Build Documents:

- .1 allowances shall cover the cost to the Design-Builder of materials and equipment delivered at the site and all required taxes, less applicable trade discounts;
- .2 Design-Builder's costs for unloading and handling at the site, labor, installation costs, overhead, profit and other expenses contemplated for stated allowance amounts shall be included in the Contract Sum but not in the allowances; and
- .3 whenever costs are more than or less than allowances, the Contract Sum shall be adjusted accordingly by Change Order. The amount of the Change Order shall reflect (1) the difference between actual costs and the allowances under Section A.3.8.2.1 and (2) changes in Design-Builder's costs under Section A.3.8.2.2.

§ A.3.8.3 Materials and equipment under an allowance shall be selected by the Owner in sufficient time to avoid delay in the Work.

### § A.3.9 DESIGN-BUILDER'S SCHEDULE

§ A.3.9.1 The Design-Builder, promptly after execution of the Design-Build Contract, shall prepare and submit for the Owner's information the Design-Builder's schedule for the Work. The schedule shall not exceed time limits and shall be in such detail as required under the Design-Build Documents, shall be revised at appropriate intervals as required by the conditions of the Work and Project, shall be related to the entire Project to the extent required by the Design-Build Documents, shall provide for expeditious and practicable execution of the Work and shall include allowances for periods of time required for the Owner's review and for approval of submissions by authorities having jurisdiction over the Project.

§ A.3.9.2 The Design-Builder shall prepare and keep current a schedule of submittals required by the Design-Build Documents.

§ A.3.9.3 The Design-Builder shall perform the Work in general accordance with the most recent schedules submitted to the Owner.

### § A.3.10 DOCUMENTS AND SAMPLES AT THE SITE

§ A.3.10.1 The Design-Builder shall maintain at the site for the Owner one record copy of the drawings, specifications, addenda, Change Orders and other Modifications, in good order and marked currently to record field changes and selections made during completed construction, and one record copy of approved Shop Drawings, Product Data, Samples and similar required submittals. These shall be delivered to the Owner upon completion of the Work.

### § A.3.11 SHOP DRAWINGS, PRODUCT DATA AND SAMPLES

§ A.3.11.1 Shop Drawings are drawings, diagrams, schedules and other data specially prepared for the Work by the Design-Builder or a Contractor, Subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Work.

§ A.3.11.2 Product Data are illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the Design-Builder to illustrate materials or equipment for some portion of the Work.

§ A.3.11.3 Samples are physical examples that illustrate materials, equipment or workmanship and establish standards by which the Work will be judged.

§ A.3.11.4 Shop Drawings, Product Data, Samples and similar submittals are not Design-Build Documents. The purpose of their submittal is to demonstrate for those portions of the Work for which submittals are required by the Design-Build Documents the way by which the Design-Builder proposes to conform to the Design-Build Documents.--

§ A.3.11.5 The Design-Builder shall review for compliance with the Design-Build Documents and approve and submit to the Owner only those Shop Drawings, Product Data, Samples and similar submittals required by the Design-Build Documents with reasonable promptness and in such sequence as to cause no delay in the Work or in the activities of the Owner or of separate contractors.

§ A.3.11.6 By approving and submitting Shop Drawings, Product Data, Samples and similar submittals, the Design-Builder represents that the Design-Builder has determined and verified materials, field measurements and field construction criteria related thereto, or will do so, and has checked and coordinated the information contained within such submittals with the requirements of the Work and of the Design-Build Documents.

#### § A.3.12 USE OF SITE

§ A.3.12.1 The Design-Builder shall confine operations at the site to areas permitted by law, ordinances, permits and the Design-Build Documents, and shall not unreasonably encumber the site with materials or equipment.

#### § A.3.13 CUTTING AND PATCHING

§ A.3.13.1 The Design-Builder shall be responsible for cutting, fitting or patching required to complete the Work or to make its parts fit together properly.

§ A.3.13.2 The Design-Builder shall not damage or endanger a portion of the Work or fully or partially completed construction of the Owner or separate contractors by cutting, patching or otherwise altering such construction or by excavation. The Design-Builder shall not cut or otherwise alter such construction by the Owner or a separate contractor except with written consent of the Owner and of such separate contractor; such consent shall not be unreasonably withheld. The Design-Builder shall not unreasonably withhold from the Owner or a separate contractor the Design-Builder's consent to cutting or otherwise altering the Work.

#### § A.3.14 CLEANING UP

§ A.3.14.1 The Design-Builder shall keep the premises and surrounding area reasonably free in accordance with industry practice from accumulation of waste materials or rubbish caused by operations under the Design-Build Contract. At completion of the Work, the Design-Builder shall remove from and about the Project waste materials, rubbish, the Design-Builder's tools, construction equipment, machinery and surplus materials.

§ A.3.14.2 If the Design-Builder fails to clean up as provided ~~in by A 3.14.1~~, the Design-Build Documents, the Owner may do so after seven days written notice and the reasonable cost thereof shall be charged to the Design-Builder.

#### § A.3.15 ACCESS TO WORK

§ A.3.15.1 The Design-Builder shall provide the Owner access to the Work in preparation and progress wherever located.

#### § A.3.16 ROYALTIES, PATENTS AND COPYRIGHTS

§ A.3.16.1 The Design-Builder shall pay all royalties and license ~~fees~~ fees for patented design processes or products. The Design-Builder shall defend suits or claims for infringement of copyrights and patent rights and shall hold the Owner harmless from loss on account thereof, but shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer or manufacturers is required or where the copyright violations are contained in drawings, specifications or other documents prepared by or furnished to the Design-Builder by the Owner and in such case the Owner ~~Owner shall defend and indemnify Design-Builder from any such suits, claims, and loss~~. However, if the Design-Builder has reason to believe that the required design, process or product is an infringement of a copyright or a patent, the Design-Builder shall be responsible for such loss unless such information is promptly furnished to the Owner.

#### § A.3.17 INDEMNIFICATION

§ A.3.17.1 To the fullest extent permitted by law, the Design-Builder shall indemnify and hold harmless the Owner, Owner's consultants, and agents and employees of any of them from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the ~~Work, Work-~~ (subject however to the standard of care for design professional services), provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death or to injury to or destruction of tangible property



~~other (other than the Work itself, itself)~~, but only to the extent caused by the negligent acts or omissions of the Design-Builder, Architect, a Contractor, a Subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Section A.3.17.

§ A.3.17.2 In claims against any person or entity indemnified under this Section A.3.17 by an employee of the Design-Builder, the Architect, a Contractor, a Subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under Section A.3.17.1 shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Design-Builder, the Architect or a Contractor or a Subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

#### ARTICLE A.4 DISPUTE RESOLUTION

##### § A.4.1 CLAIMS AND DISPUTES

§ A.4.1.1 **Definition.** A Claim is a demand or assertion by one of the parties seeking, as a matter of right, adjustment or interpretation of Design-Build Contract terms, payment of money, extension of time or other relief with respect to the terms of the Design-Build Contract. The term "Claim" also includes other disputes and matters in question between the Owner and Design-Builder arising out of or relating to the Design-Build Contract. Claims must be initiated by written notice. The responsibility to substantiate Claims shall rest with the party making the Claim.

§ A.4.1.2 **Time Limits on Claims.** Claims by either party must be initiated within ~~21-60~~ days after occurrence of the event giving rise to such Claim or within ~~21-60~~ days after the claimant first recognizes the condition giving rise to the Claim, whichever is later. Claims must be initiated by written notice to the other party.

§ A.4.1.3 **Continuing Performance.** Pending final resolution of a Claim, except as otherwise agreed in writing or as provided in Section A.9.7.1 and Article A.14, the Design-Builder and Owner shall proceed diligently with performance of the Design-Build Contract and the Owner shall continue to make payments in accordance with the Design-Build Documents.

§ A.4.1.4 **Claims for Concealed or Unknown Conditions.** Notwithstanding any language to the contrary in any of the Design-Build Documents, Design-Builder shall have no obligation to investigate subsurface or otherwise concealed conditions at the site or unknown physical conditions or an unusual nature at the site. If conditions are encountered at the site which are (1) subsurface or otherwise concealed physical conditions which differ materially from those indicated in the Design-Build Documents or other information or documentation provided by the Owner, or (2) unknown physical conditions of an unusual ~~nature-nature, whether subsurface or otherwise,~~ which differ materially from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Design-Build Documents, then the observing party shall give notice to the other party promptly before conditions are disturbed and in no event later than ~~21-twenty-one (21)~~ days after first observance of the conditions. The Owner shall promptly investigate such conditions and, if they differ materially and cause an increase or decrease in the Design-Builder's cost of, or time required for, performance of any part of the Work, shall negotiate with the Design-Builder an equitable adjustment in the Contract Sum or Contract Time, or both. If the Owner determines that the conditions at the site are not materially different from those indicated in the Design-Build Documents and that no change in the terms of the Design-Build Contract is justified, the Owner shall so notify the Design-Builder in writing, stating the reasons. Claims by the Design-Builder in opposition to such determination must be made within ~~21-twenty-one (21)~~ days after the Owner has given notice of the decision. If the conditions encountered are materially different, the Contract Sum and Contract Time shall be equitably adjusted, but if the Owner and Design-Builder cannot agree on an adjustment in the Contract Sum or Contract Time, the adjustment shall proceed pursuant to Section A.4.2.

§ A.4.1.5 **Claims for Additional Cost.** If the Design-Builder wishes to make Claim for an increase in the Contract Sum, written notice as provided herein shall be given before proceeding to execute the Work. Prior notice is not required for Claims relating to an emergency endangering life or property arising under Section A.10.6.

§ A.4.1.6 If the Design-Builder believes additional cost is involved for reasons including but not limited to (1) an order by the Owner to stop the Work where the Design-Builder was not at fault, (2) a written order for a minor change- in the Work issued by the Owner, (3) failure of payment by the Owner, (4) termination of the Design-Build Contract-

by the Owner, (5) Owner's suspension or (6) other reasonable grounds, Claim shall be filed in accordance with this Section A.4.1.

#### § A.4.1.7 Claims for Additional Time

§ A.4.1.7.1 If the Design-Builder wishes to make Claim for an increase in the Contract Time, written notice as provided herein shall be given. The Design-Builder's Claim shall include an estimate of the time and cost and its effect on the progress of the Work. In the case of a continuing delay, only one Claim is necessary.

~~§ A.4.1.7.2 If adverse weather conditions included in the time for performance in Section 3.3 of the Standard Form of Agreement are twenty (20) days which are anticipated to be lost due to or resulting from inclement weather, including without limitation, rain, flood, tornadoes, hurricanes and wind. The Design/Builder will advise the Owner at the basis-end of each month of the status of the whole and partial days lost during that month due to or resulting from inclement weather. At such time as the accumulated number of lost days, including aggregation of partial lost days, exceeds twenty (20) days, Design/Builder shall submit a claim to the Owner for a Claim-time extension associated with the excess for additional time, such Claim-the Owner's approval, which approval shall not be documented by data substantiating that weather conditions were abnormal for the period of time, could not have been reasonably anticipated and had an adverse effect on the scheduled construction.withheld unreasonably.~~

§ A.4.1.8 **Injury or Damage to Person or Property.** If either party to the Design-Build Contract suffers injury or damage to person or property because of an act or omission of the other party or of others for whose acts such party is legally responsible, written notice of such injury or damage, whether or not insured, shall be given to the other party within a reasonable time not exceeding 21 days after discovery. The notice shall provide sufficient detail to enable the other party to investigate the matter. In no event shall Design-Builder be liable for any indirect loss of profit or revenue, loss of use, consequential, special, incidental, or exemplary damages of any kind, whether in contract, warranty, tort, strict liability or otherwise including, without limitation, lost use of equipment or facilitates, or cost of capital.

§ A.4.1.9 If unit prices are stated in the Design-Build Documents or subsequently agreed upon, and if quantities originally contemplated are ~~materially~~ changed in a proposed Change Order or Construction Change Directive so that application of such unit prices to quantities of Work proposed will cause substantial inequity to the Owner or Design-Builder, the applicable unit prices shall be equitably adjusted.

§ A.4.1.10 **Claims for Consequential Damages.** Design-Builder and Owner waive ~~Claims-any and all Claims, actions, losses, expenses and suits of any kind~~ against each other for any consequential indirect, special, incidental, punitive or-exemplary damages of any kind (whether in contract, tort, warranty, strict liability or otherwise) arising out of or relating to the Design-Build Contract. This mutual waiver ~~includes:~~includes without limitation:

- .1 damages incurred by the Owner for rental expenses, for losses of use, income, profit, financing, business and reputation, and for loss of management or employee productivity or of the services of such persons; and
- .2 damages incurred by the Design-Builder for principal office expenses including the compensation of personnel stationed there, for losses of financing, business and reputation, and for loss of profit except anticipated profit arising directly from the Work.

This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination in accordance with Article A.14. Nothing contained in this Section A.4.1.10 shall be deemed to preclude an award of liquidated direct damages, when applicable, in accordance with the requirements of the Design-Build Documents.

§ A.4.1.11 If the enactment or revision (including revision of an interpretation) of codes, laws or regulations or official interpretations which govern the Project cause an increase or decrease of the Design-Builder's cost of, or time-required for, performance of the Work, the Design-Builder shall be entitled to an equitable adjustment in Contract Sum or Contract Time. If the Owner and Design-Builder cannot agree upon an adjustment in the Contract Sum or Contract Time, the Design-Builder shall submit a Claim pursuant to Section A.4.1.

#### § A.4.2 RESOLUTION OF CLAIMS AND DISPUTES

§ A.4.2.1 **Decision by Neutral.** If the parties have identified a Neutral in Section 6.1 of the Agreement or elsewhere in the Design-Build Documents, then Claims, excluding those arising under Sections A.10.3 through A.10.5, shall be referred initially to the Neutral for decision. An initial decision by the Neutral shall be required as a condition precedent to mediation of all Claims between the Owner and Design-Builder arising prior to the date final payment is

due, unless 30 days have passed after the Claim has been referred to the Neutral with no decision having been rendered by the Neutral. Unless the Neutral and all affected parties agree, the Neutral will not decide disputes between the Design-Builder and persons or entities other than the Owner.

**§ A.4.2.2 Decision by Owner.** If the parties have not identified a Neutral in Section 6.1 of the Agreement or elsewhere in the Design-Build Documents then, except for those claims arising under Sections A.10.3 and A.10.5, the Owner shall provide an initial decision. An initial decision by the Owner shall be required as a condition precedent to mediation of all Claims between the Owner and Design-Builder arising prior to the date final payment is due, unless 30 days have passed after the Claim has been referred to the Owner with no decision having been rendered by the Owner.

**§ A.4.2.3** The initial decision pursuant to Sections A.4.2.1 and A.4.2.2 shall be in writing, shall state the reasons therefore and shall notify the parties of any change in the Contract Sum or Contract Time or both. The initial decision shall be ~~final and binding on the parties~~ but subject first to mediation under Section A.4.3 and thereafter to such other-dispute resolution methods as provided in Section 6.2 of the Agreement or elsewhere in the Design-Build Documents.

**§ A.4.2.4** In the event of a Claim against the Design-Builder, the Owner may, but is not obligated to, notify the surety, if any, of the nature and amount of the Claim. If the Claim relates to a possibility of a Design-Builder's default, the Owner may, but is not obligated to, notify the surety and request the surety's assistance in resolving the controversy.

**§ A.4.2.5** If a Claim relates to or is the subject of a mechanic's lien, the party asserting such Claim may proceed in accordance with applicable law to comply with the lien notice or filing deadlines prior to initial resolution of the Claim.

#### **§ A.4.3 MEDIATION**

**§ A.4.3.1** Any Claim arising out of or related to the Design-Build Contract, except those waived as provided for in Sections A.4.1.10, A.9.10.4 and A.9.10.5, shall, after initial decision of the Claim or 30 days after submission of the Claim for initial decision, be subject to mediation as a condition precedent to arbitration or the institution of legal or equitable or other binding dispute resolution proceedings by either party. In no event shall the demand for mediation be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statutes of repose or limitations.

**§ A.4.3.2** The parties shall endeavor to resolve their Claims by mediation which, unless the parties mutually agree otherwise, shall be in accordance with the Construction Industry Mediation Rules of the American Arbitration Association currently in effect at the time of the mediation. Request for mediation shall be filed in writing with the other party to the Design-Build Contract and with the American Arbitration Association. The request may be made concurrently with the filing of a demand for arbitration or other binding dispute resolution proceedings but, in such event, mediation shall proceed in advance thereof or of legal or equitable proceedings, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the parties or court order.

**§ A.4.3.3** The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the place where the Project is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

#### **§ A.4.4 ARBITRATION**

**§ A.4.4.1** Claims, except those waived as provided for in Sections A.4.1.10, A.9.10.4 and A.9.10.5, for which initial decisions have not become final and binding, and which have not been resolved by mediation but which are subject to arbitration pursuant to Sections 6.2 and 6.3 of the Agreement or elsewhere in the Design-Build Documents, shall be decided by arbitration which, unless the parties mutually agree otherwise, shall be in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association currently in effect at the time of the arbitration. The demand for arbitration shall be filed in writing with the other party to the Design-Build Contract and with the American Arbitration Association.

**§ A.4.4.2** A demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. A demand for arbitration may be made no earlier than concurrently with the filing of a request for mediation, but in no event shall it be made after the date when institution of legal or equitable

proceedings based on such Claim would be barred by the applicable statute of limitations as determined pursuant to Section A.13.6.

~~§ A.4.4.3 An arbitration pursuant to this Section A.4.4 may be joined with an arbitration involving common issues of law or fact between the Owner or Design-Builder and any person or entity with whom the Owner or Design-Builder has a contractual obligation to arbitrate disputes which does not prohibit consolidation or joinder. No other arbitration arising out of or relating to the Design-Build Contract shall include, by consolidation, joinder or in any other manner, an additional person or entity not a party to the Design-Build Contract or not a party to an agreement with the Owner or Design-Builder, except by written consent containing a specific reference to the Design-Build Contract signed by the Owner and Design-Builder and any other person or entities sought to be joined. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of any claim, dispute or other matter in question not described in the written consent or with a person or entity not named or described therein. disputes. The foregoing agreement to arbitrate and other agreements to arbitrate with an additional person or entity duly consented to by the parties to the Agreement shall be specifically enforceable in accordance with applicable law in any court having jurisdiction thereof.~~

**§ A.4.4.4 Claims and Timely Assertion of Claims.** The party filing a notice of demand for arbitration must assert in the demand all Claims then known to that party on which arbitration is permitted to be demanded.

**§ A.4.4.5 Judgment on Final Award.** The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

#### ARTICLE A.5 AWARD OF CONTRACTS

**§ A.5.1** Unless otherwise stated in the Design-Build Documents or the bidding or proposal requirements, the Design-Builder, as soon as practicable after award of the Design-Build Contract, shall furnish in writing to the Owner the names of additional persons or entities not originally included in the Design-Builder's proposal or in substitution of a person or entity (including those who are to furnish design services or materials or equipment fabricated to a special design) proposed for each principal portion of the Work. The Owner will promptly reply to the Design-Builder in writing stating whether or not the ~~Owner~~ Owner, after due investigation, has reasonable objection to any such proposed additional person or entity. Failure of the Owner to reply promptly shall constitute notice of no reasonable objection.

**§ A.5.2** The Design-Builder shall not contract with a proposed person or entity to whom which the Owner has made reasonable and timely objection. The Design-Builder shall not be required to contract with anyone to whom the Design-Builder has made reasonable objection.

**§ A.5.3** If the Owner has reasonable objection to a person or entity proposed by the Design-Builder, the Design-Builder shall propose another to whom the Owner has no reasonable objection. If the proposed but rejected additional person or entity was reasonably capable of performing the Work, the Contract Sum and Contract Time shall be increased or decreased by the difference, if any, occasioned by such change, and an appropriate Change Order shall be issued before commencement of the substitute person's or entity's Work. However, no increase in the Contract Sum or Contract Time shall be allowed for such change unless the Design-Builder has acted promptly and responsibly in submitting names as required.

**§ A.5.4** The Design-Builder shall not change a person or entity previously selected if the Owner makes reasonable objection to such substitute.

#### **§ A.5.5 CONTINGENT ASSIGNMENT OF CONTRACTS**

**§ A.5.5.1** Each agreement for a portion of the Work is assigned by the Design-Builder to the Owner provided that:

- .1 assignment is effective only after termination of the Design-Build Contract by the Owner for cause pursuant to Section A.14.2 and only for those agreements which the Owner accepts by notifying the contractor in writing; and
- .2 assignment is subject to the prior rights of the surety, if any, obligated under bond relating to the Design-Build Contract.

~~§ A.5.5.2 Upon such assignment, if the Work has been suspended for more than 30 days, the Contractor's compensation shall be equitably adjusted for increases in cost resulting from the suspension.~~

## ARTICLE A.6 CONSTRUCTION BY OWNER OR BY SEPARATE CONTRACTORS

### § A.6.1 OWNER'S RIGHT TO PERFORM CONSTRUCTION AND TO AWARD SEPARATE CONTRACTS

~~§ A.6.1.1 The Owner reserves the right to perform construction or operations related to the Project with the Owner's own forces and to award separate contracts in connection with other portions of the Project or other construction or operations on the site. The Design-Builder shall cooperate with the Owner site under conditions of insurance and separate contractors whose work might interfere with waiver of subrogation identical to the Design-Builder's Work provisions set forth in this Agreement. If the Design-Builder claims that delay or additional cost is involved because of such action by the Owner, the Design-Builder shall make such Claim as provided in Section A.4.1.~~

~~§ A.6.1.2 The term "separate contractor" shall mean any contractor retained by the Owner pursuant to Section A.6.1.1.~~

~~§ A.6.1.3 The Owner shall provide for coordination of the activities of the Owner's own forces and of each separate contractor with the work of the Design-Builder, who shall cooperate with them. The Design-Builder shall participate with other separate contractors and the Owner in reviewing their construction schedules when directed to do so. The Design-Builder shall make any revisions to the construction schedule deemed necessary after a joint review and mutual agreement. The construction schedules shall then constitute the schedules to be used by the Design-Builder, separate contractors and the Owner until subsequently revised. Design-Builder.~~

~~§ 6.1.4 Costs caused by delays or by improperly timed activities or defective construction shall be borne by the party responsible therefor.~~

### § A.6.2 MUTUAL RESPONSIBILITY

~~§ A.6.2.1 The Design-Builder shall afford the Owner and separate contractors reasonable opportunity for introduction and storage of their materials and equipment and performance of their activities and shall connect and coordinate the Design-Builder's construction and operations with theirs as required by the Design-Build Documents. work.~~

~~§ A.6.2.2 If part of The Owner shall be reimbursed by the Design-Builder's Work depends Design-Builder for proper execution or results upon design, construction or operations costs incurred by the Owner or which are payable to a separate contractor, the Design-Builder shall, prior to proceeding with that portion contractor because of delays, improperly timed activities or defective construction of the Work, promptly report to Design-Builder. The Owner shall reimburse the Owner apparent discrepancies or defects in such other construction that would render it unsuitable Design-Builder for such proper execution and results. Failure of costs incurred by the Design-Builder so because of delays, improperly timed activities, damage to report shall constitute an acknowledgment that the Owner's Work or defective construction of a separate contractor's completed or partially completed construction is fit and proper to receive the Design-Builder's Work, except as to defects not then reasonably discoverable contractor.~~

~~§ A.6.2.3 The Owner Design-Builder shall be reimbursed promptly remedy damage wrongfully caused by the Design-Builder for costs incurred by the Owner which are payable to a separate contractor because of delays, improperly timed activities completed or defective partially completed construction or to property of the Design-Builder. The Owner shall be responsible to the Design-Builder for costs incurred by the Design-Builder because of delays, improperly timed activities, damage to the Work or defective construction of a separate contractor-contractors.~~

~~§ A.6.2.4 The Design-Builder Owner and each separate contractor shall promptly remedy damage wrongfully caused by have the Design-Builder to completed or partially completed construction or to property of the Owner or separate contractors same responsibilities for cutting and patching as are described in Section A.3.13.~~

~~§ A.6.2.5 The Owner and each separate contractor shall have the same responsibilities for cutting and patching as are described in Section A.3.13.~~

### § A.6.3 OWNER'S RIGHT TO CLEAN UP

~~§ A.6.3.1 If a dispute arises among the Design-Builder, separate contractors and the Owner as to the responsibility under their respective contracts for maintaining the premises and surrounding area free from waste materials and~~

rubbish, the Owner may clean up in accordance with § A.3.14 and the Owner shall allocate the cost among those responsible.

## ARTICLE A.7 CHANGES IN THE WORK

### § A.7.1 GENERAL

§ A.7.1.1 Changes in the Work may be accomplished after execution of the Design-Build Contract, and without invalidating the Design-Build Contract, by ~~Change Order or Order~~, Construction Change Directive, ~~or order for a minor change in the Work (as defined in A.7.4.2 hereof)~~, subject to the limitations stated in this Article A.7 and elsewhere in the Design-Build Documents.

§ A.7.1.2 A Change Order shall be based upon agreement between the Owner and Design-Builder. A Construction Change Directive may be issued by the Owner with or without agreement by the ~~Design-Builder~~. Design-Builder: an order for a minor change in the Work (as defined in A.7.4.2 hereof) may be issued by the Owner or Design-Builder alone.

§ A.7.1.3 Changes in the Work shall be performed under applicable provisions of the Design-Build Documents, and the Design-Builder shall proceed promptly, unless otherwise provided in the ~~Change Order or Order~~, Construction Change ~~Directive~~. Directive, or order for a minor change in the Work.

### § A.7.2 CHANGE ORDERS

§ A.7.2.1 A Change Order is a written instrument signed by the Owner and Design-Builder stating their agreement upon all of the following:

- .1 a change in the Work;
- .2 the amount of the adjustment, if any, in the Contract Sum; and
- .3 the extent of the adjustment, if any, in the Contract Time.

§ A.7.2.2 If the Owner requests a proposal for a change in the Work from the Design-Builder and subsequently elects not to proceed with the change, a Change Order shall be issued to reimburse the Design-Builder for any costs incurred for estimating services, design services or preparation of proposed revisions to the Design-Build Documents.

§ A.7.2.3 Methods used in determining adjustments to the Contract Sum may include those listed in Section A.7.3.3.

### § A.7.3 CONSTRUCTION CHANGE DIRECTIVES

§ A.7.3.1 A Construction Change Directive is a written order prepared and signed by the Owner directing a change in the Work prior to agreement on adjustment, if any, in the Contract Sum or Contract Time, or both ~~both~~ within the general scope of this Agreement, but not in excess of a cumulative additive amount of (\$ \_\_\_\_\_). The Owner may by Construction Change Directive, without invalidating the Design-Build Contract, order changes in the Work within the general scope of the Design-Build Documents consisting of additions, deletions or other revisions, the Contract Sum and Contract Time being adjusted accordingly. However, the Owner may not order an acceleration of the Work unless the progress of the Work is such that, due to non-excusable causes, Substantial Completion of the Work, or other mutually agreed upon portion of the Work will not be achieved by the Design-Builder within the time provided in § 3.3 of the Standard Form of Agreement, including any and all extensions of time that the Design-Builder is entitled to receive.

§ A.7.3.2 A Construction Change Directive shall be used in the absence of total agreement on the terms of a Change Order.

§ A.7.3.3 If the Construction Change Directive provides for an adjustment to the Contract Sum, the adjustment shall be based on one of the following methods:

- .1 mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation;
- .2 unit prices stated in the Design-Build Documents or subsequently agreed upon, or equitably adjusted as provided in Section A.4.1.9;
- .3 cost to be determined in a manner agreed upon by the parties and a mutually acceptable fixed or percentage fee; or
- .4 as provided in Section A.7.3.6.

§ A.7.3.4 Upon receipt of a Construction Change Directive, the Design-Builder shall promptly proceed with the change in the Work involved and advise the Owner of the Design-Builder's agreement or disagreement with the method, if any, provided in the Construction Change Directive for determining the proposed adjustment in the Contract Sum or Contract Time.

§ A.7.3.5 A Construction Change Directive signed by the Design-Builder indicates the agreement of the Design-Builder therewith, including adjustment in Contract Sum and Contract Time or the method for determining them. Such agreement shall be effective immediately and shall be recorded as a Change Order.

§ A.7.3.6 If the Design-Builder does not respond promptly or disagrees with the method for adjustment in the Contract Sum, the method and the adjustment shall be determined by the Owner on the basis of reasonable expenditures and savings of those performing the Work attributable to the change, including, in case of an increase in the Contract Sum, a reasonable allowance for overhead and profit. In such case, and also under Section A.7.3.3.3, the Design-Builder shall keep and present, in such form as the Owner may prescribe, an itemized accounting together with appropriate supporting data. Unless otherwise provided in the Design-Build Documents, costs for the purposes of this Section A.7.3.6 shall be limited to the following:

- .1 additional costs of professional services;
- .2 costs of labor, including social security, old age and unemployment insurance, fringe benefits required by agreement or custom, and workers' compensation insurance;
- .3 costs of materials, supplies and equipment, including cost of transportation, whether incorporated or consumed;
- .4 rental costs of machinery and equipment, exclusive of hand tools, whether rented from the Design-Builder or others;
- .5 costs of premiums for all bonds and insurance, permit fees, and sales, use or similar taxes related to the Work; and
- .6 additional costs of supervision and field office personnel directly attributable to the change.

§ A.7.3.7 The amount of credit to be allowed by the Design-Builder to the Owner for a deletion or change that results in a net decrease in the Contract Sum shall be actual net cost. When both additions and credits covering related Work or substitutions are involved in a change, the allowance for overhead and profit shall be figured on the basis of net increase, if any, with respect to that change.

§ A.7.3.8 Pending final determination of the total cost of a Construction Change Directive to the Owner, amounts not in dispute for such changes in the Work shall be included in Applications for Payment and shall be paid for by the Owner, accompanied by a Change Order indicating the extent of the parties'-parties' agreement without affecting the parties' rights with part or all of such costs regard to the disputed amounts, if any. For any portion of such cost that remains in dispute, the Owner shall make an interim determination for purposes of monthly payment for those costs. That determination of cost shall adjust the Contract Sum on the same basis as a Change Order, subject to the right of the Design-Builder to disagree and assert a Claim in accordance with Article A.4.

§ A.7.3.9 When the Owner and Design-Builder reach agreement concerning the adjustments in the Contract Sum and Contract Time, or otherwise reach agreement upon the adjustments, such agreement shall be effective immediately and shall be recorded by preparation and execution of an appropriate Change Order.

§ A.7.3.10 Notwithstanding any of the foregoing provisions of this Article 7, the Design-Builder shall have the right, as a condition precedent, to require from the Owner a fully completed and executed change order in form and substance, including, but not limited to, time and price agreeable to the Design-Builder before the Design-Builder is obligated to proceed with regard to any change in the Work.

#### § A.7.4 MINOR CHANGES IN THE WORK

§ A.7.4.1 The Owner shall have authority to order minor changes in the Work not involving adjustment in the Contract Sum or extension of the Contract Time and not inconsistent with the intent of the Design-Build Documents. Such changes shall be effected by written order and shall be binding on the Design-Builder. The Design-Builder shall carry out such written orders promptly.

§ A.7.4.2 The Design-Builder shall have authority to make minor changes in the construction documents and construction consistent with the intent of the Design-Build Documents when such minor changes do not involve

adjustment in the Contract Sum or extension of the Contract Time. The Design-builder shall inform the Owner, in writing, of minor changes in the Construction Documents and construction.

## ARTICLE A.8 TIME

### § A.8.1 DEFINITIONS

§ A.8.1.1 Unless otherwise provided, Contract Time is the period of time, including authorized adjustments, allotted in the Design-Build Documents for Substantial Completion of the Work.

§ A.8.1.2 The date of commencement of the Work shall be the date stated in the Agreement unless provision is made for the date to be fixed in a notice to proceed issued by the Owner.

§ A.8.1.3 The date of Substantial Completion is the date determined by the Owner in accordance with Section A.9.8.

§ A.8.1.4 The term "day" as used in the Design-Build Documents shall mean calendar day unless otherwise specifically defined.

### § A.8.2 PROGRESS AND COMPLETION

§ A.8.2.1 Time limits stated in the Design-Build Documents are of the essence of the Design-Build Contract. By executing the Design-Build Contract, the Design-Builder and Owner confirms that the Contract Time is a reasonable period for performing the Work.

§ A.8.2.2 The Design-Builder shall not knowingly, except by agreement or instruction of the Owner in writing, prematurely commence construction operations on the site or elsewhere prior to the effective date of insurance required by Article A.11 to be furnished by the Design-Builder and Owner. The date of commencement of the Work shall ~~not be~~ changed by the effective date of such insurance. Unless the date of commencement is established by the Design-Build Documents or a notice to proceed given by the Owner, the Design-Builder shall notify the Owner in writing not less than five days or other agreed period before commencing the Work to permit the timely filing of mortgages, mechanic's liens and other security interests.

§ A.8.2.3 The Design-Builder shall proceed expeditiously with adequate forces and shall achieve Substantial Completion within the Contract Time.

§ A.8.2.4 Unless, otherwise indicated, the Owner, the Architect, and the Design-Builder, as the case may be, shall perform their respective obligations as expeditiously as is consistent with reasonable skill and care and the orderly progress of the Project.

### § A.8.3 DELAYS AND EXTENSIONS OF TIME

§ A.8.3.1 If the Design-Builder is delayed at any time in the commencement or progress of the Work in whole or in part by an act or neglect of the Owner or of a separate contractor employed by the Owner, or by changes ordered in the Work, or by labor disputes, slow-downs, fire, unusual delay in deliveries, restricting of or denial of access to Project site, shortages or allocations of materials and/or equipment, adverse weather conditions, unavoidable casualties or other causes beyond the Design-Builder's control, or by delay authorized by the Owner pending resolution of disputes pursuant to the Design-Build Documents, or by other causes which the Owner determines may justify delay, then the Contract Time shall be reasonably extended and the Contract Sum shall be reasonably adjusted by Change Order ~~for such reasonable time as the Owner may determine mutually agreed upon by both parties.~~

§ A.8.3.2 Claims relating to time shall be made in accordance with applicable provisions of Section A.4.1.7.

§ A.8.3.3 This Section A.8.3 does not preclude recovery of damages for delay by either party under other provisions of the Design-Build Documents.

## ARTICLE A.9 PAYMENTS AND COMPLETION

### § A.9.1 CONTRACT SUM

§ A.9.1.1 The Contract Sum is stated in the Design-Build Documents and, including authorized adjustments, is the total amount payable by the Owner to the Design-Builder for performance of the Work under the Design-Build Documents.



## § A.9.2 SCHEDULE OF VALUES

§ A.9.2.1 Before the first Application for Payment, where the Contract Sum is based upon a Stipulated Sum or the Cost of the Work plus Contractor's Fee with a Guaranteed Maximum Price, the Design-Builder shall submit to the Owner an initial schedule of values allocated to various portions of the Work prepared in such form and supported by such data to substantiate its accuracy as the Owner may require. This schedule, unless objected to by the Owner, shall be used as a basis for reviewing the Design-Builder's Applications for Payment. The schedule of values may be updated periodically to reflect changes in the allocation of the Contract Sum.

## § A.9.3 APPLICATIONS FOR PAYMENT

§ A.9.3.1 At least ten days before the date established for each progress payment, the Design-Builder shall submit to the Owner an itemized Application for Payment for operations completed in accordance with the current schedule of values. Such application shall be notarized, if required, and supported by such data substantiating the Design-Builder's right to payment as the Owner may reasonably require, such as copies of requisitions from Contractors and material suppliers, and reflecting retainage if provided for in the Design-Build Documents:

§ A.9.3.1.1 As provided in Section A.7.3.8, such applications may include requests for payment on account of Changes in the Work which have been properly authorized by Construction Change Directives but are not yet included in Change Orders.

~~§ A.9.3.1.2 Such applications may not include requests for payment for portions of the Work for which the Design-Builder does not intend to pay to a Contractor or material supplier or other parties providing services for the Design-Builder, unless such Work has been performed by others whom the Design-Builder intends to pay.~~

Such applications may not include requests for payment for portions of the Work for which the Design-Builder does not intend to pay to a Contractor or material supplier or other parties providing services for the Design-Builder, unless such Work has been performed by others whom the Design-Builder intends to pay.

§ A.9.3.2 Unless otherwise provided in the Design-Build Documents, payments shall be made on account of materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work. If approved in advance by the Owner, payment may similarly be made for materials and equipment suitably stored off the site at a location agreed upon in writing. Payment for materials and equipment stored on or off the site shall be conditioned upon compliance by the Design-Builder with procedures satisfactory to the Owner to establish the Owner's title to such materials and equipment or otherwise protect the Owner's interest and shall include the costs of applicable insurance, storage and transportation to the site for such materials and equipment stored off the site.

§ A.9.3.3 The Design-Builder warrants that title to all Work other than Instruments of Service covered by an Application for Payment will pass to the Owner no later than the time of payment. The Design-Builder further warrants that, upon submittal of an Application for Payment, all Work for which Certificates for Payment have been previously issued and payments received from the Owner shall, to the best of the Design-Builder's knowledge, information and belief, be free and clear of liens, Claims, security interests or encumbrances in favor of the Design-Builder, Contractors, Subcontractors, material suppliers, or other persons or entities making a claim by reason of having provided labor, materials and equipment relating to the Work.

§ 9.3.4 If required by the Owner, as a prerequisite for payment, the Design-Builder shall provide partial lien and claim-waivers in the amount of the Application for Payment. Such waivers shall be conditional upon payment. In no event shall the Design-Builder be required to sign an unconditional waiver of lien or claim prior to receiving payment for such Work.

## § A.9.4 ACKNOWLEDGEMENT OF APPLICATION FOR PAYMENT

§ A.9.4.1 The Owner shall, within seven days after receipt of the Design-Builder's Application for Payment, issue to the Design-Builder a written acknowledgement of receipt of the Design-Builder's Application for Payment indicating the amount the Owner has determined to be properly due and, if applicable, the reasons for withholding payment in whole or in part.

## § A.9.5 DECISIONS TO WITHHOLD PAYMENT

§ A.9.5.1 The Owner may withhold a payment in whole or in part to the extent reasonably necessary to protect the Owner due to the Owner's reasonable good faith determination that the Work has not progressed to the point

indicated in the Application for Payment or that the quality of Work is not in accordance with the Design-Build Documents. The Owner may also withhold a payment or, because of subsequently discovered evidence, may nullify the whole or a part of an Application for Payment previously issued to such extent as may be necessary to protect the Owner from loss for which the Design-Builder is responsible, including loss resulting from acts and omissions, because of the following:

- .1 defective Work not remedied;
- .2 third-party claims filed or reasonable evidence indicating probable filing of such claims unless security acceptable to the Owner is provided by the Design-Builder;
- .3 failure of the Design-Builder to make payments properly to Contractors or for design services labor, materials or equipment;
- .4 reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;
- .5 damage to the Owner or a separate contractor;
- ~~.6~~ .5 reasonable evidence that the Work will not be completed within the Contract Time and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay;
- or
- ~~.7~~ .6 persistent failure to carry out the Work in accordance with the Design-Build Documents.

§ A.9.5.2 When the above reasons for withholding payment are removed, payment will be made for amounts previously withheld.

#### § A.9.6 PROGRESS PAYMENTS

§ A.9.6.1 After the Owner has issued a written acknowledgement of receipt of the Design-Builder's Application for Payment, the Owner shall make payment of the amount, in the manner and within the time provided in the Design-Build Documents.

§ A.9.6.2 The Design-Builder shall promptly pay the Architect, each design professional and other consultants retained directly by the Design-Builder, upon receipt of payment from the Owner, out of the amount paid to the Design-Builder on account of each such party's respective portion of the Work, the amount to which each such party is entitled.

§ A.9.6.3 The Design-Builder shall promptly pay each Contractor, upon receipt of payment from the Owner, out of the amount paid to the Design-Builder on account of such Contractor's portion of the Work, the amount to which said Contractor is entitled, reflecting percentages actually retained from payments to the Design-Builder on account of the Contractor's portion of the Work. The Design-Builder shall, by appropriate agreement with each Contractor, require each Contractor to make payments to Subcontractors in a similar manner.

§ A.9.6.4 The Owner shall have no obligation to pay or to see to the payment of money to a Contractor except as may otherwise be required by law.

§ A.9.6.5 Payment to material suppliers shall be treated in a manner similar to that provided in Sections A.9.6.3 and A.9.6.4.

§ A.9.6.6 A progress payment, or partial or entire use or occupancy of the Project by the Owner, shall not constitute acceptance of Work not in accordance with the Design-Build Documents.

§ A.9.6.7 Unless the Design-Builder provides the Owner with a payment bond in the full penal sum of the Contract Sum, ~~Sum or a designated portion of the Work~~, payments received by the Design-Builder for Work properly performed by Contractors and suppliers shall be held by the Design-Builder for those Contractors or suppliers who performed Work or furnished materials, or both, under contract with the Design-Builder for which payment was made by the Owner. Nothing contained herein shall require money to be placed in a separate account and not be commingled with money of the Design-Builder, shall create any fiduciary liability or tort liability on the part of the Design-Builder for breach of trust or shall entitle any person or entity to an award of punitive damages against the Design-Builder for breach of the requirements of this provision.

#### § A.9.7 FAILURE OF PAYMENT

§ A.9.7.1 If for reasons other than those enumerated in Section A.9.5.1, the Owner does not issue a payment within the time period required by Section 5.1.3 of the Agreement, then the Design-Builder may, ~~upon seven additional~~

days' ~~has~~, after providing three (3) days' written notice to the Owner, the unconditional right to stop the Work until payment of the amount owing has been received. The Contract Time shall be extended appropriately and the Contract-Sum shall be increased by the amount of the Design-Builder's reasonable costs of shutdown, delay and start-up, plus interest as provided for in the Design-Build Documents. Design-Builder shall not have or incur any liability to Owner as a result of the good faith exercise of its rights hereunder.

#### § A.9.8 SUBSTANTIAL COMPLETION

§ A.9.8.1 Substantial Completion is the stage in the progress of the Work when the Work or designated portion thereof is sufficiently complete in accordance with the Design-Build Documents so that the Owner can occupy or use the Work or a portion thereof for its intended ~~use~~ use excluding any matter or Work preventing such ability to occupy or utilize the Work that is not the responsibility of Design-Builder to perform under the Design-Build Documents. Warranties called for by the Design-Build Documents shall commence on the Date of Substantial Completion of the Project or a designated portion thereof.

§ A.9.8.2 When the Design-Builder considers that the Work, or a portion thereof which the Owner agrees to accept separately, is substantially complete, the Design-Builder shall prepare and submit to the Owner a comprehensive list (i.e., the "list" or "punchlist") of items to be completed or corrected prior to final payment. Failure to include an item on such list does not alter the responsibility of the Design-Builder to complete all Work in accordance with the Design-Build Documents.

§ A.9.8.3 Upon receipt of the Design-Builder's list, the Owner shall make an inspection to determine whether the Work or designated portion thereof is substantially complete. If the Owner's inspection discloses any item, whether or not included on the Design-Builder's list, which is not substantially ~~complete~~, complete in accordance with the Design-Build Documents so that the Owner can occupy or utilize the Work or designated portion thereof for its intended use, the Design-Builder shall complete or correct such ~~item~~ item upon notification in writing by the Owner. In such case, the Design-Builder shall then submit a request for another inspection by the Owner to determine whether the Design-Builder's Work is substantially complete. Punchlist items that are cosmetic in nature shall not delay Substantial Completion. All Work performed after completion of the items on the punchlist shall be considered-warranty work. Final payment for the Work, or designated portion, as the case may be, shall be made by Owner when Design-Builder completes the punchlist therefor and pursuant to Section A 9.10 of this Agreement.

§ A.9.8.4 In the event of a dispute regarding whether the Design-Builder's Work is substantially complete, the dispute shall be resolved pursuant to Article A.4.

§ A.9.8.5 When the Work or designated portion thereof is substantially complete, the Design-Builder shall prepare for the Owner's signature an Acknowledgement of Substantial Completion which, when signed by the Owner, shall establish (1) the date ~~of Substantial Completion of the Work~~, Work was achieved in accordance with § A.9.8.1, (2) responsibilities between the Owner and Design-Builder for security, maintenance, heat, utilities, damage to the Work and insurance, and (3) the time within which the Design-Builder shall finish all items on the list accompanying the Acknowledgement. When the Owner's inspection discloses that the Work or a designated portion thereof is substantially complete, the Owner shall sign the Acknowledgement of Substantial Completion. Warranties required by the Design-Build Documents shall commence ~~on no later than~~ the date of Substantial Completion of the Work or designated portion thereof unless otherwise provided in the Acknowledgement of Substantial Completion thereof.

§ A.9.8.6 Upon execution of the Acknowledgement of Substantial Completion and consent of surety, if any, the Owner shall make payment of retainage applying to such Work or designated portion thereof. Such payment shall be adjusted for Work that is incomplete or not in accordance with the requirements of the Design-Build Documents.

#### § A.9.9 PARTIAL OCCUPANCY OR USE

§ A.9.9.1 The Owner may occupy or use any completed or partially completed portion of the Work at any stage when such portion is designated by separate agreement with the Design-Builder, provided such occupancy or use is consented to by the insurer, if so required by the insurer, and authorized by public authorities having jurisdiction over the Work. Such partial occupancy or use may commence whether or not the portion is substantially complete, provided the Owner and Design-Builder have accepted in writing the responsibilities assigned to each of them for payments, retainage, if any, security, maintenance, heat, utilities, damage to the Work and insurance, and have agreed in writing concerning the period for completion or correction of the Work and commencement of warranties required by the Design-Build Documents. When the Design-Builder considers a portion substantially complete, the

Design-Builder shall prepare and submit a list to the Owner as provided under Section A.9.8.2. Consent of the Design-Builder to partial occupancy or use shall not be unreasonably withheld. The stage of the progress of the Work shall be determined by written agreement between the Owner and Design-Builder.

§ A.9.9.2 Immediately prior to such partial occupancy or use, the Owner and Design-Builder shall jointly inspect the area to be occupied or portion of the Work to be used to determine and record the condition of the Work.

§ A.9.9.3 Unless otherwise agreed upon, partial occupancy or use of a portion or portions of the Work shall not constitute acceptance of Work not complying with the requirements of the Design-Build Documents.

#### § A.9.10 FINAL COMPLETION AND FINAL PAYMENT

§ A.9.10.1 Upon receipt of written notice that the Work or a designated portion is ready for final inspection and acceptance and upon receipt of a final Application for Payment, the Owner shall promptly make such inspection and, when the Owner finds the Work or a designated portion acceptable under the Design-Build Documents and fully performed, the Owner shall, subject to Section A.9.10.2, promptly make final payment to the Design-Builder.

§ A.9.10.2 Neither final payment nor any remaining retained percentage will become due until the Design-Builder submits to the Owner (1) an affidavit that payrolls, bills for materials and equipment, and other indebtedness connected with the Work for which the Owner or the Owner's property might be responsible or encumbered (less amounts withheld by Owner) have been paid or otherwise ~~satisfied, satisfied or will be satisfied out of the final payment.~~ (2) a certificate evidencing that insurance required by the Design-Build Documents to remain in force after final payment is currently in effect and will not be cancelled or allowed to expire until at least 30 days' prior written notice has been given to the Owner, (3) a written statement that the Design-Builder knows of no substantial reason that the insurance will not be renewable to cover the period required by the Design-Build Documents, (4) consent of surety, if any, to final payment, and (5) if required by the Owner, other data establishing payment or satisfaction of obligations, such as receipts, releases and waivers of ~~liens, liens (conditioned upon final payment),~~ claims, security interests or encumbrances arising out of the Design-Build Contract, to the extent and in such form as may be reasonably designated by the Owner. If a Contractor refuses to furnish a release or waiver required by the Owner, the Design-Builder may furnish a bond in the amount of any such lien satisfactory to the Owner to indemnify the Owner against such lien. If such lien remains unsatisfied after payments are made, the Design-Builder shall ~~refund to~~ indemnify the Owner for all money that the Owner may be liable to pay in connection with the discharge loss and costs incurred as a result of such lien, including all costs and reasonable attorneys' fees.lien.

§ A.9.10.3 If, after the Owner determines that the Design-Builder's Work or designated portion thereof is substantially completed, final completion thereof is materially delayed through no fault of the Design-Builder or by issuance of a Change Order or a Construction Change Directive affecting final completion, the Owner shall, upon application by the Design-Builder, make payment of the balance due for that portion of the Work fully completed and accepted. If the remaining balance for Work not fully completed or corrected is less than retainage stipulated in the Design-Build Documents, and if bonds have been furnished, the written consent of surety to payment of the balance due for that portion of the Work fully completed and accepted shall be submitted by the Design-Builder. Such payment shall be made under terms and conditions governing final payment, except that it shall not constitute a waiver of claims.

§ A.9.10.4 The making of final payment shall constitute a waiver of Claims by the Owner except those arising from:

- .1 liens, Claims, security interests or encumbrances arising out of the Design-Build Documents and unsettled;
- .2 failure of the Work to comply with the requirements of the Design-Build Documents; or
- .3 terms of special warranties required by the Design-Build Documents.

§ A.9.10.5 Acceptance of final payment by the Design-Builder, a Contractor or material supplier shall constitute a waiver of known claims by that payee except those previously made in writing and identified by that payee as unsettled at the time of final Application for Payment.

#### ARTICLE A.10 PROTECTION OF PERSONS AND PROPERTY

ALL OF THE PROVISIONS OF THIS ARTICLE ARE SOLELY FOR THE BENEFIT OF THE OWNER AND ARE NOT INTENDED TO BENEFIT OR CREATE A DUTY TO, AND SHALL NOT BE RELIED UPON, BY ANY OTHER PERSON, FIRM OR ENTITY.

**§ A.10.1 SAFETY PRECAUTIONS AND PROGRAMS**

§ A.10.1.1 The Design-Builder shall be responsible for initiating and maintaining all safety precautions and programs in connection with the performance of the Design-Build Contract.

**§ A.10.2 SAFETY OF PERSONS AND PROPERTY**

§ A.10.2.1 The Design-Builder shall take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury or loss to:

- .1 employees on the Work and other persons who may be affected thereby;
- .2 the Work and materials and equipment to be incorporated therein, whether in storage on or off the site or under the care, custody or control of the Design-Builder or the Design-Builder's Contractors or Subcontractors; and
- .3 other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not designated for removal, relocation or replacement in the course of construction.

§ A.10.2.2 The Design-Builder shall give notices and comply with applicable laws, ordinances, rules, regulations and lawful orders of public authorities bearing on safety of persons or property or their protection from damage, injury or loss.

§ A.10.2.3 The Design-Builder shall erect and maintain, as required by existing conditions and performance of the Design-Build Documents, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations and notifying owners and users of adjacent sites and utilities.

§ A.10.2.4 When use or storage of explosives or other hazardous materials or equipment or unusual methods are necessary for execution of the Work, the Design-Builder shall exercise utmost care and carry on such activities under supervision of properly qualified personnel.

§ A.10.2.5 The Design-Builder shall promptly remedy damage and loss (other than damage or loss insured under property insurance required by the Design-Build Documents) Documents or otherwise obtained by the Owner to property referred to in Sections A.10.2.1.2 and A.10.2.1.3 caused in whole or in part by the Design-Builder, the Architect, a Contractor, a Subcontractor, or anyone directly or indirectly employed by any of them or by anyone for whose acts they may be liable and for which the Design-Builder is responsible under Sections A.10.2.1.2 and A.10.2.1.3, except damage or loss attributable to acts or omissions of the Owner or anyone directly or indirectly employed by the Owner, or by anyone for whose acts the Owner may be liable, and not attributable to the fault or negligence of the Design-Builder. The foregoing obligations of the Design-Builder are in addition to the Design-Builder's obligations under Section A.3.17.

§ A.10.2.6 The Design-Builder shall designate in writing to the Owner a responsible individual whose duty shall be the prevention of accidents.

~~§ A.10.2.7 The Design-Builder shall not load or permit any part of the construction or site to be loaded so as to endanger its safety.~~

§A.10.2.7 The Design Builder shall not load or permit any part of the construction or site to be loaded so as to endanger its safety.

**§ A.10.3 HAZARDOUS MATERIALS**

§ A.10.3.1 Notwithstanding any other provision of this Contract, the Owner is solely responsible for furnishing the site to the Design-Builder in a condition which meets all applicable Federal, State and/or Local requirements concerning chemical and/or any other form of contamination. Upon request, Design-Builder shall assist and advise Owner with regard to any testing, inspections, permits and/or other requirements related to the environmental condition of the site that may be necessary in order to make the site suitable for construction of the project, whether necessary before or after the commencement of Work by Design-Builder on the project, the costs of which shall be the sole responsibility of Owner. If in the Design-Builder's sole opinion reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from a material or substance, including but not limited-

to asbestos or polychlorinated biphenyl (PCB), encountered on the site by the Design-Builder, the Design-Builder shall, upon recognizing the condition, immediately stop Work in the affected area and report the condition to the Owner.

§ A.10.3.2 The Owner shall obtain the services of a licensed laboratory to verify the presence or absence of the material or substance reported by the Design-Builder and, in the event such material or substance is found to be present, to verify that it has been rendered harmless. ~~Unless otherwise required by the Design-Build Documents, the~~ The Owner shall furnish in writing to the Design-Builder the names and qualifications of persons or entities who are to perform tests verifying the presence or absence of such material or substance or who are to perform the task of removal or safe containment of such material or substance. The Design-Builder shall promptly reply to the Owner in writing stating whether or not the Design-Builder has reasonable objection to the persons or entities proposed by the Owner. If the Design-Builder has an objection to a person or entity proposed by the Owner, the Owner shall propose another to whom the Design-Builder has no reasonable objection. When the material or substance has been rendered harmless, work in the affected area shall resume upon written agreement of the Owner and Design-Builder. The Contract Time shall be extended appropriately, and the Contract Sum shall be increased in the amount of the Design-Builder's reasonable additional costs of shutdown, delay and start-up, which adjustments shall be accomplished as provided in Article A.7.

§ A.10.3.3 To the fullest extent permitted by law, the Owner shall indemnify and hold harmless the Design-Builder, Contractors, Subcontractors, Architect, Architect's consultants and the agents and employees of any of them from and against Claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or ~~resulting from relating to~~ performance of the Work in the affected area ~~if in fact the material or substance exists on site as of the date of the Agreement, is not disclosed in the Design-Build Documents and presents the risk of bodily injury or death as described in Section A.10.3.1 and has not been rendered harmless, provided that such Claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death or to injury to or destruction of tangible property (other than the Work itself) to the extent that such damage, loss or expense is~~ Claims, damages, losses and expenses are not due to the negligence of the Design-Builder, Contractors, Subcontractors, Architect, ~~Architect's Architect's~~ consultants and the agents and employees of any of them. .

§ A.10.4 The Owner shall not be responsible under Section A.10.3 for materials and substances brought to the site by the Design-Builder unless such materials or substances were required by the Design-Build Documents.

§ A.10.5 ~~If, without negligence on~~ ~~If~~ the part of the Design-Builder, the Design-Builder is held liable for the cost of remediation of a hazardous material or substance solely by reason of performing Work as required by the Design-Build Documents, the Owner shall indemnify the Design-Builder for all cost and expense thereby ~~incurred-incurred to the extent not caused by the negligent act or omission of Design Builder.~~

§ A.10.6 Notwithstanding any other provision(s) of the Design-Build Documents to the contrary, it is hereby expressly agreed that Design-Builder shall not be required to perform any work relating to any contamination (including, without limitation, mold or mildew), unless and until a Change Order is executed by Owner and Design-Builder that addresses compensation, indemnity, and liability.

#### § A.10.6 EMERGENCIES

§ A.10.6.1 In an emergency affecting safety of persons or property, the Design-Builder shall act, at the Design-Builder's discretion, to prevent threatened damage, injury or loss. Additional compensation or extension of time claimed by the Design-Builder on account of an emergency shall be determined as provided in Section A.4.1.7 and Article A.7.

### ARTICLE A.11 INSURANCE AND BONDS

§ A.11.1 Except as may otherwise be set forth in the Agreement or elsewhere in the Design-Build Documents, the Owner and Design-Builder shall purchase and maintain the following types of insurance with limits of liability and deductible amounts and subject to such terms and conditions, as set forth in this Article A.11.

#### § A.11.2 DESIGN-BUILDER'S LIABILITY INSURANCE

§ A.11.2.1 The Design-Builder shall purchase from and maintain in a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located such insurance as will protect the Design-Builder from claims set forth below that may arise out of or result from the Design-Builder's operations under the Design-Build

Contract and for which the Design-Builder may be legally liable, whether such operations be by the Design-Builder, by a Contractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

- .1 claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Work to be performed;
- .2 claims for damages because of bodily injury, occupational sickness or disease, or death of the Design-Builder's employees;
- .3 claims for damages because of bodily injury, sickness or disease, or death of any person other than the Design-Builder's employees;
- .4 claims for damages insured by usual personal injury liability coverage;
- .5 claims for damages, other than to the Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
- .6 claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle;
- .7 claims for bodily injury or property damage arising out of completed operations; and
- .8 claims involving contractual liability insurance applicable to the Design-Builder's obligations under Section A.3.17.

§ A.11.2.2 The insurance required by Section A.11.2.1 shall be written for not less than limits of liability specified in the Design-Build Documents or required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of the Work until date of final payment and termination of any coverage required to be maintained after final payment.

§ A.11.2.3 Certificates of insurance acceptable to the Owner shall be filed with the Owner prior to commencement of the Work. These certificates and the insurance policies required by this Section A.11.2 shall contain a provision that coverages afforded under the policies will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Owner. If any of the foregoing insurance coverages are required to remain in force after final payment and are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the final Application for Payment as required by Section A.9.10.2. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the Design-Builder with reasonable promptness in accordance with the Design-Builder's information and belief.

#### § A.11.3 OWNER'S LIABILITY INSURANCE

§ A.11.3.1 The Owner shall be responsible for purchasing and maintaining the Owner's usual liability insurance. Optionally, the Owner may purchase and maintain other insurance for self-protection against claims which may arise from operations under this Agreement. The Design-Builder shall not be responsible for purchasing and maintaining this optional Owner's liability insurance unless specifically required by the Design-Build Documents.

#### § A.11.4 PROPERTY INSURANCE

§ A.11.4.1 Unless otherwise provided, the Owner shall purchase and maintain, in a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located, property insurance written on a builder's risk, "all-risk" or equivalent policy form in the amount of the initial Contract Sum, plus the value of subsequent Design-Build Contract modifications and cost of materials supplied or installed by others, comprising total value for the entire Project at the site on a replacement cost basis without optional deductibles. Such property insurance shall be maintained, unless otherwise provided in the Design-Build Documents or otherwise agreed in writing by all persons and entities who are beneficiaries of such insurance, until final payment has been made as provided in Section A.9.10- or until no person or entity other than the Owner has an insurable interest in the property required by this Section A.11.4 to be covered, whichever is later. This insurance shall include interests of the Owner, Design-Builder, Architect, Contractors and Subcontractors in the Project. Project and all of the foregoing shall be insureds under such policy. If this insurance has deductibles, the Owner shall pay all costs not covered because of such deductibles.

§ A.11.4.1.1 Property insurance shall be on ~~an a~~ builder's risk "all-risk" or equivalent policy form and shall include, without limitation, insurance against the perils of fire (with extended coverage) and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, falsework, testing and startup, temporary buildings and debris removal, including demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for ~~Design-Builder's~~ Design-Builder's, Architect, and other professionals services and expenses required as a result of such insured loss.

§ A.11.4.1.2 If the Owner does not intend to purchase such property insurance required by the Design-Build Contract and with all of the coverages in the amount described above, the Owner shall so inform the Design-Builder in writing prior to commencement of the Work. The Design-Builder may then effect insurance that will protect the interests of the Design-Builder, Architect, Contractors and Subcontractors in the Work, and, by appropriate Change Order, the cost thereof shall be charged to the Owner. If the Design-Builder or any other party whose interest is protected by such insurance is damaged by the failure or neglect of the Owner to purchase or maintain insurance as described above without so notifying the Design-Builder in writing, writing prior to commencement of the Work, then the Owner shall bear all reasonable costs properly attributable ~~thereto~~thereto, and Owner shall bear all losses, damages and expenses arising out of such damage to the Work and Project subject to the provisions of Section A.4.1.10.

§ A.11.4.1.3 If the property insurance requires deductibles, the Owner shall pay costs not covered because of such deductibles.

§ A.11.4.1.4 This property insurance shall cover portions of the Work stored off the site and also portions of the Work in transit.

§ A.11.4.1.5 Partial occupancy or use in accordance with Section A.9.9 shall not commence until the insurance company or companies providing property insurance have consented to such partial occupancy or use, by endorsement or otherwise. The Owner and the Design-Builder shall take reasonable steps to obtain consent of the insurance company or companies and shall, without mutual written consent, take no action with respect to partial occupancy or use that would cause cancellation, lapse or reduction of insurance.

§ A.11.4.2 **Boiler and Machinery Insurance.** The Owner shall purchase and maintain boiler and machinery insurance required by the Design-Build Documents or by law, which shall specifically cover such insured objects during installation and until final acceptance by the Owner; this insurance shall include interests of the Owner, Design-Builder, Contractors and Subcontractors in the Work, and the Owner and Design-Builder shall be named insureds.

§ A.11.4.3 **Loss of Use Insurance.** The Owner, at the Owner's option, may purchase and maintain such insurance as will insure the Owner against loss of use of the Owner's property due to fire or other hazards, however caused. The Regardless of whether or not the Owner purchases such insurance, the Owner waives all rights of action against the Design-Builder, Architect, the Design-Builder's other design professionals, if any, Contractors and Subcontractors for loss of use of the Owner's property, including consequential losses due to fire or other hazards, however caused.

§ A.11.4.4 If the Design-Builder requests in writing that insurance for risks other than those described herein or other special causes of loss be included in the property insurance policy, the Owner shall, if possible, include such insurance, and the cost thereof shall be charged to the Design-Builder by appropriate Change Order.

§ A.11.4.5 If during the Project construction period the Owner insures properties, real or personal or both, at or adjacent to the site by property insurance under policies separate from those insuring the Project, or if after final payment property insurance is to be provided on the completed Project through a policy or policies other than those insuring the Project during the construction period, the Owner shall waive all rights in accordance with the terms of Section A.11.4.7 for damages caused by fire or other causes of loss covered by this separate property insurance. All separate policies shall provide this waiver of subrogation by endorsement or otherwise.

§ A.11.4.6 Before an exposure to loss may occur, the Owner shall file with the Design-Builder a copy of each policy that includes insurance coverages required by this Section A.11.4. Each policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this Project. Each policy shall contain a provision that the policy will not be canceled or allowed to expire and that its limits will not be reduced until at least 30 days' prior written notice has been given to the Design-Builder.

§ A.11.4.7 **Waivers of Subrogation.** The Owner and Design-Builder waive all rights against each other and any of their consultants, separate contractors described in Section A.6.1, if any, Contractors, Subcontractors, agents and employees, each of the other, and any of their contractors, subcontractors, agents and employees, for damages caused by fire or other causes of loss to the extent covered by property insurance obtained pursuant to this Section A.11.4 or other property insurance applicable to the Work, except such rights as they have to proceeds of such insurance held by



the Owner as fiduciary. The Owner or Design-Builder, as appropriate, shall require of the separate contractors described in Section A.6.1, if any, and the Contractors, Subcontractors, agents and employees of any of them, by appropriate agreements, written where legally required for validity, similar waivers each in favor of other parties enumerated herein. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, even though the person or entity did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

§ A.11.4.8 A loss insured under Owner's property insurance shall be adjusted by the Owner as fiduciary and made payable to the Owner as fiduciary for the insureds, as their interests may appear, subject to requirements of any applicable mortgagee clause and of Section A.11.4.10. The Design-Builder shall pay Contractors their just shares of insurance proceeds received by the Design-Builder, and, by appropriate agreements, written where legally required for validity, shall require Contractors to make payments to their Subcontractors in similar manner.

§ A.11.4.9 If required in writing by a party in interest, the Owner as fiduciary shall, upon occurrence of an insured loss, give bond for proper performance of the Owner's duties. The cost of required bonds shall be charged against proceeds received as fiduciary. The Owner shall deposit in a separate account proceeds so received, which the Owner shall distribute in accordance with such agreement as the parties in interest may reach. If after such loss no other special agreement is made and unless the Owner terminates the Design-Build Contract for convenience, replacement of damaged ~~property~~ Work shall be performed by the Design-Builder after notification of a Change in the Work in accordance with Article A.7.

§ A.11.4.10 The Owner as fiduciary shall have power to adjust and settle a loss with insurers unless one of the parties in interest shall object in writing within five days after occurrence of loss to the Owner's exercise of this ~~power~~; power. The Owner as fiduciary shall, in the case of a decision or award, make settlement with insurers in accordance with directions of a decision or award. If distribution of insurance proceeds by arbitration is required, the arbitrators will direct such distribution.

#### § A.11.5 PERFORMANCE BOND AND PAYMENT BOND

§ A.11.5.1 The Owner shall have the right to require the Design-Builder to furnish bonds covering faithful performance of the Design-Build Contract and payment of obligations arising thereunder, including payment to design professionals engaged by or on behalf of the Design-Builder, as stipulated in bidding requirements or specifically required in the Agreement or elsewhere in the Design-Build Documents on the date of execution of the Design-Build Contract.

### ARTICLE A.12 UNCOVERING AND CORRECTION OF WORK

#### § A.12.1 UNCOVERING OF WORK

§ A.12.1.1 If a portion of the Work is covered contrary to requirements specifically expressed in the Design-Build Documents, it must be uncovered for the Owner's examination and be replaced at the Design-Builder's expense without change in the Contract Time.

§ A.12.1.2 If a portion of the Work has been covered which the Owner has not specifically requested to examine prior to its being covered, the Owner may request to see such Work and it shall be uncovered by the Design-Builder. If such Work is in accordance with the Design-Build Documents, costs of uncovering and replacement shall, by appropriate Change Order, be at the Owner's expense. If such Work is not in accordance with the Design-Build Documents, correction shall be at the Design-Builder's expense unless the condition was caused by the Owner or a separate contractor, in which event the Owner shall be responsible for payment of such costs.

#### § A.12.2 CORRECTION OF WORK

##### § A.12.2.1 BEFORE OR AFTER SUBSTANTIAL COMPLETION.

§ A.12.2.1.1 The Design-Builder shall promptly correct Work reasonably rejected by the Owner ~~or for~~ failing to conform to the requirements of the Design-Build Documents, whether discovered before or within one (1) year after Substantial Completion and whether or not fabricated, installed or completed. Costs of correcting such rejected Work, including additional testing, shall be at the Design-Builder's expense.

**§ A.12.2.2 AFTER SUBSTANTIAL COMPLETION**

**§ A.12.2.2.1** In addition to the Design-Builder's obligations under Section A.3.5, if, within one year after the date of Substantial Completion or after the date for commencement of warranties established under Section A.9.8.5 or by terms of an applicable special warranty required by the Design-Build Documents, any of the Work is found to be not in accordance with the requirements of the Design-Build Documents, the Design-Builder shall correct it promptly after receipt of written notice from the Owner to do so unless the Owner has previously given the Design-Builder a written acceptance of such condition. The Owner shall give such notice promptly after discovery of the condition. During the one-year period for correction of Work, if the Owner fails to notify the Design-Builder and give the Design-Builder an opportunity to make the correction, the Owner waives the rights to require correction by the Design-Builder and to make a claim for breach of warranty. If the Design-Builder fails to correct non-conforming Work within a reasonable time during that period after receipt of notice from the Owner, the Owner may correct it in accordance with Section A.2.5.

**§ A.12.2.2.2** The one-year period for correction of Work shall be extended with respect to portions of Work first performed after Substantial Completion by the period of time between Substantial Completion and the actual performance of the Work.

**§ A.12.2.2.3** The one-year period for correction of Work shall not be extended by corrective Work performed by the Design-Builder pursuant to this Section A.12.2.

**§ A.12.2.3** The Design-Builder shall remove from the site portions of the Work which are not in accordance with the requirements of the Design-Build Documents and are neither corrected by the Design-Builder nor accepted by the Owner.

**§ A.12.2.4** The Design-Builder shall bear the cost of correcting destroyed or damaged construction, whether completed or partially completed, of the Owner or separate contractors caused by the Design-Builder's correction or removal of Work which is not in accordance with the requirements of the Design-Build Documents.

**§ A.12.2.5** Nothing contained in this Section A.12.2 shall be construed to establish a period of limitation with respect to other obligations the Design-Builder might have under the Design-Build Documents. Establishment of the one-year period for correction of Work as described in Section A.12.2.2 relates only to the specific obligation of the Design-Builder to correct the Work, and has no relationship to the time within which the obligation to comply with the Design-Build Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Design-Builder's liability with respect to the Design-Builder's obligations other than specifically to correct the Work.

**§ A.12.3 ACCEPTANCE OF NONCONFORMING WORK**

**§ A.12.3.1** If the Owner prefers to accept Work not in accordance with the requirements of the Design-Build Documents, the Owner may do so instead of requiring its removal and correction, in which case the Contract Sum will be equitably adjusted by Change Order. Such adjustment shall be effected whether or not final payment has been made.

**ARTICLE A.13 MISCELLANEOUS PROVISIONS**

**§ A.13.1 GOVERNING LAW**

**§ A.13.1.1** The Design-Build Contract shall be governed by the law of the place where the Project is located.

**§ A.13.2 SUCCESSORS AND ASSIGNS**

**§ A.13.2.1** The Owner and Design-Builder respectively bind themselves, their partners, successors, assigns and legal representatives to the other party hereto and to partners, successors, assigns and legal representatives of such other party in respect to covenants, agreements and obligations contained in the Design-Build Documents. Except as provided in Section A.13.2.2, neither party to the Design-Build Contract shall assign the Design-Build Contract as a whole without written consent of the other. If either party ~~attempts to make~~ makes such an assignment ~~without such consent,~~ that party shall nevertheless remain legally responsible for all obligations under the Design-Build ~~Contract.~~ Contract unless otherwise agreed by the other party.

**§ A.13.2.2** The Owner may, without consent of the Design-Builder, assign the Design-Build Contract to an institutional lender providing construction financing for the Project. In such event, the lender shall assume the

Owner's rights and obligations under the Design-Build Documents. The Design-Builder shall execute all consents reasonably required to facilitate such assignment. If Owner makes such an assignment, the Owner shall nevertheless remain legally responsible for all obligations under the Design-Build Contract, unless otherwise agreed by the other party.

### § A.13.3 WRITTEN NOTICE

§ A.13.3.1 Written notice shall be deemed to have been duly served if delivered in person to the individual or a member of the firm or entity or to an officer of the corporation for which it was intended, or if sent by registered or certified mail to the last business address known to the party giving notice.

### § A.13.4 RIGHTS AND REMEDIES

§ A.13.4.1 Duties and obligations imposed by the Design-Build Documents and rights and remedies available thereunder shall be in addition to and not a limitation of duties, obligations, rights and remedies otherwise imposed or available by law.

§ A.13.4.2 No action or failure to act by the Owner or Design-Builder shall constitute a waiver of a right or duty afforded them under the Design-Build Documents, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

### § A.13.5 TESTS AND INSPECTIONS

§ A.13.5.1 Tests, inspections and approvals of portions of the Work required by the Design-Build Documents or by laws, ordinances, rules, regulations or orders of public authorities having jurisdiction shall be made at an appropriate time. Unless otherwise provided, the Design-Builder shall make arrangements for such tests, inspections and approvals with an independent testing laboratory or entity acceptable to the Owner or with the appropriate public authority, and shall bear all related costs of tests, inspections and approvals. The Design-Builder shall give timely notice of when and where tests and inspections are to be made so that the Owner may be present for such procedures.-

The Owner shall bear costs of tests, inspections or approvals which do not become requirements until after bids are received or negotiations concluded.

§ A.13.5.2 If the Owner or public authorities having jurisdiction determine that portions of the Work require additional testing, inspection or approval not included under Section A.13.5.1, the Owner shall in writing instruct the Design-Builder to make arrangements for such additional testing, inspection or approval by an entity acceptable to the Owner, and the Design-Builder shall give timely notice to the Owner of when and where tests and inspections are to be made so that the Owner may be present for such procedures. Such costs, except as provided in Section A.13.5.3, shall be at the Owner's expense.

§ A.13.5.3 If such procedures for testing, inspection or approval under Sections A.13.5.1 and A.13.5.2 reveal failure of the portions of the Work to comply with requirements established by the Design-Build Documents, all costs made necessary by such failure, including those of repeated procedures, shall be at the Design-Builder's expense.

§ A.13.5.4 Required certificates of testing, inspection or approval shall, unless otherwise required by the Design-Build Documents, be secured by the Design-Builder and promptly delivered to the Owner.

§ A.13.5.5 If the Owner is to observe tests, inspections or approvals required by the Design-Build Documents, the Owner will do so promptly and, where practicable, at the normal place of testing.

§ A.13.5.6 Tests or inspections conducted pursuant to the Design-Build Documents shall be made promptly to avoid unreasonable delay in the Work.

### § A.13.6 COMMENCEMENT OF STATUTORY LIMITATION PERIOD

§ A.13.6.1 As between the Owner and Design-Builder:

- .1 **Before Substantial Completion.** As to acts or failures to act occurring prior to the relevant date of Substantial Completion, any applicable statute of limitations shall commence to run and any alleged cause of action shall be deemed to have accrued in any and all events not later than such date of Substantial Completion;
- .2 **Between Substantial Completion and Final Application for Payment.** As to acts or failures to act occurring subsequent to the relevant date of Substantial Completion and prior to issuance of the final

Application for Payment, any applicable statute of limitations shall commence to run and any alleged cause of action shall be deemed to have accrued in any and all events not later than the date of issuance of the final Application for Payment; and

- .3 After Final Application for Payment.** As to acts or failures to act occurring after the relevant date of issuance of the final Application for Payment, any applicable statute of limitations shall commence to run and any alleged cause of action shall be deemed to have accrued in any and all events not later than the date of any act or failure to act by the Design-Builder pursuant to any Warranty provided under Section A.3.5, the date of any correction of the Work or failure to correct the Work by the Design-Builder under Section A.12.2, or the date of actual commission of any other act or failure to perform any duty or obligation by the Design-Builder or Owner, whichever occurs last.

§ A.13.7 Mold and Mildew

§ A.13.7.1 Notwithstanding any other provision(s) of the Design-Build Documents to the contrary, it is hereby expressly agreed that should contamination (including, without limitation, mold and mildew) exist after completion of the Work, the Owner hereby (i) releases Design-Builder, Architect and their subcontractors, consultants, agents and employees from any and all liabilities, claims, losses, damages and expenses of any kind whatsoever arising out of or related to such contamination, and (ii) to the fullest extent permitted by law, agrees to indemnify and hold harmless Design-Builder, Architect and their subcontractors, consultants, agents and employees for and from all such liabilities, claims, losses, damages and expenses, including but not limited to, attorneys' fees, arising out of or relating to such contamination, except to the extent that the Owner establishes that such contamination was caused by the failure of Design-Builder to construct the Work in accordance with the Design-Build Documents or that such contamination resulted from a defect in the design of the Work.

§ A.13.8 Notwithstanding any other provisions of the Design-Build Documents to the contrary, it is hereby expressed that:

(1) The Owner has received and furnished to the Design-Builder a report from the soil engineer, Eustis Engineering Company, Inc. of 3011 28th Street, Metairie, Louisiana 70002, dated June 22, 2006, concerning the condition of the site, and the Owner agrees that the Design-Builder is entitled to rely upon such report in performing this contract.

(2) The Owner will grant Design-Builder, pursuant to executed Change Order(s) an extension of time and an increase(s) in the Contract Sum to the extent any such site conditions different from those indicated in said report furnished to the Design-Builder result in or cause any increase in the expense or time for performance on the part of the Design-Builder, and any time limits set forth in the Design-Build Documents within which the Design-Builder is to submit claims for increases in the contract time or contract cost are waived by the Owner with regard to any such claims based upon conditions of the site. The Design-Builder shall have no duty to proceed with the construction of the project until any such Change Order(s) is/are properly executed by the Owner.

§ A.13.9 The headings or captions in this Agreement are made for convenience and general reference only and shall not be construed to describe, define or limit the scope or intent of the provisions of this Agreement.

§ A.13.10 All exhibits referred to herein and attached hereto are made a part of this Agreement.

§ A.13.11 No provision of this Agreement shall be construed more harshly or disfavorably against any party hereto regardless of which party drafted the provisions or for whose benefit the provision was included.

§ A.13.12 Any float time in the schedule is for the exclusive use and benefit of the Design-Builder.

§ A.13.13 In the event that the Design-Builder is required to pay or bear the burden of any new federal, state or local tax, or of any rate increase of an existing tax (except a tax on net profits), as a result of any statute, court decision, written ruling, or regulation taking effect after the date of this Agreement, the Contract Sum shall be increased by the amount of the new tax or tax increase.

§ A.13.14 [OMITTED]

§ A.13.15 Should the cumulative effect of all changes to the Work pursuant to Section A.7.2 hereof result in the need

for an adjustment to the Contract Sum and GMP or to the Contract Time not otherwise contemplated by existing Change Orders, then Design-Builder may request and Owner may approve (with such approval not to be unreasonably withheld) such an adjustment.

§ A.13.16 With regard to any change(s) or directive(s) affecting the Work that require approval by any person, firm or entity other than the Owner (such as, but not limited to, Owner's lender for the Project), the Design-Builder shall not have any obligation to proceed with the change(s), or otherwise recognize the change(s) until such change(s) is approved in writing by the Owner, the Owner obtains the written approval of each other person, firm or entity and provides same to Design-Builder. Furthermore, if the Design-Builder is delayed in the performance of the Work as the result of slow/untimely approval of changes, the Design-Builder shall be entitled to an equitable adjustment in the Contract Sum and GMP, if any, and the Contract Time.

## ARTICLE A.14 TERMINATION OR SUSPENSION OF THE DESIGN/BUILD CONTRACT

### § A.14.1 TERMINATION BY THE DESIGN-BUILDER

§ A.14.1.1 The Design-Builder may terminate the Design-Build Contract if the Work is stopped for a period of 30 consecutive days through no act or fault of the Design-Builder or a Contractor, Subcontractor or their agents or employees or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Builder, for any of the following reasons:

- .1 issuance of an order of a court or other public authority having jurisdiction which requires all Work to be stopped;
- .2 an act of government, such as a declaration of national emergency which requires all Work to be stopped; ~~stopped, or which makes material unavailable;~~
- .3 the Owner has failed to make payment to the Design-Builder in accordance with the Design-Build Documents; or
- .4 the Owner has failed to furnish to the Design-Builder promptly, upon the Design-Builder's request, reasonable evidence as required by Section A-2.2.8-A.2.2.8 or as otherwise required by the Design-Build Documents with regard to evidence of ability to pay.
- .5 One or more suspensions, delays or interruptions by the Owner, whether as described in Paragraph A.14.3 or otherwise, constitute in the aggregate more than 50 percent of the total number of days scheduled for completion, or 60 days in any 365 day period, whichever is less.

§ A.14.1.2 The Design-Builder may terminate the Design-Build Contract if, through no act or fault of the Design-Builder or a Contractor, Subcontractor or their agents or employees or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Builder, repeated suspensions, delays or interruptions of the entire Work by the Owner, as described in Section A.14.3, constitute in the aggregate more than 100 percent of the total number of days scheduled for completion, or 120 days in any 365-day period, whichever is less.

§ A.14.1.3 If one of the reasons described in Sections A.14.1.1 or A.14.1.2 exists, the Design-Builder may, upon seven days' written notice to the Owner, terminate the Design-Build Contract and recover from the Owner payment for Work ~~executed~~ executed, all demobilization costs, and for proven loss with respect to materials, equipment, tools, and construction equipment and machinery, including reasonable overhead, profit and damages.

§ A.14.1.4 If the Work is stopped for a period of 60 consecutive days through no act or fault of the Design-Builder or a Contractor or their agents or employees or any other persons performing portions of the Work under a direct or indirect contract with the Design-Builder because the Owner has persistently failed to fulfill the Owner's obligations under the Design-Build Documents with respect to matters important to the progress of the Work, the Design-Builder may, upon seven additional days' written notice to the Owner, terminate the Design-Build Contract and recover from the Owner as provided in Section A.14.1.3.

§ A.14.1.5 If the Owner fails to make payment when due, the Design-Builder may give written notice of the Design-Builder's intention to terminate this Design-Build Contract. If the Design-Builder fails to receive payment within seven (7) days after receipt of such notice by the Owner, the Design-Builder may give a second written notice, and seven (7) days after receipt of such second written notice by the Owner, may terminate this Design-Build Contract and recover from the Owner payment for Work executed, all demobilization costs, and for proven losses

sustained upon materials, equipment, tools, and construction equipment and machinery, including reasonable overhead and profit and applicable damages.

**§ A.14.2 TERMINATION BY THE OWNER FOR CAUSE**

§ A.14.2.1 The Owner may terminate the Design-Build Contract if the Design-Builder:

- .1 persistently or repeatedly refuses or fails to supply enough properly skilled workers or proper materials;
- .2 persistently fails to make payment to Contractors for services, materials or labor in accordance with the respective agreements between the Design-Builder and the Architect and Contractors;
- .3 persistently disregards laws, ordinances or rules, regulations or orders of a public authority having jurisdiction; or
- .4 otherwise is guilty of substantial breach of a provision of the Design-Build Documents.

§ A.14.2.2 When any of the above reasons exist, the Owner may without prejudice to any other rights or remedies of the Owner and after giving the Design-Builder and the Design-Builder's surety, if any, seven days' written notice, terminate employment of the Design-Builder and may, subject to any prior rights of the surety:

- .1 take possession of the site ~~and of all materials, equipment, tools, and construction equipment and machinery thereon owned by the Design-Builder;~~
- .2 accept assignment of contracts pursuant to Section A.5.5.1; and
- .3 finish the Work by whatever reasonable method the Owner may deem expedient. Upon request of the Design-Builder, the Owner shall furnish to the Design-Builder a detailed accounting of the costs incurred by the Owner in finishing the Work.

§ A.14.2.3 When the Owner terminates the Design-Build Contract for one of the reasons stated in Section A.14.2.1, the Design-Builder shall not be entitled to receive further payment until the Work is finished.

§ A.14.2.4 If the unpaid balance of the Contract Sum exceeds costs of finishing the Work and other damages incurred by the Owner and not expressly waived, such excess shall be paid to the Design-Builder. If such costs and damages exceed the unpaid balance, the Design-Builder shall pay the difference to the Owner.

**§ A.14.3 SUSPENSION BY THE OWNER FOR CONVENIENCE**

§ A.14.3.1 The Owner may, without cause, order the Design-Builder in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as the Owner may determine.

§ A.14.3.2 The Contract Sum and Contract Time shall be adjusted for increases in the cost and time caused by suspension, delay or interruption as described in Section A.14.3.1. Adjustment of the Contract Sum shall include overhead and profit. No adjustment shall be made to the extent:

- .1 that performance is, was or would have been so suspended, delayed or interrupted by another cause for which the Design-Builder is responsible; or
- .2 that an equitable adjustment is made or denied under another provision of the Design-Build Contract.

**§ A.14.4 TERMINATION BY THE OWNER FOR CONVENIENCE**

§ A.14.4.1 The Owner may, at any time, terminate the Design-Build Contract for the Owner's convenience and without cause.

§ A.14.4.2 Upon receipt of written notice from the Owner of such termination for the Owner's convenience, the Design-Builder shall:

- .1 cease operations as directed by the Owner in the notice;
- .2 take actions necessary, or that the Owner may direct, for the protection and preservation of the Work; and
- .3 except for Work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing contracts and purchase orders and enter into no further contracts and purchase orders.

§ A.14.4.3 In the event of termination for the Owner's convenience prior to commencement of construction, the Design-Builder shall be entitled to receive payment for design services performed, costs incurred by reason of such termination and reasonable overhead and profit on design services not completed. In case of termination for the Owner's convenience after commencement of construction, the Design-Builder shall be entitled to receive payment

for Work ~~executed~~ executed, for loss sustained upon materials, equipment, tools, and construction equipment and machinery, and all other costs incurred by reason of such termination, including all demobilization costs, along with reasonable overhead and profit on the Work not executed.



# AIA<sup>®</sup> Document A141<sup>™</sup> – 2004 Exhibit B

## *Determination of the Cost of the Work*

**for the following PROJECT:**

*(Name and location or address)*

Southeastern Louisiana University Parking Garage and Stadium Renovations

**THE OWNER:**

*(Name and address)*

University Facilities, Inc.  
SLU 10709  
Hammond, Louisiana 70402

**THE DESIGN-BUILDER:**

*(Name and address)*

Brice Building Company, Inc.  
3500 N. Causeway Boulevard, Suite 350  
Metairie, Louisiana 70002

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Consultation with an attorney is also encouraged with respect to professional licensing requirements in the jurisdiction where the Project is located.



## ARTICLE B.1 CONTROL ESTIMATE

§ B.1.1 Where the Contract Sum is the Cost of the Work, plus the Design-Builder's Fee without a Guaranteed Maximum Price pursuant to Section 4.3 of the Agreement, the Design-Builder shall prepare and submit to the Owner prior to the Design-Builder's first Application for Payment, in writing, a Control Estimate. The Control Estimate shall include the estimated Cost of the Work plus the Design-Builder's Fee. The Control Estimate shall be used to monitor actual costs.

§ B.1.2 The Control Estimate shall include:

- .1 the documents enumerated in Article 8 of the Agreement, including all Addenda thereto and the Terms and Conditions of the Contract;
- .2 a statement of the estimated Cost of the Work showing separately the compensation for design services, construction costs organized by trade categories or systems and the Design-Builder's Fee; and
- .3 contingencies for further development of design and construction.

§ B.1.3 The Design-Builder shall meet with the Owner to review the Control Estimate. In the event that the Owner discovers any inconsistencies or inaccuracies in the information presented, it shall promptly notify the Design-Builder, who shall make appropriate adjustments to the Control Estimate. When the Control Estimate is acceptable to the Owner, the Owner shall acknowledge its acceptance in writing. The Owner's acceptance of the Control Estimate does not imply that the Control Estimate constitutes a Guaranteed Maximum Price.

§ B.1.4 The Design-Builder shall develop and implement a detailed system of cost control that will provide the Owner with timely information as to the anticipated total Cost of the Work. The cost control system shall compare the Control Estimate with the actual cost for activities in progress and estimates for uncompleted tasks and proposed changes. This information shall be reported to the Owner, in writing, no later than the Design-Builder's first Application for Payment and shall be revised monthly or at other intervals as mutually agreed.

## ~~ARTICLE B.2 COSTS TO BE REIMBURSED~~

### ~~§ B.2.1 COST OF THE WORK~~

### ARTICLE B.2 COSTS TO BE PAID § B.2.1 COST OF THE WORK

The term Cost of the Work shall mean costs necessarily incurred by the Design-Builder in the proper performance of the Work. ~~Such costs shall be at rates not higher than the standard paid at the place of the Project except with prior consent of the Owner.~~ The Cost of the Work shall include only the items set forth in this Article B.2.

### § B.2.2 LABOR COSTS

§ B.2.2.1 Wages of construction workers directly employed by the Design-Builder to perform the construction of the Work at the site ~~or, with the Owner's approval, or~~ at off-site locations.

§ B.2.2.2 Wages or salaries of the Design-Builder's supervisory and administrative personnel when stationed at the site ~~with the Owner's approval.~~

§ B.2.2.3 Wages and salaries of the Design-Builder's supervisory or administrative personnel engaged at factories, workshops or on the road, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

§ B.2.2.4 Costs paid or incurred by the Design-Builder for taxes, insurance, contributions, assessments and benefits required by law or collective bargaining agreements and, for personnel not covered by such agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Sections B.2.2.1 through B.2.2.3. The word "wages" shall include bonuses applicable to this job paid to key employees on the jobsite.

### § B.2.3 CONTRACT COSTS

§ B.2.3.1 Payments made by the Design-Builder to Contractors in accordance with the requirements of their contracts.

### § B.2.4 COSTS OF MATERIALS AND EQUIPMENT INCORPORATED IN THE COMPLETED CONSTRUCTION

§ B.2.4.1 Costs, including transportation and storage, of materials and equipment incorporated or to be incorporated in the completed construction.

§ B.2.4.2 Costs of materials described in the preceding Section B.2.4.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the Owner's property at the completion of the Work or, at the Owner's option, shall be sold by the Design-Builder. Any amounts realized from such sales shall be credited to the Owner as a deduction from the Cost of the Work.

**§ B.2.5 COSTS OF OTHER MATERIALS AND EQUIPMENT, TEMPORARY FACILITIES AND RELATED ITEMS**

§ B.2.5.1 Costs, including transportation and storage, installation, maintenance, dismantling and removal of materials, supplies, temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers, that are provided by the Design-Builder at the site and fully consumed in the performance of the Work; and cost (less salvage value) of such items if not fully consumed, whether sold to others or retained by the Design-Builder. The basis for the cost of items previously used by the Design-Builder shall mean the fair market value.

§ B.2.5.2 Rental charges for temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers that are provided by the Design-Builder at the site, whether rented from the Design-Builder or others, and costs of transportation, installation, minor repairs and replacements, dismantling and removal thereof. Rates and quantities of equipment rented shall be subject to those rates published in the Owner's prior approval latest edition of A.E.D. plus forty percent (40%).

§ B.2.5.3 Costs of removal of debris from the site.

§ B.2.5.4 Cost of document reproductions, facsimile transmissions and long-distance telephone calls, postage and parcel delivery charges, telephone service at the site and reasonable petty cash expenses of the site office.

§ B.2.5.5 That portion of the reasonable expenses of the Design-Builder's personnel incurred while traveling in discharge of duties connected with the Work.

§ B.2.5.6 Costs of materials and equipment suitably stored off the site at a mutually acceptable location, if approved in advance by the Owner.

**§ B.2.6 DESIGN AND OTHER CONSULTING SERVICES**

§ B.2.6.1 Compensation, including fees and reimbursable expenses, paid by the Design-Builder for design and other consulting services required by the Design-Build Documents .

**§ B.2.7 MISCELLANEOUS COSTS**

§ B.2.7.1 That portion of insurance and bond premiums that can be directly attributed to this Design-Build Contract. (In the event that the Design-Builder self insures risks associated with this work, the Design-Builder's costs of insurance for the risk shall be deemed to be the lowest guaranteed cost then available to the Design-Builder under a fully insured program.)

§ B.2.7.2 Sales, use-use, gross receipts or similar taxes imposed by a governmental authority that are related to the Work.

§ B.2.7.3 Fees and assessments for the building permit and for other permits, licenses and inspections for which the Design-Builder is required by the Design-Build Documents to pay.

§ B.2.7.4 Fees of laboratories for tests required by the Design-Build Documents, except those related to defective or non-conforming Work for which reimbursement is excluded by Section A.13.5.3 of Exhibit A, Terms and Conditions, or other provisions of the Design-Build Documents, and which ~~do are~~ not fall within the scope of excluded by Section A.13.5.3.

§ B.2.7.5 Royalties and license fees paid for the use of a particular design, process or product required by the Design-Build Documents; the cost of defending suits or claims for infringement of patent rights arising from such requirement of the Design-Build Documents; and payments made in accordance with legal judgments against the Design-Builder resulting from such suits or claims and payments of settlements made with the Owner's consent. However, such costs of legal defenses, judgments and settlements shall not be included in the calculation of the Design-Builder's Fee or subject to the Guaranteed Maximum Price. If such royalties, fees and costs are excluded by

the last sentence of Section A.3.16.1 of Exhibit A, Terms and Conditions, or other provisions of the Design-Build Documents, then they shall not be included in the Cost of the Work.

§ B.2.7.6 Data processing costs related to the Work.

§ B.2.7.7 Deposits lost for causes other than the Design-Builder's negligence or failure to fulfill a specific responsibility to the Owner as set forth in the Design-Build Documents.

§ B.2.7.8 Legal, mediation and arbitration costs, including attorneys' fees, other than those arising from disputes between the Owner and Design-Builder, reasonably incurred by the Design-Builder in the performance of the Work and with the Owner's prior written approval, which approval shall not be unreasonably withheld.

§ B.2.7.9 Expenses incurred in accordance with the Design-Builder's standard personnel policy for relocation and temporary living allowances of personnel required for the Work, if approved by the Owner.

#### § B.2.8 OTHER COSTS AND EMERGENCIES

§ B.2.8.1 Other costs incurred in the performance of the Work if and to the extent approved in advance in writing by the Owner.

§ B.2.8.2 Costs due to emergencies incurred in taking action to prevent threatened damage, injury or loss in case of an emergency affecting the safety of persons and property, as provided in Section A.10.6 of Exhibit A, Terms and Conditions.

§ B.2.8.3 Cost of repairing or correcting damaged or non-conforming Work executed by the Design-Builder, Contractors, Subcontractors or suppliers, provided but only to the extent that such damaged or non-conforming Work was not caused by negligence or failure to fulfill a specific responsibility of the Design-Builder and only to the extent that the cost of repair or correction is not recoverable by the Design-Builder from insurance, sureties, Contractors, Subcontractors or ~~suppliers-suppliers~~ without the use of formal proceedings. If the damaged or nonconforming Work is an insured loss under insurance provided (or required to be provided) under the Design-Build Documents, then Design-Builder shall be entitled to recover the costs of repairing or correcting such damaged or nonconforming Work, even if caused by the negligence or failure to fulfill a specific responsibility of the Design-Builder and even if such costs exceed the Guaranteed Maximum Price.

#### ~~ARTICLE B.3 COSTS NOT TO BE REIMBURSED~~

#### ARTICLE B.3 COSTS NOT TO BE PAID

§ B.3.1 The Cost of the Work shall not include:

§ B.3.1.1 Salaries and other compensation of the Design-Builder's personnel stationed at the Design-Builder's principal office or offices other than the site office, except as specifically provided in Sections B.2.2.2 and B.2.2.3.

§ B.3.1.2 Expenses of the Design-Builder's principal office and offices other than the site office.

§ B.3.1.3 Overhead and general expenses, except as may be expressly included in Article B.2 of this Exhibit.

§ B.3.1.4 The Design-Builder's capital expenses, including interest on the Design-Builder's capital employed for the Work.

§ B.3.1.5 Rental costs of machinery and equipment, except as specifically provided in Section B.2.5.2.

§ B.3.1.6 Except as provided in Section B.2.8.3 of this Agreement, costs due to the negligence or failure of the Design-Builder to fulfill a specific responsibility of the Design-Builder, Contractors, Subcontractors and suppliers or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable.

§ B.3.1.7 Any cost not specifically and expressly described in Article B.2, Costs to be Reimbursed.

§ B.3.1.8 Costs, other than costs included in Change Orders approved by the Owner, or except as may be otherwise provided by this Agreement or applicable law, that would cause the Guaranteed Maximum Price, if any, to be exceeded.

#### ARTICLE B.4 DISCOUNTS, REBATES AND REFUNDS

§ B.4.1 Cash discounts obtained on payments made by the Design-Builder shall accrue to the Owner if (1) before making the payment, the Design-Builder included them in an Application for Payment and received payment from the Owner, or (2) the Owner has deposited funds with the Design-Builder with which to make payments; otherwise, cash discounts shall accrue to the Design-Builder. Trade discounts, rebates, refunds and amounts received from sales of surplus materials and equipment shall accrue to the Owner, and the Design-Builder shall make provisions so that they can be secured.

§ B.4.2 Amounts that accrue to the Owner in accordance with the provisions of Section B.4.1 shall be credited to the Owner as a deduction from the Cost of Work.

#### ARTICLE B.5 CONTRACTS AND OTHER AGREEMENTS OTHER THAN FOR DESIGN PROFESSIONALS HIRED BY THE DESIGN-BUILDER

§ B.5.1 ~~Those All~~ portions of the Work that ~~the Design-Builder does not customarily perform with in~~ the Design-Builder's ~~own personnel shall~~ opinion can be most advantageously performed by others may be performed by others under contracts or by other appropriate agreements with the Design-Builder. The Owner may designate specific persons or entities from whom the Design-Builder shall obtain bids. The Design-Builder shall obtain bids from Contractors and from suppliers of materials or equipment fabricated especially for the Work and shall deliver such bids to the Owner. The Owner shall then determine which bids will be accepted. The Design-Builder shall not be required to contract with anyone to whom the Design-Builder has reasonable objection.

§ B.5.1.1 If a specific bidder among those whose bids are delivered by the Design-Builder to the Owner (1) is recommended to the Owner by the Design-Builder; (2) is qualified to perform that portion of the Work; and (3) has submitted a bid that conforms to the requirements of the Design-Build Documents, but the Owner requires that another bid be accepted, then the Design-Builder may require that a Change Order be issued to adjust the Guaranteed-Maximum Price by the difference between the bid of the person or entity recommended to the Owner by the Design-Builder and the amount of the subcontract or other agreement actually signed with the person or entity designated by the Owner.

§ B.5.2 Contracts or other agreements shall conform to the applicable payment provisions of this Design-Build Contract, and shall not be awarded on the basis of cost plus a fee without the Owner's prior consent.

#### ARTICLE B.6 ACCOUNTING RECORDS

§ B.6.1 The Design-Builder or any affiliated person or entity which performs a portion of the Work shall keep full and detailed accounts and exercise such controls as may be necessary for proper financial management under this Agreement, and the accounting and control systems shall be satisfactory to the Owner. The Owner and the Owner's accountants shall be afforded access to, and shall be permitted to audit and copy, the Design-Builder's records, books, correspondence, instructions, receipts, contracts, purchase orders, vouchers, memoranda and other data relating to this Agreement, and the Design-Builder shall preserve these for a period of three years after final payment, or for such longer period as may be required by law.

§ B.6.2 When the Design-Builder believes that all the Work required by the Agreement has been fully performed, the Design-Builder shall deliver to the Owner's accountant a final accounting of the Cost of the Work.

§ B.6.3 The Owner's accountants will review and report in writing on the Design-Builder's final accounting within 21-days after delivery of the final accounting. Based upon such Cost of the Work as the Owner's accountants report to be substantiated by the Design-Builder's final accounting, and provided the other conditions of Section A.9.10 of the Agreement have been met, the Owner will, within seven days after receipt of the written report of the Owner's accountants, notify the Design-Builder in writing of the Owner's intention to make final payment or to withhold final-payment or a portion of final payment.

§ B.6.4 If the Owner's accountants report the Cost of the Work as substantiated by the Design-Builder's final accounting to be less than claimed by the Design-Builder, the Design-Builder shall be entitled to initiate resolution of

the dispute pursuant to Article 6 of the Agreement and Article A.4 of Exhibit A, Terms and Conditions, for the disputed amount. If the Design-Builder fails to so initiate resolution of the dispute within the period of time required by Section A.4.1.2 of Exhibit A, Terms and Conditions, the substantiated amount reported by the Owner's accountants shall become binding on the Design-Builder. Pending a final resolution pursuant to Article 6 of the Agreement and Article A.4 of Exhibit A, Terms and Conditions, the Owner shall pay the Design-Builder the amount, if any, determined by the Owner's accountant to be due the Design-Builder.

§ B.6.5 If, subsequent to final payment and at the Owner's request, the Design-Builder incurs costs in connection with the correction of defective or non-conforming work as described in Article B.2, Costs to be Reimbursed, and not excluded by Article B.3, Costs Not to be Reimbursed, the Owner shall reimburse the Design-Builder such costs and the Design-Builder's Fee applicable thereto on the same basis as if such costs had been incurred prior to final payment, but not in excess of the Guaranteed Maximum Price, if any. If the Design-Builder has participated in savings as provided in Section 4.4.3.1 of the Agreement, the amount of such savings shall be recalculated and appropriate credit given to the Owner in determining the net amount to be paid by the Owner to the Design-Builder.

# AIA<sup>®</sup> Document A141<sup>™</sup> – 2004 Exhibit C

## *Insurance and Bonds*

for the following PROJECT:

*(Name and location or address)*

Southeastern Louisiana University Parking Garage and Stadium Renovations

### THE OWNER:

*(Name and address)*

University Facilities, Inc.  
SLU 10709  
Hammond, Louisiana 70402

### THE DESIGN-BUILDER:

*(Name and address)*

Brice Building Company, Inc.  
3500 North Causeway Boulevard, Suite 350  
Metairie, Louisiana 70002

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Consultation with an attorney is also encouraged with respect to professional licensing requirements in the jurisdiction where the Project is located.

**ARTICLE C.1**

The Owner and Design-Builder shall provide policies of liability insurance as required by the Design-Build Documents, or as follows:

*(Specify changes, if any, to the requirements of the Design-Build Documents, and for each type of insurance identify applicable limits and deductible amounts.)*

See Design-Builder's Certificates of Liability Insurance attached (marked as Exhibits C-1 and C-2).

**ARTICLE C.2**

The Design-Builder shall provide surety bonds as follows:

*(Specify type and penal sum of bonds.)*

Type

Penal Sum (\$ 0.00)

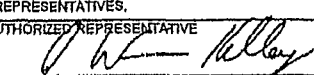
§ C.2.1 Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Agreement, the Design-Builder shall promptly furnish a copy of the bonds or shall permit a copy to be made.

<b>ACORD CERTIFICATE OF LIABILITY INSURANCE</b>		OP ID TM BRICE-3	DATE (MM/DD/YYYY) 03/28/07
<b>PRODUCER</b> S. S. Nesbitt & Co., Inc. 2501 20th Place South, Su 425 Birmingham AL 35223 Phone: 205-870-1316 Fax: 205-870-3328		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
<b>INSURED</b> Brice Building Company, Inc. & BESCO Equipment Company, Inc. A Division of Brice Building Company, Inc. Fax# 205-918-1960 P.O. Box 1028 Birmingham AL 35201		<b>INSURERS AFFORDING COVERAGE</b> INSURER A: Amerisure Insurance Company INSURER B: INSURER C: INSURER D: INSURER E:	<b>NAIC #</b> 19488

**COVERAGES**

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Blkt Addtl Ins <input checked="" type="checkbox"/> Blkt Waiver Subro GENL AGGREGATE LIMIT APPLIES PER. <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC	GL2024140  CONTRACTUAL LIABILITY XCU	09/30/06	09/30/07	EACH OCCURRENCE \$ 1000000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300000 MED EXP (Any one person) \$ 10000 PERSONAL & ADV INJURY \$ 1000000 GENERAL AGGREGATE \$ 2000000 PRODUCTS - COMP/OP AGG \$ 2000000
A		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> Blkt Addtl Ins <input checked="" type="checkbox"/> Blkt Waiver Subro	CA2024139 HIRED PHYSICAL DAMAGE INCLUDED COMP DED. \$1000 COLL DED. \$1000	09/30/06	09/30/07	COMBINED SINGLE LIMIT (Ea accident) \$ 1000000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
A		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 0	CU2024141	09/30/06	09/30/07	EACH OCCURRENCE \$ 1000000 AGGREGATE \$ 1000000 \$ \$ \$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	WC2024216-HAIVR-TN, TX, VA CO FL, GA, KY, MS, NV, OK, SC	09/30/06	09/30/07	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1000000 E.L. DISEASE - EA EMPLOYEE \$ 1000000 E.L. DISEASE - POLICY LIMIT \$ 1000000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS <b>Project: Southeastern Louisiana University Parking Garage &amp; Stadium Renovations - Hammond, LA</b>						

<b>CERTIFICATE HOLDER</b>  UNIV-01  University Facilities, Inc. SLU 10709 Hammond LA 70402	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF. THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER. ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
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## **IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s)

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)

## **DISCLAIMER**

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon



# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)  
3/29/07

**USER**  
ATTENTA  
Independence Plaza  
Suite 100  
Birmingham, Alabama 35209 a1 3  
(800) 277-7500

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURED**  
Brice Building Company, Inc.; Shreve Land Construction, LLC;  
Brice Equipment Supply Co., LLC (BESCO, LLC)  
P O Box 1028  
Birmingham, AL 35201

**COMPANIES AFFORDING COVERAGE**

COMPANY <b>A</b>	MIDWEST EMPLOYERS CASUALTY CO
COMPANY <b>B</b>	
COMPANY <b>C</b>	
COMPANY <b>D</b>	

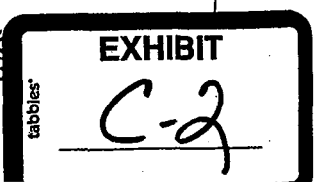
**COVERAGES**  
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY 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.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				GENERAL AGGREGATE \$ PRODUCTS COMP/OP AGG \$ PERSONAL & ADV INJURY \$ EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				WC STATUTORY LIMITS   OTHER EL EACH ACCIDENT \$ EL DISEASE-POLICY LIMIT \$ EL DISEASE-EA EMPLOYEE \$
A	OTHER Self-Insured Workers Co	EWCD05238 COVERAGE UNDER THIS POLICY IS LIMITED TO THE AL & LA WORKERS' COMP. ACT	9/29/06	9/29/07	\$350,000 SIR with Statutory Limit \$1,000,000 E.L. Limit

**DESCRIPTION OF OPERATION, LOCATIONS, VEHICLES/SPECIAL ITEMS**  
Re: Southeastern Louisiana University parking Garage and Stadium Renovations, Hammond, LA

**CERTIFICATE HOLDER**  
University Facilities, Inc.  
510 10709  
Hammond, LA 70402

**CANCELLATION**  
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.  
AUTHORIZED REPRESENTATIVE  
*Thomas B. Remond*



**Intermodal Facility & Strawberry Stadium Expansion  
University Facilities  
Southeastern Louisiana University  
Hammond, LA 70403  
Brice Job No. 6366**

**Breakdown of Lump Sum Contract - \$8,334,000**

A)	Parking Garage:	\$ 7,300,000
B)	Stadium Lights:	\$ 740,000
C)	Stadium Foundation / Design:	\$ 294,000

The above costs breakdowns will be billed separately with a separate schedule of values.



**Intermodal Facility & Strawberry Stadium Expansion**  
**University Facilities**  
**Southeastern Louisiana University**  
Hammond, LA 70403  
Brice Job No. 6366

**Drawing List**

<u>Drawing #</u>	<u>Title</u>	<u>Dated</u>
1	Topographic Survey prepared by John E. Bonneau & Associates	6-02-2006
2	Topographic Survey prepared by John E. Bonneau & Associates	6-02-2006
A2.1.1	Concourse Floor Plan	3-20-2007
A2.1	Grade Level Overall Floor Plan – Concept “C”	3-20-2007
A2.2	Level 2 Overall Floor Plan	3-20-2007
A2.3	Level 3 Overall Floor Plan	3-20-2007
A2.4	Level 4 Overall Floor Plan	3-20-2007
A3.1	Exterior Elevations	3-20-2007
A3.2	Exterior Elevation – East	3-20-2007
A3.6	Building Section	3-20-2007
A3.7	Building Section	3-20-2007
A4.1	Enlarged Floor Plan – Grade Level	2-09-2007
A4.2	Enlarged Floor Plan – Level 2 and 3	2-09-2007
S1.1A	Sector A – Foundation Plan	3-06-2007
S1.1B	Sector B – Foundation Plan	3-06-2007
S1.2A	Sector A – Level 2 Framing Plan	3-01-2007
S1.2B	Sector B – Level 2 Framing Plan	3-01-2007
S1.3A	Sector A – Level 3 Framing Plan	3-01-2007
S1.3B	Sector B – Level 3 Framing Plan	3-01-2007
S1.4A	Sector A – Level 4 Framing Plan	3-01-2007
S1.4B	Sector B – Level 4 Framing Plan	3-01-2007
S1.5A	Sector A – Level 5 Framing Plan	3-01-2007
S1.5B	Sector B – Level 5 Framing Plan	3-01-2007
S1.6A	Sector A – Level 6 Framing Plan	3-01-2007
S1.7A	Sector A – Level 7 Framing Plan	3-01-2007
S2.1	General Notes & Foundation Details	3-06-2007
S2.2	Footing Details	3-06-2007
S2.3	Footing Details	3-06-2007
S2.4	Foundation Details	3-06-2007
S2.5	Foundation Details	3-06-2007
S2.6	Foundation Details	3-06-2007
S3.1	Framing Sections	3-01-2007
S3.2	Framing Details	3-01-2007
	Eustis Engineering Company, Inc. Stadium Light Poles Report	11-15-2006
	Eustis Engineering Company, Inc. Test Pile Report (Revision)	10-25-2006
	Eustis Engineering Company, Inc. Test Pile Report	10-18-2006
	Eustis Engineering Company, Inc. Wood Pile Report	7-24-2006
	Eustis Engineering Company, Inc. Soil Report	6-22-2006



**CERTIFICATE OF  
THE BANK OF NEW YORK TRUST COMPANY, N.A.**

**\$5,545,000**

**Louisiana Local Government Environmental Facilities  
and Community Development Revenue Bonds  
(Southeastern Louisiana University Student  
Housing/University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

**and**

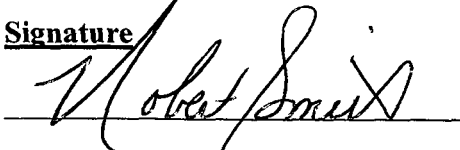
**\$2,490,000**

**Louisiana Local Government Environmental Facilities  
and Community Development Revenue Bonds  
(Southeastern Louisiana University Student  
Housing/University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B**

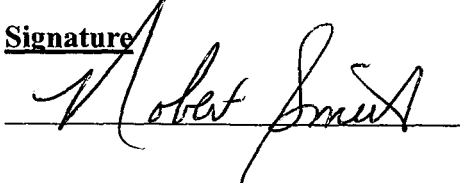
The undersigned authorized officer of The Bank of New York Trust Company, N.A. (the "Bank"), acting as Trustee pursuant to the Trust Indenture dated as of March 1, 2007 (the "Indenture"), between the Bank and the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), hereby certifies with respect to the above captioned bonds (the "Bonds"), issued pursuant to the Indenture, as follows:

1. The Bonds are issued in the aggregate principal amount of \$8,035,000, the same being issued in the form of fully registered bonds, being in the denomination, bearing the number and bearing interest from the date thereof at the rate or rates in the manner set forth in the Indenture, and maturing on the dates and in the principal amounts as set forth in the Indenture.

2. The Indenture was executed on behalf of the Bank by Robert D. Smith, who was at the time of the execution of said document and is now the duly elected, qualified and acting incumbent of his office, duly authorized to execute and deliver said document, and the signature appearing below after his name is a true and correct specimen of his genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Robert Smith	Assistant Vice President	

3. The person named below is an authorized officer of the Bank, and such person in accordance with the provisions of the Indenture is duly authorized and empowered to authenticate and did authenticate and deliver as of the date hereof, the Bonds, and the signature appearing below after his name is a true and correct specimen of his genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Robert Smith	Assistant Vice President	

4. Receipt from the Issuer of the instruments required by the Indenture and the Bonds is hereby acknowledged.

5. The acceptance of appointment as Trustee, the authentication of the Bonds and the execution of the Indenture on behalf of the Bank, were duly authorized by the By-Laws of the Bank (a true copy of the excerpt of which is attached hereto as Exhibit A) which By-Laws remain in full force and effect on the date hereof.

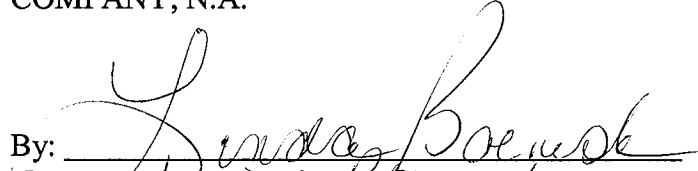
[The remainder of this page intentionally left blank]

**[Signature Page to Certificate of The Bank of New York Trust Company, N.A.]**

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on this the 13<sup>th</sup> day of March, 2007.

[SEAL]

THE BANK OF NEW YORK TRUST  
COMPANY, N.A.

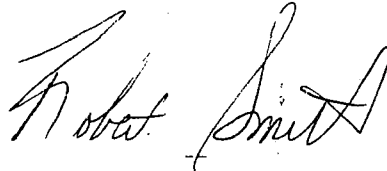
By:   
Name: LINDA BOENISH  
Title: VICE PRESIDENT

**THE BANK OF NEW YORK TRUST COMPANY, N.A.**

I, the undersigned, Heather A. Sisler, Assistant Secretary of The Bank of New York Trust Company, N.A., a national banking association organized under the laws of the United States (the "Association") and located in the State of California, with a trust office located at 10161 Centurion Parkway, Jacksonville, Florida, DO HEREBY CERTIFY that Robert D. Smith is a duly appointed Assistant Vice President of The Bank of New York Trust Company, N.A., who signs as follows:

A, C3, J

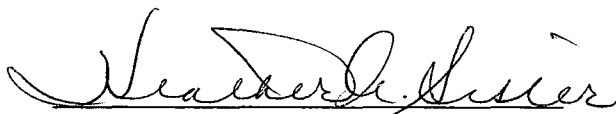
Robert D. Smith

A handwritten signature in cursive script that reads "Robert D. Smith".

I further certify that as of this date he has been authorized to sign on behalf of the Association in discharging or performing his duties in accordance with the limited signing powers provided under Article V, Section 5.3 of the By-laws of the Association and the paragraphs indicated above of the signing authority resolution of the Board of Directors of the Association.

Attached hereto are true and correct copies of excerpts of the By-laws of the Association and the signing authority resolution, which have not been amended or revised since January 20, 2005 and are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Trust Company, N.A. this 2<sup>nd</sup> day of November, 2006.

A handwritten signature in cursive script that reads "Heather A. Sisler".

Heather A. Sisler, Assistant Secretary



**Extracts from By-Laws**  
**Of**  
**The Bank of New York Trust Company, N.A.**  
**As Amended Through January 20, 2005**

**ARTICLE V**  
**SIGNING AUTHORITIES**

Section 5.1 Real Property. Real property owned by the Association in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Association in its own right with such maximum values as the Board may fix in its authorizing resolution.

Section 5.2. Senior Signing Powers. Subject to the exception provided in Section 5.1, the President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Association in all transactions arising out of, or in connection with, the normal course of the Association's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Association thereto. In such instances as in the judgment of the President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Association authorized in or pursuant to Section 5.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 5.2, is authorized to attest to the seal of the Association on any documents requiring such seal.

Section 5.3. Limited Signing Powers. Subject to the exception provided in Section 5.1, in such instances as in the judgment of the President or any Executive Vice President, may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Association to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

Section 5.4. Powers of Attorney. All powers of attorney on behalf of the Association shall be executed by any officer of the Association jointly with the President, any Executive Vice President, or any Managing Director, provided that the execution by such Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of said officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors.

Section 5.5. Auditor. The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Association, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

## **SIGNING AUTHORITY RESOLUTION**

### **Pursuant to Article V, Section 5.3 of the By-Laws**

**RESOLVED** that, pursuant to Section 5.3 of the By-Laws of the Association, authority be, and hereby is, granted to the President or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

**(A)** All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

**(B1)** Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Association; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Association's business.

**(B2)** Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

**(C1)** Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of \$100,000,000 with single authorization for all transactions.

**(C2)** Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of \$100,000,000\*.

**(C3)** Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$100,000,000.

**(C4)** Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate

of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$10,000,000.

**(C5)** Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$5,000,000.

**(C6)** Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$1,000,000.

**(C7)** Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$250,000.

**(C8)** Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$50,000.

**(C9)** Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$5,000.

\*Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

**(D1)** Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$1,000,000.

**(D2)** Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$250,000.

**(D3)** Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$50,000.

**(D4)** Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$5,000.

**(E)** Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

**(F)** Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Association as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Association in trust or in connection with any transaction with respect to which the Association is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(J) Authority to effect the movement of securities versus payment at market or contract value.

(K) Authority to either sign on behalf of the Association or to affix the seal of the Association to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Association in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Association products or services.

(L) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

**RESOLVED**, that any signing authority granted pursuant to this resolution may be rescinded by the President or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Association.



March 14, 2007

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

\$5,545,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of March 1, 2007 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

JONES, WALKER, WAECHTER, POITEVENT, CARRÈRE & DENÈGRE L.L.P.

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The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) construct a new intermodal parking facility and related facilities defined in the Indenture as the Phase Four Facilities (the "Phase Four Facilities"), (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of March 1, 2007 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Phase Four Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Phase Four Facilities will be located from the Board of Supervisors for the University of Louisiana System (the "Board") pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by a First Amendment to Ground and Buildings Lease Agreement dated as of March 1, 2007 (the "Ground Lease"). The Corporation is leasing the Phase Four Facilities to the Board pursuant to an Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by a First Amendment to the Agreement to Lease with Option to Purchase dated as of March 1, 2007 (the "Facilities Lease").

The Bonds are also entitled to the benefits of an Assignment of Agreements and Documents dated as of March 1, 2007 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the

Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board, and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board, and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.
2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.
3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.
4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.
5. Interest on the Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum

tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board, and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board, and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement, and the Tax Regulatory Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board, or the Corporation fails to comply with the foregoing covenants, interest on the Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement, and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Corporation, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution, and delivery by the Corporation of, the Agreement, the Ground Lease, and the Facilities Lease and the valid and binding effect thereof on the Corporation; (iv) the Corporation being exempt from federal income tax under Section



Louisiana Local Government Environmental Facilities  
and Community Development Authority  
March 14, 2007  
Page 5

501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Phase Four Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code; and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by-laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

We have also relied on the opinion of McGlinchey Stafford PLLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution, and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir, Clark & Adams, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization, execution, and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution, and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture, and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

*Jones, Walker, Waddler, Poitevent,  
Carrère + Denière L.L.P.*



March 14, 2007

Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Baton Rouge, Louisiana

University Facilities, Inc.  
Hammond, Louisiana

The Bank of New York Trust Company, N.A.  
Jacksonville, Florida

MBIA Insurance Corporation  
Armonk, New York

Morgan Keegan & Company, Inc.  
New Orleans, Louisiana

**\$5,545,000**

**Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A  
(the "Series 2007A Bonds")**

**\$2,490,000**

**Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B  
(the "Series 2007B Bonds")**

JONES, WALKER, WAECHTER, POITEVENT, CARRÈRE & DENÈGRE L.L.P.

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BATON ROUGE HOUSTON LAFAYETTE MIAMI NEW ORLEANS WASHINGTON, D.C.

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
University Facilities, Inc.  
The Bank of New York Trust Company, N.A.  
MBIA Insurance Corporation  
Morgan Keegan & Company, Inc.  
March 14, 2007  
Page 2

We have acted as Bond Counsel in connection with the issuance and delivery of the above-captioned bonds (the “**Bonds**”). Reference is hereby made to our approving opinion of even date herewith (the “**Approving Opinion**”) addressed to the Louisiana Local Government Environmental Facilities and Community Development Authority (the “**Issuer**”) and delivered to you concurrently herewith. You may rely upon such Approving Opinion as if the same were addressed to you. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Trust Indenture dated as of March 1, 2007 by and between the Issuer and The Bank of New York Trust Company, N.A., as Trustee (the “**Indenture**”) pursuant to which the Bonds are being issued.

In connection with the issuance of the Bonds, we have examined the following:

1. The Bond Purchase Agreement (the “**First Bond Purchase Agreement**”) dated March 5, 2007, among the Issuer, University Facilities, Inc. (the “**Corporation**”), the Board of Supervisors for the University of Louisiana System (the “**Board**”), and Morgan Keegan & Company, Inc. (the “**Underwriter**”);
2. The Preliminary Official Statement (the “**Preliminary Official Statement**”) dated February 26, 2007 relating to the Bonds.
3. The Official Statement (the “**Official Statement**”) dated March 5, 2007, relating to the Bonds; and
4. The Indenture, the Loan Agreement dated as of March 1, 2007, by and between the Issuer and the Corporation (the “**Loan Agreement**”), the Ground and Buildings Lease Agreement by and between the Board and the Corporation dated as of August 1, 2004, as amended by a First Amendment to the Ground and Buildings Lease dated as of March 1, 2007, (the “**Ground Lease**”), the Agreement to Lease with Option to Purchase by and between the Corporation and the Board dated as of August 1, 2004, as amended by a First Amendment to the Agreement to Lease with Option to Purchase dated as of March 1, 2007, (the “**Facilities Lease**”), the Tax Regulatory Agreement and Arbitrage Certificate dated March 14, 2007, by and among the Board, the Issuer, the Trustee and the Corporation (the “**Tax Regulatory Agreement**”), the

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
University Facilities, Inc.  
The Bank of New York Trust Company, N.A.  
MBIA Insurance Corporation  
Morgan Keegan & Company, Inc.  
March 14, 2007  
Page 3

Assignment of Agreements and Documents between the Corporation and the Trustee dated as of March 1, 2007 and the Continuing Disclosure Agreement of the Board (collectively, the “**Transaction Documents**”).

In all such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents presented to us as originals, and the conformity to original documents of all copies submitted to us as certified, conformed, or photographic copies. As to certificates, we have assumed the same to be properly given and to be accurate. With respect to matters of fact relevant to this opinion, we have relied, without independent verification of the accuracy or completeness of the matters set forth therein, on the representations and warranties of the parties thereto set forth in the Bond Purchase Agreement and the Transaction Documents, as well as certificates of officers of the Issuer, the Corporation, and the Board and the other parties to the Transaction Documents, delivered in connection with the issuance of the Bonds.

Based upon the foregoing, and subject to other assumptions and conditions as are hereinafter set forth, and having regard to applicable matters of law, we are of the opinion, as of the date hereof, as follows:

(i) the Bond Purchase Agreement constitutes the legal, valid, and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors’ rights generally, by usual limitations on the availability of equitable remedies, or by the valid exercise of the sovereign police powers of the State of Louisiana and its governmental bodies and the constitutional powers of the United States of America and except as any indemnification provisions of the Bond Purchase Agreement may be limited by applicable securities laws or by public policy;

(ii) the Series 2007A Bonds and the Series 2007B Bonds are exempt securities within the meaning of §3(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), to the extent provided in such Securities Act, and it is not necessary in connection with the offer and sale of the Series 2007A Bonds and the Series 2007B Bonds to the public to register the Series 2007A Bonds and the Series 2007B Bonds under the Securities Act;

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
University Facilities, Inc.  
The Bank of New York Trust Company, N.A.  
MBIA Insurance Corporation  
Morgan Keegan & Company, Inc.  
March 14, 2007  
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(iii) pursuant to the Trust Indenture Act of 1939, as amended, and to the extent provided in such Act, it is not necessary to qualify the Trust Indenture under the Trust Indenture Act of 1939, as amended;

(iv) the statements and information in the Preliminary Official Statement and the Official Statement under the headings "INTRODUCTORY STATEMENT," "THE SERIES 2007 BONDS," except "Book-Entry Only System," "SOURCES OF PAYMENT FOR THE SERIES 2007 BONDS," "THE PHASE FOUR GROUND LEASE," "THE PHASE FOUR FACILITIES LEASE," and in "DEFINITIONS" and "SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS" contained in Appendices "B" and "C," respectively, to the Preliminary Official Statement and the Official Statement, insofar as such descriptions purport to summarize certain provisions of the Bonds, the Transaction Documents described therein, and applicable provisions of law, are accurate summaries of the matters set forth, and fairly present the information purported to be shown;

(v) the summary of the Approving Opinion under the heading "TAX EXEMPTION" accurately reflects the substance of the legal conclusions contained in the Approving Opinion;

(vi) we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Official Statement, the Official Statement or any other offering materials relating to the Bonds, and we express no opinion with respect to such accuracy, completeness, or sufficiency; however, no facts have come to the attention of the lawyers within our firm actively engaged in our role as Bond Counsel in connection with the issuance of the Bonds which lead us to believe that, as of the date thereof or as of the date hereof, either the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(vii) the Indenture creates a valid pledge of and lien on the Trust Estate described in the granting clauses of the Indenture.

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
University Facilities, Inc.  
The Bank of New York Trust Company, N.A.  
MBIA Insurance Corporation  
Morgan Keegan & Company, Inc.  
March 14, 2007  
Page 5

In rendering the foregoing opinions, we have relied upon the opinion of even date herewith of Casten & Pearce, A.P.L.C. with respect to, among other matters, the due authorization, execution, and delivery by the Issuer of the Bond Purchase Agreement and the validity and enforceability thereof against the Issuer and we have assumed that the Bond Purchase Agreement has been duly authorized, executed, and delivered by the Underwriter.

We have acted as Bond Counsel in connection with the issuance of the Bonds and, as such, have reviewed only those documents, opinions, certificates, and proceedings necessary to enable us to render our opinion to the Issuer of even date herewith as to the legality and validity of the Bonds and the tax-exempt status of the interest on the Bonds. This opinion speaks as of its date and we are under no obligation to provide any updates of this opinion. This opinion is given solely for the use and benefit of the addressees hereof, and only in connection with the issuance and delivery of the Bonds pursuant to the Bond Purchase Agreement, and may not be used or relied upon by any other person or in connection with any other transaction, except with express consent of this firm.

Very truly yours,

*Jones, Walker, Macdaniel, Poikevent,  
Carréne & Desigre L.L.P.*

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A Professional Law Corporation

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March 14, 2007

Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Baton Rouge, Louisiana

Morgan Keegan & Company, Inc.  
New Orleans, Louisiana

The Bank of New York Trust Company, N.A.,  
as Trustee  
Jacksonville, Florida

Jones, Walker, Waechter, Poitevent, Carrere  
Baton Rouge, Louisiana

Board of Supervisors for the University of  
Louisiana System  
Baton Rouge, Louisiana

MBIA Insurance Corporation  
Armonk, New York

University Facilities, Inc.  
Hammond, Louisiana

Re: \$5,545,000 Louisiana Local Government Environmental Facilities and  
Community Development Revenue Bonds (Southeastern Louisiana University  
Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series  
2007A (the "Series 2007A Bonds")

and \$2,490,000 Louisiana Local Government Environmental Facilities and  
Community Development Revenue Bonds (Southeastern Louisiana University  
Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series  
2007B (the "Series 2007B Bonds")

Ladies and Gentlemen:

We have acted as counsel for the Louisiana Local Government Environmental Facilities and  
Community Development Authority (the "Authority") in connection with the issuance and delivery of  
the above-captioned bonds (the "Series 2007 Bonds") and for the purpose of rendering this opinion, we  
have examined the following:

1. The resolutions (the "Bond Resolution") adopted by the Authority on February 12,  
2004, May 13, 2004 and October 12, 2006 authorizing, among other things, the following:

(aa) the execution, delivery, and performance of the Trust Indenture (the "Indenture") dated as of March 1, 2007, by and between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee"); the Loan Agreement dated as of March 1, 2007, by and between the Authority and University Facilities, Inc. (the "Corporation"); the Bond Purchase Agreement dated as of March 5, 2007 among the Authority, the Corporation, and Morgan Keegan & Company, Inc. (the "Underwriter"), Tax Regulatory Agreement and Arbitrage Certificate (the "Tax Agreement") executed by the Authority, the Corporation, the Board of Supervisors for the University of Louisiana System, and the Trustee on and as of the date hereof (collectively, the "Authority Documents");

(bb) the distribution by the Underwriters of the Official Statement (the "Official Statement") dated March 5, 2007, relating to the Series 2007 Bonds; and

(cc) the issuance and delivery of the Series 2007 Bonds.

2. Constitution and statutes of the State of Louisiana, including, but not limited to Sections 33:4548.1 to 4548.16, inclusive, of the Louisiana Revised Statutes of 1950, as amended.

3. Executed counterparts of the Authority Documents.

4. The form of the Series 2007 Bonds.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the Authority is a political subdivision of the law of the State of Louisiana (the "State") duly organized and validly existing under the constitution and laws of the State and has full power and authority to issue and deliver the Series 2007 Bonds, and to execute and deliver, and to perform its obligations under, the Series 2007 Bonds and the Authority Documents;

(ii) the Bond Resolution has been duly adopted by the Authority, duly adopted at meetings of the Executive Committee, and is legal, valid, binding, and in full force and effect on the date hereof; the officers of the Authority who have executed the Series 2007 Bonds, and the Authority Documents have been duly appointed and are qualified to serve as such officers;

(iii) no additional or further approval, consent, or authorization of any governmental or public agency or authority is required by the Authority in connection with the issuance and delivery of the Series 2007 Bonds, the execution, delivery of the Authority Documents, or the performance by the Authority of its obligations thereunder;

(iv) the Authority has taken all corporate action legally necessary in connection with the authorization of the execution, delivery, and performance of the Series 2007 Bonds and the Authority Documents, and the execution, delivery, and performance of the Series 2007 Bonds and the Authority Documents are within the power of the Authority;

(v) the Series 2007 Bonds have been duly authorized, issued, and delivered by the Authority and constitute legal, valid, and binding limited obligations of the Authority,



enforceable in accordance with their terms and the terms of the Bond Resolution, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(vi) the Authority Documents have been duly authorized, executed, and delivered by the Authority and the Authority Documents constitute legal, valid, and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally;

(vii) the execution and delivery by the Authority of the Series 2007 Bonds and the Authority Documents and the performance by the Authority of its obligations under the Series 2007 Bonds and the Authority Documents do not violate any provision of law or any regulation applicable to it or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Authority or any of its activities or property and do not conflict with or result in any breach of, or constitute a default or result in the creation of a lien under, any agreement or instrument to which the Authority is a party or by which it is bound;

(viii) there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority, not to the best of our knowledge is there any basis therefore, wherein an unfavorable decision, ruling or finding would adversely affect the validity of, or materially adversely affect the transactions contemplated by, the Series 2007 Bonds, the Authority Documents, or the Official Statement;

(ix) neither the existence of the Authority nor the title of any of the officials or members of the Authority to their offices is being contested and none of the proceedings heretofore taken to authorize the issuance and delivery of the Series 2007 Bonds, to provide the security therefore, or to authorize the execution and delivery of the Authority Documents and the Official Statement have been repealed, revoked, or rescinded;

(x) all meetings of the Authority at which action was taken in connection with the Bond Resolution, the Authority Documents, and the authorization, sale, and issuance of the Series 2007 Bonds were duly and legally called and held, and notice of the time and place of each such meeting was given as required by the laws of the State and the procedural rules of the Authority;

(xi) the information and statements contained in the Official Statement under the headings "The Authority" and "Litigation – The Authority," (the "Authority Information"), are accurate statements or summaries of the matter therein set forth and fairly present the information purported to be shown, and, with respect to the Authority Information, the Official Statement does not, as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which they were made, not misleading; and

(xii) nothing has come to our attention which would lead us to believe that the Official Statement (except for financial and statistical data included therein, as to which no

opinion is expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

Only the addressees (the "Opinion Recipients") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Authority Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.

Very truly yours,

*Casten & Pomeroy, A.P.L.C.*



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March 14, 2007

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MBIA Insurance Corporation  
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Armonk, NY 10504

## OPINION OF COUNSEL

- Re:** \$5,545,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "**Series 2007A Bonds**")
- and** \$2,490,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "**Series 2007 B Bonds**")

Ladies and Gentlemen:

We are counsel for University Facilities, Inc. (the "**Corporation**"). In connection with the issuance and delivery of the above-captioned bonds (collectively, the "**Series 2007 Bonds**") and for the purpose of rendering this opinion, we have examined the following:

1. The Articles of Incorporation, the Bylaws, and the minute book of the Corporation.
2. The Trust Indenture (the "**Indenture**") dated as of March 1, 2007, by and between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "**Authority**") and The Bank of New York Trust Company, N.A., as Trustee (in such capacity, the "**Trustee**").
3. The First Amendment to Ground and Buildings Lease (the "**Phase Four Ground Lease**") dated as of March 1, 2007, by and between the Board of Supervisors for the University of Louisiana System (the "**Board**") on behalf of Southeastern Louisiana University (the "**University**"), and the Corporation, which amends that certain Ground and Buildings Lease Agreement dated as of August 1, 2004, between the Board, on behalf of the University, and the Corporation.
4. The First Amendment to Agreement to Lease With Option to Purchase (the "**Phase Four Facilities Lease**") dated as of March 1, 2007, by and between the Corporation and the Board, which amends that certain Agreement to Lease With Option to Purchase dated as of August 1, 2004, by and between the Corporation and the Board.

5. The Loan Agreement (the "***Loan Agreement***") dated as of March 1, 2007, by and between the Authority and the Corporation.
6. The Assignment of Agreements and Documents (the "***Assignment of Agreements and Documents***") dated as of March 1, 2007, by the Corporation in favor of the Trustee.
7. The Tax Regulatory Agreement and Arbitrage Certificate (the "***Tax Agreement***") dated as of March 14, 2007, by and among the Authority, the Corporation, the Board, and the Trustee.
8. The Bond Purchase Agreement (the "***Bond Purchase Agreement***") dated as of March 5, 2007, among the Authority, the Corporation, and Morgan Keegan & Company, Inc., as Underwriter (the "***Underwriter***").
9. The First Amendment to Reimbursement Agreement and Indemnity Agreement (the "***Reimbursement Agreement***") dated as of March 1, 2007, by and among the Authority, the Corporation and MBIA Insurance Corporation (the "***Bond Insurer***"), which amends that certain Reimbursement Agreement and Indemnity Agreement dated as of August 1, 2004, between the Authority and the Bond Insurer.
10. The Official Statement (the "***Official Statement***") dated March 5, 2007, by the Underwriter.

The Phase Four Ground Lease, the Phase Four Facilities Lease, the Loan Agreement, the Assignment of Agreements and Documents, the Tax Agreement, the Bond Purchase Agreement and the Reimbursement Agreement are hereinafter referred to collectively as the "***Corporation Documents***."

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

- (i) the Corporation has been duly organized, is validly existing as a nonprofit corporation under the laws of the State of no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual;
- (ii) the Corporation has all requisite power and authority to execute and deliver, and perform its obligations under, each of the Corporation Documents and to own its properties and carry on its business, and the Corporation has all licenses and permits necessary to conduct the

operation of the Phase Four Facilities (as such term is defined in the Loan Agreement) to the extent contemplated in the Corporation Documents;

- (iii) the Corporation is authorized to conduct business in each jurisdiction in which the failure so to qualify would materially adversely affect its business including the State;
- (iv) the execution and delivery of the Corporation Documents and the performance by the Corporation of its obligations thereunder have been duly authorized by all necessary action on the part of the Corporation, and the Corporation Documents constitute legal, valid, and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;
- (v) the execution and delivery of the Corporation Documents by the Corporation and the performance by the Corporation of its obligations thereunder do not violate any provision of law or any regulation applicable to the Corporation or any applicable judgment, writ, decree, order, or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Corporation or any of its activities or property and do not conflict with or result in any breach of, or constitute a default under, any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or, to the best of our knowledge after due inquiry, any agreement or instrument to which the Corporation a party or by which it is bound;
- (vi) neither the issuance and sale of the Series 2007 Bonds, nor the consummation of any other of the transactions contemplated in the Corporation Documents, nor the fulfillment of the terms thereof will result in the creation of any lien, pledge, charge, or encumbrance upon any of the assets of the Corporation other than those expressly contemplated by such documents;

- (vii) the Corporation has duly approved the Indenture and has duly approved, executed, and authorized the use of the Official Statement by the Underwriter in connection with the offering and sale of the Series 2007 Bonds;
- (viii) to the best of our knowledge after due inquiry, all consents, approvals, and authorizations, if any, of any governmental authority required in connection with the acquisition, construction, furnishing, and equipping of the Phase Four Facilities (as such term is defined in the Corporation Documents) and the execution and delivery and the performance by the Corporation of its obligations under the Corporation Documents have been obtained;
- (ix) to the best our knowledge after due inquiry, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, or before or by any court, public board or body, or pending or threatened against or affecting the Corporation, wherein an unfavorable decision, ruling, or finding would adversely affect the validity of, or materially adversely affect (i) the transactions contemplated by, any of the Corporation Documents or (ii) the exclusion of the interest on the Series 2007A Bonds or the Series 2007B Bonds from the gross income of the registered owners thereof;
- (x) the Corporation has a written determination from the Internal Revenue Service that it has been determined to be an organization that is exempt from federal income taxation under §501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), by virtue of being an organization described in §501(c)(3) of the Code, the Corporation is not a “private Corporation,” as defined in §509(a) of the Code, and its use of the Facilities does not constitute an “unrelated trade or business” as such term is defined in Section 513 (a) of the Code) and, to the best of our knowledge after due inquiry, the Corporation has conducted its operations and has made all necessary filings so as to maintain its status as an exempt organization and has done nothing to impair its status as an exempt organization; and
- (xi) nothing has come to our attention that leads us to believe that, as of the date thereof and as of the date hereof, the

Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; we do not express any opinion or belief as to the financial statements and other financial and statistical information and data contained in the Official Statement or as to any information under the captions "THE AUTHORITY" or "TAX EXEMPTION" in the Official Statement

Only the addressees (the "*Opinion Recipients*") are entitled to rely upon or to assert any legal rights created by this opinion letter and the Opinion Recipients' reliance on the opinions expressed herein shall be only for the purpose contemplated by the Corporation Documents. This opinion letter may not be used or relied upon by any other person for any purpose whatsoever, other than in connection with regulatory requirements or in response to court order, without our prior written consent.


Sincerely,

**SEALE & ROSS, A PROFESSIONAL LAW CORP.**

By:

  
T. Jay Seale, III

By:

  
Ashley C. Atchison



**DeCUIR, CLARK & ADAMS, L.L.P.**

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2. LL.M. IN TAXATION

March 14, 2007

Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Baton Rouge, Louisiana

Morgan Keegan & Company, Inc.  
New Orleans, Louisiana

The Bank of New York Trust Company, N.A.,  
as Trustee  
Jacksonville, Florida

Jones, Walker, Waechter, Poitevent, Carrere  
& Denegre, L.L.P.  
Baton Rouge, Louisiana

Board of Supervisors for the University of  
Louisiana System  
Baton Rouge, Louisiana

MBIA Insurance Corporation  
Armonk, New York

University Facilities, Inc.  
Hammond, Louisiana

McGlinchey Stafford, PLLC  
New Orleans, Louisiana

Re: \$5,545,000 Louisiana Local Government Facilities and Community  
Development Revenue Bonds (Southeastern Louisiana University Student  
Housing/University Facilities, Inc.: Phase Four Parking Project) Series  
2007A (the "Series 2007A Bonds")

and \$2,490,000 Louisiana Local Government Environmental Facilities and  
Community Development Revenue Bonds (Southeastern Louisiana  
University Student Housing/University Facilities, Inc.: Phase Four Parking  
Project) Series 2007B (the "Series 2007B Bonds")

Ladies and Gentlemen:

We have acted as counsel for the Board of Supervisors for the University of Louisiana  
System, formerly known as the Board of Trustees for State Colleges and Universities, a public  
constitutional corporation duly created and existing under the constitution and laws of the State

of Louisiana (the "Board"), in connection with the entering into and execution by the Board, on behalf of Southeastern Louisiana University ( the "University"), of the First Amendment to Ground and Buildings Lease Agreement (the "Ground Lease"), dated as of March 1, 2007, by and between the Board, as lessor, and University Facilities, Inc., a Louisiana private non-profit corporation ( the "Corporation"), as lessee, pursuant to which the Board has leased to the Corporation property located on the campus of Southeastern Louisiana University ( the "Land"), and the entering into and execution of the First Amendment to Agreement to Lease with Option to Purchase ( the "Facilities Lease") dated as of March 1, 2007, by and between the Corporation, as lessor, and the Board, as lessee, pursuant to which the Corporation will renovate and/or construct certain facilities (the "Phase IV Facilities"), financed by issuance of the above referenced bonds (the "Bonds") of the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") and leased back to the Board the Phase IV Facilities.

In that connection, we have examined the Board's current Bylaws and Regulations, the actions and Resolutions adopted by the Board on February 24, 2006 and August 25, 2006 approving the award and the financing and authorizing Dr. Moffett to execute any and all documents necessary with respect to the project and the financing thereof ( the "Resolutions"), the approval by the Board of Regents on June 22, 2006, the Ground Lease dated March 1, 2007, the Facilities Lease dated March 1, 2007, the Bond Purchase Agreement dated March 5, 2007 (the "Bond Purchase Agreement"), the Tax Regulatory Agreement and Arbitrage Certificate ( the "Tax Agreement") dated March 14, 2007, the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), dated March 14, 2007 and such other documents and records of the Board (collectively, the "Additional Documents") as deemed necessary to enable us to render this opinion. All capitalized terms used and not otherwise defined herein shall have the same meanings ascribed to such terms in the hereinafter defined Board Documents unless the context shall clearly indicate otherwise.

Based on the foregoing, it is our opinion that:

1. The Board is a public constitutional corporation duly created and validly existing under the laws of the State of Louisiana with full power and authority to own its own properties and to conduct its business and affairs, particularly, to adopt the Resolution authorizing the Ground Lease and the Facilities Lease, to execute, deliver and perform its obligations under the Ground Lease and Facilities Lease, to acknowledge and approve the entering into and execution of the Management Agreement by the Corporation and to conduct the business now being conducted by it having taken all requisite action required to authorize the execution and delivery thereof and consummation of the transactions contemplated thereby.

2. The Ground Lease, the Facilities Lease, the Tax Agreement and the Continuing Disclosure Agreement delivered in connection with the issuance of the Bonds (referred herein collectively as the " Board Documents") have been duly authorized, executed and delivered by the Board and constitute legal, valid and binding obligations of the Board enforceable in

accordance with their respective terms except insofar as the enforcement thereof may be limited by applicable bankruptcy, reorganization, moratorium, insolvency, liquidation or other laws affecting creditors' rights generally, by general principles of equity and as otherwise set forth herein.

3. To the best of our knowledge and after reasonable inquiry, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, pending or, to our knowledge, threatened, against or affecting the Board, other than that previously listed and disclosed wherein an unfavorable decision, ruling or finding would adversely affect its financial condition, the results of its operation or the transactions contemplated by the Board Documents, or the validity of the Board Documents. Please be advised that while there may be lawsuits pending involving the Board itself, it is not possible for us to confer with every attorney handling such matters. Furthermore, it would be impossible to predict outcomes of such cases. However, to the extent that there are adverse judgments in excess of any Board insurance policy limit, such judgments could be satisfied only through an appropriation by the Louisiana Legislature because Board assets are not available to satisfy such judgments.

4. To the best of our knowledge, after due and reasonable inquiry and based upon certifications and representations of officials of the Board, the adoption of the Resolution and the execution and delivery of the Board Documents and compliance with the provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Board a material breach of or material default under any material indenture, mortgage, agreement or other instrument to which the Board is a party by which it is bound or any existing law, regulation, court order or consent decree to which the Board is subject.

5. No approval or other action by any governmental authority or agency, other than approvals or actions already obtained, is required in connection with the execution or performance by the Board of the Board Documents.

6. Based upon our participation in the preparation of the Official Statement regarding this transaction, and without having undertaken to determine independently the accuracy or the completeness of the statements contained therein, we have no reason to believe that the statements with respect to the Board or the University contained in the Official Statement under the heading entitled "THE BOARD" and "THE UNIVERSITY" contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

This opinion is rendered solely to the addressees hereof in connection with the captioned transaction and may not be relied upon by any person for any other purpose without our prior written consent. Further, copies of this letter may not be circulated or furnished to any party, and

neither this letter nor the opinions set forth herein may be quoted or referred to in any report or document furnished to any other party without our prior written consent. The opinions set forth herein are subject to the following qualifications and limitations.

(a) The opinions set forth in this letter are given as of the date hereof and we do not undertake to report or advise you or any other person of any changes in law, statutes or jurisprudence in any matter set forth herein. The opinion is limited to the matters expressly stated herein and no opinion may be inferred or implied beyond the matters expressly stated herein.

(b) We are qualified to practice law in the State of Louisiana and the foregoing opinions are limited exclusively to the presently effective laws of the State and the Federal Laws of the United States of America in effect on and as of the date hereof and no opinion is expressed herein as to any matter governed by the laws of other jurisdictions.

(c) We have assumed the accuracy of and compliance with representations, warranties and covenants of the Board, its officers, representatives or agents, contained in the documents or made in connection with the entering into of this Ground Lease and Facilities Lease and other Board Documents delivered in this transaction. We have also relied upon the opinions of McGlinchey Stafford, PLLC counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution and delivery by the Trustee of the documents described above to which it is a party and the binding effect thereof on the Trustee, on the opinion of Casten & Pearce, A.P.L.C. of Shreveport, Louisiana, counsel to the Authority, with respect to the due organization and good standing of the Authority as a political subdivision of the State of Louisiana with the corporate authority to enter into and the due authorization, execution and delivery of the documents described herein to which it is a party and on the opinion of Seale & Ross, P.L.C. of Hammond, Louisiana, counsel to the Corporation, with respect to the due organization and good standing of the Corporation with the corporate authority to enter into and the due authorization, execution and delivery of the documents described herein to which it is a party. We have additionally relied on the opinion of Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., Baton Rouge, Louisiana bond counsel, with respect to due authorization, execution and delivery by the parties identified herein in the

pursuance of and execution of bond agreements and certain tax matters addressed herein. We have additionally relied on McGlinchey Stafford, PLLC counsel to the Underwriter, with respect to the due organization and good standing of the Underwriter with the corporate authority to enter into and the due authorization, execution and delivery of the documents described herein to which it is a party.

- (d) We have assumed the accuracy of and compliance with representations, warranties and covenants of the Board, the Authority, the Corporation, or their officers, representatives or agents, contained in the documents or made in connection with the entering into of this Agreement, specifically, the Board Documents delivered in this transaction. We have also relied upon Sisung Securities Corporation, financial advisor to the University as to certain financial matters.

For the purpose of this opinion, our services as counsel to the Board have not extended beyond the examinations and expressions of the conclusions referred to herein. In addition in rendering the foregoing opinion with respect to enforceability of the various agreements to which the Board is a party, we have assumed that such agreements are enforceable against the parties thereto other than the Board. This opinion is not offered nor shall it be construed as a guarantee or warranty nor has the firm of DeCuir, Clark & Adams, L.L.P. performed or been asked to perform any title examinations with respect to the property leased to the Corporation pursuant to the Ground Lease incorporated herein nor has the undersigned expressed or issued an opinion as to the title herein or otherwise.

In addition, in rendering the foregoing opinions with respect to enforceability of the various agreements to which the Board is a party, we have assumed such agreements are enforceable against the parties thereto other than the Board. This opinion is not offered, nor shall it be construed, as a guaranty or warranty.

Sincerely yours,

DECUIR, CLARK & ADAMS, L.L.P.  
  
LINDA LAW CLARK

NEW ORLEANS  
HOUSTON  
BATON ROUGE  
JACKSON  
CLEVELAND  
MONROE  
DALLAS  
ALBANY

March 14, 2007

The Bank of New York Trust Company, N.A.  
Jacksonville, Florida

University Facilities, Inc.  
Hammond, Louisiana

Louisiana Local Government Environmental  
Facilities and Community Development  
Authority  
Baton Rouge, Louisiana

Board of Supervisors for University of  
Louisiana System  
Baton Rouge, Louisiana

Morgan Keegan & Company, Inc.  
New Orleans, Louisiana

MBIA Insurance Corporation  
Armonk, New York

**\$5,545,000**

**Louisiana Local Government Environmental  
Facilities and Community Development  
Revenue Bonds  
(Southeastern Louisiana University Student  
Housing/University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

and

**\$2,490,000**

**Louisiana Local Government Environmental  
Facilities and Community Development  
Revenue Bonds  
(Southeastern Louisiana University Student  
Housing/University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B**

Ladies and Gentlemen:

We have acted as counsel for The Bank of New York Trust Company, N.A., Jacksonville, Florida (the "Bank") in connection with said Bank serving as Trustee (the "Trustee") under a Trust Indenture dated as of March 1, 2007 (the "Indenture"), between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and the Trustee, relating to the issuance of the Issuer's \$5,545,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "Series 2007A Bonds") and \$2,490,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "Series 2007B Bonds" and together with the Series 2007A

Bonds, the "Bonds"). Unless otherwise expressly provided herein, capitalized terms used herein have the respective meanings assigned to them in the Indenture.

In our capacity as counsel for the Trustee, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Association and By-Laws of the Trustee, as amended, and such other corporate records of the Trustee as we have deemed advisable for the opinion we are expressing hereunder. As to questions of fact we have relied upon certificates of officers of the Trustee.

We have examined executed counterparts of the following:

1. The Indenture; and
2. The Tax Regulatory Agreement and Arbitrage Certificate dated March 14, 2007 (the "Tax Regulatory Agreement"), among University Facilities, Inc. (the "Borrower"), the Trustee, the Issuer and the Board of Supervisors for University of Louisiana System.

We have also examined such other documents and matters as we have deemed relevant, together with such matters of law which we have considered necessary or appropriate for the purposes of this opinion. The Indenture and the Tax Regulatory Agreement are herein referred to as the "Trustee Documents."

In rendering the opinions hereinafter expressed, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, the authenticity of all signatures on executed documents, the execution of all documents submitted to us unsigned and the legal capacity of all persons (other than representatives of the Trustee) executing such documents.

Based upon the foregoing, and subject to the qualifications and exclusions otherwise stated herein, we are of the opinion that:

1. The Bank is a national banking association with fiduciary powers, duly organized, validly existing and in good standing under the laws of the United States of America, and authorized to serve as a corporate trustee in the State of Louisiana.
2. The Trustee Documents have been duly authorized, executed and delivered by the Trustee and constitute the valid, legal and binding obligations of the Trustee, enforceable against the Trustee in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights.
3. The Trustee has all necessary trust powers required to carry out the duties of the Trustee provided under the Trustee Documents.
4. The acceptance by the Trustee of the duties and obligations under the Trustee Documents and compliance with the provisions thereof does not conflict with or constitute on the part of the Trustee a breach of, violation or default under any existing law, rule or administrative

regulation, or, to the best of our knowledge, any judgment, order, consent decree, agreement, indenture, mortgage, lease or other instrument to which the Trustee is subject or by which it is bound.

5. All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter, which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Trustee Documents, have been obtained and are in full force and effect.

In basing the opinions and other matters set forth herein on "our knowledge," the words "our knowledge" signify that, in the course of our representation of the Trustee in matters with respect to which we have been engaged by them, no information has come to our attention that would give us actual knowledge or actual notice that any such opinion or other matters are not accurate or that any of the foregoing documents, certificates, reports and information on which we have relied are not accurate and complete. The words "our knowledge" and similar language used herein are intended to be limited to the knowledge of the lawyers within our firm who have devoted substantive attention to the transaction contemplated by the Trustee Documents and not to knowledge of the firm generally.

We have not made an inquiry or investigation with respect to compliance with applicable federal and state securities laws and regulations. No opinion is extended and we specifically disclaim any opinion, as to (i) the excludability of interest on the Bonds from federal or state income taxes; (ii) the applicability or compliance with federal or state securities laws; (iii) the enforceability of any provisions of any Trustee Document or other document referred to herein, if any, which purports to grant extra judicial remedies; (iv) the legality or enforceability of indemnification provisions; (v) the legality or enforceability of the waiver of any rights or remedies by the Trustee under the Trustee Documents; and (vi) the creation of any lien purported to be created pursuant to any Trustee Document.

The opinions expressed hereinabove are expressed only insofar as the laws of the State of Louisiana and the United States of America may be applicable and are qualified to the extent that (i) certain equitable remedies including specific performance may be unavailable, and (ii) any indemnification provisions contained therein may be limited by applicable laws and public policy. This opinion is furnished solely for the benefit of the addressees and is not to be used, circulated, quoted, relied upon or otherwise referred to for any other purpose without our prior written approval. No other person shall be entitled to rely on this opinion without the express written consent of this firm.

Respectfully submitted,

*McGlinchey Stafford*  
McGlinchey Stafford PLLC *PLLC*



BATON ROUGE  
NEW ORLEANS  
HOUSTON  
JACKSON  
CLEVELAND  
MONROE  
DALLAS  
ALBANY

March 14, 2007

Morgan Keegan & Company, Inc.  
New Orleans, Louisiana

RE: \$5,545,000 Louisiana Local Government Environmental Facilities and  
Community Development Authority Revenue Bonds (Southeastern Louisiana  
University Student Housing/University Facilities, Inc.: Phase Four Parking  
Project) Series 2007A

and

\$2,490,000 Louisiana Local Government Environmental Facilities and  
Community Development Authority Revenue Bonds (Southeastern Louisiana  
University Student Housing/University Facilities, Inc.: Phase Four Parking  
Project) Series 2007B

Ladies and Gentlemen:

This letter is being delivered to you pursuant to the Bond Purchase Agreement dated March 5, 2007 (the "Bond Purchase Agreement") by and between Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and you, as the underwriter (the "Underwriter"), relating to the purchase by the Underwriter of the Issuer's (i) \$5,545,000 Revenue Bonds Series 2007A and (ii) \$2,490,000 Revenue Bonds Series 2007B (collectively the "Bonds") on this date. For purposes of this letter, capitalized terms used, but not defined, herein will have the same meanings that are assigned to them in the Bond Purchase Agreement or in the hereinafter defined Official Statement.

In our capacity as counsel to the Underwriter, we have participated with you and other parties in the preparation of the Issuer's Official Statement dated March 5, 2007 (the "Official Statement") used in connection with the initial issuance and sale of the Bonds. In the course of such participation, we have reviewed information furnished to us by, and have participated in conferences with, among others, your representatives; representatives of the Issuer and its counsel; representatives of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Bond Counsel; representatives of Casten & Pearce, A.P.L.C., counsel to the Issuer; representatives of The Bank of New York Trust Company, N.A., as Trustee; and representatives of MBIA Insurance Corporation, as bond insurer for the Bonds. We have also reviewed the documents, certificates and opinions delivered to the Underwriter pursuant to the Bond Purchase Agreement, other documents and records relating to the issuance and sale of the Bonds and certain other files, records and documents of the Issuer. In addition, we have relied upon, and have assumed the correctness of, certificates and opinions of various of the parties identified above.

259851.1

Based solely on and subject to the foregoing, we advise you that, although we have made no independent investigation or verification of the accuracy, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements included in the Official Statement, during the course of the activities described in the preceding paragraph, no information came to the attention of the attorneys in our firm rendering legal services in connection with the issuance of the Bonds which causes us to believe that the Official Statement (except as provided hereinafter), as of the date of this letter, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, we express no view as to financial statements, or financial, statistical and numerical information, or forecasts, estimates, assumptions or expressions of opinion included in the Official Statement, including, without limitation, the information set forth under the captions "BOOK-ENTRY ONLY SYSTEM," "BOND INSURANCE" and the information set forth in EXHIBITS A, B, C, D and E.

This letter is issued to and for the sole benefit of the addressee stated above and is issued for the sole purpose of the transaction specifically referred to herein. No persons other than the above addressee may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted or distributed by you without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason, or to monitor disclosure matters subsequent to the date of this letter.

Respectfully submitted,

*McGlinchey Stafford PLLC*

**McGlinchey Stafford PLLC**

**KUTAK ROCK LLP**  
**THE OMAHA BUILDING**  
**1650 FARNAM STREET**  
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PASADENA  
RICHMOND  
SCOTTSDALE  
WASHINGTON  
WICHITA

March 14, 2007

Louisiana Local Government Environmental  
and Community Development Authority  
Baton Rouge, Louisiana

The Bank of New York Trust Company,  
N.A., as trustee  
Jacksonville, Florida

University Facilities, Inc.  
Hammond, Louisiana

Morgan Keegan & Company, Inc.  
Nashville, Tennessee

\$5,545,000

Louisiana Local Government Environment Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four  
Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environment Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four  
Parking Project)  
Series 2007B

Ladies and Gentlemen:

We have acted as special counsel to the MBIA Insurance Corporation (the "Corporation") in connection with the issuance of Financial Guaranty Insurance Policy No. 492820 and Financial Guaranty Insurance Policy No. 492830 (the "Policies") relating to the above-referenced financing.

We are familiar with and have examined a copy of the Policies and such other relevant documents as we have deemed necessary.

Based upon the foregoing, we are of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policies under the laws of the State of New York.

**KUTAK ROCK LLP**

March 14, 2007

Page 2

2. The Policies have been duly executed and are the valid and binding obligation of the Corporation enforceable in accordance with their terms except that the enforcement of the Policies may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

*Kutak Rock LLP*

## SERIES 2007A BOND

Unless this Series 2007A Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Authority or its agent for registration of transfer, exchange, or payment, and any Series 2007A Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2007A Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

UNITED STATES OF AMERICA  
STATE OF LOUISIANA

**Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bond  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A**

No. RA- 1

\$165,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
4.250%	February 1, 2008	March 14, 2007	March 14, 2007	546279 ZV5

REGISTERED OWNER:

CEDE & CO.  
TAX ID#13-2555119

PRINCIPAL AMOUNT: ONE HUNDRED SIXTY-FIVE THOUSAND AND NO/100 DOLLARS

The LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "Authority"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Dated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the Interest Rate specified above and on the dates set forth herein. The principal of and interest on this Series 2007A Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2007A Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Interest on this Series 2007A Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2007A Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on January 15 or July 15, as the case may be next preceding such interest payment date, or if such day shall not be a Business Day, the next preceding Business Day (the "Record Date") irrespective of any transfer or exchange of this Series 2007A Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2007A Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2007A Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2007A Bond not fewer than fifteen (15) days preceding such special record date.

This Series 2007A Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2007A Bond is one of the duly authorized issue of the Authority's Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A (the "Series 2007A Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Authority is issuing \$5,545,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the "Corporation") for the purpose of (i) developing and constructing the Phase Four Facilities as defined in the Indenture, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds. Simultaneously with the issuance of the Series 2007A Bonds, the Authority will issue \$2,490,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc.: Phase Four Parking Project) Series 2007B" (the "Series 2007B Bonds" and, together with the Series 2007A Bonds, the "Series 2007 Bonds"), authorized to be issued on behalf of the Corporation for the purpose of: (i) developing and constructing the Phase Four Facilities, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance

policy insuring the Series 2007 Bonds. The proceeds of the Series 2007A Bonds have been loaned to the Corporation pursuant to a Loan Agreement dated as of March 1, 2007, between the Authority and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes. The Board of Supervisors for the University of Louisiana System (the "Board"), acting on behalf of Southeastern Louisiana University (the "University"), has leased the land upon which the Facilities are and will be located on the campus of the University (the "Land") and the Facilities to the Corporation pursuant to a Phase Four Ground Lease, and will lease the Facilities from the Corporation pursuant to a Phase Four Facilities Lease.

The Series 2007A Bonds are issued pursuant to the laws of the State, particularly Chapter 10-B of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"), and pursuant to a Trust Indenture dated March 1, 2007, between the Authority and the Trustee (together with all amendments and supplements thereto, called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2007A Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2007A Bonds. The registered owner of this Series 2007A Bond shall have no rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2007A Bond, the owner hereof assents to all of the provisions of the Indenture and the Assignment (hereinafter defined). All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Series 2007A Bonds are on a parity with the Series 2007B Bonds under the Indenture.

### **The Insurance Policy**

Simultaneously with the delivery of the Series 2007A Bonds, in order to provide the registered Owners of the Series 2007A Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2007A Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2007A Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2007A Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. RA-1 upwards. The Series 2007A Bonds are limited and special revenue obligations of the Authority and are payable solely from (i) payments received by the Authority from the Corporation pursuant to the Agreement (except however, the Authority's rights to exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2007A Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Authority and the Trustee. The Agreement imposes upon the Corporation

certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

THE SERIES 2007A BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE SERIES 2007A BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2007A BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2007A Bonds remain outstanding, there shall be permitted the exchange of Series 2007A Bonds at the principal corporate trust office of the Trustee. Any Series 2007A Bond or Series 2007A Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2007A Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2007A Bonds during the fifteen (15) day period next preceding the selection of Series 2007A Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2007A Bonds selected for redemption, or (b) any Series 2007A Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2007A Bond to be redeemed in part, the portion thereof not so to be redeemed.

## REDEMPTION PROVISIONS

### Optional Redemption

The Series 2007A Bonds maturing on and after February 1, 2018, are subject to redemption prior to maturity, at the option of the Issuer, upon written direction from the Board Representative, on or after February 1, 2017, as a whole or in part at any time and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

### Extraordinary Redemption

The Series 2007A Bonds are subject to redemption in part at the option of the Issuer, upon written direction from the Board Representative, on any Phase Four Interest Payment Date from amounts transferred by the Trustee from the 2007 Account of the Project Fund to the Series 2007 Principal



Account of the Debt Service Fund upon completion of construction of the Phase Four Facilities in accordance with this Indenture, the Series 2007A Bonds to be redeemed to be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption.

**Mandatory Redemption**

If the Board shall purchase the Corporation's leasehold interest in the Phase Four Facilities pursuant to the provisions of the Phase Four Facilities Lease, the Series 2007A Bonds will be redeemed as a whole on the later of (a) February 1, 2017, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2007A Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2007A Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Phase Four Interest Payment Date at least thirty (30) days after the Trustee receives notice that insurance proceeds, or proceeds derived as a result of Phase Four Expropriation proceedings with respect to the Phase Four Facilities will not be applied to restoration, repair, or reconstruction of the Phase Four Facilities at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds or Phase Four Expropriation proceeds not used for restoration, repair, or reconstruction. If the amount of any insurance proceeds or Phase Four Expropriation proceeds to be applied in redemption of the Series 2007A Bonds is not an Authorized Denomination, the principal amount of Series 2007A Bonds to be so redeemed will be decreased to the next lower Authorized Denomination.

**Mandatory Sinking Fund Redemption**

The Series 2007A Bonds maturing on February 1, 2027 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date as follows:

**Series 2007A Bonds  
\$2,515,000 Term Bonds due February 1, 2027**

<u>Maturity (February 1)</u>	<u>Principal Amount</u>
2018	\$210,000
2019	215,000
2020	225,000
2021	235,000
2022	245,000
2023	255,000
2024	265,000
2025	275,000
2026	290,000
2027*	300,000

\*Final Maturity

The Series 2007A Bonds maturing on February 1, 2031 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

**Series 2007A Bonds**  
**\$1,335,000 Term Bonds due February 1, 2031**

<u>Maturity</u> <u>(February 1)</u>	<u>Principal Amount</u>
2028	\$315,000
2029	\$25,000
2030	\$40,000
2031*	\$355,000

\*Final Maturity

If on any occasion less than all of the Series 2007A Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described in the Indenture, then the principal amount of the Series 2007A Bonds so redeemed shall be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above shall be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

**Partial Redemption of Series 2007A Bonds.**

Unless otherwise specified above, if fewer than all of the Series 2007A Bonds are redeemed, the maturity of the Series 2007A Bonds to be redeemed will be designated by the Corporation on behalf of the Board and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, that the portion of any Series 2007A Bond to be redeemed will be in the principal amount of an Authorized Denomination. If a portion of a Series 2007A Bond is redeemed, a new Series 2007A Bond in a principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

**Notice of Redemption**

In the case of a redemption other than by mandatory sinking fund redemption, at least thirty (30) days prior to any date fixed for redemption of Series 2007A Bonds, the Trustee will be required to cause notice of redemption, signed by an authorized officer of the Trustee, to be mailed, postage prepaid to all Bondholders of record owning Series 2007A Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register. Any defect in mailing of any notice will not affect the validity of the proceedings for such redemption. Each notice will be required to set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2007A Bonds then outstanding shall be called for redemption, the numbers of such Series 2007B Bonds to be redeemed and, in the case of Series 2007A Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case of partial redemption, the notice will be required to state that on and after the redemption date, upon surrender of such Series 2007A Bond, a new Series 2007A Bond in principal

amount equal to the unredeemed portion will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2007A Bond, do exist, have happened and have been performed in regular and due form as required by law.

SPECIMEN

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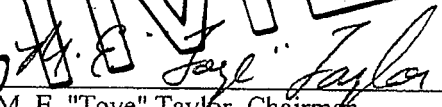
SPECIMEN

IN WITNESS WHEREOF, the LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY has caused this Series 2007A Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Executive Director on the date of authentication hereof.

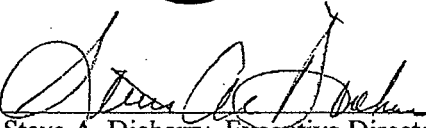
LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL  
FACILITIES AND COMMUNITY DEVELOPMENT  
AUTHORITY

[SEAL]

By

  
M. E. "Toye" Taylor, Chairman

Attest:

  
Steve A. Dicharry, Executive Director

CERTIFICATE OF AUTHENTICATION

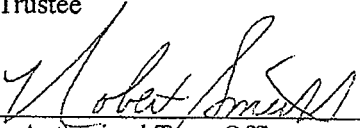
This Series 2004A Bond is one of the Series 2004A Bonds described in the within mentioned Indenture.

Date of Authentication:

March 14, 2007

THE BANK OF NEW YORK  
TRUST COMPANY, N.A.,  
as Trustee

By:

  
Authorized Trust Officer

## STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$5,545,000

Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term

owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

SPECIMEN

SPECIMEN

**ASSIGNMENT**

*FOR VALUE RECEIVED* the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please print or typewrite Name and Address,  
including Zip Code, and Federal Taxpayer Identification  
or Social Security Number of Assignee)

the within Series 2007A Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
Attorney to register the transfer of the Series 2007A within Bond on the books kept for registration  
thereof,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed by: \_\_\_\_\_

**NOTICE:** Signature must be guaranteed by a  
Participant in the Securities Transfer Agent  
Medallion Program.

**NOTICE:** The signature to this assignment must  
correspond with the name as it appears on the  
face of the within Series 2007A Bond in every  
particular, without alteration, enlargement or any  
change whatever.

**TRANSFER FEE MAY BE REQUIRED**


SPECIMEN

SPECIMEN

**LEGAL OPINION CERTIFICATE**

I, the undersigned Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2007A Bonds.

SPECIMEN

By:   
Steve A. Dicharry, Executive Director

SPECIMEN





March 14, 2007

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

SPECIMEN

\$5,545,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of March 1, 2007 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meaning given them in the Indenture.

SPECIMEN

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

JONES, WALKER, WAECHTER, POITEVENT, CARRÈRE & DENÈGRE L.L.P.

8555 UNITED PLAZA BOULEVARD • BATON ROUGE, LOUISIANA 70809-7000 • 225-248-2000 FAX 225-248-2010 • E-MAIL info@joneswalker.com www.joneswalker.com

BATON ROUGE HOUSTON LAFAYETTE MIAMI NEW ORLEANS WASHINGTON, D.C.

Louisiana Local Government Environmental Facilities  
and Community Development Authority

March 14, 2007

Page 2

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) construct a new intermodal parking facility and related facilities defined in the Indenture as the Phase Four Facilities (the "Phase Four Facilities"), (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of March 1, 2007 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Phase Four Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Phase Four Facilities will be located from the Board of Supervisors for the University of Louisiana System (the "Board") pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by a First Amendment to Ground and Buildings Lease Agreement dated as of March 1, 2007 (the "Ground Lease"). The Corporation is leasing the Phase Four Facilities to the Board pursuant to an Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by a First Amendment to the Agreement to Lease with Option to Purchase dated as of March 1, 2007 (the "Facilities Lease").

The Bonds are also entitled to the benefits of an Assignment of Agreements and Documents dated as of March 1, 2007 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the

Louisiana Local Government Environmental Facilities  
and Community Development Authority

March 14, 2007

Page 3

Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board, and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board, and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.
2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.
3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.
4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any state constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.
5. Interest on the Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum

Louisiana Local Government Environmental Facilities  
and Community Development Authority

March 14, 2007

Page 4

tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board, and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board, and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement, and the Tax Regulatory Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board, or the Corporation fails to comply with the foregoing covenants, interest on the Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement, and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Corporation, with respect to (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution, and delivery by the Corporation of, the Agreement, the Ground Lease, and the Facilities Lease and the valid and binding effect thereof on the Corporation; (iv) the Corporation being exempt from federal income tax under Section

Louisiana Local Government Environmental Facilities  
and Community Development Authority

March 14, 2007

Page 5

501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Phase Four Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code; and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by laws, and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

We have also relied on the opinion of McGlinchey Stafford PLLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution, and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir, Clark & Adams, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization, execution, and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution, and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture, and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

*Jones, Walker, Weather, Rivest,  
Carrere & Demegne L.L.P.*

SPECIMEN

SERIES 2007B BOND

Unless this Series 2007B Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Issuer or its agent for registration of transfer, exchange, or payment, and any Series 2007B Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York, and notwithstanding any other provision of the Indenture to the contrary, this Series 2007B Bond may be transferred in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

SPECIMEN

UNITED STATES OF AMERICA  
STATE OF LOUISIANA

**Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bond  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc. Project)  
Series 2007B**

No. RB- 1

\$2,490,000

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>DATE OF AUTHENTICATION</u>	<u>CUSIP</u>
4.375	February 1, 2037	March 14, 2007	March 14, 2007	546279 A91

REGISTERED OWNER: CEDE & CO.  
TAX ID#13-2555119

PRINCIPAL AMOUNT: TWO MILLION FOUR HUNDRED NINETY THOUSAND AND NO/100 DOLLARS

SPECIMEN

The LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY (the "Issuer"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay (but only out of the Trust Estate, as defined in the hereinafter described Indenture, and therefrom only to the extent provided for in the Indenture) to the Registered Owner (named above) or registered assigns, on the Maturity Date (stated above), the Principal Amount (stated above) subject to the rights of prior redemption as provided hereinafter, and interest on said Principal Amount from the Pated Date specified above or from the most recent Interest Payment Date (as hereinafter defined) on which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, at the Interest Rate specified above and on the dates set forth herein. The principal of and interest on this Series 2007B Bond are payable in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The principal of this Series 2007B Bond shall be payable to the registered owner hereof or his assigns upon surrender hereof at the Corporate Trust Office of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Interest on this Series 2007B Bond, when due and payable, shall be paid by check or draft mailed by the Trustee on the interest payment date to the person in whose name this Series 2007B Bond is registered, at the address as it appears on the Bond Register maintained by the Trustee at the close of business on January 15 or July 15, as the case may be next preceding such interest payment date, or if such day shall not be a Business Day, the next preceding Business Day (the "Record Date") irrespective of any transfer or exchange of this Series 2007B Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall default in payment of interest due on such interest payment date, provided that an owner of \$1,000,000 or more in aggregate principal amount of Series 2007B Bonds may request payment by wire transfer if such owner has requested such payment in writing to the Trustee, which request shall be made no later than the Record Date and shall include all relevant bank account information and shall otherwise be acceptable to the Trustee. Such notice shall be irrevocable until a new notice is delivered not later than a Record Date. In the event of a default, such defaulted interest shall be payable on a payment date established by the Trustee to the person in whose name this Series 2007B Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of this Series 2007B Bond not fewer than fifteen (15) days preceding such special record date.

This Series 2007B Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized representative of the Trustee.

This Series 2007B Bond is one of the duly authorized issue of the Issuer's Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (the "Series 2007B Bonds"), issued under and secured by the Indenture (hereinafter defined) pursuant to which the Issuer is issuing \$2,490,000 aggregate principal amount of said revenue bonds on behalf of University Facilities, Inc., a nonprofit corporation (the "Corporation") for the purpose of (i) developing and constructing the Phase Four Facilities as defined in the Indenture, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds. Simultaneously with the issuance of the Series 2007B Bonds, the Issuer will issue \$5,545,000 of revenue bonds designated "Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing / University Facilities, Inc.: Phase Four Parking Project) Series 2007A" (the "Series 2007A Bonds" and, together with the Series 2007B Bonds, the "Series 2007 Bonds"), authorized to be issued on behalf of the Corporation for the purpose of: (i) developing and constructing the Phase Four Facilities, (ii) funding a deposit to the Debt Service Reserve Fund, and (iii) paying costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Series 2007 Bonds. The proceeds of the Series 2007B Bonds have been loaned to the

Corporation pursuant to a Loan Agreement dated as of March 1, 2007, between the Issuer and the Corporation (together with all amendments and supplements thereto the "Agreement") for the foregoing purposes.

The Series 2007B Bonds are issued pursuant to the laws of the State, particularly Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 4548.16, inclusive) (the "Act"), and pursuant to a Trust Indenture dated March 1, 2007, between the Issuer and the Trustee (together with all amendments and supplements thereto called the "Indenture"), a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, and to which Indenture reference is hereby made for a more complete description of the assigned revenues constituting the Trust Estate, the nature and extent of the security, the terms and conditions under which the Series 2007B Bonds are issued and secured, the terms and conditions under which Additional Bonds may be issued and secured, the rights, duties and immunities of the Trustee and the rights of the registered owners of the Series 2007B Bonds. The registered owner of this Series 2007B Bond shall have no rights to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture, and by acceptance of this Series 2007B Bond, the owner hereof assents to all of the provisions of the Indenture and the Assignment (hereinafter defined). All terms not defined herein shall have the meanings assigned thereto in the Indenture.

The Series 2007B Bonds are on a parity with the Series 2007A Bonds under the Indenture.

#### **The Insurance Policy**

Simultaneously with the delivery of the Series 2007B Bonds, in order to provide the registered Owners of the Series 2007B Bonds additional security, MBIA Insurance Corporation (the "Insurer") will issue and deliver on the date of delivery of the Series 2007B Bonds its unconditional and irrevocable municipal bond insurance policy pursuant to which the Insurer will agree to pay the principal of and interest on the Series 2007B Bonds when due if such principal and interest are not paid from funds available under the Indenture, all as more particularly set forth in the Statement of Insurance attached hereto.

The Series 2007B Bonds are issuable as fully registered bonds without coupons, in Authorized Denominations, and shall be numbered from No. RB-1 upwards. The Series 2007B Bonds are limited and special revenue obligations of the Issuer and are payable solely from (i) payments received by the Issuer from the Corporation pursuant to the Agreement (except however, the Issuer's rights to exculpation, indemnification and payment of expenses by the Corporation under the Agreement) and (ii) all funds held by the Trustee under the Indenture and available for such payment, said payments and funds being herein referred to as the "Trust Estate." The Agreement, a fully executed counterpart of which is on file in the principal corporate trust office of the Trustee, provides that the Corporation is unconditionally obligated to make payments, but solely from the Payments (as defined in the Agreement) in an aggregate amount sufficient, for the payment in full of the principal and interest of all Series 2007B Bonds issued and outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Issuer and the Trustee. The Agreement imposes upon the Corporation certain obligations respecting the use and operation of its Facilities and the maintenance and repair of said Facilities.

THE SERIES 2007B BONDS AND THE INTEREST THEREON ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE



TRUST ESTATE. THE SERIES 2007B BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF LOUISIANA OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE LOAN AGREEMENT AND THE INDENTURE. THE ISSUANCE OF THE SERIES 2007B BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF LOUISIANA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAXES OR TO MAKE ANY APPROPRIATION OF THEIR PAYMENT. THE ISSUER HAS NO POWER TO TAX.

As long as any of the Series 2007B Bonds remain outstanding, there shall be permitted the exchange of Series 2007B Bonds at the principal corporate trust office of the Trustee. Any Series 2007B Bond or Series 2007B Bonds upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of other Bonds in Authorized Denominations.

For every such exchange or transfer of Series 2007B Bonds, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be required to register the transfer or exchange of (a) any Series 2007B Bonds during the fifteen (15) day period next preceding the selection of Series 2007B Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2007B Bonds selected for redemption, or (b) any Series 2007B Bonds selected, called or being called for redemption in whole or in part, except in the case of any Series 2007B Bond to be redeemed in part, the portion thereof not so to be redeemed.

## REDEMPTION PROVISIONS

### Optional Redemption.

The Series 2007B Bonds maturing on and after February 1, 2010 are subject to redemption prior to maturity, at the option of the Issuer, upon written direction from the Board Representative, on or after February 1, 2009, as a whole or in part on any Phase Four Interest Payment Date and in any order of maturity directed in writing by the University Representative, and at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

### Extraordinary Redemption

The Series 2007B Bonds are subject to redemption in part at the option of the Issuer, upon written direction from the Board Representative, on any Phase Four Interest Payment Date from amounts transferred by the Trustee from the 2007 Account of the Project Fund to the Series 2007 Principal Account of the Debt Service Fund upon completion of construction of the Phase Four Facilities in accordance with this Indenture, the Series 2007B Bonds to be redeemed to be selected by the Trustee in such manner as the Trustee may determine, at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption.

## Mandatory Redemption

If the Board shall purchase the Corporation's leasehold interest in the Phase Four Facilities pursuant to the provisions of the Phase Four Facilities Lease, the Series 2007B Bonds will be redeemed as a whole on the later of (a) February 1, 2017, or (b) the earliest practicable date, but not more than sixty (60) days, after such purchase, and in any event, at a price equal to the principal amount of the Series 2007B Bonds so redeemed plus accrued and unpaid interest to the date of redemption, without premium.

The Series 2007B Bonds shall be redeemed as a whole or in part (in Authorized Denominations) on the first Phase Four Interest Payment Date at least thirty (30) days after the Trustee receives notice that insurance proceeds, or proceeds derived as a result of Phase Four Expropriation proceedings with respect to the Phase Four Facilities will not be applied to restoration, repair, or reconstruction of the Phase Four Facilities at a price equal to the principal amount thereof so redeemed plus accrued and unpaid interest to the date of redemption, without premium, in an aggregate principal amount equal to the amount of such insurance proceeds or Phase Four Expropriation proceeds not used for restoration, repair, or reconstruction. If the amount of any insurance proceeds or Phase Four Expropriation proceeds to be applied in redemption of the Series 2007B Bonds is not an Authorized Denomination, the principal amount of Series 2007B Bonds to be so redeemed will be decreased to the next lower Authorized Denomination.

## Mandatory Sinking Fund Redemption

The Series 2007B Bonds maturing on February 1, 2037 will be subject to mandatory redemption prior to maturity on February 1 in each of the years set forth below at a price equal to the principal amount thereof plus accrued and unpaid interest to the redemption date, without premium, as follows:

### Series 2007B Bonds \$2,490,000 Term Bonds due February 1, 2037

<u>Maturity</u> <u>(February 1)</u>	<u>Principal Amount</u>
2032	\$370,000
2033	390,000
2034	405,000
2035	425,000
2036	440,000
2037*	460,000

\*Final Maturity

If on any occasion less than all of the Series 2007B Bonds then outstanding shall be redeemed pursuant to the optional or mandatory redemption provisions described above under the subheadings "Optional Redemption" or "Mandatory Redemption", then the principal amount of the Series 2007B Bonds so redeemed will be considered to have satisfied a portion of the mandatory sinking fund redemptions required by the above tables. The principal amounts required by the tables above will be adjusted downward in the amount of principal redeemed in chronological order beginning on the mandatory sinking fund redemption date immediately succeeding the date of such optional redemption.

### Partial Redemption of Series 2007B Bonds.

Unless otherwise specified above, if fewer than all of the Series 2007B Bonds are redeemed, the maturity of the Series 2007B Bonds to be redeemed will be designated by the Corporation on behalf of the Board and selected by the Trustee within a maturity in such manner as the Trustee may determine; provided, that the portion of any Series 2007B Bond to be redeemed will be in the principal amount of an Authorized Denomination. If a portion of a Series 2007B Bond is redeemed, a new Series 2007B Bond in a principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

### Notice of Redemption

In the case of a redemption other than by mandatory sinking fund redemption, at least thirty (30) days prior to any date fixed for redemption of Series 2007B Bonds, the Trustee will be required to cause notice of redemption, signed by an authorized officer of the Trustee, to be mailed, postage prepaid to all Bondholders of record owning Series 2007B Bonds to be redeemed in whole or in part, at their addresses as they appear on the Bond Register. Any defect in mailing of any notice will not affect the validity of the proceedings for such redemption. Each notice will be required to set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2007B Bonds then outstanding shall be called for redemption, the numbers of such Series 2007B Bonds to be redeemed and, in the case of Series 2007B Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case of partial redemption, the notice will be required to state that on and after the redemption date, upon surrender of such Series 2007B Bond, a new Series 2007B Bond in principal amount equal to the unredeemed portion will be issued.

Modifications or alterations of the Indenture or any agreement supplemental thereto or of the Agreement or any agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Agreement. So long as no event of nonperformance under the Agreement has occurred and is continuing, no such supplement shall become effective unless the Corporation, on behalf of the Board, shall have given its prior written approval.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed, precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2007B Bond, do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY has caused this Series 2007B Bond to be executed with the manual or facsimile signature of its Chairman, and its corporate seal or a facsimile thereof to be hereto affixed or printed, and attested by the manual or facsimile signature of its Executive Director on the date of authentication hereof.

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL  
FACILITIES AND COMMUNITY DEVELOPMENT  
AUTHORITY

[SEAL]

By

*M. E. Toye Taylor*  
M. E. "Toye" Taylor, Chairman

Attest:

*Steve A. Dicharry*  
Steve A. Dicharry, Executive Director

CERTIFICATE OF AUTHENTICATION

This Series 2004A Bond is one of the Series 2004A Bonds described in the within mentioned Indenture.

Date of Authentication:

*March 14*, 2007

THE BANK OF NEW YORK  
TRUST COMPANY, N.A.,  
as Trustee

By:

*Robert Smith*  
Authorized Trust Officer

## STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at The Bank of New York Trust Company, N.A., in Jacksonville, Florida.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A. or its successor (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$2,490,000  
Louisiana Local Government Environmental  
Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the Issuer, or any designee of the Issuer for such purpose. The term

owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

SPECIMEN

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please print or typewrite Name and Address,  
including Zip Code, and Federal Taxpayer Identification  
or Social Security Number of Assignee)

\_\_\_\_\_  
the within Series 2007B Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
Attorney to register the transfer of the Series 2007B within Bond on the books kept for registration  
thereof,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed by: \_\_\_\_\_

**NOTICE:** Signature must be guaranteed by a  
Participant in the Securities Transfer Agent  
Medallion Program.

**NOTICE:** The signature to this assignment must  
correspond with the name as it appears on the  
face of the within Series 2007B Bond in every  
particular, without alteration, enlargement or any  
change whatever.

TRANSFER FEE MAY BE REQUIRED


SPECIMEN

SPECIMEN

**LEGAL OPINION CERTIFICATE**

I, the undersigned Executive Director of the Louisiana Local Government Environmental Facilities and Community Development Authority, do hereby certify that attached hereto are true copies of the complete legal opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., Baton Rouge, Louisiana, Bond Counsel, the originals of which were manually executed, dated and issued as of the date of payment for and delivery of the original bonds of the issue described therein and were delivered to the original purchaser thereof. I further certify that executed copies of the above-referenced legal opinions are on file in my office and that executed copies thereof have been furnished to the Trustee for these Series 2007B Bonds.

SPECIMEN

By   
Steve A. DiCharry, Executive Director

SPECIMEN





March 14, 2007

Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

SPECIMEN

\$5,545,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

We have acted as bond counsel to the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer"), a political subdivision of the State of Louisiana (the "State"), in connection with the issuance by the Issuer of the captioned bonds (the "Bonds") pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:4548.1 through 33:4548.16, inclusive) (the "Act").

The Bonds have been issued by the Issuer pursuant to the Act and other constitutional and statutory authority and a Trust Indenture dated as of March 1, 2007 (the "Indenture") between the Issuer and The Bank of New York Trust Company, N.A., a national banking association having its principal corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). Capitalized terms used herein that are not otherwise defined have the meanings given them in the Indenture.

The Bonds are issuable as fully registered bonds, are dated, bear interest until paid at the rate per annum, mature in the principal amounts and on the dates, and are subject to redemption all as set forth in the Indenture and in the Bonds.

JONES, WALKER, WAECHTER, POITEVENT, CARRÈRE & DENÈGRE L.L.P.

8555 UNITED PLAZA BOULEVARD • BATON ROUGE, LOUISIANA 70809-7000 • 225-248-2000 FAX 225-248-2010 • E-MAIL info@joneswalker.com www.joneswalker.com

BATON ROUGE HOUSTON LAFAYETTE MIAMI NEW ORLEANS WASHINGTON, D.C.

{B0420285.5}

The Bonds are issued under and are secured as to principal, redemption premium, if any, and interest by the Indenture, which provides a description of the nature and extent of the security for the Bonds, a statement of the terms and conditions under which the Bonds are issued and secured, the rights, duties and obligations of the Issuer, the rights, duties and immunities of the Trustee and the rights of the owners of the Bonds.

The Bonds are issued in order to provide funds to enable University Facilities, Inc., a Louisiana nonprofit corporation (the "Corporation") to (i) construct a new intermodal parking facility and related facilities defined in the Indenture as the Phase Four Facilities (the "Phase Four Facilities"), (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay costs of issuance of the Bonds, including the premium for any bond insurance policy insuring the Bonds.

The Issuer and the Corporation have entered into a Loan Agreement dated as of March 1, 2007 (the "Agreement"), pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Corporation for the foregoing purposes. Pursuant to the Agreement, the Corporation has agreed to make loan payments (the "Payments") solely from the Phase Four Base Rental (as defined in the Agreement) sufficient to pay the principal of, premium, if any, and interest on the Bonds. The rights of the Issuer under the Agreement (except for the rights of the Issuer relating to exculpation, indemnification and payment of expenses thereunder) have been pledged and assigned by the Issuer to the Trustee as security for the Bonds. The Corporation is leasing the property upon which the Phase Four Facilities will be located from the Board of Supervisors for the University of Louisiana System (the "Board") pursuant to a Ground and Buildings Lease Agreement dated as of August 1, 2004, as amended by a First Amendment to Ground and Buildings Lease Agreement dated as of March 1, 2007 (the "Ground Lease"). The Corporation is leasing the Phase Four Facilities to the Board pursuant to an Agreement to Lease with Option to Purchase dated as of August 1, 2004, as amended by a First Amendment to the Agreement to Lease with Option to Purchase dated as of March 1, 2007 (the "Facilities Lease").

The Bonds are also entitled to the benefits of an Assignment of Agreements and Documents dated as of March 1, 2007 (the "Assignment") executed by the Corporation in favor of the Trustee, pursuant to which the Corporation has assigned to the Trustee its rights, title and interest in and to certain Agreements and Documents (as defined in the Assignment).

We have examined: (i) the constitution and statutes of the State, including the Act; (ii) a certified transcript of the proceedings of the Issuer authorizing the issuance of the Bonds; (iii) the

Louisiana Local Government Environmental Facilities  
and Community Development Authority

March 14, 2007

Page 3

Indenture, the Agreement, the Tax Regulatory Agreement and Arbitrage Certificate dated the date of delivery and payment for the Bonds among the Issuer, the Corporation, the Board, and the Trustee (the "Tax Regulatory Agreement"); and (iv) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Bonds and necessary for the purpose of this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Board, and the Corporation contained in the Indenture, the Agreement and the Tax Regulatory Agreement, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Issuer, the Corporation and the Board, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State and has the power and authority to enter into the Agreement and the Indenture and to issue and sell the Bonds.
2. The Bonds are valid and binding special and limited obligations of the Issuer secured by and entitled to the benefits of the Indenture and are payable solely from the revenues and other amounts pledged and assigned under the Indenture.
3. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable upon the Issuer in accordance with their terms, and all rights of the Issuer under the Agreement have been validly assigned to the Trustee under the Indenture, with the exception of certain rights of the Issuer relating to notice, exculpation, indemnification and payment of expenses.
4. The Bonds and interest thereon do not constitute an indebtedness or pledge of the general credit of the Issuer within the meaning of any State constitutional or statutory provision and will not constitute a general obligation or a charge against any other revenues of the Issuer.
5. Interest on the Bonds (including the amount of original issue discount properly allocable to the owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum

Louisiana Local Government Environmental Facilities  
and Community Development Authority

March 14, 2007

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tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

6. Under the Act, the Bonds, together with the interest thereof, income therefrom, and gain upon the sale thereof are exempt from all State taxes and local taxes.

In rendering the opinions expressed in paragraph 5 above, we have relied on representations of the Issuer, the Board, and the Corporation with respect to matters solely within the knowledge of the Issuer, the Board, and the Corporation, which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture, the Agreement, and the Tax Regulatory Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer, the Board, or the Corporation fails to comply with the foregoing covenants, interest on the Bonds could be includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement, and the other documents enumerated above may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State or its governmental bodies and the exercise of judicial discretion in appropriate cases.

In rendering this opinion, we have relied upon the opinion of even date herewith of Seale & Ross, counsel to the Corporation, with respect to: (i) the due organization of the Corporation; (ii) the good standing of the Corporation in the State; (iii) the corporate power of the Corporation to enter into, and the due authorization, execution, and delivery by the Corporation of, the Agreement, the Ground Lease, and the Facilities Lease and the valid and binding effect thereof on the Corporation; (iv) the Corporation being exempt from federal income tax under Section

Louisiana Local Government Environmental Facilities  
and Community Development Authority

March 14, 2007

Page 5

501(a) of the Internal Revenue Code of 1986, as amended (the "Code") as an organization described in Section 501(c)(3) and the use of the Phase Four Facilities not constituting an "unrelated trade or business" as such term is defined in Section 513(a) of the Code; and (v) matters that might be disclosed as a result of an examination of the indentures, mortgages, deeds of trust, certifications of incorporation, by laws and other agreements or instruments to which the Corporation is a party or by which it or its properties are bound.

We have also relied on the opinion of McGlinchey Stafford PLLC, counsel to the Trustee, with respect to the corporate power of the Trustee to enter into and the due authorization, execution, and delivery by the Trustee of the Indenture and the binding effect thereof on the Trustee. We have also relied upon the opinion of Decuir, Clark & Adams, L.L.P., counsel to the Board, with respect to the power of the Board to enter into and the due authorization, execution, and delivery by the Board of the documents to which it is a party and the binding effect thereof on the Board, and upon the opinion of Casten & Pearce, A.P.L.C., counsel to the Issuer, with respect to the power of the Issuer to enter into and the due authorization, execution, and delivery by the Issuer of the documents to which it is a party, including the Agreement and Indenture, and the binding effect thereof on the Issuer.

For purposes of this opinion, our services as bond counsel have not extended beyond the examinations and expressions of the conclusions referred to above. This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur. Except as stated above, no opinion is expressed as to any federal or state tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Respectfully submitted,

*Jones, Walker, Weather, & Associates, Attorneys at Law,  
Barringer & Dejean L.L.P.*

SPECIMEN



**Blanket Issuer Letter of Representations**  
(To be Completed by Issuer)

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY**  
(Name of Issuer)

November 17, 1998  
(Date)

Attention: Underwriting Department — Eligibility  
The Depository Trust Company  
33 Water Street, 50th Floor  
New York, NY 10041-0099

**Ladies and Gentlemen:**

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:  
Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,  
**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL  
FACILITIES AND COMMUNITY DEVELOPMENT  
AUTHORITY**

By: John A. Berthelot  
(Authorized Officer's Signature)

John A. Berthelot, Chairman  
(Type name & Title)

700 North Tenth Street, 4th Floor  
(Street Address)

Baton Rouge, Louisiana 70802  
(City) (State) (Zip)

(225) 344-5001  
(Phone Number)

Received and Accepted:

**THE DEPOSITORY TRUST COMPANY**  
By: [Signature]

## SCHEDULE A

### SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. if less than all of the Securities within an issue are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.





**FINANCIAL GUARANTY INSURANCE POLICY**  
**MBIA Insurance Corporation**  
**Armonk, New York 10504**

Policy No. 492820

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to The Bank of New York Trust Company, N.A., Jacksonville, Florida

or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects, in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$5,545,000

Louisiana Local Government Environmental Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/ University Facilities, Inc.:  
Phase Four Parking Project)  
Series 2007A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentation and surrender of such Obligations or presentation of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 14<sup>th</sup> day of March, 2007.

COUNTERSIGNED:

Resident Licensed Agent

New Orleans, LA

City, State  
STD-RCS-7  
01/05

**MBIA Insurance Corporation**

President

Attest:   
Assistant Secretary



**FINANCIAL GUARANTY INSURANCE POLICY**  
**MBIA Insurance Corporation**  
**Armonk, New York 10504**

Policy No. 492830

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to **The Bank of New York Trust Company, N.A., Jacksonville, Florida**

or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects, in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$2,490,000

Louisiana Local Government Environmental Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/ University Facilities, Inc.:  
Phase Four Parking Project)  
Series 2007B

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 14<sup>th</sup> day of March, 2007.

COUNTERSIGNED:

Resident Licensed Agent

New Orleans, LA  
City, State

STD-RCS-7  
01/05

**MBIA Insurance Corporation**

President

Attest:   
Assistant Secretary



**CERTIFICATE OF  
MBIA INSURANCE CORPORATION**

I, Stephanie Taylor Ciavarello, Assistant Secretary of MBIA Insurance Corporation, do hereby certify that the information concerning MBIA Insurance Corporation and the policy under the caption "FINANCIAL GUARANTY INSURANCE" as set forth in the Official Statement dated March 5, 2007 regarding the \$5,545,000 in aggregate principal amount of the Louisiana Local Government Environment Facilities and Community Development Authority, Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project), Series 2007A and the \$2,490,000 in aggregate principal amount of the Louisiana Local Government Environment Facilities and Community Development Authority, Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project), Series 2007B, is accurate.

IN WITNESS WHEREOF, I hereunto set my hand and deliver this Certificate on this 12<sup>th</sup> day of March, 2007.

MBIA INSURANCE CORPORATION

By   
Assistant Secretary

\$5,545,000

Louisiana Local Government Environment Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four  
Parking Project)  
Series 2007A

\$2,490,000

Louisiana Local Government Environment Facilities and Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four  
Parking Project)  
Series 2007B

CERTIFICATE OF ISSUER AND TRUSTEE AS TO MBIA INSURANCE POLICY

This Certificate is furnished by the Louisiana Local Government Environment Facilities and Community Development Authority (the "Issuer") and The Bank of New York Trust Company, N.A. as Trustee (the "Trustee") in connection with the issuance of the above referenced obligations (the "Obligations"). MBIA Insurance Corporation ("MBIA") is issuing two financial guaranty insurance policies (collectively, the "Bond Policies"), each securing the payment of principal of and interest on one series of the Obligations.

The Issuer and the Trustee hereby certify to MBIA as follows:

1. The undersigned acknowledge receipt and review of MBIA's "Payments Under the Policy provisions with respect to the Bond Policies attached hereto as Schedule A.
2. The undersigned hereby agree that, during the term of the Bond Policies, they will abide by the terms, obligations and provisions required by Schedule A hereto to the best of their abilities.

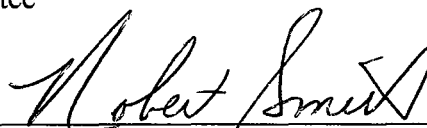
IN WITNESS WHEREOF, we have executed this Certificate as of the 14<sup>th</sup> day of March, 2007.

Louisiana Local Government Environment  
Facilities and Community Development Authority,  
as Issuer



By \_\_\_\_\_  
Steve A. Dicharry, Executive Director

The Bank of New York Trust Company, N.A.,  
as Trustee



By \_\_\_\_\_  
Robert Smith, Assistant Vice President

## PAYMENTS UNDER THE POLICY/OTHER REQUIRED PROVISIONS

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Obligations, the Paying Agent/Trustee has not received sufficient moneys to pay all principal of and interest on the Obligations due on the second following or following, as the case may be, Business Day, the Paying Agent/Trustee shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent/Trustee shall so notify the Insurer or its designee.

C. In addition, if the Paying Agent/Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Obligations to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent/Trustee shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Paying Agent/Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Obligations as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Obligations, the Paying Agent/Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the "Insurance Paying Agent/Trustee"), in form satisfactory to the Insurance Paying Agent/Trustee, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent/Trustee) in accordance with the tenor of the Policy payment from the Insurance Paying Agent/Trustee with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Obligations, the Paying Agent/Trustee shall (a) execute and deliver to the Insurance Paying Agent/Trustee in form satisfactory to the Insurance Paying Agent/Trustee an instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Obligation surrendered to the Insurance Paying Agent/Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent/Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent/Trustee is received), (b) receive as designee of the respective Holders (and not as Paying Agent/Trustee) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent/Trustee, and (c) disburse the same to such Holders.

E. Payments with respect to claims for interest on and principal of Obligations disbursed by the Paying Agent/Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Obligations, and the Insurer shall become the owner of such unpaid Obligation and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent/Trustee hereby agree for the benefit of the Insurer that:

1. They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent/Trustee), on account of principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Indenture and the Obligations; and

2. They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Obligation, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Obligations to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of additional Obligations, the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such additional Obligations.

H. Copies of any amendments made to the documents executed in connection with the issuance of the Obligations which are consented to by the Insurer shall be sent to Standard & Poor's Corporation.

I. The Insurer shall receive notice of the resignation or removal of the Paying Agent/Trustee and the appointment of a successor thereto.

J. The Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and Annual Budget.

Notices: Any notice that is required to be given to a holder of the Obligation or to the Paying Agent/Trustee pursuant to the Indenture shall also be provided to the Insurer. All notices required to be given to the Insurer under the Indenture shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

K. The Issuer/Obligor agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the Issuer's/Obligor's obligations, or the preservation or defense of any rights of the Insurer, under this Resolution/Indenture and any other document executed in connection with the issuance of the Obligations, and (ii) any consent, amendment, waiver or other action with respect to the Resolution/Indenture or any

**RECEIPT FOR MUNICIPAL BOND INSURANCE POLICY  
BY BANK OF NEW YORK TRUST COMPANY, N.A., AS TRUSTEE**

\$5,545,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

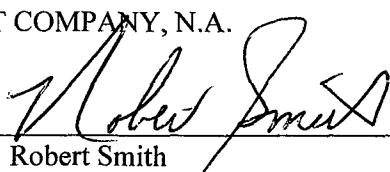
\$2,490,000

Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

The undersigned, for and on behalf of The Bank of New York Trust Company, N.A., acting as Trustee (the "Trustee") pursuant the terms of an Indenture dated as of March 1, 2007 between the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") and the Trustee and resolutions adopted by the Issuer on February 12, 2004, May 13, 2004 and October 12, 2006 (collectively, the "Bond Resolutions") authorizing the above-captioned bonds, hereby acknowledges receipt of Bond Insurance Policies Numbered 492820 and 492830 issued by MBIA Insurance Corporation issued pursuant to the Indenture and the Bond Resolutions in the aggregate principal amount of \$8,035,000.

IN WITNESS WHEREOF, the undersigned has caused this receipt to be executed by its duly authorized officer and its corporate seal to be hereunder affixed as to the 14th day of March, 2007.

THE BANK OF NEW YORK  
TRUST COMPANY, N.A.

By:   
Robert Smith  
Assistant Vice President

43



**Moody's Investors Service**

99 Church Street  
New York, NY

March 13, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aaa** (MBIA Insurance Corporation Insured - Policy No. **492820**) to the **\$5,545,000.00, Louisiana Local Government Environmental Facilities and Community Development Authority - Revenue Bonds (Southeastern Louisiana University Student Housing/ University Facilities, Inc.: Phase Four Parking Project) Series 2007A**, dated March 14, 2007 which sold through negotiation on March 5, 2007. The rating is based upon an insurance policy provided by MBIA Insurance Corporation.

Should you have any questions regarding the above, please do not hesitate to contact Karen Malkowski at (201) 395-6370.

Sincerely yours,

*Joann Hempel*

Joann Hempel  
Vice President / Senior Credit

Officer

JH / DC

44(a)

United States District Court  
FOR THE  
MIDDLE DISTRICT OF LOUISIANA

March 14, 2007

I, Nick J. Lorio, Clerk of the United States District Court for the Middle District of Louisiana, do hereby certify that after diligent search of the records of this court, I find no pending civil actions, closed civil actions, pending criminal actions, or closed criminal actions against the following-named persons, from the 1st day of August, 2004 up to and including the 14th day of March, 2007 A.D., namely,

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT**

Witness my official signature and seal of said  
Court, at Baton Rouge in said district, this  
14th day of March, 2007 A.D. at 9:00 a.m.

NICK J. LORIO  
Clerk, United States District Court

Fee: \$26.00

By: Jenne LeBlanc  
Deputy Clerk



United States District Court  
FOR THE  
MIDDLE DISTRICT OF LOUISIANA

March 14, 2007

I, Nick J. Lorio, Clerk of the United States District Court for the Middle District of Louisiana, do hereby certify that after diligent search of the records of this court, I find no pending civil actions, closed civil actions, pending criminal actions, or closed criminal actions against the following-named persons, from the 1st day of August, 2004 up to and including the 14th day of March, 2007 A.D., namely,

**BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM**

**(Except CV 06-623-RET-SCR, certified copy of docket sheet attached.)**

Witness my official signature and seal of said  
Court, at Baton Rouge in said district, this  
14th day of March, 2007 A.D. at 9:00 a.m.

NICK J. LORIO  
Clerk, United States District Court

Fee: \$26.00

By:   
Deputy Clerk



732 North Boulevard  
 Baton Rouge, LA 70802  
 225-346-8716  
 Fax: 225-336-1950  
 Email: linda@decuirlaw.com  
 Start Date: 12/20/2006  
**ATTORNEY TO BE NOTICED**

**Winston G. DeCuir, Jr.**  
 DeCuir, Clark & Adams, LLP  
 732 North Boulevard  
 Baton Rouge, LA 70802  
 225-346-8716  
 Fax: 225-336-1950  
 Email: winstonjr@decuirlaw.com  
 Start Date: 12/20/2006  
**ATTORNEY TO BE NOTICED**

**Defendant**

**John Crain**  
*Provost & Vice President for Academic  
 Affairs at Southeastern Louisiana  
 University*

represented by **Winston G. DeCuir, Sr.**  
 (See above for address)  
 Start Date: 12/20/2006  
**LEAD ATTORNEY**  
**ATTORNEY TO BE NOTICED**

**Linda Law Clark**  
 (See above for address)  
 Start Date: 12/20/2006  
**ATTORNEY TO BE NOTICED**

**Winston G. DeCuir, Jr.**  
 (See above for address)  
 Start Date: 12/20/2006  
**ATTORNEY TO BE NOTICED**

**Defendant**

**Hunter Alessi**

**Defendant**

**Dr. Tammy Bourg**

**Defendant**

**Dr. David Evenson**

Date Filed	#	Docket Text
08/28/2006	<u>1</u>	COMPLAINT against Board of Supervisors of the University of Louisiana Systems (Southeastern Louisiana University), John Crain ( Filing fee \$ 350.00 receipt number 4699003916.), filed by Steven

		Rushing.(DCB, ) (Entered: 08/30/2006)
09/12/2006	<u>2</u>	90 DAY CONFERENCE ORDER: Scheduling Conference set for 12/14/2006 at 11:30 AM before Magistrate Judge Stephen C. Riedlinger. Status Report due by 12/4/2006.. Signed by Judge Stephen C. Riedlinger on 9/12/2006.(SAH, ) (Entered: 09/12/2006)
11/02/2006	<u>3</u>	WAIVER OF SERVICE Returned Executed by Steven Rushing. Board of Supervisors of the University of Louisiana Systems (Southeastern Louisiana University) waiver sent on 10/05/2006, answer due 12/04/2006. (jdl) (Entered: 11/06/2006)
11/21/2006	<u>4</u>	WAIVER OF SERVICE Returned Executed by Steven Rushing. John Crain waiver sent on 10/5/2006, answer due 12/4/2006. (May-Ricks, Rebecca) (Entered: 11/21/2006)
12/08/2006	<u>5</u>	Letter dated 12/06/06 from Rebecca Ricks to MJ Riedlinger Re: postponement of status conference. (PAH, ) Modified on 12/8/2006 to edit text(PAH, ). (Entered: 12/08/2006)
12/11/2006	<u>6</u>	NOTICE OF REASSIGNMENT OF CONFERENCE... Scheduling Conference set for 1/25/2007 at 11:30 AM before Magistrate Judge Stephen C. Riedlinger.... The status report shall be filed ten days prior to the date of the conference, by 1/10/07.... (SAH, ) (Entered: 12/11/2006)
12/11/2006		Set/Reset Deadlines/Hearings: (This is a TEXT ENTRY ONLY. There is no hyperlink or PDF document associated with this entry) Status Report due by 1/10/2007. Scheduling Conference set for 1/25/2007 at 11:30 AM before Magistrate Judge Stephen C. Riedlinger. (SAH, ) (Entered: 12/11/2006)
12/20/2006	<u>7</u>	ANSWER to Complaint by Board of Supervisors of the University of Louisiana Systems (Southeastern Louisiana University), John Crain. (SAH, ) (Entered: 12/20/2006)
01/16/2007	<u>8</u>	STATUS REPORT by Steven Rushing. (May-Ricks, Rebecca) (Entered: 01/16/2007)
01/25/2007	<u>9</u>	Minute Entry / ORDER... for proceedings held before Judge Stephen C. Riedlinger : Scheduling Conference held on 1/25/2007.... Entry of a full scheduling order is deferred.... Pla's Motions for leave to amend shall be filed by 2/26/2007. (SAH, ) (Entered: 01/29/2007)
02/26/2007	<u>10</u>	AMENDED COMPLAINT against all defendants, filed by Steven Rushing.(May-Ricks, Rebecca) (Entered: 02/26/2007)
02/28/2007	<u>11</u>	ORDER: The original defendants shall have until 30 days after the new defendants are served to file a dispositive motion or a motion for a Rule 7 (a), reply addressing their qualified immunity defense..... Signed by Judge Stephen C. Riedlinger on 2/28/2007. (SAH) (Entered: 02/28/2007)

Case #: 3:06-cv-00623-RET-SCR

UNITED STATES OF AMERICA  
DISTRICT COURT OF THE UNITED STATES  
EASTERN DISTRICT OF LOUISIANA

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CERTIFICATE

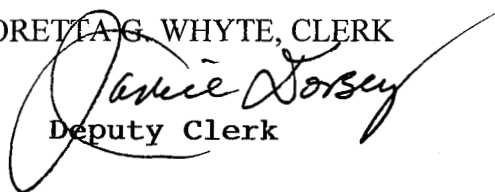
I hereby certify that I have examined the Records of the United States District Court for the Eastern District of Louisiana (New Orleans, Louisiana) and find no litigation pending against: UNIVERSITY FACILITIES, INC. (\$8,035,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue and Refunding Bonds (Southeastern Louisiana University Student Housing/Phase Four Parking Project) In one or more series

except as listed below:

NOTHING FOUND ( as of 3/13/07 @ 3:45 p.m. )

Witness my hand and the seal of said Court, this 13th day of MARCH, 2007 at New Orleans, Louisiana.

LORETTA G. WHYTE, CLERK



Deputy Clerk

45(a)

**STATE OF LOUISIANA - PARISH OF EAST BATON ROUGE  
CERTIFICATE OF SEARCH**

I, DOUG WELBORN, CLERK OF COURT FOR THE PARISH OF EAST BATON ROUGE, CERTIFY THAT THIS CERTIFICATE HAS BEEN RUN EXCLUSIVELY IN THE EXACT NAME OR NAMES HEREUNDER SET FORTH AND NOT IN ANY VARIATIONS OF SAID NAME OR NAMES.

WHERE NO MIDDLE INITIALS HAVE BEEN FURNISHED, IDENTICAL NAMES WITH MIDDLE INITIALS HAVE NOT BEEN RUN AND WILL NOT BE UNLESS SPECIFICALLY REQUESTED.

THIS CERTIFICATE DOES NOT WARRANT TITLE, NOR CERTIFY OWNERSHIP TO THE PROPERTY.

I HEREBY CERTIFY THAT THERE ARE NO TRANSACTIONS OF RECORD IN THE CIVIL

RECORDS OF THIS OFFICE FROM AUGUST 1, 2004 IN THE EXACT NAME OR NAMES OF:

AS DEFENDANT:

LOUISIANA LOCAL GOVERNMENTAL ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY

\$8,035,000 Louisiana Local Government Environmental Facilities and Community Development Authority and Refunding Bonds (Southeastern Louisiana University Student Housing/Phase Four Parking Project) In one or more series

Given under my hand and seal of office, this 14th day of MARCH, 20 07 at 7:30 a.m.

DOUG WELBORN, CLERK OF COURT

By: *Doris Ike*  
Deputy Clerk and Recorder

Print: DORIS IKE

Deputy Clerk and Recorder  
East Baton Rouge Parish  
Notary ID Number: 70205

**STATE OF LOUISIANA - PARISH OF EAST BATON ROUGE**  
**CERTIFICATE OF SEARCH**

I, DOUG WELBORN, CLERK OF COURT FOR THE PARISH OF EAST BATON ROUGE, CERTIFY THAT THIS CERTIFICATE HAS BEEN RUN EXCLUSIVELY IN THE EXACT NAME OR NAMES HEREUNDER SET FORTH AND NOT IN ANY VARIATIONS OF SAID NAME OR NAMES.

WHERE NO MIDDLE INITIALS HAVE BEEN FURNISHED, IDENTICAL NAMES WITH MIDDLE INITIALS HAVE NOT BEEN RUN AND WILL NOT BE UNLESS SPECIFICALLY REQUESTED.

THIS CERTIFICATE DOES NOT WARRANT TITLE, NOR CERTIFY OWNERSHIP TO THE PROPERTY.

I HEREBY CERTIFY THAT THERE ARE NO TRANSACTIONS OF RECORD IN THE CIVIL

RECORDS OF THIS OFFICE FROM AUGUST 1, 2004 IN THE EXACT NAME OR NAMES OF:

AS DEFENDANT: **BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM**

**\$8,035,000 Louisiana Local Government Environmental Facilities and Community Development Authority and Refunding Bonds (Southeastern Louisiana University Student Housing/Phase Four Parking Project) In one or more series**

Given under my hand and seal of office, this 14th day of MARCH, 2007 at 7:30 a.m.

**DOUG WELBORN, CLERK OF COURT**

By: *Doris Ike*  
Deputy Clerk and Recorder

Print: DORIS IKE

Deputy Clerk and Recorder  
East Baton Rouge Parish  
Notary ID Number: 70205



# Tangipahoa Parish Clerk of Court

JULIAN E. DUFRECHE, CLERK OF COURT

P. O. BOX 667 • AMITE, LOUISIANA 70422

GARY STANGA  
CHIEF DEPUTY

ALISON CARONA  
CHIEF FINANCIAL OFFICER  
HUMAN RESOURCES MANAGER

AMITE (985) 748-4146  
(985) 748-8015  
FAX (985) 748-6503  
www.tangiclerk.org

## CIVIL RECORDS SEARCH FORMS

DATE: 3/13/07

TO WHOM IT MAY CONCERN:

THIS IS TO CERTIFY THAT A CIVIL RECORD SEARCH WAS DONE ON THE FOLLOWING INDIVIDUALS :

University Facilities, Inc.  
\_\_\_\_\_  
\_\_\_\_\_

RECORDED: \_\_\_\_\_

NONE RECORDED : ✓ \_\_\_\_\_

THIS RECORDED SEARCH IS INCLUSIVE OF THE YEARS 1990 TO present.

DEPUTY CLERK OF COURT  
TANGIPAHOA PARISH  
STATE OF LOUISIANA



# Tangipahoa Parish Recording Page

**Julian E. Dufreche**  
**Clerk of Court**  
P. O. Box 667  
110 North Bay Street, Suite 100  
Amite, LA 70422  
(985) 748-4146

**Received From :**  
SEALE DAIGLE & ROSS A P C  
ATTENTION: CATHY  
P.O. BOX 699  
HAMMOND, LA 70404

**First VENDOR**

BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM

**First VENDEE**

UNIVERSITY FACILITIES INC

**Index Type :** Conveyances

**Instrument # :** 745731

**Type of Document :** Lease - Conveyance Book

**Book :** 1091      **Page :** 480

**Recording Pages :** 6

### Recorded Information

I hereby certify that the attached document was filed for registry and recorded in the Clerk of Court's office for Tangipahoa Parish, Louisiana

**s/Jessica Husser**

Deputy Clerk

On (Recorded Date) : 03/14/2007

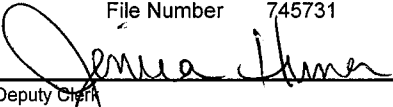
At (Recorded Time) : 1:30:29:000 PM



Doc ID - 008926980006

CLERK OF COURT  
JULIAN E. DUFRECHE  
Parish of Tangipahoa

I certify that this is a true copy of the attached document that was filed for registry and  
Recorded 03/14/2007 at 1:30:29  
Recorded in Book 1091 Page 480  
File Number 745731

  
Deputy Clerk



**Return To :**





Lessor: Board of Supervisors for the University of Louisiana System  
1201 North 3rd Street, Suite 7300  
Baton Rouge, Louisiana 70802  
Attention: Assistant Vice President for Facilities Planning

Lessee: University Facilities, Inc.  
SLU Box 10709  
Hammond, Louisiana 70402  
Attention: Executive Director

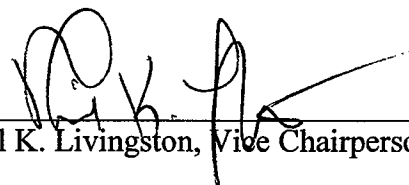
This Memorandum is executed for the purpose of recordation in the public records of Tangipahoa Parish, Louisiana in order to give notice of all the terms and provisions of the Lease and is not intended and shall not be construed to define, limit, or modify the Lease. All of the terms, conditions, provisions and covenants of the Lease are incorporated into this Memorandum by reference as though fully set forth herein, and both the Lease and this Memorandum shall be deemed to constitute a single instrument or document.


THUS DONE AND PASSED on the 13<sup>th</sup> day of March, 2007, in Baton Rouge, Louisiana, in the presence of the undersigned, both competent witnesses, who herewith sign their names with Phil K. Livingston, Vice Chairperson, of University Facilities, Inc, and me, Notary.

WITNESSES:

  
\_\_\_\_\_  
Jay Scale  
  
\_\_\_\_\_  
Stephen Smith

UNIVERSITY FACILITIES, INC.

By:   
\_\_\_\_\_  
Phil K. Livingston, Vice Chairperson

  
\_\_\_\_\_  
NOTARY PUBLIC  
Ashley C. Atkinson  
Bar Roll # 23628  
My Commission Expires at Death

## EXHIBIT A

### LAND DESCRIPTION

#### **Tract 1 (20.615 Acre Tract):**

A certain parcel of ground being a portion of the Southeastern Louisiana University Campus being designated as "20.615 ACRE TRACT" containing 20.615 acres (898,003 sq. ft.) located in Section 23, Township 6 South, Range 7 East, City of Hammond, Tangipahoa Parish, Louisiana, being more particularly described as follows:

Commence at the point formed by the intersection of the Westerly Right of Way Line of SGA Drive and the Southerly Right of Way line of West University Avenue, said point also being the Point of Beginning.

Thence, along the Easterly Right of Way of SGA Drive S 00°00'00" W a distance of 320.00 feet to a point and corner; thence S 45°00'00" E a distance of 31.82 feet to a point and corner; thence S 00°00'00" E a distance of 595.00 feet to a point and corner; thence S 15°33'28" W a distance of 125.49 feet to a point and corner; thence S 13°16'07" E a distance of 353.60 feet to a point and corner; thence departing said right-of-way S 77°00'45" W a distance of 230.92 feet to a point and corner; thence, S 00°00'00" W a distance of 116.96 feet to a point and corner; thence, S 90°00'00" W a distance of 155.92 feet to a point and corner; thence, S 00°00'00" W a distance of 61.84 feet to a point and corner; thence, S 90°00'00" W a distance of 176.95 feet to a point and corner; thence, N 00°00'00" E a distance of 128.24 feet to a point and corner; thence, S 90°00'00" W a distance of 77.26 feet to a point and corner; thence, N 00°00'00" E a distance of 1505.01 feet to a point and corner, said point being on the Southerly Right of Way of West University Avenue; thence, S 90°00'00" E a distance of 635.15 feet to a point and corner, said point being the Point-Of-Beginning.

Being the same property as shown on that map of survey entitled "Map Showing ALTA/ACSM Survey of a Portion of the Southeastern Louisiana University Campus Located in Section 23, T6S-R7E, City of Hammond, Parish of Tangipahoa for Southeastern Louisiana University" prepared by David L. Patterson, P.L.S., dated May 6, 2004.

#### **Tract 2 (11.28 Acre Tract – Oaks/Village):**

A certain tract or parcel of land containing 11.28 acres situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of General Pershing and University Avenue, thence North 02°02'41" West 797.31 feet to the Point of Beginning;

thence South 89°43'41" West 709.92 feet; thence North 00°17'07" West 600.77 feet; thence North 89°40'12" East 858.25 feet; thence South 45°06'19" East 193.98 feet; thence South 77°43'57" West 220.07 feet; thence South 01°14'39" West 418.55 feet; thence South 89°43'41" West 58.56 feet to said Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 11.28 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

**Tract 3 (1.70 Acre Tract - Taylor Hall):**

A certain tract or parcel of land containing 1.70 acres situated in Section 23, T-6-S, R-7-E, Tangipahoa Parish, Louisiana and more particularly described as follows:

Commencing at the intersection of North General Pershing Street and Texas Avenue; thence North 06°46'03" West 240.96 feet to the Point of Beginning;

thence North 00°14'06" West 278.02 feet; thence North 89°50'08" East 252.70 feet; thence South 00°08'03" East 181.58 feet; thence South 89°48'33" West 39.94 feet; thence South 00°21'03" West 96.15 feet; thence South 89°49'36" West 292.51 feet to Point of Beginning.

Being the same property as shown on that map of survey entitled "Plat of Survey Prepared for Southeastern Louisiana University Showing a 1.70 Acre Tract of Land Situated in Section 14, T-6-S, R-7-E, City of Hammond, Tangipahoa Parish, Louisiana" prepared by Randall E. Ward, P.L.S., dated June 22, 2004.

**Tract 4 (1.06 Acre Tract - Intermodal Facility):**

A certain piece or portion of land being situated in Section 23, Township 6 South, Range 7 East, Tangipahoa Parish, Louisiana, being more fully described as follows:

Commencing at the Northeast Intersection of West Dakota Street and Galloway Drive and run along the East right-of-way of Galloway Drive North 14 Degrees 50 Minutes 00 Seconds West for a distance of 317.00 feet to a point; thence leaving said right-of-way run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 21.78 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 30.32 feet to the Point of Beginning;

From the Point of Beginning run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 17.83 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 6.93 feet to a point; thence run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 164.91 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 251.49 feet to a point; thence run North 75

Degrees 13 Minutes 18 Seconds East for a distance of 164.91 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 6.93 feet to a point; thence run North 75 Degrees 13 Minutes 18 Seconds East for a distance of 17.83 feet to a point; thence run South 14 Degrees 46 Minutes 42 Seconds East for a distance of 265.35 feet back to the Point of Beginning.

**Tract 5 (0.40 Acre Tract – Stadium Expansion):**

A certain piece or portion of land being situated in Section 23, Township 6 South, Range 7 East, Tangipahoa Parish, Louisiana, being more fully described as follows:

Commencing at the Northeast Intersection of West Dakota Street and Galloway Drive and run along the East right-of-way of Galloway Drive North 14 Degrees 50 Minutes 00 Seconds West for a distance of 317.00 Feet to the Point of Beginning;

From the Point of Beginning and leaving said right-of-way run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 21.78 feet to a point; thence run North 14 Degrees 46 Minutes 42 Seconds West for a distance of 326.00 feet to a point; thence run North 75 Degrees 13 Minutes 18 Seconds East for a distance of 52.92 Feet to a point; thence run South 14 Degrees 46 Minutes 42 Seconds East for a distance of 326.00 feet to a point; thence run South 75 Degrees 13 Minutes 18 Seconds West for a distance of 31.13 feet back to the Point of Beginning.



**State of Louisiana**  
DIVISION OF ADMINISTRATION  
**OFFICE OF RISK MANAGEMENT**

**KATHLEEN BABINEAUX BLANCO**  
GOVERNOR

**JERRY LUKE LEBLANC**  
COMMISSIONER OF ADMINISTRATION

March 12, 2007

Ms. Patti Dunbar  
Jones Walker  
8555 United Plaza Boulevard, 5<sup>th</sup> Floor  
Baton Rouge, LA 70809

Dear Ms. Dunbar:

RE: Certificates of Insurance and  
Evidence of Property Insurance for  
Commercial General Liability  
(includes Personal Injury Liability)  
Automobile Liability  
Workers' Compensation Liability  
Blanket Property  
Boiler and Machinery  
5220 Southeastern Louisiana University

Attached are original certificates of insurance and evidence of property insurance forms showing proof of coverage for Football Stadium Improvements and the Intermodal Parking Facility. Please forward the original certificates to the certificate holders and make a copy of each for your files and records.

If you have any questions, please call me at (225) 342-8598 or send a fax to (225) 342-3845.

Sincerely,

Dodi Richard, CISR  
State Risk Underwriter III

dr

Attachments

47

**CERTIFICATE OF INSURANCE**

Issue Date **March 12, 2007**

<b>PRODUCER</b> Office of Risk Management – DOA Post Office Box 91106 Baton Rouge, Louisiana 70821-9106	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. <hr/> <p style="text-align: center;"><b>COMPANY AFFORDING COVERAGE</b></p> <hr/> <p style="text-align: center;">Louisiana Self-Insurance Fund</p>
<b>INSURED</b> State of Louisiana Southeastern Louisiana University SLU Box 10691 Hammond, LA 70402	
CORP. NO: 5220	

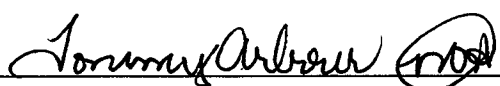
**COVERAGES**  
 THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE	POLICY EXPIRATION	LIABILITY LIMITS		
						EACH OCCURRENCE	AGGREGATE
	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PERSONAL & ADVERTISING INJURY <input checked="" type="checkbox"/> POLLUTION (Sudden & Accidental Only) <input checked="" type="checkbox"/> PROFESSIONAL LIABILITY <input checked="" type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input checked="" type="checkbox"/> FIRE DAMAGE (Any one fire) <input type="checkbox"/> MEDICAL EXPENSES	CGL20062007	07-01-2006	07-01-2007	BODILY INJURY		
					PROPERTY DAMAGE		
					BI & PD COMBINED	\$ 5,000,000	
	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED <input type="checkbox"/> NON-OWNED <input type="checkbox"/> HIRED  <b>AUTOMOBILE PHYSICAL DAMAGE</b> <input type="checkbox"/> OWNED <input type="checkbox"/> SPECIFICALLY DESCRIBED <input type="checkbox"/> HIRED	ALPD20062007	07-01-2006	07-01-2007	BODILY INJURY		
					PROPERTY DAMAGE		
					BI & PD COMBINED	\$ 5,000,000	
	<input checked="" type="checkbox"/> <b>WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY</b>  <input type="checkbox"/> <b>MEDICAL MALPRACTICE LIABILITY</b>	WC20062007	07-01-2006	07-01-2007	STATUTORY		
					\$ 5,000,000	(EACH ACCIDENT)	
					\$ 5,000,000	(DISEASE-POLICY LIMIT)	
					\$ 5,000,000	(DISEASE-EACH EMPLOYEE)	

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS**  
 University Facilities, Inc. and The Bank of New York Trust Company, N.A. are added as additional insureds as regards the sole negligence of Southeastern Louisiana University for the \$8,035,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007.

**CANCELLATION**  
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICES SHALL IMPOSE NO OBLIGATIONS OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

<b>CERTIFICATE HOLDER</b>	<b>AUTHORIZED REPRESENTATIVE</b>
University Facilities, Inc. SLU Box 10709 Hammond, LA 70402	The Bank of New York Trust Company, N.A. 10161 Centurion Parkway Jacksonville, FL 32256 Attention: Corporate Trust Department

  
**TOMMY ARBOUR, UNDERWRITING MANAGER**



EVIDENCE OF PROPERTY INSURANCE

NR

ISSUE DATE: March 12, 2007

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

<b>PRODUCER</b> Office of Risk Management – DOA Post Office Box 91106 Baton Rouge, Louisiana 70821-9106		<b>COMPANY</b> Louisiana Self Insurance Fund		
<b>INSURED : State of Louisiana</b> Southeastern Louisiana University SLU Box 10691 Hammond, LA 70402		<b>LOAN NUMBER:</b>		
		<b>EFFECTIVE DATE (MM-DD-YYYY)</b>	<b>EXPIRATION DATE (MM-DD-YYYY)</b>	<input checked="" type="checkbox"/> <b>CONTINUOUS UNTIL TERMINATED IF CHECKED</b>
		07-01-2006	07-01-2007	
<b>ORM AGENCY LOCATION CODE:</b> 5220				

**PROPERTY INFORMATION**

**LOCATION – DESCRIPTION**

**COVERAGE INFORMATION**

POLICY NUMBER	COVERAGES – PERILS - FORMS	AMOUNT OF INSURANCE		DEDUCTIBLE
		Building:	Contents/Movable Property:	
BP20062007	All Risk Broad Form Property Coverage, including flood and earthquake, subject to Policy Exclusions and limit of \$50,000,000 combined single limit per occurrence	Not Applicable	Actual Cash Value	\$1,000 Per Occurrence
BM20062007	Comprehensive Boiler and Machinery coverage including Business Interruption and Extra Expense coverage subject to policy exclusions and limit of \$50,000 per accident.	Repair/Replacement Cost		\$1,000 Per Accident First Party Property Damage Only

**REMARKS (INCLUDING SPECIAL CONDITIONS)**

\$8,035,000 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007

**CANCELLATION**

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 30 DAYS WRITTEN NOTICE AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.


**ADDITIONAL INTEREST**

University Facilities, Inc. The Bank of New York Trust Company, N.A.  
SLU Box 10709 10161 Centurion Parkway  
Hammond, LA 70402 Jacksonville, FL 32256  
Attention: Corporate Trust Department

**NATURE OF INTEREST**

MORTGAGEE  TRUSTEE  LOSS PAYEE  
 (OTHER)

**SIGNATURE OF AUTHORIZED REPRESENTATIVE**

  
TOMMY ARBOUR,  
STATE RISK UNDERWRITING MANAGER

**CERTIFICATE OF INSURANCE**

Issue Date  
March 12, 2007

**PRODUCER**  
Office of Risk Management – DOA  
Post Office Box 91106  
Baton Rouge, Louisiana 70821-9106

**INSURED** State of Louisiana  
Southeastern Louisiana University  
SLU Box 10691  
Hammond, LA 70402

CORP. NO: 5220

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**COMPANY AFFORDING COVERAGE**

Louisiana Self-Insurance Fund

**COVERAGES**

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 TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE	POLICY EXPIRATION	LIABILITY LIMITS		
						EACH OCCURRENCE	AGGREGATE
	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PERSONAL & ADVERTISING INJURY <input checked="" type="checkbox"/> POLLUTION (Sudden & Accidental Only) <input checked="" type="checkbox"/> PROFESSIONAL LIABILITY <input checked="" type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input checked="" type="checkbox"/> FIRE DAMAGE (Any one fire) <input type="checkbox"/> MEDICAL EXPENSES	CGL20062007	07-01-2006	07-01-2007	BODILY INJURY		
					PROPERTY DAMAGE		
					BI & PD COMBINED	\$ 5,000,000	
	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED <input type="checkbox"/> NON-OWNED <input type="checkbox"/> HIRED  <b>AUTOMOBILE PHYSICAL DAMAGE</b> <input type="checkbox"/> OWNED <input type="checkbox"/> SPECIFICALLY DESCRIBED <input type="checkbox"/> HIRED	ALPD20062007	07-01-2006	07-01-2007	BODILY INJURY		
					PROPERTY DAMAGE		
					BI & PD COMBINED	\$ 5,000,000	
	<input checked="" type="checkbox"/> <b>WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY</b>  <input type="checkbox"/> <b>MEDICAL MALPRACTICE LIABILITY</b>	WC20062007	07-01-2006	07-01-2007	STATUTORY		
					\$ 5,000,000	(EACH ACCIDENT)	
					\$ 5,000,000	(DISEASE-POLICY LIMIT)	
					\$ 5,000,000	(DISEASE-EACH EMPLOYEE)	

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS**

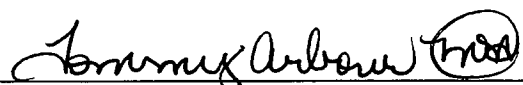
University Facilities, Inc. is added as an additional insured as regards the sole negligence of Southeastern Louisiana University for the Football Stadium Improvements.

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICES SHALL IMPOSE NO OBLIGATIONS OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

**CERTIFICATE HOLDER** **AUTHORIZED REPRESENTATIVE**

University Facilities, Inc.  
SLU Box 10709  
Hammond, LA 70402

  
 \_\_\_\_\_  
**TOMMY ARBOUR, UNDERWRITING MANAGER**

EVIDENCE OF PROPERTY INSURANCE

NR

ISSUE DATE:

March 12, 2007

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

<b>PRODUCER</b>  Office of Risk Management – DOA Post Office Box 91106 Baton Rouge, Louisiana 70821-9106	<b>COMPANY</b>  Louisiana Self Insurance Fund
--	---

<b>INSURED : State of Louisiana</b> Southeastern Louisiana University SLU Box 10691 Hammond, LA 70402	<b>LOAN NUMBER:</b>		
	<b>EFFECTIVE DATE</b> (MM-DD-YYYY)	<b>EXPIRATION DATE</b> (MM-DD-YYYY)	<input checked="" type="checkbox"/> <b>CONTINUOUS UNTIL TERMINATED IF CHECKED</b>
	07-01-2006	07-01-2007	
<b>ORM AGENCY LOCATION CODE:</b> 5220			

**PROPERTY INFORMATION**

**LOCATION – DESCRIPTION**

Football Stadium Improvements

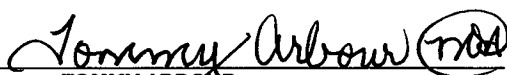
**COVERAGE INFORMATION**

POLICY NUMBER	COVERAGES – PERILS - FORMS	AMOUNT OF INSURANCE		DEDUCTIBLE
BP20062007	All Risk Broad Form Property Coverage, including flood and earthquake, subject to Policy Exclusions and limit of \$50,000,000 combined single limit per occurrence	Building:	Not Applicable	\$1,000 Per Occurrence
		Contents/Movable Property:	Actual Cash Value	
BM20062007	Comprehensive Boiler and Machinery coverage including Business Interruption and Extra Expense coverage subject to policy exclusions and limit of \$50,000 per accident.	Repair/Replacement Cost		\$1,000 Per Accident First Party Property Damage Only

**REMARKS (INCLUDING SPECIAL CONDITIONS)**

**CANCELLATION**

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 30 DAYS WRITTEN NOTICE AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

<b>ADDITIONAL INTEREST</b>  University Facilities, Inc. SLU Box 10709 Hammond, LA 70402	<b>NATURE OF INTEREST</b>		
	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> TRUSTEE	<input type="checkbox"/> LOSS PAYEE
	<input type="checkbox"/> (OTHER)		
	<b>SIGNATURE OF AUTHORIZED REPRESENTATIVE</b>		
 TOMMY ARBOUR, STATE RISK UNDERWRITING MANAGER			

**CROSS RECEIPT - RECEIPT OF THE TRUSTEE**

The undersigned acknowledges receipt from Morgan Keegan & Company, Inc., (the "Underwriter") of payment of an aggregate of \$7,513,975.95, representing the \$8,035,000 aggregate principal amount of the Bonds, less an original issue discount of \$71,630.30, less an Underwriter's discount of \$90,393.75, and less bond insurance premium of \$359,000. Proceeds of the Bonds are to be deposited in accordance with the provisions of the Indenture.

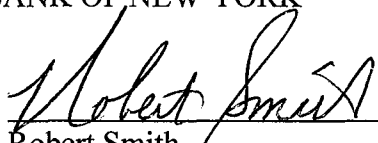
In addition the receipt of \$625,000 Board contribution is acknowledged.

Proceeds of the Bonds and the Board contribution are to be deposited in accordance with the provisions of the Indenture.

Dated: March 14, 2007

THE BANK OF NEW YORK

By:

  
\_\_\_\_\_  
Robert Smith  
Assistant Vice President


**CROSS RECEIPT - RECEIPT OF THE ISSUER**

The undersigned acknowledges receipt from Morgan Keegan & Company, Inc., (the "Underwriter") of payment of an aggregate of \$7,513,975.95, representing the \$8,035,000 aggregate principal amount of the Bonds, less an original issue discount of \$71,630.30, less an Underwriter's discount of \$90,393.75, and less bond insurance premium of \$359,000. Proceeds of the Bonds are to be deposited in accordance with the provisions of the Indenture.

Dated: March 14, 2007

LOUISIANA LOCAL GOVERNMENT  
ENVIRONMENTAL FACILITIES AND  
COMMUNITY DEVELOPMENT AUTHORITY

BY:



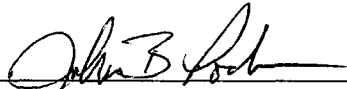
Steve A. Dicharry, Executive Director

## CROSS RECEIPT - RECEIPT FOR BONDS

The undersigned hereby acknowledges receipt from the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") of its \$5,545,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007A and \$2,490,000 Revenue Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc.: Phase Four Parking Project) Series 2007B (collectively, the "Bonds"), dated March 14, 2007, each being in the form of fully registered bonds without coupons, bearing the numbers and interest rates and maturing in the principal amounts in the years as set forth on **Schedule I** attached hereto, all as provided in the Trust Indenture dated as of March 1, 2007 and entered into between the Issuer and The Bank of New York, as trustee, all as authorized by the resolutions adopted by the Issuer on February 12, 2004, May 13, 2004 and October 12, 2006 (collectively, the "Resolution"). The Bonds are delivered this date to The Bank of New York Trust Company, N.A. as an agent of DTC under its Fast Automated Securities Transfer procedures.

Dated: March 14, 2007

MORGAN KEEGAN & COMPANY, INC.

By:   
Name: John B. Poche  
Title: Managing Director

\$5,545,000  
Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007A

\$2,490,000  
Louisiana Local Government Environmental Facilities and  
Community Development Authority  
Revenue Bonds  
(Southeastern Louisiana University Student Housing/  
University Facilities, Inc.: Phase Four Parking Project)  
Series 2007B

**SCHEDULE OF BONDS AUTHENTICATED MARCH 14, 2007**

<b>Bond No.</b>	<b>Maturity (February 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>CUSIP</b>
RA-1	2008	\$ 165,000	4.250%	546279 ZV5
RA-2	2009	145,000	4.250	546279 ZW3
RA-3	2010	150,000	4.250	546279 ZX1
RA-4	2011	155,000	4.250	546279 ZY9
RA-5	2012	160,000	4.250	546279 ZZ6
RA-6	2013	170,000	4.000	546279 A26
RA-7	2014	175,000	4.250	546279 A34
RA-8	2015	185,000	4.250	546279 A42
RA-9	2016	190,000	4.250	546279 A59
RA-10	2017	200,000	4.250	546279 A67
RA-11	2027	2,515,000	4.200	546279 A75
RA-12	2031	1,335,000	4.200	546279 A83
RB-1	2037	2,490,000	4.375	546279 A91

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES**  
**AND COMMUNITY DEVELOPMENT AUTHORITY**  
**(SOUTHEASTERN LOUISIANA UNIVERSITY, UNIVERSITY FACILITIES, INC.)**  
**AAA INSURED(MBIA), REVENUE BONDS, SERIES 2007**

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**Debt Service Schedule**

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
08/01/2007	-	-	130,245.14	130,245.14
02/01/2008	165,000.00	4.250%	171,125.00	336,125.00
08/01/2008	-	-	167,618.75	167,618.75
02/01/2009	145,000.00	4.250%	167,618.75	312,618.75
08/01/2009	-	-	164,537.50	164,537.50
02/01/2010	150,000.00	4.250%	164,537.50	314,537.50
08/01/2010	-	-	161,350.00	161,350.00
02/01/2011	155,000.00	4.250%	161,350.00	316,350.00
08/01/2011	-	-	158,056.25	158,056.25
02/01/2012	160,000.00	4.250%	158,056.25	318,056.25
08/01/2012	-	-	154,656.25	154,656.25
02/01/2013	170,000.00	4.000%	154,656.25	324,656.25
08/01/2013	-	-	151,256.25	151,256.25
02/01/2014	175,000.00	4.250%	151,256.25	326,256.25
08/01/2014	-	-	147,537.50	147,537.50
02/01/2015	185,000.00	4.250%	147,537.50	332,537.50
08/01/2015	-	-	143,606.25	143,606.25
02/01/2016	190,000.00	4.250%	143,606.25	333,606.25
08/01/2016	-	-	139,568.75	139,568.75
02/01/2017	200,000.00	4.250%	139,568.75	339,568.75
08/01/2017	-	-	135,318.75	135,318.75
02/01/2018	210,000.00	4.200%	135,318.75	345,318.75
08/01/2018	-	-	130,908.75	130,908.75
02/01/2019	215,000.00	4.200%	130,908.75	345,908.75
08/01/2019	-	-	126,393.75	126,393.75
02/01/2020	225,000.00	4.200%	126,393.75	351,393.75
08/01/2020	-	-	121,668.75	121,668.75
02/01/2021	235,000.00	4.200%	121,668.75	356,668.75
08/01/2021	-	-	116,733.75	116,733.75
02/01/2022	245,000.00	4.200%	116,733.75	361,733.75
08/01/2022	-	-	111,588.75	111,588.75
02/01/2023	255,000.00	4.200%	111,588.75	366,588.75
08/01/2023	-	-	106,233.75	106,233.75
02/01/2024	265,000.00	4.200%	106,233.75	371,233.75
08/01/2024	-	-	100,668.75	100,668.75
02/01/2025	275,000.00	4.200%	100,668.75	375,668.75
08/01/2025	-	-	94,893.75	94,893.75
02/01/2026	290,000.00	4.200%	94,893.75	384,893.75
08/01/2026	-	-	88,803.75	88,803.75
02/01/2027	300,000.00	4.200%	88,803.75	388,803.75
08/01/2027	-	-	82,503.75	82,503.75
02/01/2028	315,000.00	4.200%	82,503.75	397,503.75
08/01/2028	-	-	75,888.75	75,888.75
02/01/2029	325,000.00	4.200%	75,888.75	400,888.75



Final

**LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES  
AND COMMUNITY DEVELOPMENT AUTHORITY  
(SOUTHEASTERN LOUISIANA UNIVERSITY, UNIVERSITY FACILITIES, INC.)  
AAA INSURED(MBIA), REVENUE BONDS, SERIES 2007**

**Debt Service Schedule**

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I
08/01/2029	-	-	69,063.75	69,063.75
02/01/2030	340,000.00	4.200%	69,063.75	409,063.75
08/01/2030	-	-	61,923.75	61,923.75
02/01/2031	355,000.00	4.200%	61,923.75	416,923.75
08/01/2031	-	-	54,468.75	54,468.75
02/01/2032	370,000.00	4.375%	54,468.75	424,468.75
08/01/2032	-	-	46,375.00	46,375.00
02/01/2033	390,000.00	4.375%	46,375.00	436,375.00
08/01/2033	-	-	37,843.75	37,843.75
02/01/2034	405,000.00	4.375%	37,843.75	442,843.75
08/01/2034	-	-	28,984.38	28,984.38
02/01/2035	425,000.00	4.375%	28,984.38	453,984.38
08/01/2035	-	-	19,687.50	19,687.50
02/01/2036	440,000.00	4.375%	19,687.50	459,687.50
08/01/2036	-	-	10,062.50	10,062.50
02/01/2037	460,000.00	4.375%	10,062.50	470,062.50
<b>Total</b>	<b>\$8,035,000.00</b>	<b>-</b>	<b>\$6,317,773.90</b>	<b>\$14,352,773.90</b>

**Yield Statistics**

Bond Year Dollars	\$147,515.26
Average Life	18.359 Years
Average Coupon	4.2827933%
Net Interest Cost (NIC)	4.3926288%
True Interest Cost (TIC)	4.4473183%
Bond Yield for Arbitrage Purposes	4.7443163%
All Inclusive Cost (AIC)	5.0360112%

**IRS Form 8038**

Net Interest Cost	4.3951301%
Weighted Average Maturity	18.255 Years

Morgan Keegan & Company, Inc.  
 Public Finance Department  
 909 Poydras Street, Suite 1300  
 New Orleans, Louisiana 70112  
 504/529-1556  
 FAX 504/595-3293  
 WATS 800/723/1521

Members New York Stock Exchange, Inc.

**TO: Southeastern Louisiana University**  
**FROM: John Poche**  
**DATE: March 8, 2007**

**RE: Louisiana Community Development Authority**  
**Southeastern Louisiana University**  
**Revenue Bonds, Series 2007 A&B**

### DRAFT CLOSING MEMORANDUM

#### I. CLOSING

##### A. PRE-CLOSING AND CLOSING

1. Pre-Closing for the University's Series 2007 A&B Revenue Bond Issue will be on Tuesday, **March 13, 2007 at 2:00 p.m.** at the law offices of Jones Walker, L.L.P. in Baton Rouge.

**Jones Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P.**  
 Four United Plaza – 5<sup>th</sup> Floor  
 8555 United Plaza Boulevard  
 Baton Rouge, Louisiana 70809-7000  
 Phone: (225) 248-2114  
 Fax: (225) 248-3096  
 E-mail: [pdunbar@joneswalker.com](mailto:pdunbar@joneswalker.com)

2. Closing for the University's Series 2007 A&B Revenue Bond Issue will be on Wednesday, **March 14, 2007 at 9:00 a.m.** at the law offices of Jones Walker, L.L.P. in Baton Rouge.

#### II. SOURCES & USES

	SERIES A	SERIES B	Issue Summary
<b>Sources Of Funds</b>			
Par Amount of Bonds	\$5,545,000.00	\$2,490,000.00	\$8,035,000.00
Original Issue Discount (OID)	(28,677.80)	(42,952.50)	(71,630.30)
Parking Fees Collected	155,000.00	470,000.00	625,000.00
<b>Total Sources</b>	<b>\$5,671,322.20</b>	<b>\$2,917,047.50</b>	<b>\$8,588,369.70</b>
<b>Uses Of Funds</b>			
Total Underwriter's Discount (1.125%)	62,381.25	28,012.50	90,393.75
Costs of Issuance	110,416.93	49,583.07	160,000.00
Gross Bond Insurance Premium	221,772.65	137,227.35	359,000.00
Deposit to Debt Service Reserve Fund (DSRF)	333,299.54	149,669.22	482,968.76
Deposit to Project Construction Fund	4,943,451.83	2,552,555.36	7,496,007.19
<b>Total Uses</b>	<b>\$5,671,322.20</b>	<b>\$2,917,047.50</b>	<b>\$8,588,369.70</b>

**III. THE SERIES 2007 A&B BONDS /UNIVERSITY FUNDS / USE OF PROCEEDS**

- A. The University will wire transfer their required cash contribution to the Trustee, The Bank of New York, in the amount of **\$625,000.00** (representing a \$155,000.00 contribution to the Series A Parking Fees Account and a \$470,000.00 contribution to the Series B Parking Fees Account) on **Tuesday, March 13, 2007** by FEDERAL FUNDS WIRE (same day funds) as follows:

The Bank of New York  
 ABA #021000018  
 GLA 111-565  
 TAS #458122  
 REF: SELU STU HSNB BOND PROCEEDS FD 2007

- B. On **Wednesday, March 14, 2007**, Morgan Keegan will wire payment of **\$7,513,975.95** to The Bank of New York, as Trustee for this issue.

Settlement for the Series 2007 A&B Bonds is as follows:

Series 2007 A&B Bonds	\$8,035,000.00
Less: Underwriter's Discount	<90,393.75>
Bond Insurance Premium	<359,000.00>
Original Issue Discount	<71,630.30>
<b>Payment to Trustee</b>	<b>\$7,513,975.95</b>

The **\$7,513,975.95** will be wired to The Bank of New York, at the following instructions:

The Bank of New York  
 ABA #021000018  
 GLA 111-565  
 TAS #458122  
 REF: SELU STU HSNB BOND PROCEEDS FD 2007

- C. On **Wednesday, March 14, 2007**, Morgan Keegan, on behalf of the University, will wire payment of **\$359,000.00** to MBIA for payment of the bond insurance representing \$221,772.65 for the Series 2007A issue and \$137,227.35 for the Series 2007B issue. The wire instructions for MBIA are as follows:

JP Morgan Chase Bank  
 For Benefit of MBIA  
 ABA No.: #021000021  
 Acct. No.: 910-2-721728  
 Policy No: 492820 & 492830

**IV. RECEIPT AND DISBURSEMENT OF FUNDS**

- A. The Trustee will receive **\$625,000.00** from Southeastern Louisiana University to be deposited into the Series 2007 Bond Proceeds Fund.

**\$90,000.00** of the proceeds should be transferred into the Series 2007 Cost of Issuance to pay the cost of issuance related to the Series 2007 Bonds.

**\$535,000.00** of the proceeds should be transferred into the Series 2007 Project Fund.

- B. The Trustee will receive **\$7,513,975.95** from Morgan Keegan to be deposited and allocated as established by the Trust Indenture as follows:

**\$6,961,007.19** of the proceeds should be transferred into the Series 2007 Project Fund;

**\$70,000.00** of the proceeds should be transferred into the Series 2007 Cost of Issuance, combined with the \$90,000 contribution from the University, will be used to pay the cost of issuance related to the Series 2007 Bonds. The Trustee will disburse the amounts in the Series 2007 Cost of Issuance Account pursuant to written authorization from the Authority.

**\$482,968.76** of the proceeds should be transferred into the Series 2007 Debt Service Reserve Fund.

**V. RELEASE OF BONDS**

DTC Underwriting (212-855-3752) will release the Bonds to Morgan Keegan & Company, Inc. (#780) upon notification from Morgan Keegan and the Trustee that the issue is closed.