

MINUTES
AFFILIATED ORGANIZATION OVERSIGHT COMMITTEE
AUGUST 2, 2019

The meeting of the Affiliated Organization Oversight Committee of the Louisiana State University Board of Supervisors was called to order at the Pennington Biomedical Research Center in Baton Rouge on August 2, 2019.

The roll call reflected the following.

Present

Mr. Rémy V. Starns
Mr. Jack A. "Jay" Blossman, Jr.
Mr. B. Wayne Brown
Ms. Valencia Sarpy Jones
Mr. Lee Mallett
Mr. Robert "Bobby" Yarborough
Mr. Robert Dampf (entered immediately after roll call).

Absent:

Mr. Jimmie M. Woods, Sr.

Supervisors also in attendance were James M. Williams and Mary L. Werner. Also present were, LSU President F. King Alexander and external counsel Winston DeCuir, Jr.

Mr. Williams stated his intent that we are all together in trying to improve LSU.

Mr. Starns stated that he found the existing agreement wanting, and contracted with outside attorney to review and bring expertise. Mr. Starns previously met with Center for Internal Audit director and talked through some auditing comments. Presented the proposed changes and called this meeting. Mr. Starns introduced Mr. Winston DeCuir, Jr., and asked him to review the proposed changes to the affiliation agreement.

Mr. DeCuir stated that this board, as well as others he works for, want to affect the private status. None of the boards felt the University auditors should have access to affiliate records.

There is a proposal to place a Board member on the foundation boards as ex officio. The statute allows for a minority of board members to be public servants [R.S. 17:3390] without changing the status of the foundation, alter the private nature of records, or alter the conduct of the foundations.

DeCuir shared the Southern Association of Colleges & Schools Commission on Colleges (SACSCOC) requirements for foundations and the relationship to the institution should be written (Principle of accreditation 5.3A). The CEO of the institution is in charge of fundraising, and the University has some obligation to maintain control.

DeCuir provided a general index of changes:

- Amend Section 2.2 adds a Board of Supervisors member to affiliate board as ex officio
- Addition of Section 8.4 adds an MOU requirement for a multipurpose foundation.
- Addition of Section 9.4.3 which is a change to the "claw-back" provision to allow for University to take funds should the relationship ever be dissolved.

Mr. Starns shared that he received a document titled "Affiliate Comments, Concerns, and Questions on Proposed Uniform Affiliation Agreement," and sent it to Mr. DeCuir. (The document was compiled by Mr. Brad Jewell of the Pennington Biomedical Research Foundation in cooperation with some other affiliates.)

Mr. DeCuir spoke about a number of the points enumerated in the "Affiliate Comments, Concerns, and Questions on Proposed Uniform Affiliation Agreement," and addressed each of the points. DeCuir responded to several questions from Supervisors about best practices, the ethics code, and compliance.

Mr. Yarborough mentioned a possible effect on directors and officers insurance. DeCuir responded that past experience indicates no exclusion and no ethical problem by having Supervisors on the affiliate board. Mr. Jewell of the Pennington Biomedical Foundation provided comments collected by the numerous affiliates. Taking up the Supervisor ex officio appointee (Section 2.2), there is reportedly the potential of an insurance exclusion. There is a concern that the Supervisors represent a governing authority and their participation in a governing authority of another organization and there could be conflict.

Mr. David Hardy of Tiger Athletic Foundation provided public comment. In response to the Code of Ethics conversation, he felt that R.S. 17:3390 does not provide an exemption to the ethics code. Another interpretation of the statute is that it allows participation of a management board member, but not necessarily by appointment. Also, the affiliate board in R.S. 17:3390B(2) should be elected or appointed by the members of the organization; the proposal seems to counter the idea that another entity can appoint members to the affiliate board. Mr. Starns raised the point that an ex officio seat should not represent management or control of a board of directors.

Mr. Hardy also raised the issue of the ethics conflict by citing R.S. 42:1112 in which no public servant shall participate in a transaction in which his agency is involved. He stated a concern that a blanket issue on affiliates would require recusal of all Supervisors. He also stated that there is an inherent conflict of interest in serving on two boards as both boards require the full participation of its members, and that may be compromised if the member withheld information that could be useful to the other board.

Ms. LeuAnne Greco of LSU Foundation provided public comment. She wanted to add the concern about confidentiality of records.

Mr. Starns opened the discussion about 1.1 and the blank in the draft. Mr. Jewell stepped forward to respond by saying they did not want burdensome transactions as Section 1.1 would require approval of "all actions". DeCuir responded that the blank was meant for the affiliate to insert their purpose in their terms. Section 8.3.2 is meant to outline the responsibilities of each party in a major transaction. He suggested that it takes some reasonableness to know the significance.

Mr. Starns opened the discussion to 9.4.3, the "claw-back" provision. Mr. Williams suggested an amendment that when on termination of affiliate occurs, the affiliate would ask the donor their preference as to the direction of their money. Mr. Leo Hamilton of the LSU Alumni Association preliminarily agreed with amendment.

Mr. Starns stated that it was his intent to insert a diversity supplier requirement into the affiliate agreement. Mr. Starns publicly stated an amendment will be forthcoming and he would share in advance.

Motion to table proposal by Mr. Brown, seconded by Mr. Dampf. The motion passed without objection.

Mr. Starns called for the discussion of the Presidential Evaluation. There was a request for executive session based a personnel matter. Motion made by Mr. Blossman and seconded by Mr. Dampf, and with no objection, the committee entered into executive session.

Present during executive session were: Mr. Starns, Mr. Blossman, Mr. Brown, Mr. Dampf, Ms. Jones, Mr. Mallett, and Mr. Yarborough, which represented quorum. Mr. Williams and Mrs. Werner were present.

Executive session concluded by a motion by Mr. Dampf, seconded by Mr. Mallett, and was concluded without objections.

Mr. Starns moved to conclude the committee meeting. Without objection, the meeting was concluded.