

UNIVERSITY OF LOUISIANA

S Y S T E M

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December 27, 2022

Dr. John Nicklow, President
University of New Orleans
2000 Lakeshore Drive
New Orleans, LA 70148

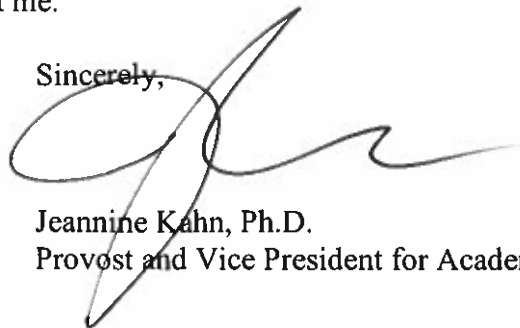
Dear Dr. Nicklow:

On December 6, 2022, the Board of Supervisors for the University of Louisiana System approved the following requests from University of New Orleans:

- F.21. Request for approval to dedicate the College of Sciences building as the “Mary Grace Curry College of Sciences Building.”
- G.6. Request for approval of a Board resolution approving the forms of and authorizing the execution of agreements and other documents necessary for the conveyance, transfer of leasehold, concession, or other rights to utility, energy, and other related facilities on portions of the University campus in order to improve, replace, repair, and manage the facilities.
- H.4. Request for approval to appoint Dr. Darrell Kruger as Provost and Senior Vice President for Academic Affairs effective January 1, 2023.
- H.7. Request for approval to continue the appointment of Ms. Joanne N. Terranova as Interim Vice President for Business Affairs effective January 1, 2023.

Enclosed for your records are the Executive Summaries with the resolutions that were approved by the Board along with the approved October and December personnel actions. If you have any questions, please do not hesitate to contact me.

Sincerely,



Jeannine Kahn, Ph.D.
Provost and Vice President for Academic Affairs

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

FACILITIES PLANNING COMMITTEE

December 6, 2022

Item F.21. University of New Orleans' request for approval to dedicate the College of Sciences building as the "Mary Grace Curry College of Sciences Building."

EXECUTIVE SUMMARY

The University of New Orleans requests that the College of Sciences building located on the University campus be dedicated as "*Mary Grace Curry College of Sciences Building*" in recognition of her significant charitable contributions to the University and the State of Louisiana religious organizations, and for her work as environmental scientist and historian of Jefferson Parish.

The posthumous contribution of Mary Grace Curry will be instrumental in the establishment of multiple Louisiana Board of Regents Support Fund endowments at the University of New Orleans supporting *Mary Grace Curry Endowed First Generation Scholarships in the College of Sciences*. These endowed scholarships will help transform the lives of multiple students over many years by helping them achieve their goal of being the first in the family to earn a college degree.

Mary Grace Curry earned a Bachelor of Science degree in biology in 1969 and a Master of Science in biology in 1971. She earned her PhD in botany from Louisiana State University in 1973. Professionally, Dr. Curry was a long-time employee of Jefferson Parish where she served as an environmental impact officer. As a volunteer, she spent countless hours meticulously gathering, researching, and recording the history of Jefferson Parish. She was a member of numerous historical and genealogical societies.

In 1993, Dr. Curry was named the College of Sciences Alumna of the Year and she served as the College's representative on the University of New Orleans Alumni Association Board of Directors and numerous committees.

RECOMMENDATION

It is recommended that the following resolution be adopted:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System hereby approves the University of New Orleans' request for approval to dedicate the College of Sciences building as the "*Mary Grace Curry College of Sciences Building*."

Approved by the Board of
Supervisors for the University of
Louisiana System on 12/6/22.



THE UNIVERSITY of
NEW ORLEANS
OFFICE OF THE PRESIDENT

G.6.

October 13, 2022

Dr. Jim Henderson., President
University of Louisiana System
1201 North Third Street, Suite 7-300
Baton Rouge, LA 70802

Re: Agenda Item for October 27, 2022 meeting

Dear Dr. Henderson:

On behalf of the University of New Orleans (the “*University*”) I am requesting that an item be placed on the agenda of the Board of Supervisors for the University of Louisiana System for its October 27, 2022 meeting for consideration of a resolution providing for the approval of certain agreements between the University, the University of New Orleans Research and Technology Foundation, Inc. (the “*Foundation*”) and LA Energy Partners, LLC, or an affiliate thereof (“*LAEP*”), relating to the modernization and operation of the University’s energy infrastructure.

You will receive from Brandon DeCuir a form of resolution to be considered by the Board, with forms of the agreements relating to the above. Representatives of the University and LAEP will be available for the October meeting to answer any questions you may have.

Thank you for your consideration.

Sincerely,

John W. Nicklow
President

cc: Matthew Kern, Jones Walker LLP
Mr. Lawrence Sisung, Sisung Securities
Linda Law Clark, DeCuir, Clark & Adams LLP
Brandon DeCuir, DeCuir, Clark & Adams LLP

1. EXECUTIVE SUMMARY

- a. Louisiana Energy Partners (LAEP):
 - i. LAEP is a joint venture between Bernhard LLC and Johnson Controls, Inc.
 - ii. LAEP proposes to enter into a Public Private Partnership (P3) with the University of New Orleans (UNO) and the UNO Research & Technology Foundation (Foundation) for an Energy-As-A-Service (EAAS) transaction to modernize and privatize certain UNO energy assets
 - iii. UNO transaction will be an opt-in to an existing State Cooperative Endeavor Agreement (CEA)
- b. Lease of Central Plants:
 - i. LAEP will lease assets in UNO's three Central Plants for a term of 25 Years.
 - ii. LAEP will have tax ownership of the Central Plant assets, but UNO/ULS retains book ownership
- c. Capital Improvements:
 - i. LAEP will finance, design and install \$27 million of total capital improvements in UNO's Central Plants (\$10M) and Campus Buildings (\$17M) to increase energy efficiency, improve the learning environment, and address deferred maintenance
- d. Energy Savings:
 - i. The capital improvements will generate approximately \$2.2 million ANNUAL utility cost savings
 - ii. LAEP will guarantee that unit energy savings (kwh) will be sufficient to cover UNO's payments to LAEP, resulting in Operating Budget Savings to UNO (given assumed utility rates)
- e. Operation and Maintenance (O&M):
 - i. LAEP will take over the majority of maintenance of UNO's Central Plant and Campus Buildings from the current third-party O&M provider
 - ii. LAEP will operate the Central Plants and provide UNO with chilled water
- f. Scholarship Fund
 - i. LAEP will pay UNO approximately \$7-10M prepaid rent at closing to put in a scholarship fund
 - ii. The upfront payment amount will depend upon interest rates when the transaction is closed
- g. Transaction Is Budget Neutral:
 - i. UNO realizes reduced utility bills due to unit energy savings (approximately \$2.2M annually)
 - ii. UNO realizes operating and maintenance cost savings (approximately \$2.9M annually)
 - iii. UNO pays a new charge to LAEP net of annual lease rent (approximately \$5.1M annually)
 - iv. Net result is a projected near zero Operating Budget Savings for UNO

2. SCOPE OF WORK

- a. Plant Improvements:
 - i. Upgrades to campus chilled water system including new cooling towers
 - ii. Upgrades to campus tower water system
 - iii. Upgrades to campus heating water system

- b. Building Improvements:
 - i. Comprehensive upgrades to campus lighting
 - ii. Comprehensive upgrades to campus domestic water system (plumbing assets)
 - iii. Comprehensive upgrades to campus building automation system

- c. Measurement and Verification (M&V):
 - i. LAEP to install metering to measure savings and improve system performance
 - ii. LAEP/UNO gain real-time system monitoring capability and fault detection
 - iii. UNO gains real-time usage reporting to reconcile utility invoices/payment

- d. Operations and Maintenance:
 - i. LAEP performs campus-wide O&M functions to ensure system reliability and performance
 - ii. UNO will have contractual remedies if stipulated performance metrics are not achieved

3. DUE DILIGENCE

- a. Financial, Technical, and Legal Advisors:
 - i. UNO and the Foundation have engaged advisors to evaluate the proposed transaction
 - ii. All advisors are independent and have no relationship with LAEP
 - iii. Financial Advisor (The Sisung Group)
 - iv. Technical Advisor (M&E Consulting Engineers)
 - v. Legal Advisors (Decuir, Clark & Adams; Jones Walker; and Baker Donelson)

- b. Due Diligence and Negotiation:
 - i. UNO received LAEP's preliminary proposal and began due diligence in June 2021
 - ii. LAEP has presented several different technical solutions to UNO since that date
 - iii. **UNO and its advisors have established transaction requirements, in particular that the transaction be operating budget neutral, provide a robust technical solution that saves energy, contain sufficient legal protections, and materially shift risk to LAEP without creating undue risk to UNO.**
 - iv. UNO's advisors have completed the majority of due diligence
 - v. Negotiation of final commercial terms and documentation is proceeding

- c. Post Closing Implementation and Monitoring:
 - i. UNO's technical advisor to review final project design, cost and savings sharing
 - ii. UNO's technical advisor to review M&V plan and annual M&V calculations

4. PROTECTIVE COVENANTS

- a. Design and Construction Risk Mitigation
 - i. LAEP will be responsible for design and construction of the projects for a fixed maximum price, and UNO and LAEP will share savings realized during design and construction
 - ii. LAEP will provide typical construction contract protections such as performance bonds

- b. Operation and Maintenance Risk Mitigation
 - i. LAEP will perform operation and maintenance for a fixed price
 - ii. LAEP will provide chilled water to UNO 24/7/365 pursuant to specified performance standards
 - iii. If an Unexcused Loss of Availability occurs because LAEP fails to provide chilled water for 4 hours, then LAEP would owe damages and UNO can elect to engage a third party to remedy the loss

- c. Capital Renewal Risk Mitigation
 - i. LAEP will provide a 10 year extended warranty on new lighting installed in the Campus Buildings
 - ii. LAEP will also provide an extended warranty covering premature failure of certain covered assets in the Central Plant during the expected useful life of the asset
 - iii. UNO (or the State) will remain responsible for replacement of covered Central Plant assets after their expected useful life, as well as uncovered assets in the Central Plant and Campus Buildings

- d. Benefit Assurance Provisions
 - i. LAEP will guarantee that UNO and the State will receive a Net Public Benefit in each year, which will consist of operating budget savings, capital outlay savings, and the benefit of pre-paid rent.
 - ii. LAEP will also guarantee that unit energy savings (kwh) will be sufficient to cover UNO's payments to LAEP, resulting in Operating Budget Savings for UNO (given assumed utility rates)

- e. Default and Termination Provisions:
 - i. The transaction will contain typical Event of Default provisions, and the occurrence of more than five Unexcused Losses of Availability in a year will be an Event of Default by LAEP
 - ii. UNO will have the right to terminate for discretionary reasons (For Convenience or For Non-Appropriation) and for event-based reasons (For Necessity or For Cause), while LAEP will only have the right to terminate for event-based reasons (For Necessity or For Cause)
 - iii. UNO would owe a termination fee which varies depending upon the type of termination event, with termination for discretionary reasons being more expensive than for event-based reasons
 - iv. Similar to other UNO public private partnership arrangements, the largest component of the termination fee would go to pay off LAEP's third party lender and to compensate LAEP for its unreimbursed investment and related breakage fees in the transaction
 - v. Depending upon the reason for termination and market interest rates at the time of termination, the termination fee may be extremely cost prohibitive for UNO
 - vi. UNO will have the scholarship fund available to apply towards any termination fee
 - vii. The termination fee is subject to appropriation, but if UNO fails to pay the termination fee, it would lose use of the Central Plants, use of the LAEP-installed capital improvements, and the right to receive chilled water from LAEP

5. TIMING AND APPROVALS

- a. UL System Consideration / Approval:
 - i. UL System Board to consider approval (10-27-2022). Approval from Board is required for UNO to execute the transaction
 - ii. UL System Board approval will allow UNO in consultation with the System President to lock the financial terms of the transaction

- b. Louisiana Division of Administration Approval:
 - i. DOA currently reviewing the transaction to ensure it meets the State's CEA requirements
 - ii. DOA places the project on the agenda for the Joint Legislative Committee on the Budget (JLCB)

- c. JLCB Review:
 - i. JLCB reviews the proposed project (10-21-2022 and 11-18-2022)

- d. Closing and Implementation
 - i. Once reviews/approvals are complete, UNO in consultation with the System President and LAEP will execute the transaction only when interest rates provide sufficient transaction economics
 - ii. LAEP will begin providing O&M services immediately
 - iii. LAEP will complete design and installation of capital improvements within 2 years

6. TRANSACTION DOCUMENTS

- a. Adoption Agreement/Facilitation Agreement:
 - i. UNO agrees to adopt the LAEP/State of Louisiana CEA framework
 - ii. These agreements establish the general transaction framework and payment terms

- b. Lease/Sublease Agreement:
 - i. UNO will lease its Central Plants to the UNO Research & Technology Foundation
 - ii. The Foundation will sublease the Central Plants to LAEP
 - iii. LAEP will fund upon transaction closing proceeds to be placed in the scholarship fund
 - iv. LAEP will make capital improvements to the Central Plants
 - v. LAEP will provide O&M services











- c. Facility Optimization Services Agreement (FOSA):
 - i. LAEP will make capital improvements to the Campus Buildings
 - ii. UNO will pay FOSA charges over the term of the transaction

- d. Thermal Services Agreement (TSA)
 - i. LAEP will provide chilled water from the leased Central Plants to UNO
 - ii. UNO agrees to pay TSA charges over the term of the transaction

- e. Miscellaneous Agreements:
 - i. Transactional provisions relating to financing, collateral, servitudes, etc.

UNIVERSITY OF NEW ORLEANS
SUMMARY OF ENERGY SERVICES PRIVATIZATION INITIATIVE

UNO GOALS AND OBJECTIVES

GOAL	DESCRIPTION	RESULT	NOTES
Meet CEA Opt-In Requirements	In order to qualify to opt-in to the State CEA, the Transaction must meet the minimum requirements set forth in the CEA, including providing a Net Public Benefit.		OBJECTIVE MET All CEA requirements met. The transaction provides \$42.7 million in Net Public Benefit over the life.
Do Not Increase the Operating Budget	Given its limited operating budget capacity, UNO cannot afford an increase in its operating budget. The transaction must be operating budget neutral or provide operating budget savings.		OBJECTIVE MET The transaction provides marginally positive Operating Budget Savings in every year totaling \$0.5 million over the life.
Reduce Energy Consumption	UNO seeks to reduce its energy consumption for the purposes of realizing energy cost savings and achieving green energy objectives. The transaction must provide new or improved energy assets that are savings accretive.		OBJECTIVE MET The transaction provides upgraded assets and privatized O&M, both of which create energy savings of 22%.
Provide Robust Technical Solution	UNO recognizes that it is unaffordable to complete a total campuswide energy asset upgrade and deferred maintenance project. However, UNO does not wish to undertake a haphazard, "band-aid" project simply due to cost concerns. The transaction must provide a robust technical solution for the included projects while still meeting other Transaction goals.		OBJECTIVE MOSTLY MET The transaction makes significant investments that are individually robust. However, the scope of the transaction is limited by the age of many existing assets and the need to not increase the operating budget.
Shift or Reduce Risk For Capital Renewal	The age of UNO's campus energy infrastructure is a significant long term operating risk due to the possibility of failure and limited availability of funding for capital renewal. The transaction must materially shift or reduce such capital renewal risk while still meeting other Transaction goals.		OBJECTIVE MOSTLY MET The transaction provides upgraded assets, an extended warranty on certain existing Central Plant assets during their expected useful life, and enhanced maintenance services in the Central Plant. All of this reduces capital renewal risk. UNO or the State retain capital renewal risk after the end of the expected useful life.
Shift or Reduce Risk For Operation and Maintenance	UNO is also currently at risk for growing operating and maintenance costs due to its aging energy infrastructure, as well as general market expense risk for inflation. The transaction must materially shift or reduce such operating and maintenance cost risk while still meeting other Transaction goals.		OBJECTIVE MET The transaction provides enhanced O&M services for the Central Plants at a fixed cost and shifts O&M risk away from UNO.
Do Not Take On Unreasonable Additional Material Risk	UNO is generally risk-averse and does not wish to take on complex or unreasonable risks without sufficient risk mitigants. The transaction must minimize any new risks to UNO.		OBJECTIVE MOSTLY MET While the transaction is complex, risk mitigants have been carefully designed to provide UNO reasonable protections.
Provide Budget Stability	It is beneficial for UNO to have certainty in its budgeted expenses. The transaction must enhance budget stability.		OBJECTIVE MET The transaction contains fixed payments by UNO to LAEP. UNO's risk for O&M expense variability is reduced. UNO's energy consumption is reduced which reduces exposure to variability in utility rates.
Provide Prepaid Rent	UNO seeks to establish a new scholarship fund in order to enhance student enrollment. The transaction should provide significant prepaid rent at closing.		OBJECTIVE MET The transaction will provide approximately \$7-10 million of prepaid rent at closing (subject to interest rates at the time of execution).
Have Reasonable Certainty of Achieving Projected Results	UNO does not wish to take on a project with speculative results. The transaction must contain safeguards to reasonably guarantee that projected results will actually be achieved.		OBJECTIVE MET UNO and its legal, financial and technical advisors have carefully vetted the transaction. Among other safeguards, LAEP will guarantee a Net Public Benefit and Operating Budget Savings.

Approved by the Board of Supervisors for the University of Louisiana System on 12/6/22.

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

PERSONNEL COMMITTEE

October 27, 2022

Item H.4. **University of New Orleans'** request for approval to appoint Dr. Darrell Kruger as Provost and Senior Vice President for Academic Affairs effective January 1, 2023.

EXECUTIVE SUMMARY

The University requests approval to appoint Dr. Darrell Kruger as Provost and Senior Vice President for Academic Affairs effective January 1, 2023 at an annual salary of \$250,000. The staff recommends approval.

RECOMMENDATION

It is recommended that the following resolution be adopted:

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System hereby approves University of New Orleans' request for approval to appoint Dr. Darrell Kruger as Provost and Senior Vice President for Academic Affairs effective January 1, 2023.*

Approved by the Board of Supervisors for the University of Louisiana System on 12/6/22.

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

PERSONNEL COMMITTEE

December 6, 2022

Item H.7. **University of New Orleans'** request for approval to continue the appointment of Ms. Joanne N. Terranova as Interim Vice President for Business Affairs effective January 1, 2023.

EXECUTIVE SUMMARY

The University requests approval to continue the appointment of Ms. Joanne N. Terranova as Interim Vice President for Business Affairs effective January 1, 2023 at an annual salary of \$185,000. The staff recommends approval.

RECOMMENDATION

It is recommended that the following resolution be adopted:

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System hereby approves University of New Orleans' request for approval to continue the appointment of Ms. Joanne N. Terranova as Interim Vice President for Business Affairs effective January 1, 2023.*