AGENDA

SPECIAL MEETING
LSU BOARD OF SUPERVISORS

Board Room, LSU System Building
Baton Rouge, Louisiana

1:30 P.M., WEDNESDAY, JUNE 19, 2013

Mr. Hank Danos, Chairman

1. Call to Order and Roll Call
2. Invocation and Pledge of Allegiance
3. Public Comments

4. Cooperative Endeavor Agreement among the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, Franciscan Missionaries of Our Lady Health System or its affiliates, the State of Louisiana through the Division of Administration, the Louisiana Division of Administration, and the Louisiana Department of Health and Hospitals, relating to Bogalusa Medical Center

5. Chairman’s Report

6. Adjournment
COOPERATIVE ENDEAVOR AGREEMENT

BY AND AMONG

NEWCO;

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

THE STATE OF LOUISIANA THROUGH THE DIVISION OF ADMINISTRATION;

AND

THE LOUISIANA DEPARTMENT OF HEALTH & HOSPITALS.

DATED __________, 2013
COOPERATIVE ENDEAVOR AGREEMENT

THIS COOPERATIVE ENDEAVOR AGREEMENT (“CEA” or “Agreement”) is made and entered into this ____ day of June, 2013 (“Effective Date”), by and among ________________________________, a Louisiana nonprofit corporation (“NEWCO”), Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (“LSU”), the State of Louisiana (the “State”), acting herein through the Division of Administration (the “DOA”), and the Louisiana Department of Health and Hospitals (“DHH”). NEWCO, LSU, STATE, DOA, and DHH are referred to together as the “Parties,” and each, a “Party.” Capitalized terms shall have the meanings set forth on Exhibit 1.

RECITALS

WHEREAS, the State, through public and private educational institutions, facilities and health providers, has long endeavored to create and maintain a system of medical education and training of the highest quality while also providing the highest quality of health care services to all citizens of the State;

WHEREAS, it is a collective goal of the Parties to enhance the stability and competitiveness of Louisiana’s medical education and training programs and institutions so that Louisiana is positioned to continue to attract the most talented faculty, students, residents and other medical professionals;

WHEREAS, Louisiana has traditionally relied on a state-wide public hospital system, most recently owned and operated by LSU pursuant to constitutional and statutory authority, to (i) provide health care to the State’s uninsured and high-risk Medicaid populations, as well as prisoner care, and (ii) serve as the primary training sites for LSU’s medical education programs;
WHEREAS, the state-wide public hospital system is financially unsustainable, compromising LSU’s and the State’s ability to provide medical education opportunities, a full range of clinical services to all Louisiana citizens, including the uninsured and Medicaid high-risk populations, and promote clinical research and other advances in health care;

WHEREAS, Louisiana’s health care reform effort has focused on ways to remodel the delivery of care through sustainable partnerships and cooperative efforts between the public and private sectors;

WHEREAS, LSU owns certain facilities (the “Owned Facilities”) and equipment valued at more than One Thousand Dollars ($1,000.00) that is tagged and tracked in accordance with State property control requirements (the “Equipment”) and leases certain facilities (the “Leased Facilities”) through which LSU operates Washington St. Tammany Medical Center, d/b/a Bogalusa Medical Center, having a Medicare Provider Number 19-0001 (the “Hospital”);

WHEREAS, LSU, STATE, DOA, DHH, and NEWCO desire for NEWCO to lease the Owned Facilities and Equipment and sublease the Leased Facilities, and pursuant thereto operate the Hospital as a private enterprise to serve and enhance opportunities to achieve Louisiana’s medical education, clinical care and research goals after an interim period allowing the Parties sufficient time to structure a transition;

WHEREAS, NEWCO and its Affiliates have extensive experience in nonprofit hospital operations and finances and are committed to the growth and expansion of the charitable clinical, teaching and research missions in the communities they serve;

WHEREAS, to maintain the viability of Hospital operations, its current range of patient care services and programs, and protect and enhance the Hospital’s vital role in the community, the Parties desire to immediately bring NEWCO’s financial, operational and relationship and
other expertise and resources to the Hospital for the mutual benefit of the State and LSU by entering into a series of transactions in which (i) NEWCO and LSU will work together from the Effective Date to the Commencement Date to transition Hospital operations from LSU to NEWCO in accordance with this CEA and its ancillary agreements, (ii) LSU will lease the Owned Facilities and Equipment and sublease the Leased Facilities to NEWCO as of the Effective Date, with NEWCO to begin operating the Hospital operations as of the Commencement Date, (iii) NEWCO will purchase all consumable inventory and each item of equipment used in Hospital operations that is valued at less than One Thousand Dollars ($1,000.00); and (iv) NEWCO will commit to supporting LSU’s academic, clinical and research missions in accordance with this CEA (collectively, the “Contemplated Transactions”);

WHEREAS, among other things, the Contemplated Transactions will afford NEWCO and its Affiliates the opportunity to extend their management abilities and mission to additional hospital facilities, access and support a robust clinic infrastructure, create innovative health care delivery systems (such as accountable care organizations), and facilitate greater clinical integration across a broader base of providers, all of which will serve to expand, diversify and serve the patient population of the Bogalusa area;

WHEREAS, among other things, this CEA and the Contemplated Transactions will: (i) stabilize and enhance the medical education and training experiences and opportunities available to LSU students and residents at the Hospital, (ii) optimize the training resources to build Louisiana’s health care workforce and further the health care enterprise in the State; (iii) based on available and reasonable means of financing, provide better access to a full range of clinical care services to the uninsured and high risk Medicaid populations; (iv) attract private and publicly financed third party payments in order to compete in the health care marketplace; and
(v) promote better health care for Louisiana citizens through an evidence-based, outcomes driven integrated delivery system focused on high quality, cost-effective health care.

WHEREAS, NEWCO is willing and desires to provide, either directly or through its other Affiliates, the financial resources, operational expertise, and other necessary resources and to take steps to ensure that the Hospital continues to: (i) serve as a safety-net hospital, and play a central role in providing healthcare services to the uninsured, high-risk Medicaid and State inmate populations in the Bogalusa area; (ii) provide Louisiana, whether through the Hospital or another NEWCO Affiliate, services that might not otherwise be available in the community; (iii) preserve the quality of medical education in Louisiana through medical training partnerships and academic affiliations with LSU; and (iv) prevent the major reductions currently contemplated for the Hospital and their devastating effects on patient access to clinical care;

WHEREAS, the Parties recognize that NEWCO’s operation and management of the Hospital will include the commitment and the assumption of significant financial and operational investments by NEWCO and its Affiliates, and NEWCO and its Affiliates desire to assure sustainable reimbursement levels commensurate with such investments;

WHEREAS, it will be necessary for the Hospital to be operated in a manner consistent with the best practices of private, non-profit institutions, and it must function responsibly as an independent entity;

WHEREAS, the Parties recognize the importance of and desire to ensure the continued provision of charitable care at the Hospital to the extent it is funded by DHH or otherwise required by law;
WHEREAS, the State, through DOA and DHH, will exercise best efforts to fund the cost of the services provided to the uninsured, subject to funding by the State Legislature, which they will take reasonable steps to obtain.

WHEREAS, the Louisiana Constitution in Article VII, Section 14(C) permits the State and its political subdivisions or political corporations to engage in cooperative endeavors with any public or private association, corporation or individual;

WHEREAS, the Parties desire to enter into this CEA, as well as related agreements, to facilitate and advance the goals recited herein;

WHEREAS, in addition to this CEA and the Exhibits hereto, LSU and NEWCO will enter into a Master Collaborative Agreement to address ancillary matters related to the Contemplated Transactions (the “MCA”);

WHEREAS, the Parties recognize this CEA shall be subject to presentation and review by the Louisiana Legislature’s Joint Legislative Committee on the Budget in accordance with law;

WHEREAS, the Parties intend the Contemplated Transactions will reduce the need for State General Funds expenditures below those previously contemplated;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I.
STATEMENT OF PUBLIC PURPOSE

Section 1.1 Public Purpose. In accordance with Article VII, Section 14 of the Constitution of the State of Louisiana, the Parties enter into this CEA for the public purpose of creating an integrated health care delivery system in which the Parties continuously work in
collaboration and are committed and aligned in their actions and activities, in accordance with a sustainable business model, to serve the State and its citizens: (i) as a site for GME, capable of competing in the health care marketplace, with the goal of enriching the State’s health care workforce and their training experience; (ii) in fulfilling the State’s historical mission of assuring access to Safety Net Services to all citizens of the State, including its Medically Indigent, high risk Medicaid and State inmate populations; and (iii) by focusing on and supporting the Core Services and Key Service Lines necessary to assure high quality medical education training and access to Safety Net Services.

Section 1.2 Monitoring. LSU shall designate an individual (the “Contract Monitor”) to be responsible for monitoring compliance with this Agreement in accordance with Executive Order BJ 08-29. The Contract Monitor shall implement a plan that includes regular data collection, review, and reporting, consistent with the terms of this Agreement, which will provide for reasonable accountability to the Public Purpose as set forth in this Article I. The Contract Monitor shall regularly report such findings to the LSU Vice President for Health Care.

**ARTICLE II. MEDICAL EDUCATION SUPPORT**

Section 2.1 Academic Affiliation with LSU. Recognizing the importance of the LSU family medicine residency program based, and the ophthalmology program rotating, at the Hospital (the “GME Program”) to Hospital operations and the training of physicians in rural areas to Louisiana’s health care workforce, NEWCO and LSU will enter into an Academic Affiliation Agreement (“AAA”) that sets forth the terms and conditions upon which NEWCO and LSU specifically agree and will collaborate to strengthen LSU, the Hospital and their respective programs. The AAA will provide that (i) LSU maintains ultimate authority over its academic programs, policies and procedures as they directly relate to the LSU faculty, residents
and students, and (ii) NEWCO maintains ultimate authority over the business, management, policies, operations and assets of the Hospital.

(a) **Academic Autonomy**. LSU will retain discretion to determine how to develop and where to place its research and education programs, including their clinical components. The LSU Board, administration and various academic deans will retain authority over educational policy, curriculum design, educational program leadership, research policy, academic appointments and all other academic policy matters. The AAA shall not impinge on LSU’s academic integrity and independence.

(b) **Research Support**. The AAA will address a method for determining Hospital support for LSU’s research activities, including, without limitation, infrastructure support for funded research grants, access to data, Institutional Review Board (IRB) support, and, potentially, Hospital funding of LSU faculty research.

(c) **Intellectual Property**. The AAA will include provisions to address the ownership and use of intellectual property between NEWCO and LSU.

(d) **Resident Rotations**. During the Term of this Agreement, LSU shall cause at least nineteen (19) residents to rotate at the Hospital in the family medicine and ophthalmology programs. LSU represents that seven (7) resident slots are funded in part through grants, and that additional grant funding may be available for a portion of the costs up to five (5) additional resident slots. All existing grant funds held by LSU and any such grant funds received by LSU will be used exclusively to supplement the resident costs incurred by NEWCO. LSU shall use its best efforts to cause such grant funding to continue during the Term of this Agreement for the benefit of NEWCO and the Hospital's operations and to assist NEWCO in increasing such grant funding to cover additional
resident costs. If during the Term of this Agreement such grant funds are reduced, LSU shall use its best efforts to provide or cause to be provided additional funding to replace such grant funds. Further, in the event funded residency caps become available through a cap redistribution or other means, LSU agrees to support NEWCO in applying for any such caps to be assigned to or transferred to the Hospital.

ARTICLE III. COMMITMENTS TO PATIENT CARE

Section 3.1 Care for the Medically Indigent and Uninsured. Recognizing (i) the State’s historical commitment to providing free or reduced cost health care to the uninsured and Medically Indigent populations, and (ii) LSU’s mission of providing access to high quality medical care for all patients, including the high-risk Medicaid and Medically Indigent populations, within available financing and approved budgets, and (iii) the need to support LSU’s education and training mission, NEWCO agrees, subject to its receipt of the Required Funding as provided in Article VII, to provide free or reduced cost health care to Medically Indigent patients of the Hospital in accordance with a Charity Care Policy that is consistent in all material respects with LSU Policy Number 2525-12, the current policy for determining eligibility for free or reduced cost health care services at the Hospital, as may be amended to adjust for changes in the federal poverty guidelines issued annually by the U.S. Department of Health & Human Services.

Section 3.2 Care for High-Risk Medicaid Patients. Recognizing LSU’s traditional role as a high-volume provider of health care services to patients covered by Medicaid, particularly medically complex and otherwise high-risk Medicaid patients, NEWCO and LSU will assure that the Core Safety Net Services and Key Services Lines as described in this Article III are available to high-risk Medicaid patients in accordance with the terms of this CEA.
Section 3.3  **State Inmate Care.** Subject to its receipt of reasonable and appropriate cost reimbursement, as determined in NEWCO’s reasonable discretion, NEWCO, with the support of LSU, will provide medically necessary health care to the State’s inmates incarcerated in Washington Parish, Louisiana. In the event NEWCO does not receive such reasonable and appropriate cost reimbursement, it may suspend the provision of health care services to State inmates, and the State shall arrange for alternative sources of medically necessary health care until such time as reasonable and appropriate cost reimbursement is provided to NEWCO for such medically necessary services. Suspension of care to State inmates due to lack of reasonable and appropriate cost reimbursement for such services shall not constitute a violation of this CEA.

Section 3.4  **Core Services.** The Parties acknowledge and agree that the services identified on Exhibit 3.4 are core Safety Net Services ("Core Services") currently being provided to the community and the region through the Hospital, and that NEWCO will continue to provide the Core Services through the Hospital on and after the Commencement Date, subject to the terms of this CEA, including receipt of the Required Funding. Except for reasons of (i) NEWCO’s inability to reasonably obtain adequate professional staff, including physicians, through LSU or other resources, or (ii) a lack of Required Funding, NEWCO will not unilaterally discontinue any Core Service currently provided at or through the Hospital. Notwithstanding the foregoing, the Core Services, and Exhibit 3.4, may be amended in the future to add or delete a Core Service by mutual agreement of LSU and NEWCO based on community need, patient access, cost, available resources and other relevant considerations. Subject to applicable Legal Requirements, NEWCO will not close the Hospital or the Hospital’s emergency room or reduce Core Services or reduce Key Service Lines below the Key Service Baseline except for reasons of
(i) NEWCO’s inability to reasonably obtain adequate professional staff, including physicians, through LSU or other resources, or (ii) a lack of Required Funding.

Section 3.5  **Key Service Lines.** The parties acknowledge and agree that the clinical service lines identified on Exhibit 3.5 ("Key Service Lines") are critical not only to comprehensive patient care, but also to the Hospital’s mission of providing robust medical education and clinical research experiences. LSU and NEWCO agree that, subject to NEWCO’s receipt of the Required Funding, the Hospital will offer a baseline of services in the Key Service Lines at least at the level provided at the Facility on the Effective Date as agreed upon by NEWCO and LSU ("Key Service Baseline"), and will work collaboratively with LSU to grow the Key Service Lines above the Key Service Baseline with a financially sustainable payer mix. Subject to receipt of the Required Funding and NEWCO’s ability to reasonably obtain professional staff, including physicians, through LSU or other resources, NEWCO will not eliminate or substantially reduce a Key Service Line below the Key Service Baseline without first consulting LSU and engaging in the Consultative Process, taking into account medical education needs, community needs, and other relevant factors.

Section 3.6  **Telestroke Services.** NEWCO and LSU will maintain the infrastructure, such as staff support, space, and scheduling, of telestroke services provided at the Facility as of the Effective Date. LSU will provide the physician support and NEWCO, subject to receipt of the Required Funding, will provide the infrastructure support necessary to maintain the Hospital’s telestroke program at least at the level provided as of the Effective Date.

**ARTICLE IV. TRANSITION PERIOD**

Section 4.1  **Transition.** During the period beginning on the Effective Date and ending on the Commencement Date, or such longer period as may be necessary to effect an orderly
and smooth transition of Hospital operations from LSU to NEWCO (the “Transition Period”), LSU and NEWCO shall cooperate and collaborate to assure the orderly and smooth transition of Hospital operations, including patient care, financial and administrative functions, employees, and other matters, and that the Public Purpose is satisfied at all times. LSU will provide NEWCO and its employees, agents, servants and contractors access to the Hospital and its employees as reasonably requested to facilitate an orderly transition and meet the objectives of this Article IV.

(a) **LSU Obligations.** During the Transition Period, LSU shall at all times exercise ultimate control over the affairs of the Hospital, shall maintain its governance policies for the Hospital, and shall be accountable and responsible for all Hospital operations.

(b) **NEWCO Obligations.** NEWCO shall establish and implement a transition plan and devote such resources during the Transition Period as may be necessary to assure the orderly transition of Hospital operations, including patient care, from LSU to NEWCO.

**ARTICLE V. FACILITIES AND EQUIPMENT**

Section 5.1 **NEWCO Lease of Facilities and Equipment.** Contemporaneous with and subject to the terms and conditions of this CEA, LSU and NEWCO shall enter into that certain Master Hospital Agreement (“Master Agreement”), along with a sublease of the Leased Facilities (“Sublease”), a lease of the Owned Facilities (“Lease”), and a lease of the Equipment (“Equipment Lease”) in the forms attached as Exhibits 5.1(a), Exhibit 5.1(b), Exhibit 5.1(c) and Exhibit 5.1(d), respectively. The Master Agreement, Lease, Sublease and Equipment Lease shall provide for the lease of the Owned Facilities, Leased Facilities and Equipment, and all other real
property and tangible personal property used by LSU for Hospital operations as of the Commencement Date (collectively, the “Leased Assets”) except the property described in Section 5.2, but shall not include any liens, claims, security interests, charges, privileges, pledges, mortgages, deeds of trust or encumbrances on the Leased Assets except as may be further described in the Master Agreement, Lease, Sublease or Equipment Lease including, without limitation, any obligations with respect to bonded indebtedness on the Leased Facilities as described in the Sublease. Without limiting the foregoing, the Master Agreement, Lease, Sublease and Equipment Lease will also provide for the following:

(a) **Rental Payments.** The rental payments paid by NEWCO for the Leased Assets (collectively, “Rent”) represent fair market value, as set forth in the Master Agreement.

(b) **Term; Renewal Options.** The Master Agreement, Lease and Sublease shall each have a term of ten (10) years, with the option for NEWCO to renew all three (3) such agreements for three (3) additional five (5) year renewal terms. The Master Agreement, Lease and Sublease shall not be independently renewable.

Section 5.2 **Consumables and Inventory.** All inventories of (i) supplies, drugs, food, and other disposables, and (ii) tangible non-consumable movable assets valued at less than one thousand dollars ($1,000.00) and are on hand at the Owned Facilities and Leased Facilities as of the Commencement Date, will be transferred to NEWCO for fair market value pursuant to the terms and conditions set forth in the Master Collaborative Agreement.
ARTICLE VI.
HOSPITAL EMPLOYEES

Section 6.1 Employee Matters.

(a) Termination of Employment by LSU. Subsequent to the execution of this CEA by all Parties, LSU will file a layoff plan (the “Layoff Plan”) with the Louisiana Civil Service Commission that will provide for LSU’s Hospital employees (“LSU Personnel”) to be laid off as LSU employees, subject to the approval of the Civil Service Commission, as of 11:59:59 p.m. on the day before the Commencement Date.

(b) Offers of Employment. All LSU Personnel may apply to NEWCO for employment, and NEWCO may, in its discretion, offer employment to LSU Personnel. NEWCO may communicate with any of the LSU Personnel currently employed in the operation of the Hospital to the extent necessary to allow LSU Personnel to apply for employment, to offer employment and to otherwise reasonably permit NEWCO to act in accordance with this Section.

(c) NEWCO Terms and Conditions of Employment. All LSU Personnel offered employment by NEWCO shall be hired on an at-will basis for job classifications and job descriptions established by NEWCO, and shall be employed subject to terms and conditions established by NEWCO.

(d) Employee Assistance. NEWCO shall establish a website through which LSU Personnel may apply for positions at NEWCO. LSU will provide LSU Personnel with a “Frequently Asked Questions” document regarding the civil service process, retirement benefits and health benefits.

(e) LSU Wages, other Compensation and Employee Benefits. LSU shall retain all liabilities and obligations in respect of past, present and future employees of
LSU, including but not limited to LSU Personnel, for wages and other compensation, under any LSU Benefit Plans and under applicable laws. Without limiting the generality of the foregoing, NEWCO shall have no liability or obligation whatsoever under any LSU Benefit Plans and/or for any wages and other compensation that may be due to LSU Personnel including any past, present and future employees of LSU.

**ARTICLE VII. REQUIRED FUNDING**

Section 7.1 Required Funding.

(a) Capitalization of NEWCO. As of the Commencement Date, NEWCO shall be capitalized with an initial capital contribution to NEWCO in the amount of not less than Seven Million, Five Hundred Thousand Dollars ($7,500,000.00) (the “Initial Capital Contribution”). The Initial Capital Contribution shall be available to NEWCO without restriction as its initial working capital, and shall be free and clear of any liens, claims, security interests, charges, privileges, pledges, mortgages, deeds of trust or encumbrances or obligations of any kind or nature on the Commencement Date. NEWCO shall provide documentation of the Initial Capital Contribution and available working capital on the Commencement Date as LSU and DOA may reasonably request. Any all contracts or other arrangements for goods or services between or among NEWCO and any of its Affiliates shall be arm’s length transactions for fair market value. During the three (3) year period beginning with the Commencement Date, NEWCO shall not make any distributions to any of its Affiliates unless, after such distribution, NEWCO’s net working capital is not less than sixty days (60) of current expenses for NEWCO’s operation of the Hospital.
(b) **Ongoing Funding.** The State, through DHH, will pay to NEWCO or its affiliates the costs identified on Exhibit 7.1(a) (the “Cost Analysis Worksheet”) incurred by NEWCO on or after the Commencement Date, including any efficiency bonus or cap reduction due to/from NEWCO as described on Exhibit 7.1(c) (collectively the "Required Funding"). NEWCO and DHH anticipate that costs will be acceptably captured in the future based on the use of Medicaid/Medicare Cost Report data and the other elements of the Cost Analysis Worksheets described below. The methodology for determining the Required Funding shall be as set forth in the worksheets described in this Article VII. If DHH, NEWCO and LSU implement any coordinated care network or other managed care payment arrangement, such arrangement shall provide that NEWCO shall receive the Required Funding as described in this Agreement for the goods, services and actions provided by or through NEWCO as part of such managed care payment arrangement.

So long as the assumptions of DHH and NEWCO in determining the Required Funding, including utilization, payor sources and anticipated patient volume, remain the same, NEWCO and DHH will continue to use the Required Funding in determining the amounts to be paid to NEWCO and its Affiliates for services provided under this Agreement. If such assumptions change, NEWCO or DHH may request that the Required Funding be modified. In that case, such Party will provide the other Parties with written notice (a “Funding Adjustment Notice”) of such request, which notice shall include an explanation of why such party has determined the Required Funding is not applicable and describe the adjustments to the methodology it proposes. DHH and NEWCO shall engage in good faith negotiations for a period of fifteen (15) Business Days in an attempt to agree on any proposed adjustments of the Required Funding. If DHH and NEWCO agree
on the adjustments to the Required Funding, such adjusted funding shall constitute the Required Funding. If DHH and NEWCO do not agree on any proposed adjustments to the Required Funding within such fifteen (15) Business Day period, either of DHH or NEWCO will be entitled to immediately provide a notice of termination to the other Parties, in which case this Agreement will automatically terminate, subject to the Wind Down Period set forth in Section 13.9. During the Wind Down Period, the methodology and rules for the Required Funding in place immediately before the Funding Adjustment Notice shall continue to apply.

(c) Payment Timing. Medicaid payments due to NEWCO shall be paid in accordance with DHH’s normal payment procedure. All uncompensated care and disproportionate share payments (collectively the “DSH Payments”) to be made to NEWCO shall be paid as follows: (i) an estimated DSH Payment for the period from the Commencement Date to June 30, 2014 shall be made to NEWCO no later than January 15, 2014; and (ii) for each State fiscal year ending June 30 thereafter, estimated DSH Payments, determined using the Cost Analysis Worksheet, will be made to NEWCO on a prospective basis, with 80% of the estimated payment made no later than October 15 of such fiscal year, and the remaining 20% paid no later than April 1 of such fiscal year. All other payments (“Supplemental Payments”) as shown on the Cost Analysis Worksheet shall be paid to NEWCO on a prospective basis at the beginning of each calendar quarter beginning on January 1, April 1, July 1 and October 1. The amount of such prospective Supplemental Payments for the quarters ending March 31, 2014 and June 30, 2014 will be determined based on a reasonable budget submitted to the State and LSU by NEWCO for such periods, and the remaining Supplemental Payments during the Term will be
adjusted based on NEWCO’s cost experience for prior periods. DHH and NEWCO shall establish a reasonable process for reconciling all costs and payments made pursuant to this Agreement and the repayment or offset of any differences resulting from such reconciliation.

Section 7.2 Disputes Regarding Cost Calculations; Notice and Review. Notwithstanding the payment of any portion of the Required Funding to be paid pursuant to Section 7.1, the parties agree and acknowledge that such payments made will be reconciled with actual costs for the period with respect to which such payments relate. Any overpayment or underpayment of such actual costs will be paid to or refunded by the appropriate party as the case may be, within thirty (30) days of a final reconciliation. If DHH disagrees with the costs submitted by NEWCO for payments due under Section 7.1, DHH shall prepare its calculations of the Required Funding (the “DHH Funding Calculations”) and provide a copy of such calculations to LSU, NEWCO or its designee. NEWCO will have fifteen (15) Business Days to review the DHH Funding Calculations. If NEWCO disagrees with the DHH Funding Calculations, it shall provide written notice to DHH and LSU of its objection within three (3) Business Days of the end of the fifteen (15) Business Day review period, which notice shall include a copy of NEWCO’s calculations of the Required Funding (the “NEWCO Funding Calculations”). If NEWCO agrees with the DHH Funding Calculations, the DHH Funding Calculations shall constitute the Required Funding for the period in question. Notwithstanding the foregoing, payments made pursuant to the Efficiency Bonus shall be calculated based on the cost baseline resulting from the final reconciliation, as more specifically reflected in Exhibit 7.1.

(a) Good Faith Negotiations. If NEWCO timely delivers its notice of objection as provided in Section 7.2 above, NEWCO and DHH will diligently work in
good faith for a period of fifteen (15) Business Days to resolve the disputed amounts in the DHH Funding Calculations and the NEWCO Funding Calculations. Final determination of acceptable solutions pursuant to such good faith negotiations, if any, will reside with an executive officer of NEWCO and the Secretary of DHH. If NEWCO and DHH do not resolve such objections within such fifteen (15) Business Day period, the determination of Required Funding shall be submitted to a Health System CPA as provided in subsection (b) below.

(b) Independent Review. If NEWCO and DHH are not able to resolve the disputed amounts in the DHH Funding Calculations and the NEWCO Funding Calculations, such disputed amounts shall be submitted to an independent third party certified public accountant. Such certified public accountant must be nationally recognized and possess significant experience in the review and analysis of the financial and reimbursement operations of hospital systems and may not have been engaged by NEWCO, or the parent organization or any Affiliate of NEWCO, LSU or DHH during the two (2) year period prior to delivery of the objection notice by NEWCO described in Section 7.2 above (a “Health System CPA”). NEWCO and DHH shall select a mutually agreeable Health System CPA meeting the requirements described above. If NEWCO and DHH cannot agree on a Health System CPA within five (5) Business Days of expiration of the fifteen (15) Business Day negotiation period in subsection (a), each of NEWCO and DHH shall within the last three (3) Business Days of the expiration of the negotiation period designate a certified public accountant (who will not be required to meet the experience requirements above) and those certified public accountants shall within three (3) Business Days select a mutually agreeable Health System CPA. Each of
NEWCO and DHH shall be entitled to engage, at its own expense, any other professionals or advisors to assist in preparing or analyzing material to be presented to the Health System CPA. The Health System CPA so selected shall review the DHH Funding Calculations and the NEWCO Funding Calculations and render a written report to NEWCO, LSU and DHH within thirty (30) calendar days of being engaged as to his or her conclusion as to what portion of the disputed amounts should be included in the Required Funding, determined by applying the applicable methodology under Section 7.1. Such determination shall be conclusive as to how to treat the disputed amounts in determining the Required Funding. If the report of the Health System CPA verifies or validates the DHH Funding Calculations, the cost of the Health System CPA will be borne by NEWCO. If the report of the Health System CPA verifies or validates the NEWCO Funding Calculations, the cost of the Health System CPA will be borne by DHH. Otherwise, the cost shall be shared equally by NEWCO and DHH. NEWCO and DHH shall provide LSU and the Health System CPA their calculations, determinations, work papers and similar supporting materials to assist the Health System CPA in reaching a conclusion.

Section 7.3  Rulemaking. Subject to CMS approval, and to the extent necessary, DHH will submit a State Plan Amendment, and promulgate a conforming rule, that will obligate itself to make supplemental Medicaid payments to NEWCO or its Affiliates as required by Section 7.1.

Section 7.4  Access to Books and Records. NEWCO shall provide reasonable access to the books, records and other financial information for purposes of and to the extent necessary to performing its functions under this CEA, and to the extent required by law. Except as otherwise
provided by applicable Legal Requirements, any such access shall be given on the condition that any information received or reviewed shall be considered Confidential Information subject to the terms and conditions of Section 16.5.

Section 7.5 Request for Appropriations.

(a) Obligations Conditioned on Appropriations; Notice of Expected Event of Inadequate Funding. Payment obligations under this Agreement shall be subject to appropriation by the Legislature of sufficient funds and the availability of funds following such Legislative appropriation. If DHH becomes aware of circumstances that lead it to conclude that NEWCO or any of its Affiliates is unlikely to receive the Required Funding without additional legislative appropriations, DHH shall immediately notify the Parties of such conclusion and the amounts by which DHH expects payments to the Party expected to experience the event of Inadequate Funding will fall short of the Required Funding.

(b) Commissioner’s Required Efforts. The State, through the Commissioner of DOA, covenants to (i) include in DHH’s annual budget request a request for the appropriation of funds necessary to pay to NEWCO and its Affiliates for the State’s next fiscal year the Required Funding for such period, and (ii) use its best efforts to get such budget amounts approved and funded by the Legislature. If the funds necessary to satisfy the Required Funding are appropriated, the State agrees to provide such funding to the appropriate Party for the intended purpose and use of such funds under this Agreement.

(c) DHH’s Required Efforts. DHH covenants to (i) include in its annual budget a request for the appropriation of funds necessary to pay to NEWCO and its Affiliates for the State’s next fiscal year the Required Funding for such period, (ii) use its
best efforts to get such budget amounts approved and funded by the Legislature and if such funds are appropriated, to provide such funding to the appropriate Party for the intended purpose and use of such funds under this Agreement, and (iii) if the funds necessary to satisfy DHH's payment obligations under this Agreement are not specifically identified as such and appropriated to DHH by the Legislature, use its best efforts to allocate and pay such amounts to NEWCO and its Affiliates and LSU, as the case may be, from all appropriate funds available to DHH.

(d) **LSU’s Required Efforts.** LSU covenants to use its best efforts to support NEWCO, the Commissioner, and DHH in their efforts to obtain the funding necessary to pay to NEWCO and its Affiliates for the State’s next fiscal year the Required Funding for such period.

**Section 7.6 No Diminution in System Funding.** The State, acting through DOA and DHH, warrants that the payment of the Required Funding shall not result in a diminution in funding to NEWCO or any of its Affiliates, unless any such diminution in funding is applicable to all similarly situated non-state owned private hospitals in the State of Louisiana. A violation of this Section 8.6 shall constitute a Potential Terminating Breach and NEWCO will have the option to initiate termination of the Agreement in accordance with Article XIII. Further, the State, acting through DOA and DHH, warrants that the Required Funding in this Agreement shall not be credited or setoff against any funding required pursuant to any other agreement to which DHH and any Affiliate of NEWCO are a party. **Amendment.** In the event that the State expands its Medicaid program to provide coverage to adults with income below 133% of the federal poverty line pursuant to the authority contained in Social Security Act section 1902(a)(10)(i)(VIII) (42 U.S.C. section 1396a(a)(10)(i)(VIII)), as added by the Patient Protection
and Affordable Care Act, then DOA, DHH and NEWCO agree to review, and if necessary, amend this Article VII to accommodate such expansion in such a manner as to continue to assure adequate funding as set forth in this Article.

ARTICLE VIII.
MASTER COLLABORATIVE AGREEMENT

Section 8.1 In General. Subsequent to the execution and consistent with the terms of this CEA, but prior to the Commencement Date, LSU and NEWCO will enter into a Master Collaborative Agreement (“MCA”) to address key operational issues related to the transition of the Hospital from LSU to NEWCO in accordance with this CEA. The MCA shall address, without limitation, the mutually agreeable terms, conditions under which:

(a) Provider Numbers. NEWCO shall apply for new Medicare and Medicaid provider numbers, which provider numbers shall be transferred to LSU upon termination of this CEA;

(b) Professional Services. NEWCO may contract with LSU to obtain the services of LSU physicians and related services necessary to provide patient care in the Hospital and its provider-based outpatient clinics;

(c) Accountable Care Services. NEWCO may contract with LSU for data warehouse, disease management and related health care effectiveness services designed to improve quality and patient outcomes, and reduce the cost of health care services, particularly among the uninsured and high risk Medicaid populations;

(d) Medical Staff. The Hospital’s current medical staff may be credentialed and/or recredentialed by NEWCO’s governing body upon transition of the Hospital to NEWCO; and
(e) **Transition Support Services.** NEWCO may contract with LSU for certain support services during a transition period, including, without limitation, certain information technology, billing and collections, and other support and maintenance services.

Section 8.2 **Medical Records.** LSU shall destroy or remove from the Facilities any and all patient records, including without limitation patient charts, pathology reports, mammograms, laboratory reports and results, imaging studies and other patient care records, which as of the Commencement Date are due to be removed or destroyed in accordance with LSU’s patient recordkeeping policies or other similar record purging policies (the “Expired Records”). The MCA will provide that during the Term NEWCO will become the custodian of Hospital’s patient records, other than the Expired Records, and will maintain such records in accordance with the Legal Requirements, provided that LSU and its agents and attorneys shall have access to such records as needed for litigation and other appropriate purposes in accordance with the Legal Requirements.

**ARTICLE IX.**

**LSU REPRESENTATIONS AND WARRANTIES**

LSU represents and warrants that the statements contained in this Article are correct and complete as of the date of this CEA.

Section 9.1 **Organization and Standing.** LSU is a public constitutional corporation organized under the laws of Louisiana. LSU is validly existing and in good standing under the laws of Louisiana.

Section 9.2 **Authority; No Conflict.**

(a) This Agreement constitutes the legal, valid and binding obligation of LSU, enforceable against it in accordance with its terms, and, upon execution and delivery by
LSU of any document or agreement to be executed in connection with this Agreement, each other agreement will constitute the legal, valid and binding obligation of LSU, enforceable against it in accordance with its terms. LSU’s Board of Supervisors has authorized the execution and delivery of this Agreement and such other documents to which it is a party and the performance of all of LSU’s obligations hereunder and thereunder. A copy of the authorizing consent resolution or meeting minutes as certified by LSU’s board secretary is attached as Exhibit 9.2(a).

(b) To LSU’s Knowledge, neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions hereby will, directly or indirectly (with or without notice or lapse of time):

(i) Breach any resolution adopted by LSU’s Board of Supervisors;

(ii) Give any Governmental Body or other Person the right to any successful remedy or relief under any Legal Requirement to which LSU may be subject;

(iii) Contravene, conflict with, or result in a violation or Breach of any of the terms or requirements of, or give any Governmental Body applicable to LSU, the right to revoke, withdraw, suspend, cancel, terminate or modify any Governmental Authorization held by LSU.

(iv) Cause NEWCO to become subject to, or to become liable for, the payment of any Liability of LSU; or

(v) Result in the LSU GME Programs violating any rules, policies, procedures or accreditation requirements of ACGME or otherwise result in (A) the LSU GME Programs ceasing to be accredited by ACGME, (B) the LSU GME
Programs ceasing to be funded by DOA, or (C) LSU ceasing to comply with or satisfy any CMS reimbursement requirements or regulations applicable to the LSU GME Programs.

(c) LSU warrants that it will not take any action, fail to take any action, enter into any agreement or consummate any transaction that would prevent LSU from performing the Contemplated Transactions or performing its obligations under this Agreement or any agreement delivered in connection with this Agreement or otherwise materially and adversely affect the Hospital or the LSU GME Programs without the prior written consent of an authorized representative of NEWCO.

Section 9.3 Employee Benefits. To LSU’s Knowledge, all of its Benefit Plans, to the extent that they would meet the definition of employee benefit plans under Section 3(2) of ERISA and employee health or welfare benefit plans as defined in Section 3(1) of ERISA, qualify as governmental plans as defined and provided by Sections 4(b)(1) and 3(32) of ERISA, and all Benefit Plans have been administered in accordance with applicable law in all material respects, to the extent such Benefit Plans are established and administered by LSU. To LSU’s Knowledge, no event has occurred that would result in, and consummation of the Contemplated Transactions shall not result in, NEWCO or its Affiliates incurring any Liability for any Benefit Plan of LSU or to any employee of LSU with respect to such Benefit Plan of LSU or to any employee of LSU with respect to such Benefit Plans, to the extent such plans are established and administered by LSU. LSU has and will comply with all of the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”) with respect to all of its employees, including but not limited to the LSU Personnel, before and after the Commencement Date.
Section 9.4  **Validity.** All actions of LSU necessary for the execution, delivery, and performance of this Agreement and the performance of the Contemplated Transactions and requiring board approvals have been taken pursuant to proper and valid board approval. The execution and delivery of this Agreement and all other documents executed in connection herewith by LSU and the consummation of the Contemplated Transactions will not result in the creation of any lien, charge, or encumbrance of any kind or the acceleration of any indebtedness or other obligation of LSU and are not and will not be prohibited by, do not and will not materially violate or conflict with any provision of, and do not and will not constitute a default under or a breach of the governing documents of LSU, nor will it have a Material Adverse Effect upon any contract, lease, agreement, indenture, mortgage, pledge, lease, sublease, option, or commitment to which LSU is a party or by which LSU is bound.

Section 9.5  **Medical Staff.** LSU has heretofore provided to NEWCO true, correct, and complete copies of the bylaws and rules and regulations of the medical staff of the Hospital. There are no pending or, to LSU's Knowledge, threatened disputes with applicants, staff members, or health professional affiliates. LSU further represents that no medical staff of the Hospital are an Excluded Provider.

Section 9.6  **Hill Burton.** LSU represents that it has no outstanding obligations under the Federal Hill Burton Act, 42 U.S.C. § 291 et seq.

Section 9.7  **Other Approvals.** To LSU’s Knowledge, except as otherwise set forth in Section 6.1, Schedule 9.7 and Schedule 12.1, which sets forth the health care regulatory authorizations for permits, licenses, and other regulatory requirements, the only remaining review, consents, approvals, qualifications, orders or authorizations of, or filings with, any governmental authority, including any court or other governmental third party, required in
connection with LSU’s valid execution, delivery, and performance of this Agreement, and the consummation of any Contemplated Transaction, are the review of this Agreement by the Louisiana Legislature Joint Legislative Committee on the Budget, and the approval of the Agreement by the Louisiana Office of Contractual Review or the Commissioner’s designee pursuant to Executive Order BJ 08-29.

Section 9.8 Compliance with Legal Requirements. To LSU’s Knowledge, LSU Personnel have operated the Hospital and the LSU GME Program in compliance with all Legal Requirements, including Health Care Laws. To LSU’s Knowledge, in connection with LSU’s operation of the Hospital and LSU GME Program, neither (i) LSU nor any LSU Personnel has received or made any payment or any remuneration whatsoever to induce or encourage the referral of patients or the purchase of goods and/or services as prohibited under any state law or Health Care Law, nor (ii) has any Governmental Body or third-party payer formally alleged in writing or LSU received any notice of any violation of any Health Care Law within the last seven (7) years. Without limiting the generality of the foregoing: [SUBJECT TO VERIFICATION].

(a) Permits, Licenses and Accreditation. The Hospital has all permits and licenses and other governmental authorizations required by all Legal Requirements and are not in violation of any of said permitting or licensing requirements. The Hospital is duly licensed by the State and operated by LSU as a general acute care hospital. LSU has all permits and licenses necessary for the proper operation of the Hospital and LSU GME Program, including a valid Medicare Provider Number. The LSU GME Program is accredited by ACGME and, to LSU’s Knowledge, is in compliance with the ACGME requirements necessary for accredited GME Programs.
(b) **Medicare/Medicaid Participation.** The Hospital and all LSU Personnel who are medical providers are participating in or otherwise authorized to receive reimbursement from Medicare and Medicaid. All necessary certifications and contracts required for participation in such programs are in full force and effect and have not been amended or otherwise modified, rescinded, revoked or assigned, and, to LSU’s Knowledge, no condition exists or event has occurred which in itself or with the giving of notice or the lapse of time or both would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such third-party payer program. No LSU Personnel is an Excluded Provider.

(c) **Joint Commission.** The Facility is duly accredited by JC with no material contingencies. LSU has made available to NEWCO copies of the most recent JC accreditation survey report and deficiency list for the Facility, together with Facility’s most recent statement of deficiencies and plan of correction. Except as set forth on Schedule 10.8(c), Facility has not received written notice of any threatened, pending or likely revocation, early termination, suspension, or limitation of any such accreditation.

(d) **Fraud and Abuse.** To LSU’s Knowledge, neither the Hospital, any physician that has provided services at the Hospital, nor LSU Personnel has engaged in any activities which are prohibited under any Health Care Law, or the regulations promulgated thereunder pursuant to such statutes, or related state or local statutes or regulations, or which are prohibited by rules of professional conduct, including the following: (i) knowingly and willfully making or causing to be made a false statement or representation of a fact in any application for any benefit or payment; (ii) knowingly and willfully making or causing to be made any false statement or representation of a fact for
use in determining rights to any benefit or payment; (iii) knowingly and willingly concealing any event affecting the initial or continued right to receive any benefit or payment with intent to fraudulently secure such benefit or payment in an amount or quantity greater than that which is due or which is authorized; or (iv) knowingly and willfully soliciting or receiving any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind or offering to pay or receive such remuneration (1) in return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part by Medicare or Medicaid or (2) in return for purchasing, leasing, or ordering or arranging for or recommending purchasing, leasing or ordering any good, facility, service or item for which payment may be made in whole or in part by Medicare or Medicaid. LSU is not a party to any Corporate Integrity Agreement or similar settlement, compliance or oversight agreement with any Governmental Body relating to LSU’s services provided at the Hospital. [SUBJECT TO VERIFICATION]

Section 9.9 Legal Proceedings; Orders. There is no Order to which LSU is subject that would limit or affect LSU’s ability to enter into this Agreement or consummate the Contemplated Transactions. Except as set forth on Schedule 10.9, there is no Proceeding pending, or to LSU’s Knowledge threatened against, or affecting the Hospital, LSU GME Programs, or any LSU Personnel. [SUBJECT TO VERIFICATION]

Section 9.10 Insurance; Malpractice. All clinical LSU Personnel have been continuously insured for professional malpractice claims during the lesser of (i) the last three (3) years, or (ii) the period during which such LSU Personnel has been authorized to provide professional medical services on behalf of LSU. All clinical LSU Personnel are “qualified state
health care providers” as defined in LA R.S. 40:1299.39, et seq., and are thus named insureds covered under DOA’s professional liability insurance administered through the Office of Risk Management. To LSU’s Knowledge, no LSU Personnel is in default with respect to any provision contained in any policy covering the professional acts of such LSU Party and none of them has failed to give any notice or present any claim under any such policy in a due and timely fashion. LSU has maintained in effect and continues to maintain in effect such other policies of insurance as are customary for an academic medical center of size and scope of the operations of LSU, with such limits and other terms of coverage as are commercially reasonable for an academic medical center similar in size and scope to LSU.

Section 9.11 Taxes.

(a) With respect to the Hospital, LSU has, to its Knowledge, filed, all federal, state, county and local tax returns it is required to file, including, without limitation, income, sales, single business, payroll, premium, withholding, informational, real estate, school, and personal property tax returns, required to be filed and, such returns have been duly prepared and filed and were true, correct, and complete. All taxes due by reason of the operations conducted by LSU with respect to the Hospital have, to LSU’s Knowledge, been paid, including, without limitation, all taxes which LSU is obligated to withhold from accounts owing to employees, creditors, and third parties. There is no tax lien, whether imposed by any federal, state, county or local taxing authority outstanding against the assets, properties or businesses of LSU as they relate to the Hospital. Other than regular property assessments, there is no pending examination or proceeding by any authority or agency relating to the assessment or collection of any such taxes, interest, or penalties thereon, nor to LSU’s Knowledge do there exist any facts that would provide a
basis for any such assessment. With respect to the Hospital, LSU has not filed any consent or agreement to extend the period for assessment or collection of any such taxes.

(b) The Hospital is exempt from Federal income tax under the applicable provisions of the Internal Revenue Code (“IRC”) and the Hospital is a “hospital” within the meaning of Section 170(b)(1)(A)(iii) of the IRC. LSU is not aware of any proceeding, pending or threatened, or of any existing circumstances, which could reasonably be anticipated to result in the loss or revocation of any of the aforementioned exemptions held by LSU or the imposition of tax liability which would have a material adverse effect on the business and operations of the Hospital.

Section 9.12 Full Disclosure. No representation or warranty made by LSU in this Agreement contains or will contain any untrue statement of fact or omits or will omit to state a fact necessary to make the statements contained herein or therein not misleading.

Section 9.13 Breach. Any damages or other amounts payable by LSU as a result of a Breach of any representation or warranty contained in this Article X are contingent obligations subject to appropriation by the Louisiana Legislature of sufficient funds specifically and expressly appropriated therefor and the availability of funds following Legislative appropriation.

**ARTICLE X. STATE’S REPRESENTATIONS AND WARRANTIES**

The State, through DOA and DHH, represents and warrants that the statements contained in this Article X are correct and complete as of the date hereof.

Section 10.1 Organization and Standing.

(a) The State has full power and authority to perform its obligations under this CEA.
(b) DOA is an agency within the Office of the Governor and DHH is a department of the State of Louisiana, validly existing and in good standing under the laws of Louisiana, with full power and authority to perform their obligations under this CEA.

Section 10.2 Enforceability; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of the State, through DOA and DHH, enforceable against them in accordance with its terms. Upon the execution and delivery by DOA and DHH of any document or agreement to be executed in connection with this Agreement, each other agreement will constitute the legal, valid and binding obligation of the State, through DOA and DHH, enforceable in accordance with its terms. DOA and DHH, through their lawfully designated agency or department heads, have the power and authority to execute and deliver this Agreement and such other documents to which it is a party and to perform their obligations under this Agreement and such other documents, subject only to oversight by the Legislature and the Legislative Auditor.

(b) To DOA’s and DHH’s Knowledge, neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions hereby will, directly or indirectly (with or without notice or lapse of time):

(i) Breach any provision of any statutory or regulatory authority which defines the powers and duties of DOA and DHH;

(ii) To DHH’s or DOA’s Knowledge, give any Governmental Body or other Person the right to any successful remedy or relief under any Legal Requirement to which the State, DHH or DOA may be subject;
(iii) Contravene, conflict with or result in a violation or breach of any of the terms or requirements of, or give any Governmental Body applicable to the State, DHH or DOA, the right to revoke, withdraw, suspend, cancel, terminate or modify any Governmental Authorization held by DHH or DOA; or

(iv) Cause NEWCO to become subject to, or to become liable for the payment of, any Liability of DHH or DOA.

(c) DHH and DOA each warrant that it will not take any action, fail to take any action, enter into any agreement or consummate any transaction that would prevent DHH or DOA from performing the Contemplated Transactions or performing its obligations under this Agreement or any agreement delivered in connection with this Agreement or otherwise materially and adversely affect the Hospital without the prior written consent of an authorized representative of NEWCO.

Section 10.3 Employee Benefits. No event has occurred that would result in, and consummation of the Contemplated Transactions shall not result in, NEWCO incurring any Liability for any Benefit Plan of DHH or DOA or to any employee of DHH or DOA with respect to such Benefit Plans.

Section 10.4 Legal Proceedings; Orders. To DOA’s and DHH’s Knowledge, there is no Order to which the State, through DOA or DHH, is subject that would limit or affect the State’s, DOA’s or DHH’s ability to enter into this Agreement or consummate the Contemplated Transactions, other than Executive Order BJ 08-29.

Section 10.5 Other Approvals. To DOA’s and DHH’s Knowledge, except as set forth in Schedule 10.7 and Schedule 14.1, which set forth the health care regulatory authorizations for permits, licenses and other regulatory requirements, the only remaining review, consents,
approvals, qualifications, orders or authorizations of, or filings with, any governmental authority, including any court or other governmental third party, required in connection with DOA’s and DHH’s valid execution, delivery, or performance of this Agreement, or the consummation of any Contemplated Transaction, are the review of this Agreement by the Louisiana Legislature Joint Legislative Committee on the Budget, and the approval of the Agreement by the Louisiana Office of Contractual Review or the Commissioner’s designee pursuant to Executive Order BJ 08-29.

Section 10.6 Full Disclosure. No representation or warranty made by the State, through DHH or DOA in this Agreement contains or will contain any untrue statement of fact or omission of fact necessary to make the statements contained herein or therein not misleading.

ARTICLE XI.
NEWCO REPRESENTATIONS AND WARRANTIES

NEWCO represents and warrants that the statements contained in this Article XI are correct and complete as of the date hereof.

Section 11.1 Organization and Good Standing. NEWCO is a nonprofit Louisiana corporation. NEWCO is validly existing and in good standing under the laws of the State of Louisiana, with full power and authority to perform all its obligations under this Agreement.

Section 11.2 Enforceability; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of NEWCO, enforceable against it in accordance with its terms. Upon the execution and delivery by NEWCO of any document or agreement to be executed in connection with this Agreement, each other agreement will constitute the legal, valid and binding obligation of NEWCO, enforceable against it in accordance with its terms. NEWCO has the corporate right, power and authority to execute and deliver this Agreement and such
other documents to which it is a party and to perform its obligations under this Agreement and such other documents, and such action has been duly authorized by all necessary action by NEWCO’s Board of Directors and Members. A copy of the authorizing consent resolution or certified meeting minutes is attached as Exhibit 12.2(a).

(b) Neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time):

(i) Breach (A) any provision of any of the Governing Documents of NEWCO or (B) any resolution adopted by NEWCO’s Board of Directors;

(ii) Breach or give any Governmental Body or other Person the right to challenge the actions contemplated by this Agreement or to exercise any remedy or obtain any relief under any Legal Requirement to which NEWCO may be subject; or

(iii) Contravene, conflict with or result in a violation or breach of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by NEWCO.

(c) NEWCO warrants that it will not take any action, fail to take any action, enter into any agreement or consummate any transaction that would prevent NEWCO from performing, or have a Material Adverse Effect on NEWCO’s ability to perform, its obligations under this Agreement or otherwise have a Material Adverse Effect on the LSU GME Program without the prior written consent of an authorized representative of LSU.
Section 11.3 Validity. All corporate actions of NEWCO necessary for the execution, delivery, and performance of this Agreement and the performance of the Contemplated Transactions and requiring board approvals have been taken pursuant to proper and valid board approval. This Agreement has been, and all documents to be delivered by NEWCO shall be, duly executed and shall constitute the lawful, valid and binding obligations of NEWCO, enforceable in accordance with their respective terms subject as to enforcement of remedies to the discretion of courts in awarding equitable relief and to applicable bankruptcy, reorganization, insolvency, moratorium and similar laws affecting the rights of creditors generally. The execution and delivery of this Agreement and all other documents executed in connection herewith by NEWCO and the consummation of the transactions contemplated hereby will not result in the creation of any lien, charge, or encumbrance of any kind or the acceleration of any indebtedness or other obligation of NEWCO and are not and will not be prohibited by, do not and will not materially violate or conflict with any provision of, and do not and will not constitute a default under or a breach of (i) the Articles of Incorporation or Bylaws of NEWCO, (ii) any judgment, decree, order, regulation or rule of any court or regulatory authority, or (iii) any law, statute, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental authority or arbitration tribunal to which NEWCO is subject, nor will it have a Material Adverse Effect upon (iv) any contract, lease, agreement, indenture, mortgage, pledge, lease, sublease, option or commitment to which NEWCO is a party or by which NEWCO is bound, or (v) any assignment, permit, license, approval or other commitment to which NEWCO is a party or by which NEWCO is bound.

Section 11.4 Other Approvals. To NEWCO’s knowledge, except as set forth in Schedule 10.7 and Schedule 14.1, which set forth the health care regulatory authorizations for
permits, licenses, and other regulatory requirements, including DHH licenses and permits, Medicare Provider Number and Provider Agreement, and JC approvals, the only remaining review, consents, approvals, qualifications, orders or authorizations of, or filings with, any governmental authority, including any court or other governmental third party, required in connection with NEWCO’s valid execution, delivery, and performance of this Agreement, and the consummation of any Contemplated Transaction, are the review of this Agreement by the Louisiana Legislature Joint Legislative Committee on the Budget, and the approval of the Agreement by the Louisiana Office of Contractual Review or the Commissioner’s designee pursuant to Executive Order BJ 08-29.

Section 11.5 Compliance with Legal Requirements. To NEWCO’s Knowledge, NEWCO has operated in compliance with all Legal Requirements, including Health Care Laws. To NEWCO’s Knowledge, NEWCO has not received or made any payment or any remuneration whatsoever to induce or encourage the referral of patients or the purchase of goods and/or services as prohibited under any state law or Health Care Law, nor has any Governmental Body or third-party payer formally alleged in writing any violation of Health Care Law by NEWCO or any NEWCO Personnel within the last seven (7) years. Without limiting the generality of the foregoing:

(a) Permits and Licenses. NEWCO has or shall have at the time such services are performed all permits and licenses and other Governmental Authorizations required by all Legal Requirements for the operation of NEWCO and is not in violation of any permitting or licensing requirements.

(b) Medicare/Medicaid Participation. Neither NEWCO nor any director, officer, employee, or agent of NEWCO is an Excluded Provider.
(c) **Fraud and Abuse.** To NEWCO’s Knowledge, neither NEWCO nor any NEWCO Personnel has engaged in any activities which are prohibited under any Health Care Law, or the regulations promulgated thereunder pursuant to such statutes, or related state or local statutes or regulations, or which are prohibited by rules of professional conduct, including the following: (i) knowingly and willfully making or causing to be made a false statement or representation of a fact in any application for any benefit or payment; (ii) knowingly and willfully making or causing to be made any false statement or representation of a fact for use in determining rights to any benefit or payment; (iii) knowingly and willingly concealing any event affecting the initial or continued right to receive any benefit or payment with intent to fraudulently secure such benefit or payment in an amount or quantity greater than that which is due or which is authorized; or (iv) knowingly and willfully soliciting or receiving any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind or offering to pay or receive such remuneration (1) in return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part by Medicare or Medicaid or (2) in return for purchasing, leasing, or ordering or arranging for or recommending purchasing, leasing or ordering any good, facility, service or item for which payment may be made in whole or in part by Medicare or Medicaid. NEWCO is not a party to any Corporate Integrity Agreement or similar settlement, compliance or oversight agreement with any Governmental Body.
Section 11.6  **Legal Proceedings; Orders.** There is no Order to which NEWCO is subject that would limit or affect NEWCO’s ability to enter into this Agreement or consummate the Contemplated Transactions.

Section 11.7  **Insurance.** In addition to the policies of insurance required under the Lease and Sublease, NEWCO will maintain such other policies of insurance as are customary for a company of similar size and scope of the operations of NEWCO, with such limits and other terms of coverage as are commercially reasonable for companies similar in size and scope to NEWCO.

Section 11.8  **Full Disclosure.** No representation or warranty made by NEWCO in this Agreement contains or will contain any untrue statement of fact or omits or will omit to state a fact necessary to make the statements contained herein or therein not misleading.

**ARTICLE XII. ADDITIONAL COVENANTS OF THE PARTIES**

Section 12.1  **Third Party Consents and Approvals.** The Parties will use their best efforts to obtain the Governmental Authorizations set forth on Schedule 13.1.

Section 12.2  **Further Acts and Assurances.** The Parties shall, at any time and from time to time at and after the execution of this Agreement, upon request of another Party, take any and all steps reasonably necessary to consummate the Contemplated Transactions, and will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required to consummate the Contemplated Transactions.

Section 12.3  **Additional Covenants of LSU.**

(a)  **Hospital Operations.** From the Effective Date of this Agreement until the earlier of the Commencement Date or the termination of this Agreement, LSU shall, and
shall cause Hospital to: (i) conduct the Hospital’s operations in the ordinary course and provide or make available at the Hospital the Core Services and Key Service Lines at the levels existing as of the Effective Date; and (ii) use commercially reasonable efforts to maintain in all material respects the assets, properties, business organizations, and current relationships and goodwill with their respective customers, suppliers, and payors of Hospital, the Owned Facilities and the Leased Facilities, in such condition and at levels maintained as of the Effective Date.

(b) Preservation of Property. From the Effective Date of this Agreement until the earlier of the Commencement Date or the termination of this Agreement LSU shall not permit Hospital to:

(i) permit or allow any of the assets or properties of the Owned Facilities or Leased Facilities to become subjected to any Encumbrance, other than that will be released at or prior to the Commencement Date; or

(ii) sell, transfer, lease, sublease, license, or otherwise dispose of any material properties or assets (real, personal or mixed, including intangible property) of the Owned Facilities or Leased Facilities, other than in the ordinary course of business.

(c) Licenses. From the Effective Date of this Agreement until the earlier of the Commencement Date or the termination of this Agreement, LSU shall take all action reasonably within its power and necessary to cause Hospital to continue to maintain its current hospital license and provider status, including without limitation its Provider Numbers. Any transfer, discontinuation, restriction, modification, or other change in the rights and obligations associated with the Hospital license, other than as required by or as
a result of this Agreement, or any other event or transaction resulting in any party other than LSU operating or controlling the Facility or its operations must be approved in writing by NEWCO prior to the time of such event.

(d) Access to Hospital. At all reasonable times during the Transition Period, LSU shall provide to NEWCO, and/or their agents or contractors, access to the Hospital and the Owned Facilities and the Leased Facilities to fully complete its due diligence review of all Hospital and related agreements and inspections of the Owned Facilities and Leased Facilities with respect to the physical condition thereof. LSU and NEWCO shall utilize their best efforts to effectively transition or contract to engage upon the Commencement Date, sufficient services, supplies, and personnel for the continued operations of the Hospital.

Section 12.4 NEWCO’s Operation of Hospital. During the Term NEWCO will operate the Hospital in material compliance with all applicable Legal Requirements.

ARTICLE XIII. TERM; TERMINATION; DISPUTE RESOLUTION

Section 13.1 Term. Unless earlier terminated as provided herein, the Term of this Agreement shall begin on the Effective Date and continue for ten (10) years (the “Initial Term”). Unless a Party provides written notice to the other Parties at least three hundred sixty-five (365) calendar days prior to the expiration of the Initial Term of its intention not to renew, the Initial Term shall automatically renew for an additional five (5) year period (a “Renewal Term”) at the end of the Initial Term. Thereafter, unless a Party provides written notice to the other Parties at least three hundred sixty-five (365) calendar days prior to the expiration of the Renewal Term of its intention not to renew, the Renewal Term shall automatically renew for an additional Renewal Term at the end of such Renewal Term.
Section 13.2 Early Termination. This Agreement shall terminate prior to the expiration of the Term only in accordance with this Section 13.2. Except as otherwise provided in this Agreement, any early termination of this CEA shall be subject to the Wind Down Period provided in Section 13.9. Subject to the foregoing, this CEA may terminate prior to the expiration of the Term (i) upon the mutual agreement of all Parties, (ii) if the Contemplated Transactions have not occurred by the Commencement Date, (iii) if the funding required under Article VII is not paid to NEWCO when due (in which event the provisions of Section 13.5 shall control), (iv) if as of the Commencement Date, any representations or warranties of a Party are materially inaccurate, or any covenant of a Party to be performed before the Commencement Date has not been materially performed, or any consents or approvals on Schedule 12.1 have not been received, (v) without cause by NEWCO (in which event, the provisions of Section 13.8 shall control), (vi) if DHH and NEWCO do not agree on any proposed adjustments to the Required Funding pursuant to Section 7.1(a) or Section 7.1(b) or (vii) subject to the Parties’ good faith participation in the process set forth in Section 13.4 for addressing the following events (each, a “Potential Terminating Breach”):

(a) Any Party’s actions or inactions are contrary to, or not substantially in accordance with, the Public Purpose as provided for in Article I.

(b) Termination or expiration of the Master Agreement, Lease or Sublease.

(c) There is filed by or against any Party a petition or complaint with respect to its own financial condition under any state, federal or other bankruptcy (including without limitation a petition for reorganization, arrangement or extension of debts), or under any other similar or insolvency laws providing for the relief of debtors which

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petition or complaint (if involuntary) shall not be dismissed for more than sixty (60) days from the date of filing.

(d) A receiver, director, conservator or liquidator is appointed for any Party or all or a substantial part of its respective assets, or any Party shall have been adjudicated bankrupt, insolvent or in need of any relief provided to debtors by any court.

(e) Any Party shall have ceased its business or operations.

(f) Any Party shall have liquidated and or dissolved.

(g) NEWCO does not receive the Required Funding as provided in Article VII.

(h) LSU or NEWCO is excluded from participating in Medicare or Medicaid.

(i) As determined by a court of competent jurisdiction pursuant to a final, binding, non-appealable judgment there is a change in (or a new interpretation of) the law, whether statutory, regulatory or other position or rule set forth by a Governmental Body, agency, accreditation organization, or similar body, that has a Material Adverse Effect on the fundamental relationship of the Parties, and the Parties are unable to agree, following the process in Section 13.4, on terms to amend the CEA or otherwise address the consequences of the change in or new interpretation of the law. If the Parties agree that a change in laws or interpretation thereof has occurred and are unable to reach a new agreement or otherwise address the consequences of the change in or new interpretation of the law, no Party shall be liable or responsible for any damages suffered by any other Party as a result of a termination pursuant to this subsection.

(j) Without the consent of LSU, the merger, consolidation, sale or transfer of all or substantially all of NEWCO’s assets, or admission of a new member or owner in
NEWCO, or the entering into by NEWCO of any joint venture or other partnership arrangement except (i) a joint venture or partnership that does not result in a change of control of NEWCO, that does not have a Material Adverse Effect on the Contemplated Transactions, and that is required by its written terms to be operated subject to the terms and conditions of this CEA (a “Permitted Joint Venture”), or (ii) admission of a new member or owner in NEWCO that is an Affiliate of NEWCO immediately prior to such admission.

(k) Termination of the AAA.

(l) In the event LSU fails to provide at least the same level of physician staffing support to the Hospital as LSU provides as of the Effective Date, subject to a Cure Period of six (6) months or such longer period as the LSU and NEWCO may reasonably agree is necessary to obtain additional physician staffing for the Hospital.

(m) A material breach of this Agreement by any Party hereto that is not cured pursuant to Section 13.4.

Section 13.3 Process for Addressing Potential Non-Terminating Breaches. This Agreement may only be terminated as set forth in Section 13.2. The remedies available to a Party if there is a Potential Non-Terminating Breach shall be as follows:

(a) Notice and Cure Period. A Party asserting a Potential Non-Terminating Breach shall provide the other Party written notice of such breach, which notice shall include a detailed description of the basis for such Breach and a description of what would be satisfactory to the non-Breaching Party to remedy such asserted breach. The Breaching Party shall be entitled to a Cure Period to cure the alleged Breach. If the Breaching Party takes the actions described in the notice as to what would satisfy the
non-Breaching Party to cure the Breach, the Breach shall be deemed cured. However, such actions shall not be the sole means of curing such a Breach, and the Breaching Party shall be entitled to cure the Breach in any other way resulting in a cure of such Breach.

(b) **Consultative Process.** If such Potential Non-Terminating Breach is not cured within the Cure Period, the Parties shall engage in the Consultative Process for a period of fifteen (15) calendar days to attempt to resolve the Potential Non-Terminating Breach.

(c) **Right to Legal Remedies for Potential Non-Terminating Breaches; No Termination Right.** If such dispute involving a Potential Non-Terminating Breach is not resolved pursuant to the Consultative Process, the Party alleging a Non-Terminating Breach shall be entitled to such remedies as are available at law, including damages, but not including any equitable or injunctive relief which could or would limit LSU’s access to the Hospital. Neither Party shall have the right to terminate this Agreement for a Non-Terminating Breach except by authority of a final order of a court of competent jurisdiction after all rights of appeal have been exhausted.

Section 13.4 **Process for Addressing Potential Terminating Breaches.** The process the Parties shall follow if there is a Potential Terminating Breach shall be as follows:

(a) **Notice and Cure Period.** A Party asserting a Potential Terminating Breach shall provide the other Party written notice of such Breach, which notice shall include a detailed description of the basis for such Breach and the non-Breaching Party’s requirements to remedy such asserted Breach. The Party asserted to have Breached the Agreement shall be entitled to a Cure Period to cure the asserted Breach.
(b) **Consultative Process.** If such Potential Terminating Breach is not cured within the Cure Period, the Parties shall for a period of fifteen (15) Business Days engage in the Consultative Process to attempt to resolve the dispute.

(c) **Executive Level Negotiations.** If an alleged Potential Terminating Breach is not resolved in the Consultative Process, LSU’s Vice President for Health Care and an executive officer of NEWCO or an executive officer designated by NEWCO of a NEWCO Affiliate, or his or her designee, shall discuss and negotiate in good faith for fifteen (15) calendar days to attempt to resolve the issue.

(d) **Termination Right.** If the dispute regarding the asserted Potential Terminating Breach is not resolved pursuant to the procedures in this Section set forth above, the non-breaching Party may declare its intent to terminate this Agreement by delivery of written notice of such intent to the other Party (the “Termination Notice”), and the Parties shall begin the Wind Down Period as provided in Section 13.9; provided, however, that termination for Inadequate Funding or pursuant to Section 7.1(a) shall follow the process set forth in Section 13.5.

Section 13.5 **Termination for Inadequate Funding.** If NEWCO and its Affiliates fail to receive the funding required by Article VII when due, NEWCO may provide notice of such failure to DHH and DHH shall have a Cure Period to cure such failure; provided, however, the State shall be entitled to a Cure Period only once every twelve months. If such failure is not cured within the Cure Period, if applicable, NEWCO shall provide written notice to LSU and DHH, and this Agreement will automatically terminate two (2) Business Days thereafter. If all Required Funding is paid within the Cure Period, this Agreement shall not terminate, and the Parties shall continue to operate under this CEA.
Section 13.6 Notice of Force Majeure. In the event of a failure or anticipated failure by any Party to perform its obligations hereunder caused by Force Majeure, such Party shall provide notice to the other Parties within thirty (30) days of the occurrence of such Force Majeure event causing such failure or anticipated failure. A Party’s failure to perform due to a Force Majeure shall not constitute a Breach.

Section 13.7 Termination Without Cause. After the expiration of the first year of this Agreement, NEWCO may terminate this agreement without cause upon written notice to LSU, with such termination to take effect following completion of the process set forth in Section 13.9, during which time NEWCO shall continue to operate the Hospital in accordance with the CEA.

Section 13.8 Effects of Termination In General. Subject to the applicable Wind Down Period in Section 13.9, the following shall apply consistent with the Wind Down Period:

(i) Each Party shall surrender possession, and deliver to another Party, all property belonging to the other Party, update and complete all files, records and charts and cooperate with each other as may be necessary to insure uninterrupted treatment of patients;

(ii) Each Party shall cooperate in the defense of any claims or suits for acts or omissions occurring during the term of this Agreement.

(iii) NEWCO shall vacate facilities owned by LSU.

(iv) The Hospital Lease and Hospital Sublease shall terminate.

(v) Ownership of the Hospital’s Medicare Provider Number shall be transferred to LSU.
The Parties shall take such other actions as may be necessary to assure an orderly transition of patient care and other Hospital operations.

Section 13.9 Wind Down Period. Termination of this Agreement, other than termination pursuant to Section 13.5, shall be subject to a period of six (6) months (the “Wind Down Period”), during which the Parties will transition Hospital operations in an orderly fashion to assure the Public Purpose continues to be satisfied at all times; however, if during that period, LSU does not receive an emergency appropriation of funds sufficient to operate the Hospital, the Wind Down Period shall be extended until such time as the Louisiana Legislature concludes the first legislative session following the commencement of the Wind Down Period. The funding requirements under this Agreement shall continue during the Wind Down Period. The Wind Down Period shall begin on the Wind Down Commencement Date and end on the six (6) month anniversary of the Wind Down Commencement Date, unless terminated earlier for Inadequate Funding pursuant to the provisions of Section 13.5, or unless extended to all for an appropriation of funds to LSU at the next legislative session following the Wind Down Commencement Date. During the Wind Down Period, LSU and NEWCO will establish a committee consisting of at least six (6) people, consisting of two (2) people appointed by LSU, two (2) people appointed by NEWCO, one (1) person appointed by DHH, and one (1) person appointed by DOA, to coordinate and oversee the transition of Hospital operations. To the extent necessary and applicable, the Parties will continue to comply with the terms and conditions of this Agreement during the Wind Down Period.

ARTICLE XIV. DISPUTE RESOLUTION AND REMEDIES

Section 14.1 Dispute Resolution. In the event of a controversy or claim, but not a potential breach, arising out of or relating to this Agreement, the Parties shall first employ the
Consultative Process for a period of thirty (30) days to try to resolve the controversy or claim. If the controversy or claim is not resolved in the Consultative Process, the president or equivalent executive of each such Party, or his designee, shall discuss and negotiate in good faith for thirty (30) days to attempt to resolve the issue. If the controversy or claim is unresolved after these negotiations, the Parties shall then make good-faith efforts for sixty (60) days to mediate the controversy or claim in Baton Rouge, Louisiana before a mediator selected by agreement of the Parties. If the parties are unable to agree on a mediator or the controversy or claim is unresolved after mediation, any Party may pursue its legal remedies. Each party is required to continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement.

Section 14.2 Remedies Cumulative. The Parties expressly agree that this CEA may only be terminated as provided in Section 13.2, and for no other reason. Subject to the foregoing, all rights and remedies of any Party provided for in this CEA shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. Any Party 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 any Party of a Breach of any of the covenants, conditions or restrictions of this Agreement 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 any Party to insist in any one or more cases upon the strict performance of any of the covenants of this Agreement, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future Breaches of such covenant or option. A receipt by any Party of payment by any other Party 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 any Party of any provision of this Agreement shall be deemed to have been made or shall be effective unless expressed in writing and signed by the Parties.

**ARTICLE XV. INSURANCE AND INDEMNIFICATION**

Section 15.1 **Insurance.** In addition to the policies of insurance required under the Lease, Sublease and any other documents required in connection herewith, including, without limitation, participation as a qualified health care provider in the Louisiana Patients’ Compensation Fund, NEWCO will maintain such other policies of insurance as are customary for a company of similar size and scope of the operations of NEWCO with such limits and other terms of coverage as are commercially reasonable for companies similar in size and scope to NEWCO. LSU hereby represents and warrants that all eligible licensed professionals whom it employs or with whom it contracts are qualified health care providers pursuant to the provisions of La. R.S. 40:1299.39 and to the extent covered thereby, employees and independent contractors of NEWCO who are acting in a professional capacity in providing health care services on behalf of the State, and are acting within the course and scope of their engagement with LSU in providing such healthcare services pursuant to, and within the context of, this Agreement, will be provided professional liability insurance coverage by the State through the Office of Risk Management, and such persons shall be considered as named insureds.

Section 15.2 **Indemnification.**

(a) **Survival.** All representations, warranties, covenants and obligations in this Agreement and any other certificate or document delivered pursuant to this Agreement
shall survive the consummation of the Contemplated Transactions and the termination of this Agreement.

(b) **Indemnification.** Each Party will indemnify the other Party in accordance with Paragraphs (c) through (e) of this Section 15.2.

(c) **Scope and Time Limitations.**

(i) To the extent permitted by applicable law, and except as otherwise provided in this Agreement, LSU will have liability (for indemnification or otherwise) and will indemnify NEWCO for all costs, expenses, losses, damages, fines, penalties, forfeitures or liabilities (including, without limitation, interest which may be imposed by a court in connection therewith), court costs, litigation expenses, reasonable attorneys’ and paralegals’ fees and accounting fees (collectively, the “Damages”), incurred by NEWCO as a result of (A) a breach of any representation or warranty by LSU contained in this Agreement or in any other certificate, document, agreement, writing or instrument delivered by LSU pursuant to or in connection with this Agreement, (B) the failure to perform any covenant or obligation under this Agreement, (C) the actions or failure to act by LSU employees or agents acting on behalf of LSU, (D) any Damages arising out of the ownership or operation of the Hospital or its assets prior to the Commencement Date, including, without limitation, any Damages resulting from a violation of any federal or state law or regulation, or as a result of a Medicare or Medicaid audit, (E) or on account of any of the liabilities, debts or obligations of LSU or the Hospital (F) any liability under the WARN Act or any similar state or local legal requirement that may result from an “Employment Loss”, as defined
by 29 U.S.C. sect. 2101(a)(6), caused by any action of LSU, and (G) any employee plan established or maintained by LSU; provided however, that LSU’s obligation under item (A) above shall only apply if, other than with respect to a breach resulting from fraud, in which case a claim may be made at any time, on or before the third (3rd) anniversary of the Commencement Date, NEWCO notifies LSU of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by NEWCO. This Section shall survive the termination of this Agreement.

(ii) To the extent permitted by applicable law, and except as otherwise provided in this Agreement, the State, through DOA, will have liability (for indemnification or otherwise) for and will indemnify NEWCO for all Damages incurred by NEWCO as a result of (A) a Breach of any representation or warranty by DOA, and (B) any Breach of any covenant or obligation of DOA in this Agreement or in any other certificate, document, agreement, writing or instrument delivered by DOA pursuant to this Agreement; provided however, that DOA’s obligation under item (A) above shall only apply if, other than with respect to a Breach resulting from fraud, in which case a claim may be made at any time, on or before the third (3rd) anniversary of the Commencement Date, NEWCO notifies DOA of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by NEWCO.

(iii) To the extent permitted by applicable law, and except as otherwise provided in this Agreement, DHH will have liability (for indemnification or otherwise) for and will indemnify NEWCO for all Damages incurred by NEWCO
as a result of (A) a Breach of any representation or warranty by DHH, and (B) any
Breach of any covenant or obligation of DHH in this Agreement or in any other
certificate, document, agreement, writing or instrument delivered by DHH
pursuant to this Agreement; provided however, that DHH’s obligation under item
(A) above shall only apply if, other than with respect to a Breach resulting from
fraud, in which case a claim may be made at any time, on or before the third (3rd)
anniversary of the Commencement Date, NEWCO notifies DHH of a claim
specifying the factual basis of the claim in reasonable detail to the extent then
known by NEWCO.

(iv) NEWCO will have liability (for indemnification or otherwise) and
will indemnify LSU, DOA and DHH for all Damages incurred by LSU, DOA or
DHH as a result of (A) a breach of any representation or warranty by NEWCO,
(B) the actions or failure to act by the employees of NEWCO and employees of
NEWCO’s Affiliates rendering services to or on behalf of NEWCO, (C) any
breach of any covenant or obligation of NEWCO in this Agreement or in any
other certificate, document, agreement, writing or instrument delivered by
NEWCO pursuant to this Agreement, (D) any liability under the WARN Act or
any similar state or local legal requirement that may result from an “Employment
Loss”, as defined by 29 U.S.C. sect. 2101(a)(6), caused by any action of
NEWCO, and (F) any employee plan established or maintained by NEWCO;
provided however, that NEWCO’s obligation under item (A) above shall only
apply if, other than with respect to a breach resulting from fraud, in which case a
claim may be made at any time, on or before the third (3rd) anniversary of the
Commencement date of this Agreement, LSU, DOA or DHH notifies NEWCO of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by LSU, DOA or DHH.

(d) Third-Party Claims.

(i) Promptly after receipt by a Person entitled to indemnity under this Agreement (an “Indemnified Person”) of notice of the assertion of a Third-Party Claim against it, such Indemnified Person shall give notice to the Person obligated to indemnify under such Section (an “Indemnifying Person”) of the assertion of such Third-Party Claim, provided that the failure to notify the Indemnifying Person will not relieve the Indemnifying Person of any liability that it may have to any Indemnified Person, except to the extent that the Indemnifying Person demonstrates that the defense of such Third-Party Claim is prejudiced by the Indemnified Person’s failure to give such notice.

(ii) If an Indemnified Person gives notice to the Indemnifying Person pursuant hereto of the assertion of a Third-Party Claim, the Indemnifying Person shall be entitled to participate in the defense of such Third-Party Claim and, to the extent that it wishes (unless (a) the Indemnifying Person is also a Person against whom the Third-Party Claim is made and the Indemnified Person determines in good faith that joint representation would be inappropriate or (b) the Indemnifying Person fails to provide reasonable assurance to the Indemnified Person of its financial capacity to defend such Third-Party Claim and provide indemnification with respect to such Third-Party Claim), to assume the defense of such Third-Party Claim with counsel satisfactory to the Indemnified Person.
After notice from the Indemnifying Person to the Indemnified Person of its
election to assume the defense of such Third-Party Claim, the Indemnifying
Person shall not, so long as it diligently conducts such defense, be liable to the
Indemnified Person under this Article for any fees of other counsel or any other
expenses with respect to the defense of such Third-Party Claim, in each case
subsequently incurred by the Indemnified Person in connection with the defense
of such Third-Party Claim, other than reasonable costs of investigation. If the
Indemnifying Person assumes the defense of a Third-Party Claim, no compromise
or settlement of such Third-Party Claim may be effected by the Indemnifying
Person without the Indemnified Person’s Consent unless (x) there is no finding or
admission of any violation of a Legal Requirement or any violation of the rights
of any Person; (y) the sole relief provided is monetary damages that are paid in
full by the Indemnifying Person; and (z) the Indemnified Person shall have no
liability with respect to any compromise or settlement of such Third-Party Claims
effected without its consent.

(iii) Notwithstanding the foregoing, if an Indemnified Person
determines in good faith that there is a reasonable probability that a Third-Party
Claim may adversely affect it other than as a result of monetary damages for
which it would be entitled to indemnification under this Agreement, the
Indemnified Person may, by notice to the Indemnifying Person, assume the
exclusive right to defend, compromise or settle such Third-Party Claim, but the
Indemnifying Person will not be bound by any determination of any Third-Party
Claim so defended for the purposes of this Agreement or any compromise or
settlement effected without its Consent (which may not be unreasonably withheld).

(iv) With respect to any Third-Party Claim subject to indemnification under this Article: (a) both the Indemnified Person and the Indemnifying Person, as the case may be, shall keep the other Person fully informed of the status of such Third-Party Claim and any related Proceedings at all stages thereof where such Person is not represented by its own counsel, and (b) the Parties agree (each at its own expense) to render to each other such assistance as they may reasonably require of each other and to cooperate in good faith with each other in order to ensure the proper and adequate defense of any Third-Party Claim.

(v) With respect to any Third-Party Claim subject to indemnification under this Article, the Parties agree to cooperate in such a manner as to preserve in full (to the extent possible) the confidentiality of all Confidential Information and the attorney-client and work-product privileges. In connection therewith, each Party agrees that, to the extent allowed by law: (a) it will use its commercially reasonable efforts, in respect of any Third-Party Claim in which it has assumed or participated in the defense, to avoid production of Confidential Information (consistent with applicable law and rules of procedure), and (b) all communications between any Party hereto and counsel responsible for or participating in the defense of any Third-Party Claim shall, to the extent possible, be made so as to preserve any applicable attorney-client or work-product privilege.
(e) **Other Claims.** A claim for indemnification for any matter not involving a Third-Party Claim may be asserted by notice to the party from whom indemnification is sought and shall be paid promptly after such notice.

**ARTICLE XVI. GENERAL PROVISIONS**

Section 16.1 **Interpretation.** In this Agreement, unless a clear contrary intention appears:

(a) the singular number includes the plural number and vice versa;

(b) reference to any Person includes such Person’s successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(c) reference to any gender includes the other gender;

(d) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;

(e) reference to any Legal Requirement means such Legal Requirement as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Legal Requirement means that provision of such Legal Requirement from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;
(f) “hereunder,” “hereof,” “hereto,” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;

(g) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term;

(h) “or” is used in the inclusive sense of “and/or”; 

(i) with respect to the determination of any period of time, “from” means “from and including” and “to” means “to but excluding”;

(j) references to “day,” rather than the defined term “Business Day,” shall mean a calendar day; and

(k) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

Section 16.2 Legal Representation of the Parties. This Agreement was negotiated by the signatories hereto with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any signatory hereto shall not apply to any construction or interpretation hereof.

Section 16.3 Expenses. Except as otherwise provided in this Agreement, each Party to this Agreement will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the Contemplated Transactions, including all fees and expense of its representatives. If this Agreement is terminated, the obligation of each Party to pay its own fees and expenses will be subject to any rights of such Party arising from a Breach of this Agreement by another Party.
Section 16.4 Public Announcements. Any public announcement, press release or similar publicity with respect to this Agreement or the Contemplated Transactions will be issued, if at all, at such time and in such manner as the Parties shall mutually determine.

Section 16.5 Confidential Information.

(a) Restricted Use of Confidential Information. Subject to subsection (h) below, except as otherwise required by any Legal Requirement, each Receiving Party acknowledges the confidential and proprietary nature of the Confidential Information of the Disclosing Party and agrees that such Confidential Information to the extent allowed by law (i) shall be kept confidential by the Receiving Party; (ii) shall not be used for any reason or purpose other than to evaluate and consummate the Contemplated Transactions; and (iii) without limiting the foregoing, shall not be disclosed by the Receiving Party to any Person, except in each case as otherwise expressly permitted by the terms of this Agreement or with the prior written consent of an authorized representative of LSU with respect to Confidential Information of LSU or the NEWCO CEO with respect to the Confidential Information of NEWCO. NEWCO and LSU shall disclose the Confidential Information of the other party only to its representatives who require such material for the purpose of evaluating the Contemplated Transactions and are informed by LSU or NEWCO, as the case may be, of the obligations of this Article with respect to such information. LSU and NEWCO shall (i) enforce the terms of this Article as to its respective representatives; (ii) take such action to the extent necessary to cause its representatives to comply with the terms and conditions of this Article; and (iii) be responsible and liable for any Breach of the provisions of this Article by it or its representatives.
(b) **Exceptions.** Section 16.5(a) does not apply to that part of the Confidential Information of a Disclosing Party that a Receiving Party demonstrates (i) was, is or becomes generally available to the public other than as a result of a Breach of this Article or the Confidentiality Agreement by the Receiving Party or its representatives; (ii) was or is developed by the Receiving Party independently of and without reference to any Confidential Information of the Disclosing Party; or (iii) was, is or becomes available to the Receiving Party on a non-confidential basis from a third party not bound by a confidentiality agreement or any legal, fiduciary or other obligation restricting disclosure.

(c) **Legal Proceedings.** Subject to subsection (h) below, if a Receiving Party becomes compelled in any Proceeding or is requested by a Governmental Body having regulatory jurisdiction over the Contemplated Transactions to make any disclosure that is prohibited or otherwise constrained by this Article, that Receiving Party shall provide the Disclosing Party with prompt notice of such compulsion or request so that it may seek an appropriate protective order or other appropriate remedy or waive compliance with the provisions of this Article. In the absence of a protective order or other remedy, the Receiving Party may disclose that portion (and only that portion) of the Confidential Information of the Disclosing Party that, based upon advice of the Receiving Party’s counsel, the Receiving Party is legally compelled to disclose or that has been requested by such Governmental Body, provided, however, that the Receiving Party shall use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded by any Person to whom any Confidential Information is so disclosed. The provisions of this Section do not apply to any Proceedings among the Parties to this Agreement.
(d) **Return or Destruction of Confidential Information.** Except as required by any Legal Requirement, if this Agreement is terminated, each Receiving Party shall, to the extent allowed by law, (i) destroy all Confidential Information of the Disclosing Party prepared or generated by the Receiving Party without retaining a copy of any such material; (ii) promptly deliver to the Disclosing Party all other Confidential Information of the Disclosing Party, together with all copies thereof, in the possession, custody or control of the Receiving Party or, alternatively, destroy all such Confidential Information; and (iii) certify all such destruction in writing to the Disclosing Party, provided, however, that the Receiving Party may retain a list that contains general descriptions of the information it has returned or destroyed to facilitate the resolution of any controversies after the Disclosing Party’s Confidential Information is returned.

(e) **Attorney-Client Privilege.** The Disclosing Party is not waiving, and will not be deemed to have waived or diminished, any of its attorney work product protections, attorney-client privileges or similar protections and privileges as a result of disclosing its Confidential Information (including Confidential Information related to pending or threatened litigation) to the Receiving Party, regardless of whether the Disclosing Party has asserted, or is or may be entitled to assert, such privileges and protections. The Parties (i) share a common legal and commercial interest in all of the Disclosing Party’s Confidential Information that is subject to such privileges and protections; (ii) are or may become joint defendants in Proceedings to which the Disclosing Party’s Confidential Information covered by such protections and privileges relates; (iii) intend that such privileges and protections remain intact should either party become subject to any actual or threatened Proceeding to which the Disclosing Party’s
Confidential Information covered by such protections and privileges relates; and
(iv) intend that after the consummation of the Contemplated Transactions the Receiving
Party shall have the right to assert such protections and privileges. No Receiving Party
shall admit, claim or contend, in Proceedings involving either Party or otherwise, that any
Disclosing Party waived any of its attorney work-product protections, attorney-client
privileges or similar protections and privileges with respect to any information,
documents or other material not disclosed to a Receiving Party due to the Disclosing
Party disclosing its Confidential Information (including Confidential Information related
to pending or threatened litigation) to the Receiving Party.

(f) **Trade Secret Protection.** Any trade secrets of a Disclosing Party shall also
be entitled to all of the protections and benefits under applicable trade secret law and any
other applicable law. If any information that a Disclosing Party deems to be a trade
secret is found by a court of competent jurisdiction not to be a trade secret for purposes of
this Article, such information shall still be considered Confidential Information of that
Disclosing Party for purposes of this Article to the extent included within the definition.
In the case of trade secrets, each Party hereby waives any requirement that the other Party
submit proof of the economic value of any trade secret or post a bond or other security.

(g) **HIPAA Override.** Notwithstanding anything to the contrary in this
Agreement, any Confidential Information which constitutes “protected health
information” as defined in HIPAA shall be maintained by the Parties in accordance with
the provisions of HIPAA and the HITECH Act and the rules and regulations promulgated
thereunder, and such provisions, rules and regulations shall take precedence over any
other provisions of this Agreement governing Confidential Information to the extent there
is a conflict between the terms of this Agreement and such provisions, rules and regulations of HIPAA and each Party will act in accordance therewith.

(h) **Public Records Request.** The financial and other records created by, for or otherwise belonging to NEWCO shall remain in the possession, custody and control of NEWCO, regardless of whether, or the method by which, LSU reviews and/or audits such records in connection with the rights and obligations of this Agreement. LSU and NEWCO consider records of NEWCO to be proprietary of NEWCO, and, to the extent that NEWCO makes any such records or documents available to LSU, such records shall be clearly marked as confidential and/or proprietary to indicate its or their position that such records or documents are not public records. To the extent a public records request is received by LSU pursuant to La. R.S. 44:1, *et seq.* (the “**Public Records Act**”) which may include documents marked as confidential and/or proprietary to NEWCO, LSU will use its best efforts to give notice to NEWCO, that LSU has received such a public records request prior to producing any documents considered to be proprietary to NEWCO, and if such notice cannot be provided to NEWCO before LSU is required to produce such documents, LSU shall provide notice to NEWCO, as soon thereafter as possible. In the event that NEWCO objects to the production and believes that the records are not subject to production pursuant to the Public Records Act, NEWCO will immediately so notify LSU in writing and take such action as NEWCO deems necessary to protect the disclosure of such records. NEWCO will defend, indemnify and hold harmless LSU and its employees, officers, attorneys and agents from and against any costs, expenses, liabilities, attorney's fees, losses, damages, fines and/or penalties resulting from or
relating to LSU’s failure to produce such documents in response to a public records request.

Section 16.6 Notices. Except as otherwise provided in this Agreement, any notice, payment, demand, request or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be duly given by the applicable Party if personally delivered to the applicable Party, or if sent certified or registered mail, at its address set forth below:

If to LSU:

Board of Supervisors of Louisiana State University
and Agricultural and Mechanical College
3810 West Lakeshore Drive
Baton Rouge, LA 70808
Attention: William L. Jenkins, President

If to DOA:

State of Louisiana, Division of Administration
Claiborne Building, 7th Floor
1201 N. Third Street
Baton Rouge, LA 70802
Attention: Commissioner

If to DHH:

State of Louisiana, Department of Health and Hospitals
628 N. Fourth Street
P.O. Box 629
Baton Rouge, Louisiana 70821-0629
Attention: Secretary

With a copy to:

Taylor, Porter, Brooks & Phillips LLP
8th Floor Chase Tower South
451 Florida Street
Baton Rouge, LA 70801
Attention: Patrick D. Seiter, Esq.

State of Louisiana, Division of Administration
P. O. Box 94004
Baton Rouge, LA 70804-9004
Attention: Elizabeth Baker Murrill, Esq.

State of Louisiana, Department of Health and Hospitals
628 N. Fourth Street
P.O. Box 629
Baton Rouge, Louisiana 70821-0629
Attention: Stephen Russo, Esq.
or to such other address as such Party may from time to time specify by written notice to the other Parties.

Any such notice shall, for all purposes, be deemed to be given and received:

(i) if by hand, when delivered;

(ii) if given by nationally recognized and reputable overnight delivery service, the business day on which the notice is actually received by the Party; or

(iii) if given by certified mail, return receipt requested, postage prepaid, three (3) Business Days after posted with the United States Postal Service.

Section 16.7 Jurisdiction; Service of Process. Any Proceeding arising out of or relating to this Agreement or any Contemplated Transaction shall be brought in the Nineteenth Judicial District for the Parish of East Baton Rouge, Louisiana, or, if it has or can acquire jurisdiction, in the United States District Court for the Middle District of Louisiana, and each of the Parties irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the Proceeding shall be heard and determined only in any such court and agrees not to bring any Proceeding arising out of or relating to this Agreement or any Contemplated Transaction in any other court. The Parties agree that any of them may file a copy of this Section with any court as written evidence of the knowing, voluntary and bargained
agreement between the Parties irrevocably to waive any objections to venue or to convenience of forum. Process in any Proceeding referred to in the first sentence of this section may be served on any party anywhere in the world.

Section 16.8 Enforcement of Agreement; Legal Fees and Costs. Subject to the limitation on equitable or injunctive relief set forth in this Agreement, each Party acknowledges and agrees that the other Parties would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any Breach of this Agreement by a Party could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which a Party may be entitled, at law or in equity, it shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent Breaches or threatened Breaches of any of the provisions of this Agreement, without posting any bond or other undertaking. In the event that either Party elects to incur legal expenses to enforce or interpret any provision of this Agreement, the prevailing Party will be entitled to recover such legal expenses, including, without limitation, reasonable attorneys’ fees, costs and necessary disbursements, in addition to any other relief to which such Party shall be entitled.

Section 16.9 Entire Agreement and Modification. This Agreement supersedes all prior agreements, whether written or oral, among the Parties with respect to its subject matter and constitutes (along with the other documents and Exhibits delivered pursuant to this Agreement) a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by LSU, DOA, DHH, and NEWCO.
Section 16.10 Assignments, Successors and No Third-Party Rights. No Party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other Parties. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the Parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this Section.

Section 16.11 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Section 16.12 Construction. The headings of Articles and Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to “Articles,” and “Sections” refer to the corresponding Articles and Sections of this Agreement.

Section 16.13 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 16.14 Governing Law. This Agreement will be governed by and construed under the laws of the State of Louisiana without regard to conflicts-of-laws principles that would require the application of any other law.
Section 16.15 Execution of Agreement. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

Section 16.16 Compliance with Health Care Laws. This Agreement is intended to comply with all Health Care Laws and nothing herein is intended to require, nor shall the Agreement be construed or interpreted as requiring, directly or indirectly, explicitly or implicitly, any Party to take any action that would violate any Health Care Law.

Section 16.17 Access to Records. To the extent that the services provided under this Agreement are deemed by the Secretary of the Department of Health and Human Services, the U.S. Comptroller General, or the Secretary’s or Comptroller’s delegate, to be subject to the provisions of Section 952 of Public Law 96-499, the Parties, until the expiration of four (4) years subsequent to the furnishing of services under this Agreement, shall make available, upon written request to the Secretary, the Comptroller, or any of their duly authorized representatives this Agreement, and the books, documents and records of the Parties that are necessary to certify the nature and extent of the charges to each Party. If any Party carries out any of its duties under the Agreement through a subcontract, with a value of $10,000 or more over a twelve (12)-month period, with a related organization (as that term is defined with regard to a provider in 42 C.F.R. § 413.17(1)), such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related
organization upon written request shall make available, to the Secretary, the Comptroller, or any of their duly authorized representatives the subcontract, and books, documents, and records of such organization that are necessary to verify the nature and extent of such costs. If any Party is requested to disclose any books, documents, or records relevant to this Agreement for the purpose of an audit or investigation relating directly to the provision of services under this Agreement, such Party shall notify the other Parties of the nature and scope of such request and shall make available to the other Parties, upon written request, all such books, documents, or records. This Section is included pursuant to and is governed by the requirements of federal law. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by the Parties or any of the Parties’ representatives by virtue of this Agreement.

Section 16.18 **Name and Trademark.** Except as provided in this Agreement, no Party will use any other Party’s name, symbol, or trademark in any marketing, advertising, or any other public communications without the prior written consent of such Party regarding the use of its name, symbol, or trademark.

Section 16.19 **NEWCO Not Intended to be Public Body.** Nothing in this Agreement is intended, and it is not the intent of the Parties, DOA or DHH, to cause or result in NEWCO being considered a public or quasi-public body, governmental authority or subdivision thereof, other public entity or otherwise subject to public inspection laws of the State, public audit or other disclosure procedures generally applicable to public bodies in the State.

Section 16.20 **Legislative Auditor.** It is hereby agreed that the State and/or the Legislative Auditor shall have the option of auditing all accounts of NEWCO which relate to this Agreement. Such audits shall be at the expense of the State or the Legislative Auditor and shall be done during customary business hours.
Section 16.21 Discrimination Clause. NEWCO agrees to abide by the requirements of the following as applicable: Title VI of the Civil Rights Act of 1964 and Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, Federal Executive Order 11246 as amended, the Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran’s Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, the Fair Housing Act of 1968 as amended, and NEWCO agrees to abide by the requirements of the Americans with Disabilities Act of 1990. NEWCO agrees not to discriminate in its employment practices, and will render services under this Agreement without regard to race, color, religion, sex, sexual orientation, national origin, veteran status, political affiliation, or disabilities.

Section 16.22 Further Acts and Assurances. Each of the Parties shall, at any time and from time to time at and after the execution of this Agreement, upon reasonably request of another Party, take any and all steps reasonably necessary to consummate the Contemplated Transactions, and will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required to consummate the Contemplated Transactions.

Section 16.23 Appropriation of Funds. All State, DOA, and LSU obligations under this Agreement, or any other agreement related to this CEA, to make payments of any kind in future years, shall be subject to appropriation by the Louisiana Legislature of sufficient funds therefor and the availability of funds following Legislative appropriation; provided, however, and notwithstanding anything to the contrary contained herein or in other ancillary agreements, any and all obligations of DOA and/or LSU pursuant to the Hospital Lease and Hospital Sublease
attached as Exhibit 5.1(a) and Exhibit 5.1(b), respectively, to refund prepaid rent shall be subject to, and contingent upon, appropriation by the Louisiana Legislature of sufficient funds specifically and expressly appropriated for refunding of such sums to NEWCO (the “Appropriation”), and any such obligation by any obligor is limited only to the portion of said Appropriation which said obligor receives. In the event that NEWCO is due a refund of prepaid rent pursuant to the provisions of the Hospital Lease or Hospital Sublease and this Section 16.23, the State, DOA and LSU agree to make good faith best efforts to seek specific appropriation for such refund by the Louisiana Legislature, and DOA and/or LSU shall include in one or more of their annual budget requests, a request for the appropriation of funds for the purpose of making such refund of prepaid rent to NEWCO pursuant to the Hospital Lease or Hospital Sublease, as applicable.

Section 16.24 Ethical and Religious Directives. The Parties hereby acknowledge and agree that NEWCO is bound by the Ethical and Religious Directives for Catholic Health Care Services (“ERDs”), and NEWCO shall at all times comply with such ERDs during the Term of this Agreement. Further, in no event shall NEWCO’s compliance with the ERDs give rise to a Breach of this Agreement.

[Signatures on following page.]
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Witnesses:

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation of the State of Louisiana

By: William L. Jenkins, President of Louisiana State University System

Date: __________________________

Witnesses:

STATE OF LOUISIANA, DEPARTMENT OF HEALTH AND HOSPITALS

By: Kathy Kliebert, Interim Secretary

Date: __________________________

Witnesses:

STATE OF LOUISIANA, DIVISION OF ADMINISTRATION

By: Kristy Nichols, Commissioner

Date: __________________________
Witnesses:  

NEWCO

By: ____________________________

Date: __________________________

______________________________
EXHIBIT 1
DEFINITIONS

“ACGME” means the Accreditation Council for Graduate Medical Education.

“Affiliate” means a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, another Person. “Control” (including the term “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of management policies of a Person, whether through membership in a non-profit corporation, appointment of the board of directors or board of supervisors, ownership of voting securities, by contract, as trustee or executor, or otherwise.

“Agreement” or “CEA” means this Cooperative Endeavor Agreement among the LSU, NEWCO, the STATE, DOA and DHH.

“Benefit Plans” means any pension, retirement, savings, disability, medical, hospital, surgical, dental, optical or other health plan (including such benefits that are provided through insurance or a health maintenance organization), life insurance (including any individual life insurance policy as to which LSU makes premium payments whether or not LSU is the owner, beneficiary or both of such policy) or other death benefit plan (including accidental, death insurance), profit sharing, present or deferred compensation, employment consulting, termination of employment, change-in-control, retention stock option, bonus or other incentive plan, excess benefit plan vacation benefit plan, holiday, sick pay, severance plan, “golden parachute”, prepaid legal services, day care, employee assistance (referral) benefits, cafeteria plan, scholarship, or educational benefit, supplemental unemployment, expense reimbursement, medical service discount, any fringe benefits referenced in Section 132 of the Code or other employee benefit plan or arrangement (whether written or arising from custom) to which LSU is a party or by which LSU or any of the Hospitals (or any of its rights, properties or assets) is bound, or with respect to which LSU has made payments, contributions or commitments or may otherwise have any liability (including any such plan or arrangement formerly maintained by LSU), but in either case, which provide benefits to one or more employees, former employees or non-employees service providers of LSU, including without limit Employees, or any of their respective dependents or beneficiaries.

“Breach” means any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant or obligation, in or of this Agreement or any other document or agreement delivered pursuant to this Agreement, or any event which with the passing of time or the giving of notice, or both, would constitute such a breach, inaccuracy or failure.

“Business Days” means Monday through Friday of each week, excluding legal holidays.

“CMS” means the Centers for Medicare/Medicaid Services (CMS), an agency of the U.S. Department of Health and Human Services.

“Commencement Date” means January 6, 2014, or the date on which NEWCO has obtained a new Medicare Provider Number and Medicare Provider Agreement necessary for it to assume full operations of the Hospital, whichever is later.

“Confidential Information” includes, to the extent allowed by law, any and all of the following information of any Party that has been or may hereafter be disclosed in any form, whether in writing, orally, electronically or otherwise, or otherwise made available by observation, inspection or otherwise by any Party or its Representatives (collectively, a “Disclosing Party”) to the other party or its Representatives (collectively, a “Receiving Party”):

(i) all information that is a trade secret under applicable trade secret or other law;

(ii) all information concerning product specifications, data, know-how, formulae, compositions, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current and planned research and development, current and planned manufacturing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, market studies, business plans, computer hardware, software and computer software and database technologies, systems, structures and architectures;

(iii) all information concerning the business and affairs of the Disclosing Party (which includes historical and current financial statements, financial projections and budgets, tax returns and accountants’ materials, historical, current and projected sales, capital spending budgets and plans, business plans, strategic plans, marketing and advertising plans, publications, client and customer lists and files, contracts, the names and backgrounds of key personnel and personnel training techniques and materials, however documented), and all information obtained from review of the Disclosing Party’s documents or property or discussions with the Disclosing Party regardless of the form of the communication; and

(iv) all notes, analyses, compilations, studies, summaries and other material prepared by the Receiving Party to the extent containing or based, in whole or in part, upon any information included in the foregoing.

“Consultative Process” means an open, good faith dialogue among the appropriate individuals designated or identified by each Party on breaches, disputes or issues of concern to or affecting the transactions contemplated by the Agreement. Unless this Agreement provides that the Consultative Process is to proceed automatically, the Consultative Process shall commence upon receipt of written notice from the Party requesting the Consultative Process by the other Party.

“Contemplated Transactions” means a series of transactions involving the Parties to the CEA, including (i) NEWCO’s lease of the Facility and furniture, fixtures, and equipment, (ii) the purchase of consumable inventory and accounts receivable; (iii) transition of the Hospital from LSU to NEWCO; and (iv) NEWCO’s support academic, clinical and research missions of the AMC of the CEA.

“Contract Monitor” shall mean the individual appointed by LSU to monitor the Parties’ compliance with the terms of this CEA as provided in Section 1.2.
“Core Services” has the meaning set forth in Section 3.4.

“Cost Analysis Worksheet” is the funding worksheet attached as Exhibit 7.1(a) to this Agreement.

“Cure Period” means, subject to Section 13.2(l), a forty-five (45) day period of time during which a Party may attempt to cure an asserted Breach.

“Damages” shall have the meaning set forth in Section 15.2.

“DHH” means the Louisiana Department of Health and Hospitals.

“DHH Funding Calculations” has the meaning set forth in Section 7.2.

“Disclosing Party” has the meaning set forth in the definition of “Confidential Information.”

“DOA” means the State of Louisiana through the Louisiana Division of Administration.

“Effective Date” means the date that this Cooperative Endeavor Agreement becomes effective and enforceable.

“Equipment Lease” means the lease agreement among LSU and NEWCO for certain equipment necessary for NEWCO’s operation of the Hospital.


“Excluded Provider” means an individual or entity who or that is excluded from participating in any state or federal health care program pursuant to 42 U.S.C. § 1320a-7.

“Force Majeure” shall mean any (i) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, war, blockade, insurrection, riot or civil disturbance; (ii) labor dispute or strike; or (iii) order or judgment of any governmental authority, if not the result of willful or negligent action of a Party, any of which results in loss, delay or inability of any party to perform the obligations hereunder.

“GME” means graduate medical education.

“Governmental Authorization” means any consent, license, registration or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

“Governmental Agencies” means any United States or Louisiana agency or instrumentality.

“Governmental Body” or “Governmental Bodies” means any:

(i) nation, state, county, city, town, borough, village, district or other jurisdiction;
(ii) federal, state, local, municipal, foreign or other government;
(iii) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers);

(iv) multinational organization or body;

(v) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or

(vi) official of any of the foregoing.

“Health Care Laws” means all federal, state or local laws, statutes, codes, ordinances, regulation manuals or principles of common law relating to healthcare regulatory matters, including without limitation (i) 42 U.S.C. §§ 1320a-7, 7a and 7b, which are commonly referred to as the “Federal Anti-Kickback Statute”; (ii) 42 U.S.C. § 1395nn, which is commonly referred to as the “Stark Law”; (iii) 31 U.S.C. §§ 3729-3733, which is commonly referred to as the “Federal False Claims Act”; (iv) Titles XVIII and XIX of the Social Security Act, implementing regulations and program manuals; and (v) 42 U.S.C. §§ 1320d-1320d-8 and 42 C.F.R. §§ 160, 162 and 164, which is commonly referred to as HIPAA; (vi) 42 U.S.C. §§ 1395dd, et. seq., which is commonly referred to as the “Emergency Medical Treatment and Active Labor Act” (EMTALA).

“HIPAA” means the Health Information Protection and Portability Act of 1996, as amended.

“HITECH Act” means the Health Information and Technology for Economic and Clinic Health Act, as amended.

“Hospital” means the patient care and business operations of Washington St. Tammany Medical Center, d/b/a Bogalusa Medical Center, having a Medicare Provider Number 19-0001.

“Inadequate Funding” means the failure of NEWCO and its Affiliates to receive the funding required under Article VIII when due.

“Indemnified Person” shall mean the Person entitled to indemnity under this Agreement.

“Indemnifying Person” means the Person obligated to indemnify another Party under this Agreement.

“Facility” means the current facilities located in Bogalusa, Louisiana in which the Hospital and its clinics are operating.

“IRC” means the Internal Revenue Code.

“Joint Commission” or “JC” means The Joint Commission responsible for accreditation of hospitals and other health care organizations.

“Key Service Baseline” has the meaning set forth in Section 3.5.
“Key Service Lines” has the meaning set forth in Section 3.5.

“Knowledge” means an individual will be deemed to have Knowledge of a particular fact or other matter if:

(vii) that individual is actually aware of that fact or matter; or

(ii) a prudent individual could be expected to discover or otherwise become aware of that fact or matter in the course of conducting a reasonably comprehensive investigation regarding the accuracy of any representation or warranty contained in this Agreement.

A Person (other than an individual) will be deemed to have Knowledge of a particular fact or other matter if any individual who is serving, or who has at any time served, as a director, officer, partner, executor or trustee of that Person (or in any similar capacity) has, or at any time had, Knowledge of that fact or other matter (as set forth in (i) and (ii) above), and any such individual (and any individual party to this Agreement) will be deemed to have conducted a reasonably comprehensive investigation regarding the accuracy of the representations and warranties made herein by that Person or individual.

“Layoff Plan” means the layoff plan filed by LSU with the Louisiana Civil Service Commission regarding the layoff of LSU Personnel.

“Leased Assets” has the meaning set forth in Section 5.1.

“Leased Facilities” has the meaning set forth in the recitals.

“Legal Requirement” means any federal, state, local, municipal, foreign, international, multinational or other constitution, law, ordinance, principle of common law, code, regulation, statute or treaty, including without limitation Health Care Laws.

“Legislature” means the Senate and House of the Louisiana Legislature.

“Liability” means with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“LSU” or “LSU Board of Supervisors” means the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College.

“LSU GME Program” means Graduate Medical Education programs that will be operated at the Hospital and are listed on Schedule ______ hereto.

“LSU Personnel” means the Hospital employees to be laid off as LSU employees as of the Commencement Date, subject to the approval of the Louisiana Civil Service Commission.
“Master Agreement” has the meaning set forth in Section 5.1.

“Master Collaborative Agreement” or “MCA” means the agreement between LSU and NEWCO, addressing matters related to the Contemplated Transaction and involving ancillary agreements pertaining to same.

“Material Adverse Effect” means any action or inaction that, in the context of this Agreement as a whole, would prevent or significantly impair a Party’s ability to meet its own obligations in this Agreement.

“Medically Indigent” means any person whose income is below two hundred percent of the federal poverty level and who is uninsured unless otherwise defined by Louisiana law.

“Methodology Adjustment Notice” means written notice from one Party to another Party requesting modification of the Cost Analysis Worksheet.

“NEWCO Funding Calculations” has the meaning set forth in Section 7.2.

“Office of Risk Management” means the Office of Risk Management within the DOA.

“Order” means any order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Body or arbitrator.

“ Owned Facilities” has the meaning set forth in the Recitals.

“Party” or “Parties” means LSU, NEWCO, the STATE, DOA and DHH.

“Permitted Joint Venture” has the meaning set forth in Section 13.2.

“Person” means an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Body.

“Potential Terminating Breaches” means those asserted Breaches that may result in termination of the CEA if not cured pursuant to the process provided in Article XIII.

“Proceeding” means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigatory, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

“Provider Numbers” shall mean all numbers or other identifying designations issued or assigned to a provider for purposes of a provider agreement, reimbursement or other payment or claims processing, including without limitation provider numbers as designated for purposes of Medicare, Medicaid, CHAMPUS or other governmental or third party payer programs.

“Public Purpose” means the creation of an integrated health care delivery system in which the Parties continuously work in collaboration and are committed and aligned in their actions and
activities, in accordance with a sustainable business model, to serve the State and its citizens: (i) as a site for GME, capable of competing in the health care marketplace, with the goal of enriching the State’s health care workforce and their training experience; (ii) in fulfilling the State’s historical mission of assuring access to Safety Net Services to all citizens of the State, including its Medically Indigent, high risk Medicaid and State inmate populations; and (iii) by focusing on and supporting the Core Services and Key Service Lines necessary to assure high quality medical education training and access to Safety Net Services.

“Receiving Party” has the meaning set forth in the definition of “Confidential Information.”

“Required Funding” means payments to be made by DHH to NEWCO or its Affiliates as described in Article VII.

“Safety Net Services” means health care services which are important to the health of the citizens of the State, and to which they may not otherwise have access, including, without limitation, the Core Services, whether such lack of access is due to the financial resources available to the patient, lack of availability of the service through alternative providers in the community, or other reason.

“State” means the State of Louisiana.

“Termination Notice” means written notice by a non-breaching Party to the other Parties of the non-breaching Party’s intent to terminate this CEA.

“Third Party Claim” means any claim against any Indemnified Person by a third party, whether or not involving a Proceeding.

“Third Party Consents” means those consents or approvals needed from third parties as set forth on Schedule 12.1.

“NEWCO” means ________________.

“Wind Down Commencement Date” means Wind Down Commencement Date on which the Wind Down Period commences. This date shall be the date on which a written notice to terminate this Agreement is received by the non-terminating Party, provided however, that the applicable Cure Period, Consultative Process and executive level discussions have ended without resolution.

“Wind Down Period” means that 180-day period of time as set forth in Section 13.9.
Exhibit _____

CORE SAFETY NET SERVICES
Exhibit ______

KEY SERVICE LINES
LEASE AGREEMENT

This Lease Agreement (this “Lease”) is made and entered into on the _____ day of June, 2013, by and between:

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation of the State of Louisiana, represented herein by William L. Jenkins, Interim President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors, adopted _____________ ____. 2013, a copy of which is attached hereto, with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. XX-XXX0848) (hereinafter referred to as “LSU” or the “Lessor”);

DIVISION OF ADMINISTRATION for the State of Louisiana, acting by and through the Commissioner of Administration (hereinafter referred to as the “Division”);

THE STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION, herein represented and appearing through Kristy H. Nichols, Commissioner of Administration, Division of Administration, Office of the Governor, State of Louisiana, under the authority granted pursuant to La. R.S. 39:11 and other applicable law, whose mailing address is Post Office Box 94095, Baton Rouge, Louisiana 70804-9095, (hereinafter referred to as the “State”); and

[NEWCO, INC.], a Louisiana nonprofit corporation, represented herein by _____________, its President and Chief Executive Officer, duly authorized by virtue of a resolution adopted _____________ ____. 2013, a copy of which is attached hereto, with a mailing address of 1125 West Highway 30, Gonzales, Louisiana 70737 (Federal I.D. No. XX-XXX____) (hereinafter referred to as “[NEWCO]” or the “Lessee”),

provides as follows:

WITNESSETH

WHEREAS, the parties hereto have entered into that certain Master Hospital Agreement (the “Master Agreement”) of an even date herewith;

WHEREAS, LSU shall, until the Commencement Date (as defined in the Master Agreement), operate the state hospital located in Bogalusa, Louisiana, known as LSU Bogalusa
Medical Center (the “Hospital”), with the public purpose of providing efficient and effective health care to the community;

WHEREAS, pursuant to that certain Cooperative Endeavor Agreement (the “CEA”) executed effective __________ __, 2013, by and among [NEWCO], LSU, the Division and the Louisiana Department of Health and Hospitals (“DHH”), on the Commencement Date and thereafter during the term of the CEA, [NEWCO] shall continue the provision of health care to the indigent and high-risk Medicaid populations of the Bogalusa area at the Hospital, which includes several clinic and administrative buildings, including, without limitation: (i) premises located at 400 Memphis Street, Bogalusa, Louisiana (the “Memphis Facility”), more specifically set forth on Attachment A attached hereto; and (ii) premises located at 104 Avenue B, Bogalusa, Louisiana (the “Administrative Facility”, and together with the Memphis Facility, the “Leased Premises”), more specifically described and set forth on Attachment B attached hereto; all in accordance with the terms and conditions set forth in the CEA and any ancillary documents contemplated therein;

WHEREAS, this Lease is an integral aspect of the CEA and furthers the above stated public purposes;

WHEREAS, LSU is the owner of the Leased Premises, which shall be leased by LSU to the Lessee in accordance with the provisions of this Lease, the Master Agreement and the CEA;

WHEREAS, this Lease furthers the educational and public service missions of LSU; and
NOW, THEREFORE, in consideration of the Lessor's obligation to lease the Leased Premises, the rent to be paid by the Lessee during the term of this Lease, and the mutual benefits accruing to the parties under this Lease and the CEA, the parties do enter into this Lease, on the following terms and conditions:

**ARTICLE I.**
**LEASED PREMISES AND TERM**

For the consideration and upon the terms and conditions hereinafter expressed, the Lessor leases the Leased Premises unto the Lessee, here present and accepting the same, commencing on the Commencement Date, for the Term (as defined in the Master Agreement), unless otherwise terminated sooner in accordance with the terms and conditions set forth herein, in the Master Agreement or in the CEA.

**ARTICLE II.**
**RENT**

**Section 2.1 Lease Rent.** During the Term, the Lessee shall pay to the Lessor the Annual Lease Rent Amount (as defined in the Master Agreement) in accordance with the provisions of the Master Agreement.

**Section 2.2 Advance Rent.** The Lessee shall pay to the Lessor the Advance Rent (as defined in the Master Agreement) in accordance with the Master Agreement.

**Section 2.3 Additional Rent.** In addition to the Advance Rent and Annual Lease Rent Amount, the Lessee shall also pay any and all other charges or payments which the Lessee is or becomes obligated to pay pursuant to this Lease (the “Additional Rent”). (The Advance Rent, the Annual Lease Rent Amount and the Additional Rent may be referred to collectively
herein as the “Rent”). Except as otherwise set forth herein, any Additional Rent owed to the
Lessor shall be due within thirty (30) days after receipt of the invoice, with reasonable
description and itemization of the charge, from the Lessor.

**Section 2.4 Net Lease.** This Lease is intended to be a net lease, meaning that except
for any Rent abatement rights specifically set forth in this Lease, the Rent provided for herein or
in the Master Agreement shall be paid to the Lessor without deduction for any expenses, charges,
insurance, taxes or set-offs whatsoever of any kind, character or nature; it being understood and
agreed to by the Lessee that as between the Lessee and the Lessor, the Lessee shall bear
responsibility for the payment of all costs and expenses associated with the management,
operation, maintenance and capital renewal of the Leased Premises, including, without
limitation, all costs and expenses described in Article VI hereof. Under no circumstances will
the Lessor be required to make any payment on the Lessee’s behalf or for the Lessee’s benefit
under this Lease, or assume any monetary obligation of the Lessee or with respect to the Leased
Premises under this Lease.

**ARTICLE III. USE**

The Leased Premises shall be used and occupied by the Lessee solely for medical
business offices, medical staff offices, medical education staff offices, medical clinics, outpatient
pharmacy operations or any other medical, educational or hospital use or uses which are not
incompatible with a university medical center (including, without limitation, surgical, research
and laboratory facilities) together with any uses that are accessory to any of the foregoing (each a
“Permitted Use”), and for no other purposes without the prior written consent of the President of
the LSU System or his/her designee (the “Lessor Representative”). The Lessee will conduct its
business on the Leased Premises in compliance with all federal, state, local and parish rules, laws, ordinances, and governmental regulations, orders, codes and decrees (herein “Law”) and in accordance with the provisions of the CEA.

ARTICLE IV.
SUBLETTING AND ASSIGNMENT

Section 4.1  [Now is very similar to the Sublease] No Assignment. The Lessee may not, without the prior written consent of the Lessor Representative, assign, mortgage or otherwise encumber, in whole or in part, this Lease or any interest therein; provided, the Lessee may, with prior written notice to the Lessor, but without the consent of the Lessor Representative, assign its interest as the Lessee under this Lease to a non-profit corporation, a low-profit limited liability company, a nonprofit or low-profit limited liability partnership, or other non-profit legal entity wholly owned or controlled by or under common control with the Lessee, or to any non-profit entity that is a successor by merger to the Lessee or that acquires the Lessee or all or substantially all of the assets of the Lessee, provided that such assignee assumes the Lessee's obligations hereunder by operation of Law or agrees to assume in writing the Lessee’s obligations hereunder without release of the Lessee, all in form and substance approved in writing by the Lessor.

Section 4.2  No Subletting. The Lessee, without the prior written consent of the Lessor Representative, which consent shall not be unreasonably withheld, may not sublease or grant any other rights of use or occupancy of all or any portion of the Leased Premises; provided, the Lessee may, with prior written notice to the Lessor, but without the consent of the Lessor Representative, grant one or more subleases of or grant any other rights of use or occupancy of all or a portion of the Leased Premises (collectively “Permitted Subleases”) to (1) a nonprofit
corporation, a low-profit limited liability company, a nonprofit limited liability partnership, or other nonprofit legal entity wholly owned or controlled by the Lessee, or to any nonprofit entity that is a successor by merger to the Lessee or that acquires the Lessee or all or substantially all of the assets of the Lessee; (2) retail subtenants, such as restaurants, drug stores, flower shops, newsstands, brace shops, and other subtenants which support the operations of the Hospital and which would be routinely housed in a hospital or medical clinic of similar scope and operation; (3) a third party with which (i) the Lessee and (ii) LSU have an affiliation agreement relating to the healthcare, academic or research activities conducted in the Hospital; and (4) any entity or entities for the purpose of providing in-patient long-term acute care, in-patient rehabilitation treatment, in-patient chemical dependency treatment and/or other health care services, so long as such sublease or grant does not reduce the number of licensed acute care beds available for acute care patients in the Lease Premises (and the premises subleased under the Agreement to Sublease) below sixty (60) at any one time, and so long as such sublease or grant does not materially conflict with or materially diminish, or be materially inconsistent with the Public Purpose as such term is defined in the CEA [Note: Need to confirm 60 bed minimum with FMOL]; provided that all such Permitted Subleases shall be subject and subordinate to all of the terms and conditions of this Lease and the use of the Leased Premises permitted under any such Permitted Sublease shall be in accordance with the applicable terms and conditions of this Lease, and further provided that such sublessee expressly acknowledges the foregoing in the sublease. Any such Permitted Sublease for which such prior written consent of the Lessor Representative is not required pursuant to this Section 4.2 shall: (a) have a term not exceeding the Term; and (b) further the mission of the Hospital and the Public Purpose as set forth in the CEA. Any subleases not meeting the foregoing criteria shall be submitted to the Lessor Representative for
his/her prior review and approval, which approval shall not be unreasonably withheld. Any failure of the Lessor Representative to respond within thirty (30) days of receipt of such written request shall be deemed consent. In the event the Lessor Representative disapproves such a request, the Lessor Representative shall give written reasons for such disapproval. The foregoing shall be exclusive of any subleases to LSU, all of which subleases are hereby consented to. Under no circumstances may the Lessee sublease any space for any adult establishment (as defined by an applicable zoning code) including, but not limited to, adult bookstore, adult movie theater, adult novelty shop, tattoo shop, adult cabaret, liquor store or tobacco shop. Furthermore, the Lessee shall not enter into any sublease of all or part of the Leased Premises with any physicians group or medical practice if such sublease would be materially inconsistent with the Public Purpose as such term is defined in the CEA. Any sublease shall contain a provision to the effect that if this Lease is terminated for any reason, any sublease, at the Lessor’s sole option, shall: (i) continue in full force and effect with LSU being automatically substituted for the Lessee as the lessor under such sublease, with no liability for LSU for any obligations of the Lessee (or any permitted assignee) which arose before LSU exercised its option to continue the sublease; or (ii) be terminated without any liability to LSU or DOA. Further, any sublease shall contain a provision restricting the further sublease or assignment of all or any part of such sublease.

Section 4.3 Lessee Remains Liable. In no event shall any assignment or subletting of all or any portion of the Leased Premises release the Lessee from any obligations under this Lease, unless such release shall be evidenced by the Lessor’s express written agreement at the time of the assignment or subletting, which agreement may be withheld in the Lessor’s sole discretion.
ARTICLE V. 
IMPROVEMENTS AND ALTERATIONS BY LESSEE

Section 5.1 Lessee's Improvements and Alterations.

(a) The Lessee shall not make any Major Alteration (defined herein) to the Leased Premises without the prior written approval of the Lessor Representative and the Division, which approvals shall not be unreasonably withheld or delayed. In connection with any requested Major Alteration, the Lessee shall submit to the Lessor Representative and the Division an explanation of the work proposed to be carried out, in a level of detail required by the Lessor Representative and the Division in their reasonable discretion, and including plans and specifications therefor unless the requirement of such plans and specifications is waived in writing by the Lessor Representative and the Division in their reasonable discretion. If neither the Lessor Representative nor the Division has notified the Lessee of the Lessor’s and/or the Division’s approval or denial (with written reasons in the event of a denial) of a request for consent to a Major Alteration within thirty (30) days after receipt by the Lessor Representative and the Division of such information as is necessary to describe the Major Alteration in reasonable detail, the Lessor and the Division shall be deemed to have approved the request.

(b) A “Major Alteration” is any alteration or other change to the Leased Premises: (i) which is structural in nature; (ii) which would materially change the Leased Premises exterior appearance or structure limit line; (iii) which would materially change or affect the electrical, mechanical, heating, ventilating and air conditioning or utilities systems or routing servicing of the Leased Premises; or (iv) which is estimated in good faith to cost in excess of $500,000.00. Unless otherwise specifically provided herein, all alterations and improvements to the Leased Premises, including, but not limited to, Major Alterations, (collectively,
“Improvements”) shall be performed by the Lessee, at no cost or expense to the Lessor or the Division. All Improvements shall be made in accordance with La. R.S. 17:3361, et seq. Such Improvements shall not reduce the then fair market value of the Leased Premises, and shall not adversely impact the structural integrity (or functional layout of the leased facilities) of the Leased Premises. Approval by the Lessor Representative and/or the Division of any Major Alterations shall not constitute any warranty by the Lessor or the Division to the Lessee of the adequacy of the design for the Lessee's intended use of the Leased Premises. All work performed for or by the Lessee shall be subject to and in accordance with all federal, state, parish and city building and/or fire department codes and ordinances. Any required alterations performed in connection with such Improvements to meet said codes and ordinances shall be performed by the Lessee, at the Lessee's expense. All work shall be performed for or by the Lessee in a good and workmanlike manner, and the Lessee shall prosecute the same to completion with reasonable diligence. The Lessee shall complete all Improvements so as not to create any liens or encumbrances against the Leased Premises or the Lessee’s leasehold interest or any of the Lessor's property, and the Lessee shall furnish: (i) a clear lien certificate for any Improvements to the Leased Premises; or (ii) any other evidence thereof with respect to any Improvements to the Leased Premises which are not Improvements.

(c) Before the commencement of any work in excess of One Million Dollars ($1,000,000.00) for construction of Improvements, the Lessee shall supply the Lessor with appropriate Performance and Payment Bonds. These bonds are at the Lessee’s expense and shall be issued in a form satisfactory to the Lessor and in such a manner as to protect the Lessor’s interest in the Leased Premises. Any requirement of this Section 5.1(c) may be waived with the consent of the Lessor Representative and the Division.
(d) The rights, responsibilities and obligations of the Division, Office of Facility Planning and Control ("FPC"), shall be governed by the provisions of La. R.S. 17:3361, La. R.S. 40:1724, and all other regulatory and statutory authority granted to FPC with respect to maintenance, repair and/or improvements to public buildings and property.

(e) Upon termination of this Lease for any reason other than a Lessee Event of Default (as defined in Section 12.1 hereof), in addition to any other amounts that may be due to the Lessee, the Lessor and the Division shall pay to the Lessee an amount equal to the book value as of such termination date of the unamortized Major Alterations made by the Lessee to the Leased Premises that were approved by the Lessor and the Division in accordance with this Section 5.1, computed on a GAAP basis (herein the “Unamortized Improvements”), but only to the extent such payment is funded by the State in accordance with Section 3.09 of the Master Agreement; provided, however, any such obligation to pay pursuant to this Section 5.1(e) shall be reduced on a dollar-for-dollar basis to the extent any funds of the State, the Division or the Lessor are expended to improve the Leased Premises subsequent to the Commencement Date of this Lease because of a failure by the Lessee to satisfy its obligations under this Lease.

Section 5.2 Cost of Lessee's Improvements. The Lessee shall be solely responsible for the costs of all Improvements to the Leased Premises undertaken by the Lessee pursuant to Section 5.1. Following completion of the Improvements, the Lessee shall provide to the Lessor a lien waiver from the Lessee's contractor covering the cost of work, materials and equipment supplied by the contractor and all subcontractors and materialmen. All Improvements made to the Leased Premises by the Lessee shall become and remain the property of the Lessor at the termination of this Lease without any cost to the Lessor. Notwithstanding the foregoing, if the Lessee performs a Major Alteration without obtaining the Lessor’s and/or the Division’s consent
(or deemed consent as set forth above), in addition to any other remedy available for such violation, the Lessor may, at its option, by written notice to the Lessee require that the Lessee remove the Major Alteration specified in such notice and return the Leased Premises to their condition prior to the unauthorized performance of the Major Alteration. If the Lessee fails to remove such a Major Alteration and restore the Leased Premises to its original condition within sixty (60) days of the above-described written notice, or if such removal and restoration cannot be completed in sixty (60) days, and the Lessee does not commence such removal and restoration within sixty (60) days and perform the removal and restoration diligently to completion, the Lessee shall promptly reimburse, as Additional Rent, the Lessor for any expense that the Lessor incurs in performing such removal and restoration. Pursuant to an Equipment Lease between the Lessor and the Lessee of even date herewith, the Lessor is leasing to the Lessee certain equipment and other movable property located at the Leased Premises. The Lessee shall pay the cost for any additional personal property, fixtures, equipment, furniture and other unattached items of personal property which the Lessee may place in the Leased Premises including, but not limited to, counters, shelving, showcases, chairs and other unattached movable machinery, equipment and inventory (collectively, "Personal Property"), and the Personal Property shall be and remain the property of the Lessee and may be removed by the Lessee at any time or times prior to the expiration of the Term; provided, however, that the Lessee shall repair any damage to the Leased Premises caused by such removal.

ARTICLE VI.
OPERATION, MAINTENANCE, REPAIR, SECURITY AND OTHER SERVICES

Section 6.1  **Operation.** The Lessee shall procure and maintain all services and equipment necessary or required for its use of the Leased Premises.
Section 6.2 Use. The Lessee shall procure and maintain all licenses, permits and accreditation (if any) required for its use of the Leased Premises.

Section 6.3 Maintenance and Repair

(a) The Lessee shall, at its sole cost and expense during the Term, maintain the Leased Premises, including all fixtures located therein, and make and perform all maintenance, repairs, restorations, and replacements to the Leased Premises, including without limitation the heating, ventilating, air conditioning, mechanical, electrical, elevators, telephone, cable and other utility lines, plumbing, fire, sprinkler and security systems, computer service, air and water pollution control and waste disposal facilities, roof, structural walls, sewer lines, including any septic tank and effluent disposal system that may be necessary, and foundations, fixtures, equipment, and appurtenances to the Leased Premises as and when needed to maintain them in as good a working condition and repair (ordinary wear and tear excepted) as existed as of the Commencement Date, regardless of whether such maintenance, repairs, restorations or replacements are ordinary or extraordinary, routine or major, foreseeable or unforeseeable, or are at the fault of the Lessee, the Lessor or some other party, and regardless of by whom such items were placed in the Leased Premises. All maintenance, repairs, restoration, or replacements shall be of a quality and class equal to or better than the quality and class presently located in the Leased Premises. If the Lessee fails to commence such maintenance, repairs, restoration, or replacements, within sixty (60) days of receipt of the Lessor's notice that such maintenance repairs, restoration, or replacements are necessary (or within such longer period of time as may reasonably be required to commence such work), the Lessor may (but shall not be obligated to) make or cause to be made such repairs, restoration, and replacements, at the expense of the Lessee, and shall be entitled to collect the same from the Lessee as Additional Rental due
hereunder within thirty (30) days of written demand by the Lessor.

(b) It is understood and agreed that the Lessor shall have no obligation to incur any expense of any kind or character in connection with the maintenance, repair, restoration or replacement of the Leased Premises during the Term. The Lessor shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to the Leased Premises, or maintain the Leased Premises in any respect whatsoever, whether at the expense of the Lessor, the Lessee, or otherwise.

(c) The Lessee agrees that all Improvements to the Leased Premises constructed by the Lessee pursuant to this Lease shall comply with the requirements of Title 40, Part V, of the Louisiana Revised Statutes, “EQUAL ACCESS TO GOVERNMENTAL AND PUBLIC FACILITIES FOR PHYSICALLY HANDICAPPED,” more specifically, sections La. R.S. 40:1731 through 40:1744, and any new or modified requirements imposed to make the Leased Premises accessible to persons with disabilities as would be applicable to LSU or to a state agency.

(d) The Lessee further agrees to make, at its own expense, all changes and additions to the Leased Premises required by reason of any change in Law that occurs after the Commencement Date (subject to obtaining any approvals of the Lessor Representative that may be required by this Lease), including the furnishing of required sanitary facilities and fire protection facilities, and the Lessee shall furnish and maintain all fire extinguishers and other equipment or devices necessary to comply with the order of the Louisiana State Fire Marshal; provided however, that in the event of any Major Alterations to the Leased Premises, the written consent of the Lessor Representative and the Division must be obtained prior to the
commencement of any work in accordance with Section 5.1 hereof. The Lessee shall further be responsible for all costs associated with any required periodic inspections and servicing of fire extinguishers and other safety equipment or devices, or any licenses or permits required by the State Fire Marshal’s office. At no expense to the Lessor, the Lessee agrees to comply with any order issued during the Term by the State Fire Marshal’s Office within the timeframe mandated by that Office.

(e) The Lessee accepts the Leased Premises in its “as is” condition, that being the condition or state in which the Leased Premises exist on the Commencement Date of this Lease, without representation or warranty, express or implied, in fact or in Law, oral or written, by the Lessor, except as set forth in Section 6.3(h) herein below. The Lessor agrees to preserve all available warranties of workmanship related to the Leased Premises and agrees to exercise its rights with respect to all such warranties with reasonable diligence following receipt of written request from the Lessee.

(f) The Lessee further agrees, at no expense to the Lessor, to maintain the Leased Premises in a neat, clean, safe, sanitary and habitable condition, including, without limitation, painting the exterior and/or interior of the Leased Premises, as applicable.

(g) The Lessee shall have the sole responsibility of all maintenance and repairs to all equipment operational at the time of occupancy, to the extent needed for its use of the Leased Premises or to the extent necessary to preserve and protect the Leased Premises, including but not limited to boilers, elevators, HVAC, fire panels, lock and security systems and the Public Address System, and shall ensure that all such equipment is properly maintained in clean, safe and, continues in an, operable condition. The Lessee shall be responsible for all routine preventative maintenance and repairs on all such operational equipment, including but
not limited to, the HVAC systems, provided, that any such routine preventative maintenance and repairs shall be performed in accordance with manufacturer recommended schedules and be performed by an authorized maintenance/repair contractor. The Lessee shall be responsible for ensuring that all necessary certification is maintained on any and all such equipment and machinery, including, but not limited to, certification required by the State Fire Marshal and DHH.

(h) Furthermore, the Lessee shall comply with the standards outlined in Attachment C attached hereto. The Lessee may propose alternative equivalent maintenance standards for approval by the Lessor Representative within forty-five (45) days of execution of this Lease. The Lessor, to the best of its knowledge and belief, has maintained the Leased Premises in accordance with the standards set forth on Attachment C hereto.

Section 6.4 Security and Other Services. The Lessee shall provide or cause to be provided all security service, custodial service, janitorial service, medical waste disposal, trash disposal, pest control services and all other services necessary for the proper upkeep and maintenance of the Leased Premises. The Lessee acknowledges that the Lessor has made no representation or warranty with respect to: (i) systems and/or procedures for the security of the Leased Premises; (ii) any persons occupying, using or entering the Leased Premises; or (iii) any equipment, finishing, or contents of the Leased Premises. It is the sole responsibility of the Lessee to provide for the security of persons on or entering the Leased Premises and/or property located at the Leased Premises, in accordance with reasonable and prudent business practices utilized for similar facilities.

ARTICLE VII. UTILITIES
The Lessee shall arrange and pay for the furnishing of all utilities which are used or consumed in or upon or in connection with the Leased Premises during the Term, including without limitation water, gas, electricity, medical gases, sewerage, garbage, or trash removal, light, heat, cable, internet and telephone, power, and other utilities necessary for the operation of the Leased Premises (collectively, "Utility Service"), and all Utility Service shall be obtained in or transferred to the Lessee’s name as of the Commencement Date through the end of the Term. Such payments shall be made by the Lessee directly to the respective utility companies furnishing such Utility Services under such contract or contracts therefor as the Lessee may make. The Lessor shall have no responsibility to the Lessee for the quality or availability of Utility Service to the Leased Premises, or for the cost to procure Utility Service. The Lessor shall not be in default under this Lease or be liable to the Lessee or any other person for any direct, indirect or consequential damage, or otherwise, for any failure in supply of any Utility Service by the provider of any Utility Service of heat, air conditioning, elevator service, cleaning service, lighting, security, or for surges or interruptions of electricity. All future telephone lines which are an addition to those already present shall be installed at the expense of the Lessee. The Lessee shall be responsible for providing entrance cable and facilities into the building(s) to the extent not in place as of the Commencement Date to accommodate the telephone, computer and other electronic needs of the Leased Premises. Conduits of sufficient size to meet future or additional installation requirements of the Lessee will be provided by the Lessee.

ARTICLE VIII.
INSURANCE
Section 8.1 Lessee Responsibility for Insurance Coverage. The Lessee shall secure and maintain or cause to be secured and maintained at its sole cost and expense:

(a) Special form (formerly known as “all risk”) property insurance, including loss or damage caused by fire, lightning, earthquake, collapse, sewer backup, vandalism and malicious mischief, named storm and flood and storm surge which insurance shall be in an amount not less than one hundred percent (100%) of the full replacement cost of the buildings and improvements on the Leased Premises, without deduction for depreciation, with a deductible amount not to exceed amounts customarily carried by private entities for comparable facilities in the region.

(b) A policy of commercial general liability insurance with respect to the Leased Premises and the Lessee’s operations related thereto, whether conducted on or off the Leased Premises, against liability for personal injury (including bodily injury and death) and property damage of not less than $5,000,000 combined single limit per occurrence. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability and water damage legal liability.

(c) A policy of motor vehicle liability insurance for all owned and non-owned vehicles, including rented or leased vehicles with coverage of not less than $5,000,000 combined single limit per occurrence.

(d) With respect to work to construct Improvements undertaken by the Lessee on the Leased Premises, a policy protecting the Lessor against damage caused by demolition, pile or any precarious work, which requirement may be satisfied, at the Lessee’s option, as a part of a Builder’s Risk policy provided by the contractor for a particular construction project.

(e) Boiler and machinery insurance coverage against loss or damage by
explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Leased Premises, in an amount not less than $5,000,000 with deductible provisions reasonably acceptable to the Lessor.

(f) 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 of Louisiana, or any act hereafter enacted as an amendment thereto or in lieu thereof, sufficient to cover all persons employed by the Lessee in connection with its use of the Leased Premises.

(g) Pursuant to the provisions of La. R.S. 40:1299.39, et seq., medical malpractice liability insurance insuring claims arising out of malpractice or negligence occurring at or related to the Leased Premises in an amount not less than $1,000,000; provided, however, the coverage will be increased to limits reasonably acceptable to the Lessor and the Lessee, if Louisiana law limiting the amount of such claims is repealed or amended to raise the limits on such claims.

Section 8.2 Additional Requirements.

(a) All insurance required in this Article VIII and all renewals of such insurance shall be issued by companies authorized to transact business in the State of Louisiana, and rated at least A- Class VIII by Best's Insurance Reports or as approved by the Lessor Representative (such approval not to be unreasonably withheld or delayed). All insurance policies provided by the Lessee shall expressly provide that the policies shall not be canceled or materially altered without thirty (30) days’ prior written notice to the Lessor.

(b) All policies of liability insurance the Lessee maintains according to this Lease will name the Lessor, its board members, officers, employees and agents, and such other
persons or firms as the Lessor reasonably specifies from time to time as additional insureds (the “LSU Insured Parties”), and the Lessor shall also be named as a loss payee on any property damage insurance.

(c) The Lessor reserves the right to reasonably request copies of original policies (together with copies of the endorsements naming the Lessor, and any others reasonably specified by the Lessor, as additional insureds). Certificates of insurance and the declaration page for each policy shall be delivered to the Lessor upon occupancy of the Leased Premises and, if requested by the Lessor, from time to time at least thirty (30) days prior to the expiration of the term of each policy. All insurance required hereby shall provide that any failure of the Lessee to comply with reporting requirement of a policy required hereby shall not affect coverage provided to the LSU Insured Parties.

(d) All liability policies maintained by the Lessee pursuant to this Lease shall be written as primary policies, not contributing with and not in excess of coverage that the Lessor may carry, if any.

(e) All insurance required hereby shall provide that the insurance companies issuing such required policies shall have no recourse against LSU for payment of premiums or for assessments under any form of the policies.

(f) The coverage required hereunder shall contain no special limitations on the scope of protection afforded to the LSU Insured Parties.

(g) All insurance required hereunder shall be occurrence coverage. Claims-made policies are not allowed.

(h) Any deductibles or self-insured retentions must be declared to the Lessor. The Lessee shall be responsible for deductibles and self-insured retentions.
Section 8.3  **Condemnation, Casualty and Other Damage.**  The risk of loss or
decrease in the enjoyment and beneficial use of the Leased Premises 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, terrorist attack or otherwise (collectively
"Casualty"), or by the taking of all or any portion of the Leased Premises by condemnation,
expropriation, eminent domain proceedings or any conveyance of all or any portion of the
Leased Premises pursuant to the threat of any such condemnation, expropriation or eminent
domain proceedings (collectively "Expropriation") is expressly assumed by the Lessee. None of
the forgoing events shall entitle the Lessee to any abatements, set-offs or counter claims with
respect to payment of its Rent, or any other obligation hereunder, except as specifically set forth
below. Notwithstanding anything else in this Lease to the contrary, the Lessor is not obligated to
restore, replace or repair any damage to the Leased Premises or to the Lessee's fixtures, furniture,
equipment or other personal property or make any alterations, additions, or improvements to the
Leased Premises caused as a result of a Casualty.

Section 8.4  **Restoration Obligations.**  If all or any portion of the Leased Premises is
damaged or destroyed by a Casualty, the Lessee shall, as expeditiously as possible, continuously
and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof,
at the Lessee's sole cost and expense. The Lessee may opt to demolish the damaged or destroyed
buildings and construct new replacement buildings or other improvements under the procedures
described above in Article V, and in accordance with La. R.S. 38:2212.2; provided, however,
that the Lessee shall obtain approval of the Lessor Representative prior to demolishing any
building that existed on the Leased Premises when this Lease commenced. The Lessor shall not
unreasonably withhold its consent to the demolition. Notwithstanding the foregoing, but subject
to the terms and conditions of the Master Agreement, in the event of a Casualty that results in a loss in excess of fifty (50%) percent of the replacement value of the Leased Premises and that has a material, adverse impact on the Lessee’s ability to operate the Leased Premises for the Permitted Use, the Lessee may elect to terminate this Lease by providing written notice of such termination to the Lessor no later than ninety (90) days following such Casualty, in which event the Lessee shall have no obligation to restore or demolish the Leased Premises, but the Lessor shall be entitled to receipt of the proceeds of the Lessee’s property insurance coverage payable as a result of such Casualty; provided, however, if this Lease is terminated or expires by its terms prior to the termination or expiration of the term of the CEA, the Lessee shall continue to provide, or cause to be provided, substantially similar services as the Lessee had provided in the Leased Premises in accordance with the specific requirements set forth in the CEA.

In the event the Lessee is unable to repair, restore or replace the Leased Premises for any reason, all insurance proceeds received or payable as a result of such Casualty shall be paid to the Lessor and shall be retained by the Lessor.

**Section 8.5 Compensation Award.** Subject to the terms and conditions of the Master Agreement, if the entire Leased Premises shall be taken by Expropriation, this Lease shall terminate as of the date of such taking, in which event, the Lessor shall retain all compensation awarded or paid upon any such taking of the Leased Premises. Subject to the terms and conditions of the Master Agreement, if any part of the Leased Premises shall be taken by Expropriation, rendering the remaining portion unsuitable for the business of the Lessee, the Lessee shall have the option to terminate this Lease. If this Lease is not terminated as provided in this Section 8.5, then the Rent shall be abated for the balance of the Term remaining in proportion to the portion of the Leased Premises so taken, unless the Lessor, at its sole option,
restores the remaining portion of the Leased Premises to a complete architectural unit of substantially like quality and character as existed prior to such taking or conveyance. Notwithstanding anything to the contrary contained herein, all compensation awarded or paid upon a total or partial taking of the Leased Premises shall belong to and be the property of the Lessor without any participation by the Lessee, except that the Lessee shall have the right to receive and shall be paid a portion of the award to the extent of the Unamortized Improvements. The Lessee shall provide all evidence and documentation to support such allocation at its sole cost and expense. If a separate award can be made to the Lessee, the Lessee shall have the right to enter a separate claim against the condemning authority, in which event the Lessee shall not participate in the Lessor’s award.

ARTICLE IX.
HAZARDOUS MATERIALS

Section 9.1 Hazardous Materials.

(a) Subsequent to the Commencement Date, the Lessee shall not allow, cause or permit any Hazardous Materials (as defined below) to be generated, maintained, processed, produced, manufactured, used, treated, released, stored, but not including materials existing in or about the Leased Premises prior to the Commencement Date, or disposed of in or about the Leased Premises by the Lessee or its officers, directors, employees, agents, invitees or sublessees, other than those Hazardous Materials usually and customarily used for the Permitted Use, as long as such materials are lawfully stored and used by the Lessee and the quantity of such materials does not equal or exceed a “reportable quantity” as defined in 40 CFR §§ 302 and 305, and as may be amended, and so long as such Hazardous Materials are generated, maintained, processed, produced, manufactured, used, treated, released, stored or remediated or
disposed of in compliance with all Laws applicable thereto. In no event shall the Lessee cause the deposit, release, or discharge of any Hazardous Materials to the soil or groundwater of the Leased Premises in violation of applicable Law subsequent to the Commencement Date.

(b) In the event that the Lessee causes any violation of applicable Law with regard to Hazardous Materials at the Leased Premises, the Lessor shall have the right to reasonably require that the Lessee engage, at the Lessee’s expense, a contractor to remediate or dispose of, in accordance with Law, all Hazardous Materials used, stored, generated or disposed of on the Leased Premises subsequent to the Commencement Date. For purposes of this Lease, “Hazardous Material” means and includes any hazardous substance or any pollutant or contaminant defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., or any other Law regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as may now or at any time in the future be in effect, or any other hazardous, toxic or dangerous, waste, substance or material.

(c) The Lessee shall promptly notify the Lessor in writing, if the Lessee has or acquires notice or knowledge that any Hazardous Material has been or is threatened to be released, discharged, disposed of, transported, or stored on, in, under, or from the Leased Premises in violation of the Law during the Term. The Lessee shall promptly notify the Lessor, and provide copies following receipt of all written complaints, claims, citations, demands, inquiries, or notices relating to the violation or alleged violation at the Leased Premises during the Term of any Laws pertaining to Hazardous Materials. The Lessee shall promptly deliver to the Lessor copies of all notices, reports, correspondence and submissions made by the Lessee to
the United States Environmental Protection Agency (EPA), the United States Occupational Safety and Health Administration (OSHA), the Louisiana Department of Environmental Quality (DEQ), DHH, or any other governmental authority concerning the violation or alleged violation at the Leased Premises during the Term of any Laws pertaining to Hazardous Materials.

(d) The Lessee agrees to indemnify, defend (with counsel reasonably acceptable to the Lessor at the Lessee’s sole cost) and hold the Lessor, its board members, employees, contractors, and agents harmless from and against all environmental liabilities and costs, liabilities and obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages; however, the Lessee shall not indemnify for consequential damages on claims brought by the Lessor, or the Lessor’s employees), disbursements or expenses of any kind (including attorneys’ and experts’ fees and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) (collectively, “Environmental Claims”) that may at any time be imposed upon, incurred by or asserted or awarded against the Lessor or any of them in connection with or arising from or out of the Lessee’s violation of any of its obligations set forth in Section 9.1(a) above.

(e) The Lessee agrees to indemnify, defend (with counsel reasonably acceptable to the Division at the Lessee’s sole cost) and hold the Division and its employees, contractors, and agents harmless from and against all Environmental Claims that may at any time be imposed upon, incurred by or asserted or awarded against the Division or any of them in connection with or arising from or out of the Lessee’s violation of any of its obligations set forth in Section 9.1(a) above.

(f) Nothing herein shall require the Lessee to indemnify, defend and hold
harmless the the Lessor, its employees, contractors or agents for any Environmental Claim arising from any Hazardous Materials which were present on the Leased Premises prior to the Commencement Date.

(g) The provisions of this Article IX will survive the expiration or earlier termination of this Lease for a period of five (5) years.

ARTICLE X.
INDEMNIFICATION

Section 10.1 Lessee’s Indemnification to Lessor. The Lessee shall indemnify, defend and hold harmless the Lessor and its board members, officers and employees, together with any of their respective successors and assigns (collectively, the “Lessor Indemnitees”), against any and all loss, cost, damage, liability or expense as incurred (including but not limited to actual attorneys' fees and legal costs) arising out of or related to any claim, suit or judgment (“Claim”) brought by or in favor of any person or persons for damage, loss or expense due to, but not limited to, bodily injury, including death, or property damage sustained by such person or persons which arises out of, is occasioned by or is attributable to the Lessee’s use of, and/or activities on, the Leased Premises by the Lessee, its officers, agents, employees, invitees, permittees, contractors, or subcontractors.

All of the foregoing indemnification provisions shall apply to Permitted Uses, as well as uses that are not permitted under this Lease.

Notwithstanding any provision to the contrary contained in this Lease, the Lessor acknowledges that the Lessee’s obligation to indemnify and hold any Lessor Indemnitees harmless under this Article shall not extend to any Claim to the extent arising out of the negligence or willful misconduct of any Lessor Indemnitees.
Section 10.2  Lessee’s Indemnification to Division. The Lessee shall indemnify, defend and hold harmless the Division and its officers and employees, together with any of their respective successors and assigns (collectively, the “Division Indemnitees”), against any and all Claims brought by or in favor of any person or persons for damage, loss or expense due to, but not limited to, bodily injury, including death, or property damage sustained by such person or persons which arises out of, is occasioned by or is attributable to the Lessee’s use of, and/or activities on, the Leased Premises by the Lessee, its officers, agents, employees, invitees, permittees, contractors, or subcontractors.

All of the foregoing indemnification provisions shall apply to Permitted Uses, as well as uses that are not permitted under this Lease.

Notwithstanding any provision to the contrary contained in this Lease, the Division acknowledges that the Lessee’s obligation to indemnify and hold any Division Indemnitees harmless under this Article shall not extend to any Claim to the extent arising out of the negligence or willful misconduct of any Division Indemnitees.

Section 10.3  Lessor’s Indemnification. To the extent authorized by Law, the Lessor will indemnify, defend and hold harmless the Lessee and its officers, agents and employees, together with any of the Lessee’s permitted successors and assigns (collectively, the “Lessee Indemnitees”), from and against any Claims resulting from any injury, loss or damage to persons or property arising out of the negligence or willful misconduct of the Lessor, its board members, officers or employees. Notwithstanding any provision to the contrary contained in this Lease, the Lessee acknowledges that the Lessor’s obligation to indemnify and hold any Lessee Indemnitees harmless under this Article shall not extend to any Claim to the extent arising out of the negligence or willful misconduct of any Lessee Indemnitees.
Section 10.4 Division’s Indemnification. To the extent authorized by Law, the Division will indemnify, defend and hold harmless the Lessee Indemnitees, from and against any Claims resulting from any injury, loss or damage to persons or property arising out of the negligence or willful misconduct of the Division, its board members, officers or employees. Notwithstanding any provision to the contrary contained in this Lease, the Lessee acknowledges that the Division’s obligation to indemnify and hold any Lessee Indemnitees harmless under this Article shall not extend to any Claim to the extent arising out of the negligence or willful misconduct of any Lessee Indemnitees.

ARTICLE XI.
TAXES, FEES AND LICENSES

Section 11.1 Payment of Taxes. The Lessee shall collect (as applicable) and pay to the appropriate collecting authorities all federal, state and local taxes and fees, which accrue during the Term on or against or with respect to the Leased Premises, the Lessee’s Improvements, or the business conducted by the Lessee on the Leased Premises.

Section 11.2 Licenses. The Lessee shall maintain in effect all federal, state and local licenses and permits required for the operation of the business conducted by the Lessee on the Leased Premises.

ARTICLE XII.
DEFAULT BY LESSEE

Section 12.1 Default. Each of the following shall be an Event of Default by the Lessee (herein, each a “Lessee Event of Default”) under the terms of this Lease:

(a) Failure by the Lessee to pay Rent to the Lessor on the date on which this payment is due under this Lease, and this failure shall not be cured within five (5) business days after said Rent is due; provided, however, that the Lessor shall provide written notice and a five
(5) business day right to cure for failure to pay rent, but the Lessee shall only be entitled to one
(1) late payment notice per year under this Section 12.1(a), and provided further that a Lessee Event of Default shall automatically occur if the Lessee fails to pay Rent to the Lessor on the date on which payment is due under this Lease for a second time in any calendar year in which a written notice of late payment has been delivered, or deemed delivered, to the Lessee under this Lease.

(b) Failure to obtain and maintain all insurance as required under this Lease and/or to furnish to the Lessor evidence thereof and/or evidence of payment thereof, if the failure is not cured within two (2) business days after delivery of written notice to the Lessee of such violation.

(c) A court order for relief in any involuntary case commenced against the Lessee, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, and said order is not vacated within one hundred twenty (120) days, or the entry of a decree or order by a court having jurisdiction: (i) appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of, or for the Lessee or a substantial part of the properties or assets of the Lessee; or (ii) winding up or liquidating the affairs of the Lessee, and the continuance of any such decree or order unstayed and in effect for one hundred twenty (120) consecutive days.

(d) Commencement by the Lessee of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted.

(e) Failure to comply with any of the obligations of this Lease (other than payment of Rent or obtaining and maintaining insurance) if the failure is not cured within sixty (60) days after delivery of written notice to the Lessee of such Lease violation or such longer
period of time as may reasonably be required for the Lessee to cure the violation, provided that the Lessee pursues the cure of the violation with reasonable diligence.

In addition to any other remedies provided by Law and except as otherwise provided herein, the Lessor may, but shall not be obligated to, terminate this Lease during the continuance of a Lessee Event of Default, provided that in addition to the notice and cure period set forth above, the Lessee also is given, in writing, notice specifying the Lessee’s failure and the Lessee fails to correct the alleged failure within thirty (30) days following receipt of such additional notice specifying the failure.

ARTICLE XIII.
DEFAULT BY LESSOR

A default by the Lessor (herein “Lessor Event of Default”) will occur under this Lease if the Lessor fails to perform any of its obligations or covenants under this Lease, and such failure is not cured within thirty (30) business days after the Lessor’s receipt of written notice from the Lessee of this failure; however, no Lessor Event of Default will occur if the Lessor begins to cure this failure within thirty (30) business days after its receipt of this notice and continues this cure with reasonable diligence for such period as is reasonably necessary to cure the failure.

ARTICLE XIV.
MISCELLANEOUS

Section 14.1 Lessor’s Right to Enter Leased Premises. The Lessor, directly and/or through its agents, reserves the right to enter the Leased Premises at any time to inspect the Leased Premises, as long as the Lessor’s inspection does not unreasonably interfere with the operation of the proper function of the Lessee’s business. The Lessor shall attempt to provide the Lessee with reasonable advance notice of its intent to inspect the Leased Premises, unless notice is impossible or impractical. The Lessee shall have the right to have a representative
accompany the Lessor during such entry and inspection. The Lessee shall not deny the Lessor access to the Leased Premises.

**Section 14.2 Miscellaneous Provisions of Master Agreement.** All of the Miscellaneous Provisions set forth in the Master Agreement are incorporated herein by reference and made a part hereof in their entirety.

**Section 14.3 Conflict.** In the event that any provision set forth in this Lease contradicts any provision set forth in the Master Agreement, the specific provision set forth in this Lease shall govern the relationship of the parties.

[The Remainder of this Page is Intentionally Left Blank; Signatures are on the Following Page.]
[Signature Page for Lease Agreement]

IN WITNESS WHEREOF, the parties hereto have signed their names as of the on this ___ day of __________, 2013, in the presence of the undersigned competent witnesses:

WITNESSES:  

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

Printed Name: ________________________________  
By: Dr. William L. Jenkins, Interim President  
Louisiana State University System

DIVISION OF ADMINISTRATION  
STATE OF LOUISIANA

Printed Name: ________________________________  
By: Kristy Nichols  
Commissioner of Administration

STATE OF LOUISIANA, through DIVISION OF ADMINISTRATION

Printed Name: ________________________________  
By: Kristy Nichols  
Commissioner of Administration

[NEWCO, INC.]

Printed Name: ________________________________  
By: ________________________________  
President and Chief Executive Officer

OUR LADY OF THE LAKE ASCENSION COMMUNITY HOSPITAL, INC.

Printed Name: ________________________________  
By: ________________________________  
President and Chief Executive Officer
ATTACHMENT A
LEASED PREMISES
400 Memphis Street

The Leased Premises shall consist of the following _______ parcels:

1.
ATTACHMENT B
LEASED PREMISES
104 Avenue B

The Leased Premises shall consist of the following parcels:

1. ATTACHMENT C
SERVICE STANDARDS, BUILDING

<table>
<thead>
<tr>
<th>Element</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>• In general, all elements of building fabric, fixtures and fittings, floor and floor coverings, and furniture and Equipment shall at all times be functional, operational subject to reasonable wear and tear, which is in turn subject to refurbishment obligations.</td>
</tr>
<tr>
<td>Building Fabric External</td>
<td>• Sound secure and weatherproof where appropriate.</td>
</tr>
<tr>
<td>• External walls</td>
<td>• Free from damp penetration or spalling</td>
</tr>
<tr>
<td>• Roof</td>
<td>• Claddings, copings and parapets are structurally sound and secure.</td>
</tr>
<tr>
<td>• Fire escapes</td>
<td>• Free from vermin and/or pests.</td>
</tr>
<tr>
<td>• Walkways</td>
<td>• Chimney stacks/flues and vents are structurally sound and secure and free from blockages and if flues, free from soot.</td>
</tr>
<tr>
<td>• Safety barriers</td>
<td>• Free from debris, moss growth and bird droppings.</td>
</tr>
<tr>
<td>• Balconies</td>
<td></td>
</tr>
<tr>
<td>• Eaves</td>
<td></td>
</tr>
<tr>
<td>• Rendering</td>
<td></td>
</tr>
<tr>
<td>• Chimneys/flues</td>
<td></td>
</tr>
<tr>
<td>• Vents</td>
<td></td>
</tr>
<tr>
<td>Building Fabric Internal</td>
<td>• Free from structural cracks and/or deflection</td>
</tr>
<tr>
<td>Including but not limited to:</td>
<td>• Free from damp and vermin</td>
</tr>
<tr>
<td>• Internal walls</td>
<td>• Free from undue damage and of reasonable appearance for location</td>
</tr>
<tr>
<td>• Partitions</td>
<td>• Comply with the requirements set out in codes and standards</td>
</tr>
<tr>
<td>• Ceilings</td>
<td>• Free from asbestos and other hazardous materials</td>
</tr>
<tr>
<td>• Elevators, escalators,</td>
<td></td>
</tr>
<tr>
<td>dumbwaiters</td>
<td></td>
</tr>
<tr>
<td>• Pneumatic tubes</td>
<td></td>
</tr>
<tr>
<td>Fixtures and Fittings</td>
<td>• The floor coverings are complete</td>
</tr>
<tr>
<td>Including but not limited to:</td>
<td>• The floor covering is fully fixed to the floor so as</td>
</tr>
</tbody>
</table>

ATTACHMENT C
SERVICE STANDARDS, BUILDING
<table>
<thead>
<tr>
<th>Element</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doors (external, internal and fire)</td>
<td>not to cause a health and safety hazard</td>
</tr>
<tr>
<td>Windows and stools and sills</td>
<td>The floor covering is free from tears, scoring, cracks or any other damage that is unsightly and/or could cause a health and safety hazard.</td>
</tr>
<tr>
<td>Hatches</td>
<td>Floor covering surfaces shall be maintained in such a way as to provide a suitable uniform surface (taking into account the pre-existing sub-surface) with minimal resistance, for wheeled beds, trolleys, wheel chairs and any other wheeled vehicle in use in the Facilities.</td>
</tr>
<tr>
<td>Vents</td>
<td>Allow adequate drainage where necessary.</td>
</tr>
<tr>
<td>Shelving</td>
<td>Free from pests.</td>
</tr>
<tr>
<td>Cupboards</td>
<td></td>
</tr>
<tr>
<td>Railings</td>
<td></td>
</tr>
<tr>
<td>Racking</td>
<td></td>
</tr>
<tr>
<td>Notice boards</td>
<td></td>
</tr>
<tr>
<td>Mirrors</td>
<td></td>
</tr>
<tr>
<td>Balustrades</td>
<td></td>
</tr>
<tr>
<td>Magnetic door holders</td>
<td></td>
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<tr>
<td>Floor covering’s</td>
<td></td>
</tr>
</tbody>
</table>

**Decorative Finishes**  
Including but not limited to:
- Paintwork
- Fabric
- Special finishes applied to walls, ceilings, woodworking, metalwork, pipework and other visible elements

<table>
<thead>
<tr>
<th>Decorative Finishes</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Free from all but minor surface blemishes or undue wear and tear</td>
</tr>
<tr>
<td></td>
<td>Free from cracks, or any other surface degradation inconsistent with a building maintained in accordance with Good Industry Practice.</td>
</tr>
</tbody>
</table>

**Furniture & Equipment**

<table>
<thead>
<tr>
<th>Furniture &amp; Equipment</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Is free from spitz, cracks and other defects including squeaks and is free from all but minor surface blemishes or undue wear and tear not in existence at the commencement of the lease.</td>
</tr>
<tr>
<td></td>
<td>Will be maintained in accordance with Occupational Health and Safety requirements and standards.</td>
</tr>
<tr>
<td></td>
<td>Will be maintained in accordance with manufacturer’s requirements.</td>
</tr>
</tbody>
</table>

**SERVICE STANDARDS, SYSTEMS**

<table>
<thead>
<tr>
<th>Element</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>In general, all elements of building systems and Services systems including the elements outlined below shall at all times be functional, operational and satisfy the same performance requirements as existed at the time of commencement of the lease.</td>
</tr>
<tr>
<td>Element</td>
<td>Standard</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Emergency Power Supply                 | • Standby power supply shall be operational, secure and tested in compliance with standards.  
• Test using live loads and demonstrate transfer scheme.  
• Emergency lighting units shall comply with standards, be free from dust, operational and fully charged  
• Batteries shall be adequately ventilated, free from acid leakage; batteries shall be topped up and fully charged |
| MV & LV Distribution System            | • Fuse elements or circuit breaker mechanisms in working order.  
• Contacts and connections clean and mechanically tight.  
• No overheating during normal operating loads.  
• Secure to authorized access only. Recording instruments operational where necessary  
• Torque all bus connections to manufacturer recommendations.  
• Provide lock out procedure  
• Regularly test all breakers and transformers  
• Regularly clean all switchgear and transformers.  
• Do injection testing at least every two years.  
• Test all alarm functions  
• Identification notices where necessary. |
| MV & LV Distribution System            | • Ratings shall be clearly marked.  
• Fuse elements or circuit breaker mechanisms in working order.  
• Contacts and connections clean and mechanically tight  
• No overheating during normal operating loads  
• Secure to authorized access only.  
• Recording instruments operational where provided and necessary  
• Transformers are maintained as per manufacturer’s recommendations at least every two years  
• Protective coatings are intact.  
• No signs of excessive heating  
• Provide lock out procedure.  
• Balance loads  
• Test all protective relaying including injection testing at least every two years.  
• Provide coordination study after every significant change or at a minimum every ten years.  
• Indicate fault levels.  
• Check electronic operation of all breakers and that power source is battery operated  
• Torque all bolted connections  
• Identify all current transformer and potential transformer ratios.  
• Provide ground fault relaying as needed.  
• Marker and covering notices where necessary. |
| Hot and Cold Water Systems              | • Taps valves and other related fittings fixtures function as intended.  
• Pipework and fittings shall be fastened securely to their |
<table>
<thead>
<tr>
<th>Element</th>
<th>Standard</th>
</tr>
</thead>
</table>
| **Heating Ventilating and Air Conditioning Systems**  
Including but not limited to:  
* Fume hoods  
* Humidifiers  
* Dehumidifiers  
* Heaters  
* Ductwork  
* Mixing boxes and dampers  
* Coolers  
* Inlet/outlet grills  
* Cooling towers (and other local ventilation systems)  
* Pneumatic tube system  
* Fire and smoke dampers |  
* All ventilation systems shall function as intended without undue noise or vibration  
* Maintain air changes and ventilation levels as required to achieve ASHRAE Standards as well as code and JCAH requirements  
* Ductwork, fittings and pipework shall be securely fastened to their intended points of anchorage.  
* There shall be no persistent or unreasonable leakages of water (or other heating/cooling medium) or from ventilation systems  
* Secure to authorized access only.  
* Free from corrosion, erosion and organic growth.  
* Pneumatic tube system operates to the Manufacturers and Health Authorities requirements. |
| **Sanitary and Other Drainage Systems**  
( Including all sanitary ware and associated fittings) |  
* Shall function as intended without undue noise and vibration.  
* Provide a safe and comfortable environment.  
* All pipework and fittings fastened securely to their intended points of anchorage  
* There shall be no leakage of waste and/or foul water and/or rain water. |
| **Fire Fighting Equipment** |  
* Fire Extinguishers, fire suppression and other firefighting equipment shall be maintained in accordance with relevant codes and standards |
| **Medical Gases** |  
* Medical gas systems shall be maintained in accordance with relevant codes and standards and shall be tested and inspected in accordance with those standards, Health Department regulations, State Fire Marshal regulations as well as JCAH requirements. |
| **Communications Systems**  
Including but not limited to:  
* All infrastructure cabling, including telecommunications and data cabling;  
* IT/data other than backbone during any warranty period  
* Public address system (if provided)  
* PABX  
* Nurse call system hardware (First Response Maintenance), including radio paging  
* Patient education/entertainment system; and  
* All communication and information technology |  
* The Communications systems shall be maintained in accordance with all relevant codes and standards.  
* All electrical communications and data transmission installations to comply with relevant codes and standards.  
* Shall function as intended |
<table>
<thead>
<tr>
<th>Element</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electrical Systems</strong></td>
<td>• Weatherproof where appropriate.</td>
</tr>
<tr>
<td>Including but not limited to:</td>
<td>• Function as intended without undue noise or vibration;</td>
</tr>
<tr>
<td>• Lighting</td>
<td>wiring, fittings, fixtures, controls and safety devices shall be</td>
</tr>
<tr>
<td>• Safety</td>
<td>properly housed and fastened securely to their intended point</td>
</tr>
<tr>
<td>• Alarm systems</td>
<td>of anchorage and labeled.</td>
</tr>
<tr>
<td></td>
<td>• Lighting conductor should be complete, isolated and comply</td>
</tr>
<tr>
<td></td>
<td>with codes and standards</td>
</tr>
<tr>
<td></td>
<td>• MICC cable protective coatings intact.</td>
</tr>
<tr>
<td></td>
<td>• Light remittance at the design Lux levels</td>
</tr>
</tbody>
</table>
## Service Standards, Horticulture

<table>
<thead>
<tr>
<th>Element</th>
<th>Standard</th>
</tr>
</thead>
</table>
| Tree, Shrubs & Hedges    | • Trimmed, pruned and/or cut to maintain healthy plant growth and so as to minimize  
                            |   o The risk of crime or vandalism  
                            |   o The opportunity for storm wind damage  
                            |   o Risk of fire  
                            |   o The obstruction of roadways, pathways, car parks, street lighting etc.  
                            | • Are secure and safe.  
                            | • Free from dead or dying branches  
                            | • Free from litter.  
                            | • Free from disease and/or aphid infestation  
                            | • Replaced as and when necessary to maintain appearance  
                            | • If irrigated, maintain irrigation system.  |
| Grassed Areas            | • Shall be uniform appearance  
                            | • Edges shall be trimmed  
                            | • Free from mole or vermin infestation.  
                            | • Free from fallen leaves, weeds and litter  
                            | • Shall be maintained to a uniform length  
                            | • If irrigated, maintain irrigation system in working order as designed.  |
| Flower Beds              | • Free from fallen leaves, weeds and litter.  
                            | • Free from disease and/or aphid infestation  
                            | • If irrigated, maintain irrigation system in working order as designed  |

## Service Standards, Grounds and Garden Maintenance

<table>
<thead>
<tr>
<th>Element</th>
<th>Standard</th>
</tr>
</thead>
</table>
| Site Circulation Routes       | • Sound safe and even surface with no potholes or sinking  
                            | • Free from standing water  
                            | • Free from fallen leaves, moss algae or interstitial weeds.  
                            | • Free from fallen trees.  
                            | • Curbs and edgings are sound  
                            | • No loose curbs or paving stones.  
                            | • Road markings and parking striping are clear and complete.  
                            | • Free from graffiti and/or vandalism.  
                            | • Maintain handicapped accessible routes free and unobstructed (physically and visually impaired and wheelchair users).  
                            | • Protection of vehicles form chemical sprays during any applications.  |
| External Furniture and Structures | • Sound secure safe and free from damage  
                            | • Operating at their design performance where applicable  
                            | • Free from moss, algae and or interstitial weeds  
                            | • Free from graffiti and/or vandalism  
                            | • Replacement of light elements  |

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<table>
<thead>
<tr>
<th>Element</th>
<th>Standard</th>
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<tbody>
<tr>
<td>• Statues or ornamental objects</td>
<td></td>
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<tr>
<td>• Bollards</td>
<td></td>
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<tr>
<td>• Bus stops</td>
<td></td>
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<tr>
<td>• Street lights</td>
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<tr>
<td><strong>Boundaries</strong></td>
<td></td>
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<tr>
<td>Including but not limited to:</td>
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<tr>
<td>• Fences/walls</td>
<td>• Intact safe sound and secure.</td>
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<tr>
<td>• Gates</td>
<td>• Free from graffiti and damage.</td>
</tr>
<tr>
<td><strong>External Play/Recreational Areas</strong></td>
<td>• Locks are operational.</td>
</tr>
<tr>
<td>Including but not limited to:</td>
<td>• Free from graffiti and/or vandalism</td>
</tr>
<tr>
<td>• Courtyards</td>
<td></td>
</tr>
<tr>
<td>• Patios</td>
<td></td>
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<tr>
<td><strong>Gutters and Drains</strong></td>
<td>• Safe and secure.</td>
</tr>
<tr>
<td><strong>Facility</strong></td>
<td>• Free from graffiti and/or vandalism</td>
</tr>
<tr>
<td><strong>Signage</strong></td>
<td></td>
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<tr>
<td>• All hazard notices and safety signs are</td>
<td>• Swept.</td>
</tr>
<tr>
<td>maintained, recorded, located and displayed</td>
<td>• Free from litter, leaves, weeds and extraneous material.</td>
</tr>
<tr>
<td>correctly, and fully serviceable.</td>
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</tbody>
</table>
AGREEMENT OF SUBLEASE
(Bogalusa Medical Center)

STATE OF LOUISIANA

PARISH OF ___________________

This Agreement of Sublease (“Sublease”) is entered into as of this ___ day of June, 2013, between:

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation of the State of Louisiana, represented herein by F. King Alexander, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors, adopted _________________, a copy of which is attached hereto, with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. XX-XXX0848) (hereinafter referred to as “LSU” or “SUBLESSOR”);

THE STATE OF LOUISIANA (“State”), THROUGH THE DIVISION OF ADMINISTRATION (“DOA” or “DIVISION”), herein represented and appearing through Kristy H. Nichols, Commissioner of Administration, Division of Administration, Office of the Governor, State of Louisiana, under the authority granted pursuant to La. R.S. 39:11 and other applicable law, whose mailing address is Post Office Box 94095, Baton Rouge, Louisiana 70804-9095 (hereinafter referred to as “STATE”)

FMOL AFFILIATE
_____________________________________________________
________________________________________________________________
________________________________________________________________
_____________________________________________________

(hereinafter referred to as “SUBLESSEE”)

WITNESSETH:

WHEREAS, LSU, [Newco – an FMOL affiliate to be formed], the State of Louisiana (the “State”), by and through the Division of Administration (the “Division”), and the Louisiana Department of Health and Hospitals (“DHH”) have entered into a Cooperative Endeavor Agreement dated effective June ___, 2013, (the “CEA”);
WHEREAS, pursuant to the CEA, St. Elizabeth's through its wholly owned subsidiary, SUBLESSEE, has agreed to provide the financial resources and support, operational expertise, and other necessary resources to ensure that existing Bogalusa Community Medical Center and its Clinics (as defined the CEA) continue to operate and provide health care services to the uninsured and high risk Medicaid populations, and St. Elizabeth’s has agreed to guarantee such obligations of SUBLESSEE; and

WHEREAS, the Bogalusa Community Medical Center, and a portion of the Clinics currently operated by LSU, are located at 433 Plaza Street, Bogalusa, Louisiana, and are currently leased to LSU (as Lessee) by Bogalusa Community Medical Center (“BCMC” or “Lessor”), a non-profit corporation, pursuant to an Amended and Restated Lease Agreement (the “Lease”) dated September 28, 2007, a copy of which has been provided to SUBLESSEE.

NOW THEREFORE, pursuant to the CEA, it is hereby agreed for and in consideration of the foregoing, and of the terms, conditions and provisions of the CEA, and for other good and valuable consideration, the receipt and the sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1.1

ARTICLE I.

Sublease of Leased Premises. SUBLESSEE hereby subleases to SUBLESSEE all of the property leased to LSU under the Lease, which is as more fully described on the said Exhibit “A” attached hereto (the “Leased Premises”) and which Leased Premises is located on the Land described on Exhibit “B” hereto.

This Sublease shall at all times be subordinate and subject to the said Lease, and except for payment of the Rent under the Lease: (i) SUBLESSEE agrees to fully abide by and timely perform each and all of the obligations and covenants imposed upon SUBLESSOR in said Lease, and; (ii) SUBLESSEE assumes all of SUBLESSOR’S obligations under the Lease arising on or
after, and/or to be performed on or after, the Effective Date of this Sublease; and (iii) SUBLESSEE agrees to defend, indemnify and hold SUBLESSOR free and harmless of and from any and all claims, demands and causes arising from SUBLESSEE’S violation of said Lease arising on or after, and/or to be performed on or after, the Effective Date of this Sublease.

**Term.** The term of this Sublease shall be for a period commencing on January 6, 2014 at 12:00:00 a.m. (the “Commencement Date” or “Effective Date”) and ending on December 2023 (the “Term”); provided however, it is expressly agreed that this Sublease is subject to termination as provided in the CEA and any termination shall be subject to the Wind Down Provision as set forth in the CEA. In addition, SUBLESSEE has three 5 year options to renew this Sublease by providing SUBLESSOR six months advance notice of the exercise of the option, before the end of the then current term.

**ARTICLE II.**

**Section 2.1 Rent.**

A. The sublease annual rent shall be the sum of (1) the Sublease Base Rent of $2,526,863.00, plus (2) payment of all Operating Costs, all as provided in the Lease, which Operating Costs are currently $917,212.00. Therefore the total Sublease Rent shall initially be the Sublease Base Rent of $2,526,863.00 plus the Operating Costs for the fiscal year ending June 30, 2014, estimated to be $920,000.00, (the “Sublease Rent”) The annual Sublease Rent shall be payable to LSU in equal monthly installments (which includes Operating Costs, based on each fiscal year beginning July 1 and ending June 30 of each year).

B. One twelfth (1/12th) of the annual Sublease Rent shall be paid monthly ten (10) days before the end of each calendar month for the ensuing month. For example, the January 2014 Sublease Rent is due to be paid to LSU on or before December 21, 2013. It is further agreed that the Sublease Rent will be adjusted as set forth in Section 7.6 of this Sublease,
and shall also be adjusted for changes in the Operating Costs as provided and set forth in Section 3.3 through Section 3.8 of the Lease.

C. The initial monthly Sublease Rent for the first full month of this Sublease will be 1/12 of the Sublease Base Rent of $2,526,863.00, plus 1/12 of the Operating Costs for the fiscal year ending June 30, 2014, which includes the cost of insurance on the Leased Premises.

Rights and Obligations of Sublessee. SUBLESSEE shall pay the Sublease Rent to LSU as provided herein, and beginning as of the Effective Date, SUBLESSEE shall fully and timely pay and perform all of the obligations of LSU, except for the payment of Rent by LSU to BCMC, as provided for in the Lease, as fully as if SUBLESSEE is/was the original lessee under the Lease; and except as provided below, SUBLESSEE shall be entitled to all of the rights of SUBLESSOR in the Lease as fully as if SUBLESSEE is/was the original lessee under the Lease; and provided further however, any option or any right to acquire the Leased Premises shall remain in LSU and the transfer of title to the Land, Hospital Facilities, Leased Premises and any other Improvements shall be to LSU. It is expressly agreed that LSU retains all rights under Article 28 of the Lease and SUBLESSEE has no right to acquire the Land, Leased Premises, Hospital Facilities or any other improvements or fixtures located or to be located on the Land. If LSU acquires the Leased Premises pursuant to the Lease and at a time when the CEA still is in effect, then this Sublease will continue between LSU and SUBLESSEE, as if the Lease remained in full force and effect.

Section 2.3 Sublease Rent Payments. All Sublease Rent is payable by SUBLESSEE to SUBLESSOR at the following address, until notified differently in writing by LSU: P. O. Box 91308, Baton Rouge, Louisiana 70821.

Default by SUBLESSEE.
A. SUBLESSEE shall be in default under this Agreement if: (i) SUBLESSEE fails to timely make any payment, as required by this Sublease and/or to make any other payment required by LSU as Lessee under the Lease (except for the Rent Payment by LSU to BCMC under the Lease) arising on or after the Commencement Date, and/or (ii) SUBLESSEE fails to timely and fully pay and perform any of its other obligations as required by this Sublease or as required to be performed by LSU under the Lease on or after the Effective Date (except for the Rent Payment by LSU to BCMC under the Lease), which failure causes Lessor to declare a default under the Lease; and/or (iii) SUBLESSEE otherwise breaches any of its other obligations, covenants, representations or warranties under this Sublease and fails to cure such breach within thirty (30) days of written notice.

B. In the event of a default by SUBLESSEE, SUBLESSOR will be entitled to exercise any one or more of the following rights or remedies at its discretion: (1) demand immediate payment of all rents and other sums that are past due and continue to collect all rents and other sums as they becomes due under this Sublease until the Lease terminates or expires, (2) immediately terminate this Sublease, (3) immediately evict SUBLESSEE, (4) recover all damages sustained by SUBLESSOR, and/or (5) exercise all other rights and remedies, and recover all damages available under Louisiana and other applicable laws.

C. For the enforcement of these remedies SUBLESSOR may have recourse to any applicable legal or equitable process for the recovery of possession of the Leased Premises and the right to seek an injunction or a declaratory judgment. No act of SUBLESSOR shall be deemed an act terminating this Sublease or declaring the Term ended unless notice is served upon SUBLESSEE by SUBLESSOR expressly setting forth therein that SUBLESSOR elects to terminate this Sublease.
ARTICLE III.

A. Permitted Use. The Leased Premises shall be used and/or occupied by Lessee solely for a hospital, medical business offices, medical staff offices, medical education staff offices, medical clinics, outpatient pharmacy operations or any other medical, educational or hospital use or uses which are not incompatible with a community hospital (including, without limitation, surgical, research and laboratory facilities) together with any uses that are accessory to any of the foregoing (“Permitted Use”), and for no other purposes without the prior written consent of Lessor. Lessee will conduct its business on the Leased Premises in compliance with all federal, state, local and parish rules, laws, ordinances, and governmental regulations, orders, codes and decrees and all restrictions affecting the Land (herein “Law”) and in accordance with the provisions of the CEA.

B. Obligations to Operate Hospital and Clinics. SUBLESSEE obligates itself to operate the hospital and medical clinics located on the Leased Premises during the term of this Sublease as provided in the CEA and in the Lease.

ARTICLE IV.

No Assignment. Lessee may not, without the prior written consent of Lessor, assign, mortgage or otherwise encumber in whole or in part this Sublease or any interest therein; provided, SUBLESSEE may, with prior written notice to SUBLESSOR, but without the consent of SUBLESSOR, assign its interest as SUBLESSEE under this Sublease to a non-profit corporation or low-profit limited liability company, non-profit or low-profit limited liability partnership, or other non-profit legal entity wholly owned or controlled by or under common control with SUBLESSEE, or to any non-profit entity that is a successor by merger to the
SUBLESSEE or that acquires SUBLESSEE or all or substantially all of the assets of
SUBLESSEE, provided that such assignee assumes SUBLESSEE’S obligations hereunder by
operation of Law or agrees to assume in writing SUBLESSEE’S obligations hereunder without
release of SUBLESSEE, all in form and substance approved in writing by Lessor.

**No Subletting.** SUBLESSEE, without the prior written consent of the
President of the LSU System or his designee (the “LSU Representative”), which consent shall
not be unreasonably withheld, may not further sublease or grant any other rights of use or
occupancy of all or any portion of the Leased Premises; provided, Lessee may, with prior written
notice to Lessor, but without the consent of the LSU Representative, grant one or more sub-
subleases of or grant any other rights of use or occupancy of all or a portion of the Leased
Premises (collectively "Permitted Subleases") to (1) a nonprofit corporation, or low-profit
limited liability company, nonprofit limited liability partnership, or other nonprofit legal entity
wholly owned or controlled by SUBLESSEE, or to any nonprofit entity that is a successor by
merger to the SUBLESSEE or that acquires SUBLESSEE or all or substantially all of the assets
of SUBLESSEE; (2) retail subtenants, such as restaurants, drug stores, flower shops, newsstands,
brace shops, and other subtenants which support the operations of the Hospital, as the term
"Hospital" is defined in Article VIII below, and which would be routinely housed in a hospital or
medical clinic of similar scope and operation; (3) a third party with which (i) SUBLESSEE and
(ii) LSU have an affiliation agreement relating to the healthcare, academic or research activities
conducted in the Hospital, and (4) any entity or entities for the purpose of providing in-patient
long-term acute care, in-patient rehabilitation treatment, inpatient chemical dependency
treatment and/or other health care services, so long as such sublease or grant does not reduce the
number of licensed acute care beds available for acute care patients in the Leased Premises
below **sixty (60)** at any one time, and so long as such Sublease or grant does not materially conflict with or materially diminish, or be materially inconsistent with the Public Purpose as such term is defined in the CEA; provided that all such Permitted Subleases shall be subject and subordinate to all of the terms and conditions of this Sublease and the Lease, and the use of the Leased Premises permitted under any such Permitted Sublease shall be in accordance with the applicable terms and conditions of this Sublease, and further provided that such sublessee expressly acknowledges the above in the sublease. Any such Permitted Sublease for which such prior written consent of the LSU Representative is not required pursuant to this Section 4.2 shall: (a) have a term not exceeding the Term of this Sublease; and (b) further the mission of the Hospital and the Public Purpose as set forth in the CEA. Any subleases not meeting the foregoing criteria shall be submitted to the LSU Representative for its prior review and approval, which approval shall not be unreasonably withheld. Any failure of the LSU Representative to respond within thirty (30) days of receipt of such written request shall be deemed consent. In the event the LSU Representative disapproves such a request, the LSU Representative shall give written reasons for such disapproval. The foregoing shall be exclusive of any subleases to LSU, all of which subleases are hereby consented to. Under no circumstances may SUBLESSEE sublease any space for any adult establishment (as defined by an applicable zoning code) including, but not limited to, adult bookstore, adult movie theater, adult novelty shop, tattoo shop, adult cabaret, liquor store or tobacco shop. Furthermore, notwithstanding anything contained in the Lease to the contrary, SUBLESSEE shall not enter into any sublease of all or part of the Leased Premises with any physicians group or medical practice if such sublease would be materially inconsistent with the Public Purpose as such term is defined in the CEA. Any sublease shall contain a provision to the effect if this Sublease is terminated for any reason,
any sublease, at SUBLESSOR’S sole option, shall (i) continue in full force and effect with LSU being automatically substituted for SUBLESSEE as the lessor under such Sublease, with no liability for LSU for any obligations of SUBLESSEE (or any permitted assignee) which arose before LSU exercised its option to continue the sublease, and (ii) be terminated without any liability to LSU or DOA. Further, any sublease shall contain a provision restricting the further sublease or assignment of all or any part of such sublease. It is further agreed that without the written consent of LSU, the total space which SUBLESSEE may sublease or grant rights of occupancy to third parties in the Leased Premises shall not exceed 10% of the total square footage of the buildings on the Leased Premises. [WHAT % ARE YOU OKAY WITH?]

Assignment or Sublease - Compliance with Lease. Notwithstanding the above, SUBLESSEE must also comply with all provisions of the Lease and obtain any consents to assign and/or Sublease as required in the Lease. In the event that LSU's consent is not required for the applicable consent, or LSU agrees to grant its consent to a request, LSU agrees to reasonably cooperate with Sublessee in attempting to obtain any of such consents.

SUBLESSEE Remains Liable. In no event shall any assignment or subletting of all or any portion of the Leased Premises release SUBLESSEE from any obligations under the Sublease, unless such release shall be evidenced by SUBLESSOR’S express written agreement at the time of the assignment or subletting, which agreement may be withheld in SUBLESSOR’S sole discretion.

ARTICLE V.

SUBLESSEE'S Improvements and Alterations. SUBLESSEE shall not make any Major Alteration (defined herein) to the Leased Premises without the prior written approval of SUBLESSOR and DOA, which approval can be given for LSU by the LSU Representative or by the Director of Facility Planning in the LSU President's Office, which
consent shall not be unreasonably withheld or delayed. In connection with any requested Major Alteration, SUBLESSEE shall submit to SUBLESSOR and DOA an explanation of the work proposed to be carried out, in a level of detail required by SUBLESSOR and DOA in its reasonable discretion, and including plans and specifications therefor unless the requirement of such plans and specifications is waived in writing by Lessor and DOA in their reasonable discretion. If neither SUBLESSOR nor DOA has notified SUBLESSEE of SUBLESSOR’S approval or denial (with written reasons in the event of a denial) of a request for consent to a Major Alteration within thirty (30) days after receipt by the LSU Representative and DOA of such information as is necessary to describe the Major Alteration in reasonable detail, SUBLESSOR and DOA shall be deemed to have approved the request.

A. A “Major Alteration” is any alteration or other change to the Leased Premises: (i) which is structural in nature; (ii) which would materially change the Leased Premises exterior appearance or structure limit line, (iii) which would materially change or affect the electrical, mechanical, heating, ventilating and air conditioning or utilities systems or routing servicing of the Leased Premises, or (iv) which is estimated in good faith to cost in excess of $500,000.00. Unless otherwise specifically provided herein, all alterations and improvements to the Leased Premises, including, but not limited to, Major Alterations, (collectively, “Improvements”) shall be performed by SUBLESSEE, at no cost or expense to SUBLESSOR. All Improvements shall be made in accordance with La. R.S. 17:3361, et seq. Such Improvements shall not reduce the then fair market value of the Leased Premises, and shall not adversely impact the structural integrity of the Leased Premises. Approval by SUBLESSOR of any Major Alterations shall not constitute any warranty by SUBLESSOR to SUBLESSEE of the adequacy of the design for SUBLESSEE’S intended use of the Leased Premises. All work
performed for or by SUBLESSEE shall be subject to and in accordance with all federal, state, parish and city building and/or fire department codes and ordinances. Any required alterations performed in connection with such Improvements to meet said codes and ordinances shall be performed by SUBLESSEE, at SUBLESSEE’S expense. All work shall be performed for or by SUBLESSEE in a good and workmanlike manner, and SUBLESSEE shall prosecute the same to completion with reasonable diligence. SUBLESSEE shall complete all Improvements so as not to create any liens or encumbrances against the Leased Premises or SUBLESSEE’S leasehold interest or any of Lessor's property or BCMC’s, and Lessee shall furnish: (i) a clear lien certificate for any Major Improvements to the Subleased Premises; or (ii) any other evidence thereof with respect to any Improvements to the Leased Premises which are not Major Improvements.

B. Before the commencement of any work in excess of One Million Dollars ($1,000,000.00) for construction of Improvements, SUBLESSEE shall supply SUBLESSOR with appropriate Performance and Payment Bonds. These bonds are at SUBLESSEE’S expense and shall be issued in a form satisfactory to SUBLESSOR and in such a manner as to protect the SUBLESSOR’S interest in the Leased Premises. Any requirement of this Section 5.1B may be waived with the consent of SUBLESSOR and Division.

C. The rights, responsibilities and obligations of the Division of Administration, Office of Facility Planning and Control ("FPC") shall be governed by the provisions of La. R.S. 17:3361, La. R.S. 40:1724, and all other regulatory and statutory authority granted to the Division of Administration FPC with respect to maintenance, repair and/or improvements to public buildings and property, including obtaining FPC’s consent and/or approval of plans, specifications, construction contracts and construction.
D. Upon termination of this Sublease for any reason other than a SUBLESSEE default, in addition to any other amounts that may be due to SUBLESSEE, LSU and DOA shall pay to SUBLESSEE an amount equal to the book value as of such termination date of the unamortized Major Alterations made by Lessee to the Leased Premises that were approved by SUBLESSOR and DOA in accordance with this Article V, computed on a GAAP basis (herein "Unamortized Improvements"), but only to the extent such payment is funded by the State in accordance with Section 7.11 hereof; provided, however, any such obligation to pay pursuant to this Section 5.1D, shall be reduced on a dollar-for-dollar basis to the extent any State, Division or SUBLESSOR funds are expended to improve the Leased Premises subsequent to the Commencement Date of this Sublease because of a failure of Sublessee to satisfy its obligations hereunder.

Section 5.2 **Cost of SUBLESSEE’S Improvements.** SUBLESSEE shall be solely responsible for the costs of all Improvements to the Leased Premises undertaken by SUBLESSEE pursuant to Article V. Following completion of the Improvements, SUBLESSEE shall provide to SUBLESSOR a lien waiver from SUBLESSEE’S contractor covering the cost of work, materials and equipment supplied by the contractor and all subcontractors and materialmen. All Improvements made to the Leased Premises by SUBLESSEE shall become and remain the property of SUBLESSOR and/or Lessor (as provided in the Lease) at the termination of the Lease without any cost to SUBLESSOR. Notwithstanding the foregoing, if SUBLESSEE performs a Major Alteration without obtaining SUBLESSOR’S and Division’s consent (or deemed consent as set forth above), in addition to any other remedy available for such violation, Lessor may, at its option, by written notice to SUBLESSEE require that SUBLESSEE remove the Major Alteration specified in such notice and return the Leased
Premises to its condition prior to the unauthorized performance of the Major Alteration. If SUBLESSEE fails to remove such Major Alteration and restore the Leased Premises to its original condition within sixty (60) days of the above-described written notice, or if such removal and restoration cannot be completed in sixty (60) days, and SUBLESSEE does not commence such removal and restoration within sixty (60) days and perform the removal and restoration diligently to completion, SUBLESSEE shall promptly reimburse, as Additional Rent, the SUBLESSOR for any expense that SUBLESSOR incurs in performing such removal and restoration. SUBLESSEE shall pay the cost for any additional personal property, fixtures, equipment, furniture and other unattached items of personal property which SUBLESSEE may place in the Leased Premises including, but not limited to, counters, shelving, showcases, chairs and other unattached movable machinery, equipment and inventory (collectively, "Personal Property"), and the Personal Property shall be and remain the property of SUBLESSEE and may be removed by SUBLESSEE at any time or times prior to the expiration of the Term; provided, however, that SUBLESSEE shall repair any damage to the Leased Premises caused by such removal.

Section 5.3 **BCMC Approval.** Notwithstanding any provision of this Sublease, SUBLESSEE may not make any improvements or alterations to the Leased Premises, without the express written approval of BCMC.

Section 5.4 **AS IS Condition.** SUBLESSEE accepts the Leased Premises in their “as is” condition, that being the condition or state in which the Leased Premises exist at the effective date of this Sublease, without representation or warranty, express or implied, in fact or in Law, oral or written, by SUBLESSOR or by Lessor, but subject to Lessor’s obligations with regard to the Leased Premises as set forth in the Lease.
ARTICLE VI.
INDEMNIFICATION

SUBLESSEE’S Indemnification to SUBLESSOR. SUBLESSEE shall indemnify, defend and hold harmless SUBLESSOR and its board members, officers and employees, together with any of their respective successors and assigns (collectively, the “LSU Indemnitees”) against any and all loss, cost, damage, liability or expense as incurred (including but not limited to actual attorneys' fees and legal costs) arising out of or related to any claim, suit or judgment brought by or in favor of any person or persons for damage, loss or expense due to, but not limited to, bodily injury, including death, or property damage sustained by such person or persons (collectively “Claims”) which arises out of, is occasioned by or is attributable to SUBLESSEE’S use of, and/or activities on, the Leased Premises, including its officers, agents, employees, invitees, permittees, contractors, or subcontractors. SUBLESSEE shall further indemnify, defend and hold harmless the SUBLESSOR Indemnitees from any and all claims, demands, litigation or governmental action involving the presence or suspected presence of hazardous materials on or in the Leased Premises and any violation of any Law, but solely to the extent any of the foregoing is due to the acts of SUBLESSEE, its officers, agents, employees, invitees, permittees, contractors or subcontractors, occurring after the Commencement Date.

All the foregoing indemnification provisions shall apply to Permitted Uses, as well as uses that are not permitted under this Sublease.

Notwithstanding any provision to the contrary contained in this Sublease, SUBLESSOR acknowledges that the SUBLESSEE’S obligation to indemnify and hold any LSU Indemnitees harmless under this Article shall not extend to any Claims to the extent arising out of the negligence or willful misconduct of any LSU Indemnitees.
**SUBLESSEE’S Indemnification to DOA.** Lessee shall indemnify, defend and hold harmless DOA and its employees, together with any of their respective successors and assigns (collectively, the “DOA Indemnitees”), against any and all loss, cost, damage, liability or expense as incurred (including but not limited to actual attorneys' fees and legal costs) arising out of or related to any Claims which arises out of, is occasioned by or is attributable to SUBLESSEE’S use of, and/or activities on, the Leased Premises including its officers, agents, employees, invitees, permittees, contractors, or subcontractors. SUBLESSEE shall further indemnify, defend and hold harmless the DOA Indemnitees from any and all claims, demands, litigation or governmental action involving the presence or suspected presence of hazardous materials on or in the Leased Premises and any violation of any Law, but solely to the extent any of the foregoing is due to the acts of SUBLESSEE, its officers, agents, employees, invitees, permittees, contractors or subcontractors, occurring after the Commencement Date.

All the foregoing indemnification provisions shall apply to Permitted Uses, as well as uses that are not permitted under this Sublease.

Notwithstanding any provision to the contrary contained in this Sublease, DOA acknowledges that the SUBLESSEE’S obligation to indemnify and hold any DOA Indemnitees harmless under this Article shall not extend to any Claims to the extent arising out of the negligence or willful misconduct of any DOA Indemnitees.

**SUBLESSOR’S Indemnification.** To the extent authorized by Law, SUBLESSOR will indemnify, defend and hold harmless SUBLESSEE and its officers, agents and employees, together with any of SUBLESSEE’S permitted successors and assigns, from and against any Claims arising out of the negligence or willful misconduct of SUBLESSOR, its board members, officers or employees.
DOA’S Indemnification. To the extent authorized by Law, DOA will indemnify, defend and hold harmless SUBLESSEE and its officers, agents and employees, together with any of SUBLESSEE’S permitted successors and assigns, from and against any Claims arising out of the negligence or willful misconduct of DOA or its employees.

ARTICLE VII

Governing Law. This Sublease shall be construed and enforced in accordance with the laws of the State of Louisiana.

Section 7.1

Invalidity or Inapplicability of Clause. If any term or provision of this Sublease or the application thereof is invalid or unenforceable, the remainder of this Sublease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term or provision shall be valid and enforceable to the fullest extent permitted by law.

Section 7.3

Notices. All notices required, necessary or desired to be given pursuant to this Sublease shall be in writing and shall be effective upon the date when such notice is hand-delivered to the party who is the intended recipient thereof, or otherwise actually received (whether by U.S. Mail, overnight courier service or other means of delivery) by the party intended recipient, who acknowledges receipt in writing of said notice and addressed as follows:

If to Sublessor: Board of Supervisors of Louisiana State University and Agricultural and Mechanical College
Attention: Executive Vice President for Health Care
3810 West Lakeshore Drive
Baton Rouge, Louisiana 70808
Facsimile: (225) 578-5524
Email: fopelk@lsuhsc.edu

With a copy to: Taylor Porter, Brooks & Phillips, L.L.P.
Attention: LSU Health Care Partner
451 Florida Blvd., Suite 800
Baton Rouge, Louisiana 70801
Facsimile: (225) 346-8049
Email: nancy.dougherty@taylorporter.com

If to State: The State of Louisiana through the Division of Administration
Attn: Kristy H. Nichols, Commissioner of Administration
Division of Administration, Office of the Governor
State of Louisiana
Post Office Box 94095
Baton Rouge, Louisiana 70804-9095
Facsimile: ____________________
Email: _______________________

If to Sublessee:

Facsimile: (__)
Email: _______________________

With a copy to: Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
201 St. Charles Avenue, Suite 3600
New Orleans, LA 70170-3600
Attn: Jon F. Leyens, Jr.

Each party may redesignate its address for notice at any time and from time to time by like written notice.

**Attorney Fees.** In the event any party defaults in any of its respective obligations under this Sublease, it shall also be liable to pay any and all of the reasonable attorney fees incurred by the non-defaulting party(ies’) related to any negotiations, compromises and/or enforcement of the non-defaulting party’s(ies’) rights hereunder.

**Insurance and Utilities.** As provided in the Lease, the Lessor pays for certain insurance, subject to being reimbursed those sums as part of the Operating Costs under this Sublease (even though the insurance premiums are included as a part of the Additional Rent in the Lease). It is further agreed that as SUBLESSOR, has been paying for all utilities, such as electricity, water, gas, telephone, sewer and all of the other Lessor Services as set forth in article
15 of the Lease, SUBLESSEE shall obtain and pay for all such utilities, and other Lessor Services described in Article 15 directly. SUBLESSEE will also obtain and maintain its own general liability insurance and other insurance as required under the Lease for its property and activities at its own cost and expense.

**Maintenance.** As provided in the Lease, Lessor will perform maintenance, subject to having all costs thereof reimbursed as part of the Operating Costs.

**Section 7.6 Operating Budget.** As provided in the Lease, Lessor will annually each fiscal year provide LSU with proposed operating budget and give LSU a notice of Proposed Operating Costs for the ensuing Fiscal Year based on a budget agreed to between Lessor and LSU and upon receiving such notice LSU will promptly give notice thereof along with a copy of the proposed budget to SUBLESSEE, and SUBLESSEE will provide LSU written notice within 10 days thereof as to its approval thereof or of any suggested changes. If there is a disagreement between LSU and SUBLESSEE as to the proposed budget, LSU will, in good faith, consider all of SUBLESSEE’S proposed suggested changes, but LSU retains the ultimate right to approve the operating budget. LSU hereby agrees that SUBLESSEE is authorized to have direct interface with Lessor related to the operating budget and maintenance and service issues.

**Section 7.8 Increased Rent Due to BCMC Alterations or Improvements.** If BCMC agrees to make alterations or improvements to the Leased Premises, at a cost to be added to the Rent to be paid by LSU, and if such alterations and/or improvements are approved by LSU, all as provided in the Lease, and by SUBLESSEE, then in such event, SUBLESSEE’S Sublease Rent shall also be increased to cover the cost of said costs. LSU agrees not to request alterations and/or improvements without SUBLESSEE’S prior consent, and LSU agrees to reasonably
cooperate with SUBLESSEE in obtaining BCMC's consent to any alterations or improvements requested by SUBLESSEE.

Entire Agreement. All of the agreements and stipulations contained herein and all the obligations herein assumed shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto.

Authorized Representatives of the Parties. In any instance in which the approval or consent of a party is required, it may be given on behalf of SUBLESSOR by the then President of the LSU System or by his designee, and on behalf of SUBLESSEE by its then President or by his designee.

Appropriation of Funds. Notwithstanding anything to the contrary contained in this Sublease, all State, Division and LSU obligations under this Sublease to make payments of any kind in a future fiscal year, shall be subject to appropriation by the Louisiana Legislature of sufficient funds therefor and the availability of funds following Legislative appropriation; provided, however, and notwithstanding anything to the contrary contained herein or in the CEA, any and all obligations of the Division and/or LSU to refund or make payments to SUBLESSEE shall be subject to, and contingent upon, appropriation by the Louisiana Legislature of sufficient funds specifically and expressly appropriated for refunding/payng of such sums by LSU and/or the Division to Lessee (the “Appropriation”), and any such obligation by LSU and/or the Division is limited only to the portion of said Appropriation which the respective obligor receives. In the event that SUBLESSEE is due a payment/refund pursuant to the provisions of Section 5.1D, the State, the Division and SUBLESSOR agree to make good faith best efforts to seek specific appropriation for such refund by the Louisiana Legislature, and the Division and/or SUBLESSOR shall include in one or more of their annual budget requests, a
request for the appropriation of funds for the purpose of making such refund of prepaid Rent to Lessee pursuant to this Sublease.

**Provision of Records.** Until the expiration of four (4) years after the furnishings of any services hereunder and in the event the services provided by the parties hereunder are valued at Ten Thousand Dollars ($10,000) or more during any 12-month period, the parties shall make available, upon written request of the Secretary of the United States Department of Health and Human Services, or upon the written request of the United States Comptroller General, or any of their duly authorized representatives, all contracts, books, documents or records that are necessary to certify the nature and extent of any and all charges, costs and payments made or received hereunder.

**Consent.** In any instance in which the consent or approval from a party to this Sublease is required under this Sublease, then, unless specifically stated otherwise in such provision, such party agrees not to unreasonably withhold, delay or condition such consent or approval.

**Recordation of Sublease.** It shall be the responsibility of SUBLESSEE to prepare an extract of the Sublease, which each party agrees to execute to record in the Office of the Parish Recorder of the Parish of Washington. The form of the Extract of Sublease agreement shall require the approval of SUBLESSOR. SUBLESSEE shall provide LSU with a copy of the recorded Extract of Sublease. Recordation of the Extract of Sublease shall be at SUBLESSEE’S expense.

**Successors and Assigns.** This Sublease shall be binding on and will inure to the benefit of the parties to this Sublease and their respective successors and assigns, provided any such assignment was made in a manner consistent with terms of this Sublease.
Tax Regulatory Agreement. The SUBLESSEE agrees to comply with the provisions of the Tax Regulatory Agreement, dated as of September 1, 2007 (the "Tax Regulatory Agreement"), by among the Health Care Community Development Corporation, Bogalusa Community Medical Center and Regions Bank, as trustee, and the SUBLESSEE further agrees to comply with the provisions of the Tax Certificate (attached to the Tax Regulatory Agreement following Exhibit E), dated September 28, 2007, executed by the SUBLESSOR.

**ARTICLE VIII. LIMITED ASSUMPTION OF LIABILITIES**

It is expressly understood and agreed that SUBLESSEE will not assume nor be liable for any liability, obligation, claim against or contract of SUBLESSOR of any kind or nature, at any time existing or asserted, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, and whether or not recorded on the books and records of SUBLESSOR to the extent such liability, obligation or claim arises out of or relates to the operation of the hospital facility and the Leased Premises (the "Hospital") prior to the Commencement Date of this Sublease. To the extent allowed by Law, LSU agrees to satisfy and hold SUBLESSEE harmless from and against any and all liabilities arising from or relating to the Hospital prior to the Commencement Date of this Sublease.

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[Signatures on Next Page]
Signature Page for Agreement of Sublease  
(Bogalusa Community Medical Center)  

IN WITNESS WHEREOF, the parties hereto have signed their names, as of the ___ day of __________, 2013, in the presence of the undersigned competent witnesses on the date set forth under their respective signatures:

WITNESSES:

Name: __________________________
Date: __________________________

Name: __________________________
Date: __________________________

SUBLESSOR:

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

By: __________________________

William L. Jenkins, Interim President
Date: __________________________
Signature Page for Agreement of Sublease
(Bogalusa Community Medical Center)

IN WITNESS WHEREOF, the parties hereto have signed their names, as of the ___ day of ________, 2013, in the presence of the undersigned competent witnesses on the date set forth under their respective signatures:

WITNESSES:

__________________________
Name: ______________________
Date: ______________________

__________________________
Name: ______________________
Date: ______________________

STATE:
THE STATE OF LOUISIANA THROUGH
THE DIVISION OF ADMINISTRATION

____________________________
Kristy H. Nichols
Commissioner of Administration

Date: ______________________
Signature Page for Agreement of Sublease  
(Bogalusa Community Medical Center)

IN WITNESS WHEREOF, the parties hereto have signed their names, as of the ___ day of _________, 2013, in the presence of the undersigned competent witnesses on the date set forth under their respective signatures:

WITNESSES:

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SUBLESSEE:

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This Sublease is approved and consented by Lessor:

By: ____________________________

Date: ____________________________
Exhibit A
Leased Premises
EQUIPMENT LEASE

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

THIS EQUIPMENT LEASE (the “Lease”) is entered into as of the _____ day of ________________, 2013, by and between

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation of the State of Louisiana, represented herein by William L. Jenkins, Interim President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors, adopted March 27, 2013, a copy of which is attached hereto, with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. XX-XXX0848) (hereinafter referred to as “LSU” or “Lessor”),

and

NEWCO, a Louisiana nonprofit corporation, represented herein by ________________, its ________________, duly authorized by virtue of a resolution adopted ________________, a copy of which is attached hereto, with a mailing address of ___________________________ ____________ (Federal I.D. No. XX-XXX-_______) (hereinafter referred to as “NEWCO” or “Lessee”) and provides as follows:

WITNESSETH

WHEREAS, LSU is a public constitutional corporation organized and existing under the laws of the State, and LSU’s institutions, including its medical schools and hospitals, are under LSU’s supervision and management pursuant to La. Const. Art. VIII, Section 7 and La. R.S. 17:3215; and,

WHEREAS, LSU, NEWCO, the Louisiana Division of Administration, the State of Louisiana through the Division of Administration, and the Louisiana Department of Health and Hospital are parties to a Cooperative Endeavor Agreement dated ________ (the “CEA”) through
which they will collaborate to continue the provision of health care to the indigent and high-risk Medicaid populations in the Bogalusa area; and,

WHEREAS, this Lease is an integral aspect of the CEA and furthers the above stated goals; and,

WHEREAS, Lessor is the owner or lessee of certain immovable property with all buildings and improvements thereon, consisting of an acute care inpatient facility, medical office and clinic space (the “Leased Premises”), which is being leased (the “Lease Agreement”) and subleased (the “Sublease Agreement”), as applicable, to NEWCO by separate agreements for the purpose of operating an inpatient acute care facility, outpatient clinics, and other Permitted Use (defined herein), the locations and descriptions of which are set forth in the Lease Agreement and Sublease Agreement; and,

WHEREAS, Lessor is the owner of equipment and movable property located within and about the Leased Premises; and,

WHEREAS, the aforementioned equipment and movable property will be leased by Lessor to Lessee for the Permitted Use; and,

WHEREAS, this Lease furthers the educational and public service missions of Lessor;

NOW, THEREFORE, in consideration of Lessor's obligation to lease to Lessee the aforementioned equipment, the rent to be paid by Lessee during the term of this Lease, and the mutual benefits accruing to the parties under this Lease, the parties do enter into this Lease, on the following terms and conditions:
ARTICLE I
LEASE OF EQUIPMENT

1.1 Lease of Equipment to NEWCO. In consideration of the covenants, agreements, and conditions herein set forth, which Lessee hereby agrees shall be kept and performed, LSU does hereby lease unto Lessee, and Lessee does hereby lease from LSU, certain equipment and movable property located in the Leased Premises, said equipment and movable property being more fully described and itemized on the attached Exhibit “A” (the “Equipment”).

ARTICLE II
TERM

Unless sooner terminated in accordance with the terms and conditions set forth herein and in the CEA, this Lease shall be and continue in full force and effect for a term of ten (10) years (the “Initial Term”, and together with any Renewal Terms, the “Term”). Unless Lessee provides a written notice of non-renewal to Lessor at least sixty (60) days prior to the end of the then-current Term of the Lease, the Term of the Lease automatically shall extend for up to five (5) successive periods of one (1) year each (each, a “Renewal Term”), so that the maximum possible Term of the Lease shall be fifteen (15) years. For purposes of this Lease, the “Commencement Date” shall mean the first (1st) day of January, 2014, unless mutually extended by the parties by written consent, which consent shall not be unreasonably withheld.

ARTICLE III
CONSIDERATION

During the Term, the consideration for the rental of the equipment is the payment by Lessee to Lessor of a sum equal to $1,354,626.00 per year, payable in twelve (12) equal monthly
installments (the “Monthly Rent”) of $112,885.50 each, with the first installment being due and payable on the Commencement Date, and the remaining installments being due and payable, respectively on the 1st day of each month thereafter. In the event the Commencement Date should be a date other than the first day of a calendar month, the first Monthly Rent payment shall be prorated to the end of that calendar quarter. In the event that the last day of the Term is a day other than the last day of a month, the last Monthly Rent payment shall be prorated from the first day of that final month of the Term to the last day of the Term. Monthly Rent is payable by Lessee to Lessor at the following address, until notified in writing differently by Lessor: LSU Health Care Services Division, 5429 Airline Highway, Baton Rouge, Louisiana, 70805.

ARTICLE IV
USE, MAINTENANCE, AND REPAIRS

4.1 Permitted Use. Subject to the terms and provisions hereof, Lessee may use the Equipment solely for the acute care inpatient facility, medical business offices, medical staff offices, medical education staff offices, medical clinics, outpatient pharmacy operations, and/or any other medical, educational or hospital use or uses (including, without limitation, surgical, research and laboratory facilities), together with any uses that are accessory to any of the foregoing (the “Permitted Use”), and for no other purposes without the prior written consent of Lessor. Lessee’s use of the Equipment shall comply at all times with all applicable laws, orders, ordinances, zoning ordinances, regulations, and statutes of any federal, state, parish, or municipal government now or hereafter in effect, including all environmental laws and regulations and further including all material orders, rules, and regulations of any regulatory, licensing, insurance underwriting or rating organization or other body exercising similar functions. Lessee shall not
make any use of the Equipment which may make void or voidable any policy of insurance required to be maintained by Lessee pursuant to this Lease.

4.3 **Operation.** Lessee shall provide all equipment, furnishings, supplies, facilities, services, and personnel required for the proper use, operation, and/or management of the Equipment in an economical and efficient manner, consistent with standards of operation and administration generally acceptable for facilities of comparable size and scope of operations.

4.4 **Maintenance.** Lessee shall have full and sole responsibility for the condition, repair, maintenance and management of the Equipment; provided, however, that Lessee shall not owe any maintenance obligation under this Lease respecting any item of Equipment that is not in good working order as of the Commencement Date, and provided further that Lessee shall not owe any further maintenance obligation under this Lease respecting any item of Equipment for which Lessee has provided written notice to LSU pursuant to Section 5.1 below that Lessee no longer needs said item of Equipment for the purposes set forth in the CEA. Lessee shall provide written notice to LSU no later than thirty (30) days after the Commencement Date of this Lease of any specific items of Equipment that were not in good working order as of the Commencement Date. Lessee shall maintain the Equipment and each and every portion thereof in good working order and condition and shall be solely responsible for all costs and expenses accrued or incurred in connection therewith. Lessor shall not be responsible for any repairs to or maintenance of the Equipment, whether ordinary or extraordinary, foreseen or unforeseen, structural or non-structural. Lessee shall maintain accurate records of all material work performed in furtherance of its obligations under this Section 4.4.

4.5 **Lost and Stolen Equipment.** Whenever Lessee has knowledge or reason to believe that any Equipment has been lost or stolen during the Term of this Lease, Lessee shall
promptly notify LSU in writing and shall report such lost/stolen Equipment as required by law. Lessee shall promptly replace all lost and stolen Equipment with comparable items of substantially similar specification and value, which items shall be owned by LSU and shall be considered Equipment subject to this Lease, and Lessee shall be solely responsible for all costs and expenses incurred in connection therewith; alternatively, and in lieu of replacing the lost/stolen Equipment, Lessee may pay to LSU the fair market value of said Equipment.

4.6 **Damaged Equipment.** Whenever Lessee has knowledge or reason to believe that any Equipment has been damaged during the Term of this Lease, Lessee shall promptly notify LSU in writing and shall report such damaged Equipment as required by law. Lessee shall promptly repair all damaged Equipment to substantially the same condition thereof as existed prior to the event causing such damage, and Lessee shall be solely responsible for making all required repairs to damaged Equipment; alternatively, in lieu of repairing the damaged Equipment and in the event the damage is covered by Lessee’s insurance, Lessee may pay the insurance proceeds stemming from the damage (and any applicable deductible or self insurance retention) to LSU, provided said proceeds are sufficient to fairly compensate LSU for the damage. Lessee may not dispose of any damaged Equipment except as set forth in Section 5.1 below.

4.7 **Relocation of Equipment.** Lessee shall be solely responsible for any costs or expenses of any kind incurred relocating Equipment.

4.8 **Compliance with State Law.** Lessee shall assume all of the “Property Control” obligations for the Equipment set forth in Title 39 of the Louisiana Revised Statutes, Chapter 1, Part XI (La. R.S. 39:321 – 39:332), and in Title 34 of the Louisiana Administrative Code, Part VII (sections 101 – 901), including but not limited to:
a. The obligation to appoint a Property Manager as required by La. R.S. 39:322, and to post a faithful performance of duty bond as required by La. R.S. 39:330;

b. The obligation to maintain property identification marks on the Equipment as required by La. R.S. 39:323;

c. The obligation to make a complete physical inventory of the Equipment once each fiscal year as required by La. R.S. 39:324 and Section 313 of Part VII of Title 34 of the Louisiana Administrative Code, and to make annual reports thereof to the Commissioner of Administration and the Legislative Auditor as required by La. R.S. 39:324 and 39:325;

d. The obligation to maintain a master file of the agency inventory of Equipment as required by La. R.S. 39:324, and to maintain a property location index which shall be used to keep track of the location of the Equipment as required by Section 311 of Part VII of Title 34 of the Louisiana Administrative Code;

e. The obligation to submit property control transmittal forms to the Louisiana Property Assistance Agency on a monthly basis as required by Section 317 of Part VII of Title 34 of the Louisiana Administrative Code;

f. The obligation to report lost, stolen, damaged, or destroyed Equipment as required by La. R.S. 39:330 and Section 305 of Title 34 of the Louisiana Administrative Code;

g. The obligation to maintain for three years the records, reports, and other documentation required by Section 305 of Title 34 of the Louisiana Administrative Code;
h. The obligation to make all records and reports regarding the Equipment available for examination as required by La. R.S. 39:328, and to make the records and Equipment available for inspection and annual audit as required by La. R.S. 39:329.

4.9 Coordination Between Lessee and LSU.

a. At the commencement of this Lease, and to assist Lessee in assuming and continuing the Property Control obligations for the Equipment, LSU shall make available to Lessee all of LSU’s existing inventory schedules, property location indices, reports, records, and other documentation regarding the Equipment. LSU shall also assist Lessee in obtaining access to any online tracking and reporting systems and other secure sites necessary for Lessee to perform its Property Control obligations.

b. LSU shall monitor Lessee’s performance of its Property Control obligations to ensure compliance with law and shall cooperate with Lessee and provide reasonable advice and assistance to Lessee, when requested and when available, and Lessee shall pay or reimburse Lessor for its costs and expenses related thereto, including Lessor’s employees’ time and expenses as Additional Rent not to exceed One Hundred Twenty-Five Thousand ($125,000.00) Dollars per year as demonstrated and itemized by LSU, which amount shall be adjusted each year for inflation based on any increases in CPI over the previous year. Lessee’s payment of Additional Rent to Lessor shall be due within thirty (30) days after receipt of this invoice, with reasonable description and itemization of the charge, from Lessor.

c. Whenever Lessee is required by law to submit reports, records, inventories, or other documentation regarding the Equipment to the Commissioner of the Division of Administration of the State of Louisiana, the Louisiana Property Assistance Agency, or to
any other governmental agency, Lessee shall contemporaneously supply a copy of said report / record / inventory to LSU at the LSU Health Care Services Division, 5429 Airline Highway, Baton Rouge, Louisiana, 70805, or at such other location as designated from time to time by LSU.

d. LSU, LSU Health Care Services Division, and their agents shall have the right to inspect the Equipment at any reasonable time following reasonable prior notice in a manner which does not unreasonably interfere with Lessee’s use thereof.

4.10 **Alienation of Equipment.** Lessee shall not sell, alienate, convey, or otherwise transfer any Equipment to any person or entity other than LSU without the advance written approval of LSU. In the event that Equipment is sold / alienated / conveyed / transferred without LSU’s advance written approval, such shall be null and void and without legal effect.

4.11 **Taxes and Liens.** Lessee shall pay as they 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 Equipment. Lessee shall not allow any part of the Equipment to become and remain subjected to any mechanic’s, laborer’s or materialman’s lien. Notwithstanding the foregoing, Lessee may at its own expense and in its own name contest any such item of tax, assessment, lien, 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. LSU will cooperate to the extent reasonably necessary with Lessee in any such claim, defense, or contest.

4.12 **Waiver and Disclaimer of Warranties.** Lessee accepts the Equipment in its “as is” and existing condition, without any warranty of any kind or nature, whether express or implied, contractual or statutory and whether as to the condition (patent or latent) or state of repair of the
Equipment or the fitness of same for Lessee’s purposes or for any other purpose whatsoever, except as otherwise specifically provided for herein.

**ARTICLE V**

**SURPLUS AND REPLACEMENT EQUIPMENT**

5.1 **Disposition of Surplus Equipment.** Throughout the Term, Lessee shall have the discretion to remove specific items of Equipment from the Lease based on Lessee’s determination that Lessee no longer needs those specific items of Equipment for the purposes set forth in the CEA. Once Lessee determines that it no longer needs a specific item of Equipment:

a. Lessee shall provide written notice of its determination to LSU at the LSU Health Care Services Division, 5429 Airline Highway, Baton Rouge, Louisiana, 70805, or at such other location as designated from time to time by LSU. Said notice shall identify the Equipment by its description, tag number, and inventory number, shall state where the Equipment is physically located at the time notice is given, and shall state where the Equipment may be retrieved by LSU as provided for below. Lessee may store the Equipment off-site pending its retrieval by LSU as set forth below, provided that Lessee shall be responsible for all costs and expenses incurred storing the Equipment, and provided further that Lessee shall report the relocation if and as required by law. Lessee shall take all reasonable steps to decommission the Equipment and prepare it for retrieval by LSU as set forth below, specifically including but limited to Lessee removing any and all hazardous substances from the Equipment and disposing of same in accordance with law. Lessee shall also be responsible for purging any computer or medical equipment of
any and all Personal Health Information (PHI) prior to pick up by Lessor or its designee. Lessee shall be responsible for all costs incurred in connection therewith.

b. LSU shall have one hundred eighty (180) days after receipt of the aforementioned notice to take physical possession of the Equipment and to remove the Equipment from Lessee’s facility, at which time all of Lessee’s remaining obligations with respect to the Equipment (including but not limited to Lessee’s obligations under Sections 4.4, 4.5, and 4.6) shall cease, except that Lessee shall remain liable as set forth in this Lease for any claims, costs, causes of action, expenses, repairs, damages, and liabilities arising out of or incurred with respect to the Equipment during the Term prior to the time that LSU takes physical possession of the Equipment, and Lessee shall not be entitled to any diminution of Rent with respect thereto. LSU shall give reasonable prior notice to Lessee when it intends to take physical possession of the Equipment.

c. LSU shall then be responsible for disposing of the Equipment in accordance with law, or for making other disposition of the Equipment, all at no cost, liability, or obligation to Lessee.

5.2 **New Equipment.** Lessee may at any time place its own property and equipment in the facilities governed by the CEA, and such shall remain the property and equipment of Lessee and shall not be considered Equipment subject to this Lease; provided, however, that Lessor and Lessee may provide elsewhere for an option in favor of Lessor to purchase such property and equipment at a later date.
ARTICLE VI
INSURANCE

6.1 **Required Insurance.** Throughout the Term of this Lease, Lessee shall at all times maintain or cause to be maintained, with respect to the Equipment, the following insurance:

   a. Property insurance against loss and/or damage to the Equipment, including loss or damage caused by fire, lightning, earthquake, collapse, sewer backup, 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, are insured for property of similar character and location, which insurance shall be in an amount not less than one hundred percent (100%) of the full replacement cost of the Equipment.

   b. Commercial general liability insurance for injuries to persons (including bodily injury and death) and/or property damage caused by, attributed to, or incurred in connection in any manner with the lease, use, operation, management, maintenance, replacement, or repair of the Equipment, and for injuries to persons and/or property occurring in or about the Equipment, in the minimum amount of $5,000,000 combined single limit per occurrence. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability and water damage legal liability.

6.2 **Insurers.** Lessee shall obtain commercial insurance coverage in order to comply with the insurance required to be maintained by Lessee under this Section 6. All insurance required in this Section and all renewals of such insurance shall be issued by companies duly licensed and authorized to transact business in the State of Louisiana, and rated at least A-Class
VIII by Best's Insurance Reports or as otherwise approved in writing by Lessor. All insurance policies provided by Lessee shall expressly provide that the policies shall not be canceled or materially altered without thirty (30) days’ prior written notice to Lessor.

6.3 Additional Insureds. LSU and its board members, officers, employees, and agents, and such other persons or firms as LSU reasonably specifies from time to time (the “LSU Insured Parties”) shall each be named as additional insureds on all policies required hereby, and LSU shall also be named as a loss payee on all required property damage insurance.

6.4 Required Insurance Shall Be Primary. All insurance required hereby shall be written as primary policies, not contributing with and not in excess of coverage that Lessor may carry, if any.

6.5 Failure to Comply With Reporting Requirements. All insurance required hereby shall expressly provide that any failure of Lessee to comply with reporting requirements of a policy required hereby shall not affect coverage provided to the LSU Insured Parties.

6.6 No Recourse. All insurance required hereby shall provide that the insurance companies issuing the required policies shall have no recourse against LSU for payment of premiums or for assessments under any form of the policies.

6.7 Deductibles and SIR’s. Any deductibles or self-insured retentions must be declared to and accepted by LSU. Lessee shall be responsible for all deductibles and self-insured retentions.

6.8 No Special Limitations. The coverage required hereunder shall contain no special limitations on the scope of protection afforded to the LSU Insured Parties.

6.9 Occurrence Based Policies. All insurance required hereunder shall be occurrence coverage. Claims-made policies are not allowed.
6.10 **Verification of Coverage.** Lessee shall furnish LSU with declarations pages, certificates of insurance, and evidence of the payment of all premiums of such policies prior to the Commencement Date. Lessee shall likewise furnish LSU with declarations pages, certificates of insurance, and evidence of the payment of all premiums of all renewal policies. LSU reserves the right to request complete copies of all original and renewal policies (together with copies of all endorsements). Upon failure of Lessee to furnish, deliver and maintain such insurance as provided herein, then LSU may, but shall not be obligated to, obtain said insurance on behalf of Lessee at Lessee's commercially reasonable cost and expense. Failure of Lessee to purchase and/or maintain any required insurance shall not relieve Lessee from any liability or indemnification hereunder.

6.11 **Condemnation, Casualty and Other Damage.** The risk of loss or decrease in the enjoyment and beneficial use of the Equipment 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, terrorist attack, or otherwise (collectively "Casualty") or by the taking of all or any portion of the Leased Premises and/or Equipment by condemnation, expropriation, or eminent domain proceedings (collectively "Expropriation") is expressly assumed by Lessee. None of the forgoing events shall entitle Lessee to any abatements, set-offs or counter claims with respect to payment of its Rent, or any other obligation hereunder, except as specifically set forth herein.
ARTICLE VII
INDEMNIFICATION

7.1 Lessee’s Indemnification. Lessee shall indemnify, defend and hold harmless Lessor and its officers, agents and employees, together with any of their respective successors and assigns (collectively, the “Lessor Indemnitees”), against any and all loss, cost, damage, liability or expense as incurred (including but not limited to actual attorneys’ fees and legal costs) arising out of or related to any claim, suit or judgment brought by or in favor of any person or persons for damage, loss, or expense due to, but not limited to, bodily injury, including death, or property damage sustained by such person or persons which arises out of, is occasioned by or is attributable to the lease, use, operation, management, maintenance, repair, and/or replacement of the Equipment by Lessee, its officers, agents, employees, invitees, permittees, contractors, or subcontractors. The foregoing indemnification provisions shall apply to Permitted Uses, as well as uses that are not permitted under this Lease. Notwithstanding any provision to the contrary contained in this Lease, Lessor acknowledges that Lessee’s obligation to indemnify and hold any Lessor Indemnitees harmless under this Section shall not extend to any loss, damages, or other claims to the extent arising out of the negligence or willful misconduct of any Lessor Indemnitees.

7.2 Lessor’s Indemnification. To the extent authorized by Law, Lessor will indemnify, defend and hold harmless Lessee and its officers, agents and employees, together with any of their respective successors and assigns, from and against any claims, liabilities, damages, costs, penalties, forfeitures, losses or expenses (including but not limited to actual attorneys' fees and legal costs) related to the Equipment and resulting from any injury, loss or
damage to persons or property arising out of the negligence or willful misconduct of Lessor, its officers, agents or employees.

ARTICLE VIII
NOTICES

Any and all notice required or appropriate under this Lease shall be in writing and shall be sent by (a) personal delivery; (b) recognized overnight delivery service with proof of delivery; or (c) certified United States mail, postage prepared, receipt requested, to the following addresses:

**Lessor:**
Board of Supervisors of Louisiana State University and Agricultural and Mechanical College
3810 West Lakeshore Drive
Baton Rouge, Louisiana 70808
Attn: President of LSU System
Attn: Vice President of Health Affairs

**Lessee:**
NEWCO

Attn: Chief Executive Officer

**With a copy to:**
LSU System Office
3810 West Lakeshore Drive
Baton Rouge, Louisiana 70808

**With a copy to:**
Franciscan Missionaries of Our Lady
Attn: General Counsel
4200 Essen Lane
Baton Rouge, Louisiana 70810

**With a copy to:**
Taylor, Porter, Brooks & Phillips, L.L.P.
Attn: LSU Healthcare Partner
451 Florida St., 8th Floor
Baton Rouge, Louisiana 70801
ARTICLE IX
EARLY TERMINATION

9.1 Early Termination. The parties expressly agree that this Lease shall terminate prior to the normal expiration of the Term for no reason other than termination of the CEA, the Sublease Agreement or the Master Hospital Lease and subject to any wind-down period(s) set forth therein. Subject to the foregoing, all rights and remedies set forth in this Lease shall be construed and held to be cumulative, no single right or remedy shall be exclusive of any other which is consistent with the former, and any party 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.

ARTICLE X
MISCELLANEOUS

10.1 Relationship of the 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 employees, agents, members or shareholders of the parties hereto creates a relationship other than the relationship between Lessor and Lessee as lessor and lessee or as described in the CEA. In no event shall Lessee’s officers, directors, employees or agents be liable for any of the obligations of Lessee hereunder.
10.2 **Louisiana Law to Apply.** This Lease shall be construed under and in accordance with the laws of the State of Louisiana, and the sole forum for all disputes arising out of this Lease shall be the Nineteenth Judicial District Court for the Parish of East Baton Rouge, State of Louisiana.

10.3 **Waiver.** The Lessor and Lessee agree that either party’s failure to insist on strict performance of any term or condition of this Lease shall not constitute a waiver of that term or condition, even if the party accepting or acquiescing in the non-conforming performance knows of the nature of the performance and fails to object to it. No waiver or breach shall affect or alter this Lease but each of the terms of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. No waiver of any default hereunder by either party shall be implied from any omission by the non-defaulting party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver for the time and to the extent therein stated. One or more waivers shall not be construed as a waiver of a subsequent breach of the same covenant, term, or condition.

10.4 **Severability.** The provisions of this Lease are severable. Any terms and/or conditions that are deemed illegal, invalid or unenforceable shall not affect any other term or condition of the Lease or the CEA.

10.5 **No Assignment.** Lessee may not, without the prior written consent of Lessor, assign, mortgage or otherwise encumber in whole or in part this Lease or any interest therein; provided, Lessee may, with prior notice to Lessor, but without the consent of Lessor, assign its interest as Lessee under this Lease to a non-profit corporation, low-profit limited liability company, non-profit limited liability partnership, or other non-profit legal entity wholly owned
or controlled by Lessee, or to any non-profit entity that is a successor by merger to the Lessee or that acquires Lessee or all or substantially all of the assets of Lessee, provided that such assignee assumes Lessee’s obligations hereunder by operation of law or agrees to assume in writing Lessee's obligations hereunder, all in form and substance approved in writing by Lessor. In no event shall any assignment of all or any portion of the Equipment release Lessee from any obligations under the Lease, unless such release shall be evidenced by Lessor’s express written agreement at the time of the assignment, which agreement may be withheld in Lessor’s sole discretion.

10.6 **No Subletting.** Lessee may not, without the prior written consent of Lessor, sublease all or any portion of the Equipment; provided, Lessee may, with prior notice to Lessor, but without the consent of Lessor, sublease all or a portion of the Equipment to a non-profit corporation, low-profit limited liability company, non-profit limited liability partnership, or other non-profit legal entity wholly owned or controlled by Lessee, or to any entity that is a successor by merger to the Lessee or that acquires Lessee or all or substantially all of the assets of Lessee, provided that all such subleases shall be subject and subordinate to all of the terms and conditions of this Lease and the use of the Equipment permitted under any such sublease shall be in accordance with the applicable terms and conditions of this Lease, and further provided that such sublessee assumes Lessee’s obligations hereunder by operation of law or agrees to assume in writing Lessee's obligations hereunder, all in form and substance approved in writing by Lessor. In no event shall any subletting of all or any portion of the Equipment release Lessee from any obligations under the Lease, unless such release shall be evidenced by Lessor’s express written agreement at the time of the subletting, which agreement may be withheld in Lessor’s sole discretion.
10.7 **Books, Records and Audit.** The books, accounts and records of Lessee which pertain directly to the Equipment shall be maintained at the principal office of Lessee. LSU may at its option and at its own expense during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of Lessee and its contractor(s) to the extent necessary to verify compliance with this Lessee or insofar as said books, bank accounts, records and accounts directly relate to Lessee’s performance of its obligations under this Lease. Audits may be made on either a continuous or periodic basis or both and may be conducted by employees of LSU, by independent auditors retained by LSU to conduct such audit, by the Louisiana Legislative Auditor or by the Office of the Governor, Division of Administration, 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 of Lessee.

10.8 **Successors and Assigns.** This Lease shall be binding on and will inure to the benefit of the parties to this Lease and their respective successors and assigns, provided any such assignment was made in a manner consistent with terms of this Lease.

10.9 **Authorized Representative of the Parties.** In any instance in which the approval or consent of a party is required, it shall be given on behalf of Lessor by the President of the LSU System or his successor or designee, and on behalf of Lessee by any duly authorized representative of Lessee.

10.10 **Entire Agreement.** This Lease, together with all exhibits attached hereto, sets forth the entire agreement of the parties with respect to the matters set forth herein, and no verbal commitments, except those reduced to writing in this Lease, have any binding effect. Any amendments to this Lease must be reduced to writing and signed by both parties.
IN WITNESS HEREOF, the parties hereto have signed their names, as of the ____ day of ______________________, 2013, in the presence of the undersigned competent witnesses.

WITNESSES:

___________________________
Name:______________________

___________________________
Name:______________________

WITNESSES:

___________________________
Name:______________________

___________________________
Name:______________________

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

By:__________________________
William L. Jenkins, Interim President
Louisiana State University System

Date:_________________________

NEWCO

___________________________
Name:______________________

___________________________
Name:______________________

Date:_________________________
MASTER HOSPITAL AGREEMENT

This Master Hospital Agreement (this “Agreement”) is made and entered into effective this ____ day of June, 2013, by and among:

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation of the State of Louisiana, represented herein by F. King Alexander, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors, adopted _____________ ____, 2013, a copy of which is attached hereto, with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. XX-XXX0848) (hereinafter referred to as “LSU”);

DIVISION OF ADMINISTRATION for the State of Louisiana, acting by and through the Commissioner of Administration (hereinafter referred to as the “Division”);

THE STATE OF LOUISIANA, THROUGH THE DIVISION OF ADMINISTRATION, herein represented and appearing through Kristy H. Nichols, Commissioner of Administration, Division of Administration, Office of the Governor, State of Louisiana, under the authority granted pursuant to La. R.S. 39:11 and other applicable law, whose mailing address is Post Office Box 94095, Baton Rouge, Louisiana 70804-9095, (hereinafter referred to as the “State”); and

[NEWCO, INC.], a Louisiana nonprofit corporation, represented herein by ________________, its President and Chief Executive Officer, duly authorized by virtue of a resolution adopted _____________ ____, 2013, a copy of which is attached hereto, with a mailing address of ________________, ________________, Louisiana __________ (Federal I.D. No. XX-XXX__) (hereinafter referred to as “[NEWCO]”),

provides as follows:

WITNESSETH

WHEREAS, LSU is a public constitutional corporation organized and existing under the laws of the State of Louisiana, and LSU’s institutions, including its medical schools and hospitals, are under LSU’s supervision and management pursuant to La. Const. Art. VIII, Section 7 and La. R.S. 17:3215;

WHEREAS, LSU shall, until the Commencement Date (as defined below), operate the
state hospital and clinic facilities located in Bogalusa, Louisiana, known as LSU Bogalusa Medical Center (the “Hospital”), with the public purpose of providing efficient and effective health care to the community;

WHEREAS, pursuant to that certain Cooperative Endeavor Agreement (the “CEA”) executed effective _____________ ___, 2013, by and among [NEWCO], LSU, the Division and the Louisiana Department of Health and Hospitals (“DHH”), on the Commencement Date and thereafter during the term of the CEA, [NEWCO] shall continue the provision of health care to the indigent and high-risk Medicaid populations in the Bogalusa area at the Hospital, which includes an inpatient care facility and several clinic, administrative and other support buildings at the following locations: (i) premises located at 433 Plaza Street, Bogalusa, Louisiana (the “Plaza Facility”); (ii) premises located at 400 Memphis Street, Bogalusa, Louisiana (the “Memphis Facility”); and (iii) premises located at 104 Avenue B, Bogalusa, Louisiana (the “Administrative Facility”, together with the Plaza Facility and the Memphis Facility, collectively the “Facilities”);

WHEREAS, the Facilities consist of hospital space, medical office space, clinic space, urgent care space, storage space and related space, which will be leased and/or subleased by LSU to [NEWCO] pursuant to the CEA, this Agreement and leases substantially in the form of the Exhibits attached hereto;

WHEREAS, LSU is the fee simple owner of the Memphis Facility and the Administrative Facility, which each shall be leased to [NEWCO] in accordance with the CEA, the provisions of this Agreement and the provisions of the Lease Agreement attached hereto as Exhibit “A” (the “Lease”);

WHEREAS, the Plaza Facility is leased to LSU by Bogalusa Community Medical
Center, a non-profit corporation, pursuant to an Amended and Restated Lease Agreement dated
September 28, 2007 (the “Prime Lease”);

WHEREAS, LSU shall sublease the Plaza Facility to [NEWCO] in accordance with the
CEA, the provisions of this Agreement and the provisions of the Agreement of Sublease attached
hereto as Exhibit “B” (the “Sublease”);

WHEREAS, LSU is the owner of certain equipment and movable property (the
“Equipment”) located within and about the Facilities;

WHEREAS, LSU shall lease the Equipment to [NEWCO] in accordance with the CEA,
the provisions of this Agreement and the provisions of the Equipment Lease attached hereto as
Exhibit “C” (the “Equipment Lease”);

WHEREAS, this Agreement is an integral part of the CEA and furthers the above stated
public purposes; and

WHEREAS, this Agreement furthers the educational and public service missions of
LSU;

NOW, THEREFORE, in consideration of LSU’s obligation to lease and/or sublease, as
the case may be, the Facilities and the Equipment, the rent to be paid by [NEWCO] during the
term of this Agreement, and the mutual benefits accruing to the parties under this Agreement and
the CEA, the parties do enter into this Master Hospital Agreement, on the following terms and
conditions:

ARTICLE I.
TERM

Section 1.01 The Initial Term. The term of the Lease, the Sublease and the Equipment
Lease (individually, collectively and interchangeably, the “NEWCO Leases”) shall be for a
period commencing on January 6, 2014 at 12:00:00 a.m. (the “Commencement Date”) and
ending on January 5, 2024 (the “Initial Term”, and together with any Renewal Terms as provided below, the “Lease Term”); provided, however, it is expressly agreed that each NEWCO Lease is subject to termination in accordance with its applicable terms and conditions and as provided in the CEA; and, provided further, that any termination of the Lease and/or the Sublease shall be subject to the Wind Down Provisions as set forth in the CEA.

Section 1.02 Renewal Options. If the term of the CEA is extended by a Renewal Term as provided in Section 13.1 of the CEA, then the term of each NEWCO Lease shall also automatically extend for a Renewal Term.

ARTICLE II.
RENT

Section 2.01 Total Rent.
(a) Initial Total Rent. In consideration for the rental of the Facilities and the Equipment, access to LSU’s workforce, the opportunity to operate the Hospital at the Facilities and other related values and benefits, NEWCO shall pay to LSU a total base rent for all of the NEWCO Leases of $5,249,900.00 per year (the “Annual Total Base Rent Amount”), subject to adjustment as provided below, plus any additional costs to be paid by [NEWCO] to LSU as specifically set forth in the NEWCO Leases.

(b) Adjustments to Total Rent. At the conclusion of the Initial Term and/or at the conclusion of any Renewal Term (each an “Adjustment Date”), the Annual Total Base Rent Amount may be reviewed and adjusted to the then current fair market value for the rental of the Facilities and the Equipment (to the extent the Equipment is still leased), access to LSU’s workforce, the opportunity to operate the Hospital at the Facilities and other related values and benefits (the “Fair Market Rental Value”), and the Annual Sublease Base Rent Amount (as defined below) shall be adjusted accordingly; provided, however, that the parties
agree and acknowledge that in no event shall the Annual Sublease Base Rent Amount be less than the largest “Debt Service Component of the Base Rent” (as defined in the Prime Lease) between Adjustment Dates. Any calculation of Fair Market Rental Value for the Annual Total Base Rent Amount shall assume that the terms and conditions of this Agreement, other than the amount of the Annual Total Base Rent Amount, shall continue to apply. LSU and [NEWCO] shall make good faith efforts to agree as to any adjustment of the Annual Total Base Rent Amount to account for a change in value. In the event LSU and [NEWCO] cannot agree in writing as set forth above no later than four (4) months prior to an Adjustment Date, either LSU or [NEWCO] may initiate the following procedure to have the Annual Total Base Rent Amount for the subsequent five (5) year period determined by independent appraisal:

(i) Either LSU or [NEWCO] may initiate the appraisal process by providing a written notice that is invoking the procedure described in this Section 2.01(b).

(ii) Within twenty (20) days after the date of the written notice by one party to the other that it intends to revalue the Annual Total Base Rent Amount, LSU and [NEWCO] each shall appoint an appraiser having at least ten (10) years’ experience appraising commercial real estate in the Bogalusa area and who is a member of the Appraisal Institute or a comparable successor entity (hereinafter, a "Qualified Appraiser"). Each Qualified Appraiser shall make an estimate of the Fair Market Rental Value as of the beginning of such five (5) year period. Each party shall notify the other of the appointment of its Qualified Appraiser within ten (10) days after the appointment. Each party shall deliver to the other party a copy of its Qualified Appraiser's written report no later than sixty (60) days after the appointment of its Qualified Appraiser. If only one party appoints a Qualified Appraiser or neither party delivers its Qualified Appraiser's report within sixty (60) days of the appointment of its Qualified Appraiser, then LSU or [NEWCO] shall
pay the Annual Total Base Rent Amount calculated for the previous five (5) year period.

(iii) If the difference between the Fair Market Rental Value conclusions of the Qualified Appraisers is less than ten (10%) percent of the lower of the Fair Market Rental Value conclusions, the Annual Total Base Rent Amount shall be set at the average of the two.

(iv) If the difference between the Fair Market Rental Value conclusions of the Qualified Appraisers is greater than ten (10%) percent of the lower of the Fair Market Rental Value conclusions, then the two Qualified Appraisers shall agree on a third Qualified Appraiser who shall be furnished the appraisal reports of the first two Qualified Appraisers along with any additional evidence the third Qualified Appraiser shall deem reasonably appropriate. The Fair Market Rental Value conclusion and report of such third Qualified Appraiser shall be conclusive as to the Fair Market Rental Value for the applicable five (5) year period. Should this process not be complete by the applicable Adjustment Date, the Annual Total Base Rent Amount for the previous five (5) year period shall continue until the third Qualified Appraiser has delivered his written Fair Market Rental Value conclusion and report to LSU and [NEWCO], and the Annual Total Base Rent Amount for any partial month shall be prorated accordingly.

(v) The fees of the initial two Qualified Appraisers shall be borne by the party hiring them, and the fee of the third Qualified Appraiser shall be borne equally by LSU and [NEWCO].

Section 2.02 Sublease Rent.

(a) Annual Rent. For the convenience of the parties, a portion of the Annual Total Base Rent Amount has been allocated to the Sublease Base Rent (as defined in the Sublease) (the “Annual Sublease Base Rent Amount”) based on an appraisal of the Plaza Facility. The initial Annual Sublease Base Rent Amount is $2,526,572.05 ($16.075 per square foot per year multiplied by 157,174 square feet). The Annual Sublease Base Rent Amount shall be payable to LSU in equal monthly installments, and the initial monthly installments shall equal $210,547.67 and shall be paid in accordance with the provisions of the Sublease. To the extent
that the Term includes any partial months, the portion of the Annual Sublease Base Rent Amount due for such a month shall be prorated accordingly.

(b) Additional Sublease Payments. In addition to the Annual Sublease Base Rent Amount, [NEWCO] shall pay to LSU any and all additional charges, fees and/or costs set forth in the Sublease, including, but not limited to, the Operating Costs (as defined in the Sublease).

(c) Fair Market Value. The parties hereto agree and acknowledge that the Annual Sublease Base Rent Amount is the fair market value for the sublease rights provided under the Sublease with respect to the Plaza Facility.

Section 2.03 Rent Under Other Leases.

(a) No Further Allocation. The Annual Total Base Rent Amount has been determined pursuant to a valuation of all of the premises and other assets referenced in and subject to this Agreement. With the exception of the Annual Sublease Base Rent Amount, the parties have determined that it is not necessary to specifically allocate the Annual Total Base Rent Amount among the NEWCO Leases.

(b) Other Lease Rent. Notwithstanding the foregoing, during the Term, [NEWCO] shall pay to LSU the difference of: (i) the Annual Total Base Rent Amount, as adjusted; and (ii) the Annual Sublease Base Rent Amount, as adjusted (the difference, the “Annual Lease Base Rent Amount”) in equal monthly installments. The initial Annual Lease Base Rent Amount is $2,723,327.95, and the initial monthly installments of the Annual Lease Base Rent Amount shall equal $226,944.00. The monthly installments of the Annual Lease Base Rent Amount shall be due on or before the first (1st) day of each month of the Term. To the extent that the Term includes any partial months, the portion of the Annual Lease Base Rent
Amount due for such a month shall be prorated accordingly and paid on the first (1st) day of the immediately subsequent month.

(c) *Additional Lease Payments.* In addition to the Annual Lease Base Rent Amount, [NEWCO] shall pay to LSU any and all additional charges, fees and/or costs set forth in the Lease and the Equipment Lease.

**Section 2.04 Advance Rent Payment.**

(a) *Advance Rent Amount; Treatment.* No later than June 28, 2013, [NEWCO] shall pre-pay to LSU the portion of the Annual Total Base Rent Amount under the NEWCO Leases (other than the Sublease) that is attributable to the last twenty-three (23) months of the Initial Term of such NEWCO Leases (other than the Sublease) (the “Advance Rent”). The parties agree that the Advance Rent amount equals $5,219,712.00. The prepayment shall be considered a payment of all of the monthly installments of the Annual Lease Base Rent Amount for the last twenty-three (23) months of the Initial Term.

(b) *Early Termination; Reimbursement.* Should this Agreement or any of the NEWCO Leases (other than the Sublease) terminate due to the default of LSU, the Division, DHH or the State, or due to a Terminating Event under and as defined in the CEA occurring because of the fault or failure of LSU, the Division, DHH or the State, to the extent allowed by applicable law, and in addition to any other amounts that may be due to [NEWCO] in consideration of the State’s obligations pursuant to the CEA to assist in preserving LSU’s medical education programs, to provide health care to the community and to seek to reduce the financial burden on the State of providing this assistance, the Division and LSU will refund to [NEWCO] all of the Advance Rent (with appropriate proration, as determined by the parties good-faith efforts and negotiations, to the extent that: (i) this Agreement or a NEWCO Lease is
terminated during the final twenty-three [23] months of the Initial Term; or (i) only one of the NEWCO Leases [other than the Sublease] is terminated), but only to the extent such refund is funded by the State in accordance with Section 3.09 hereof; provided, however any obligation of the State to fund, and the Division and LSU to refund, the Advance Rent shall be reduced on a dollar-for-dollar basis to the extent any funds of the State, the Division and/or LSU are expended to improve the Facilities subsequent to the Commencement Date of this Agreement because of a failure by [NEWCO] to satisfy its obligations under the Lease, the Sublease and/or the Equipment Lease.

Section 2.05 Rent Payments. All rent payments due under this Agreement and the Exhibits attached hereto, including the Advance Rent payment, shall be paid to LSU at the following address P.O. Box 91308, Baton Rouge, Louisiana 70821, or such other address as LSU may provide to [NEWCO] in writing.

ARTICLE III.
MISCELLANEOUS

Section 3.01 Incorporation of Recitals. The parties hereto agree and acknowledge that the foregoing recitals are true and correct, are incorporated herein by reference and are made a part hereof in their entirety.

Section 3.02 Incorporation of Exhibits. The parties hereto agree and acknowledge that the terms, conditions and provisions of the Exhibits attached hereto are incorporated herein by reference and are made a part hereof in their entirety; provided, however, that in the event that any provision set forth on an Exhibit hereto contradicts any provision set forth in this Agreement the specific provision of the Exhibit shall govern the relationship of the parties with respect to said Exhibit.
Section 3.03 Governing Law. This Agreement and the Exhibits attached hereto shall be construed under and enforced in accordance with the laws of the State of Louisiana, and, in the event of a court proceeding in connection with this Agreement and/or any of the Exhibits attached hereto, any such proceeding shall be filed in the Louisiana Nineteenth Judicial District Court.

Section 3.04 Severability. The terms and provisions of this Agreement and the Exhibits attached hereto are severable. If any term or provision of this Agreement or any Exhibit attached hereto or the application thereof is invalid or unenforceable, the remainder of this Agreement and the Exhibits attached hereto, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term or provision shall be valid and enforceable to the fullest extent permitted by law.

Section 3.05 Notices. Any and all notice required or appropriate under this Agreement or any Exhibit attached hereto shall be in writing and shall be sent by: (a) personal delivery; (b) recognized overnight delivery service with proof of delivery; or (c) certified United States mail, postage prepaid, receipt requested, to the following addresses:

[NEWCO]:

[NEWCO, INC.]

Attn: Chief Executive Officer

With a copy to:

Attn: Chief Executive Officer

With a copy to:

Attn: General Counsel
LSU: Board of Supervisors of Louisiana State University and Agricultural and Mechanical College 3810 West Lakeshore Drive Baton Rouge, Louisiana 70808 Attn: Executive Vice President for Health Care

With a copy to: LSU System Office 3810 West Lakeshore Drive Baton Rouge, Louisiana 70808 Attn: Vice President of Health Affairs

With a copy to: Taylor, Porter, Brooks & Phillips, L.L.P. Attn: Nancy C. Dougherty 451 Florida St., 8th Floor Baton Rouge, Louisiana 70801

Division of Administration: Commissioner of Administration Division of Administration Claiborne Building 1201 North Third Street Baton Rouge, Louisiana 70801

With a copy to: Director Office of Facility Planning and Control Division of Administration Claiborne Building 1201 North Third Street Baton Rouge, Louisiana 70801

State of Louisiana: Division of Administration Claiborne Building 1201 North Third Street Baton Rouge, Louisiana 70801

Any such notice or communication shall be deemed to have been given: (a) at the time of delivery; (b) one (1) business day after being deposited with a nationally recognized overnight courier; or (c) three (3) business days after being deposited with the United States Postal Service in accordance with the provisions above.
Each party shall promptly inform all other parties in accordance with the notice procedures set forth above of any changes in personnel or address for the purpose of sending required notices.

**Section 3.06 Attorneys’ Fees.** In the event any party defaults in any of its respective obligations under this Agreement or any of the Exhibits attached hereto, it shall also be liable to pay any and all of the reasonable attorneys’ fees incurred by the non-defaulting party(ies’) related to any negotiations, compromises and/or enforcement of the non-defaulting party’s(ies’) rights hereunder.

**Section 3.07 Entire Agreement.** This Agreement, together with all Exhibits attached hereto, as well as the CEA and any and all agreements delivered in connection therewith, sets forth the entire agreement of the parties with respect to the matters set forth herein, and no verbal commitments, except those reduced to writing in this Agreement, the Exhibits attached hereto or the CEA (and contemplated documents), have any binding effect. Any amendments to this Agreement or any Exhibit attached hereto must be reduced to writing and signed by both parties. All of the agreements and stipulations contained herein and all the obligations herein assumed shall inure to the benefit of and be binding upon the successors and permitted assigns of the respective parties hereto, provided that any such assignment was made in a manner consistent with the terms of this Agreement and/or the respective Exhibit attached hereto.

**Section 3.08 Authorized Representatives of the Parties.** In any instance in which the approval or consent of a party is required, it may be given on behalf of LSU by the then President of the LSU System or by his/her designee, and on behalf of [NEWCO] by its then President or by his/her designee.
Section 3.09 Appropriation of Funds. Notwithstanding anything to the contrary contained in this Agreement or any Exhibit attached hereto, all State, Division and LSU obligations under this Agreement or any Exhibit attached hereto to make payments of any kind in a future fiscal year, shall be subject to appropriation by the Louisiana Legislature of sufficient funds therefor and the availability of funds following Legislative appropriation; provided, however, and notwithstanding anything to the contrary contained in this Agreement, any Exhibit attached hereto, or in the CEA, any and all obligations of the Division and/or LSU to refund or make payments to [NEWCO] shall be subject to, and contingent upon, appropriation by the Louisiana Legislature of sufficient funds specifically and expressly appropriated for refunding/paying of such sums by LSU and/or the Division to [NEWCO] (the “Appropriation”), and any such obligation by LSU and/or the Division is limited only to the portion of said Appropriation which the respective obligor receives. In the event that [NEWCO] is due a payment/refund pursuant to the provisions of Section 2.04(b), the State, the Division and LSU agree to make good-in-fact, best efforts to seek specific appropriation for such refund by the Louisiana Legislature, and the Division and/or LSU shall include in one or more of their annual budget requests, a request for the appropriation of funds for the purpose of making such refund of the Advance Rent to [NEWCO] pursuant to this Agreement.

Section 3.10 Provision of Records. Until the expiration of four (4) years after the furnishings of any services under this Agreement or any Exhibit attached hereto and in the event the services provided by the parties under this Agreement or any Exhibit attached hereto are valued at Ten Thousand Dollars ($10,000) or more during any 12-month period, the parties shall make available, upon written request of the Secretary of the United States Department of Health and Human Services, or upon the written request of the United States Comptroller General, or
any of their duly authorized representatives, all contracts, books, documents or records that are necessary to certify the nature and extent of any and all charges, costs and payments made or received under this Agreement or any Exhibit attached hereto.

Section 3.11 Consent. In any instance in which the consent or approval from a party to this Agreement is required under this Agreement or any Exhibit attached hereto, then, unless specifically stated otherwise in such provision, such party agrees not to unreasonably withhold, delay or condition such consent or approval.

Section 3.12 Recordation. It shall be the responsibility of [NEWCO] to prepare an extract of the Sublease and an extract of the Lease, both of which each party agrees to execute for recordation in the Office of the Parish Recorder of the Parish of Washington. The form of the Extract of Sublease and the Extract of Lease shall require the approval of LSU. [NEWCO] shall provide LSU with a copy of the recorded Extract of Sublease and the recorded Extract of Lease. Recordation of the Extract of Sublease and the Extract of Lease shall be at [NEWCO’s] expense.

Section 3.13 Relationship of the Parties. Nothing contained in this Agreement or any Exhibit attached hereto shall be deemed or construed by the parties, 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. It is understood and agreed that no provision contained in this Agreement or any Exhibit attached hereto nor any employees, agents, members or shareholders of the parties hereto creates a relationship other than a relationship of lessor/sublessor and lessee/sublessee or as described in the CEA.

Section 3.14 Waiver. LSU and [NEWCO] agree that either party’s failure to insist on strict performance of any term or condition of this Agreement or any Exhibit attached hereto
shall not constitute a waiver of that term or condition, even if the party accepting or acquiescing in the non-conforming performance knows of the nature of the performance and fails to object to it. No waiver or breach shall affect or alter this Agreement or any Exhibit attached hereto but each of the terms of this Agreement and the Exhibits attached hereto shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. No waiver of any default hereunder by either party shall be implied from any omission by the non-defaulting party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver for the time and to the extent therein stated. One or more waivers shall not be construed as a waiver of a subsequent breach of the same covenant, term, or condition.

Section 3.15 Legal Representation of the Parties. This Agreement and the Exhibits attached hereto were negotiated by the signatories hereto with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement and/or the Exhibits attached hereto to be construed or interpreted against any signatory hereto shall not apply to any construction or interpretation hereof.

Section 3.16 Captions. The captions contained in this Agreement and the Exhibits attached hereto are used solely for convenience and shall not be deemed to define or limit the provisions of this Agreement or any Exhibit attached hereto.

Section 3.17 Expenses. Except as otherwise provided in this Agreement or any Exhibit attached hereto, each party to this Agreement will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the Exhibits attached hereto, including all fees and expenses of its representatives. If this Agreement or any Exhibit attached hereto is terminated, the obligation of each party to pay its
own fees and expenses will be subject to any rights of such party arising from a breach of this Agreement or any Exhibit attached hereto by another party.

Section 3.18 Authority. Each party represents and warrants that it has the right, authority and power to enter into this Agreement and the Exhibits attached hereto. Each individual who has executed this Agreement is of the full age of majority, is competent, and has the authority to execute this Agreement on behalf of the entity which he/she represents.

Section 3.19 Additional Assurances. The provisions of this Agreement and the Exhibits attached hereto shall be self-operative and shall not require further agreement by the parties except as may be specifically provided to the contrary in this Agreement or any Exhibit attached hereto. Notwithstanding the foregoing, each of the parties shall, at any time and from time to time at and after the execution of this Agreement, upon the reasonable request of another party, take any and all steps reasonably necessary to consummate this Agreement and the transactions contemplated hereby, and will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required to consummate this Agreement and the transactions contemplated hereby.

Section 3.20 Counterparts. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original, but all of which together will constitute only one agreement. Capitalized Terms. Any capitalized terms used in this Agreement and/or the Exhibits attached hereto that are not defined in this Agreement and/or the respective Exhibit attached hereto shall have the meaning ascribed to that capitalized, defined term in the CEA.

[The Remainder of this Page is Intentionally Left Blank; Signatures are on the Following Page.]
[Signature Page for Master Hospital Agreement]

IN WITNESS WHEREOF, the parties hereto have signed their names on this ___ day of __________, 2013, in the presence of the undersigned competent witnesses:

WITNESSES: BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE

- Printed Name: ____________________ By: ____________________
  - Dr. F. King Alexander, President
  Louisiana State University System

WITNESSES: DIVISION OF ADMINISTRATION
STATE OF LOUISIANA

- Printed Name: ____________________ By: ____________________
  - Kristy Nichols
  Commissioner of Administration

WITNESSES: STATE OF LOUISIANA, through DIVISION OF ADMINISTRATION

- Printed Name: ____________________ By: ____________________
  - Kristy Nichols
  Commissioner of Administration

WITNESSES: [NEWCO, INC.]

- Printed Name: ____________________ By: ____________________
  - ____________________, President and Chief Executive Officer