

**COOPERATIVE ENDEAVOR AGREEMENT**

**BY AND AMONG**

**SOUTHWEST LOUISIANA HOSPITAL ASSOCIATION  
D/B/A LAKE CHARLES MEMORIAL HOSPITAL;**

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

**THE LOUISIANA DIVISION OF ADMINISTRATION;**

**THE LOUISIANA DEPARTMENT OF HEALTH & HOSPITALS;**

**AND**

**THE STATE OF LOUISIANA THROUGH THE DIVISION OF  
ADMINISTRATION**

**DATED \_\_\_\_\_, 2013**



## **COOPERATIVE ENDEAVOR AGREEMENT**

**THIS COOPERATIVE ENDEAVOR AGREEMENT** ("CEA" or "Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2013 ("Effective Date"), by and among Southwest Louisiana Hospital Association d/b/a Lake Charles Memorial Hospital, a Louisiana nonprofit corporation ("SLHA"), Board of Supervisors of Louisiana State University and Agricultural and Mechanical College ("LSU"), the Louisiana Division of Administration ("DOA"), and the State of Louisiana, through the Division of Administration (the "State"). The Louisiana Department of Health and Hospitals, acting through the Secretary ("DHH") joins in execution of this Agreement solely for purposes of consenting and agreeing to the terms set forth in Article VI, Article IX, Article XV, Sections 11.1 and 11.2. SLHA, LSU, DOA, the State, and DHH are referred to together as the "Parties," and each, a "Party." Capitalized terms shall have the meanings set forth on Appendix 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 so that Louisiana is positioned to continue to attract the most talented faculty, students, residents and other medical professionals;

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

WHEREAS, LSU owns the hospital building and related facilities (the "Facility") in which LSU currently operates the hospital known as W.O. Moss Regional Medical Center in Lake Charles, Louisiana ("WOM");

WHEREAS, WOM provides substantial and essential services to the community through its outpatient clinics, (the "Outpatient Clinics"), and also limited inpatient and emergency room services.

WHEREAS, SLHA has extensive experience in nonprofit hospital operations and finances, and is committed to the charitable clinical missions in the communities it serves;

WHEREAS, in order to maintain the viability of the Outpatient Clinics, and protect and enhance their vital role in the community in the most efficient and cost-effective manner, the Parties desire for (i) inpatient and emergency room services that have historically been provided by WOM to be transitioned to, and provided at, SLHA's facilities, (ii) SLHA to operate the

Outpatient Clinics as provider-based clinics of SLHA, and (iii) the WOM hospital license, Medicare and Medicaid provider numbers, and other permits, licenses and approvals related to WOM hospital operations be retired;

WHEREAS, the Louisiana Legislature has approved the closure of WOM as a hospital, including the cessation of inpatient and emergency room services, in accordance with La. R.S. 17:1519.3(B);

WHEREAS, the Parties desire to immediately utilize SLHA's financial, operational and relationship and other expertise and resources for the mutual benefit of the State and LSU by entering into a series of transactions in which (i) WOM will be closed as an inpatient hospital facility and the inpatient and emergency room services currently provided by WOM will be transitioned to SLHA; (ii) SLHA will assume responsibility for the Outpatient Clinic operations in accordance with and subject to the terms and conditions of this CEA, (iii) LSU will lease the Facility and all furniture fixtures and equipment valued at over One Thousand Dollars (\$1,000.00) and used in WOM operations; (iv) SLHA will purchase all of WOM's consumable inventory and all items of furniture, fixtures and equipment valued at less than One Thousand Dollars (\$1,000.00); and ; (v) SLHA will commit to supporting LSU's clinical mission in accordance with this CEA (collectively, the "Contemplated Transactions");

WHEREAS, among other things, this CEA and the Contemplated Transactions will afford SLHA the opportunity to 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 and diversify the SLHA system to better serve its patient population and the patient population of the Lake Charles area;

WHEREAS, among other things, this CEA and the Contemplated Transactions will: (i) optimize the training resources to build the State's health care workforce and further the health care enterprise in the State; (ii) 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; (iii) 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, SLHA is willing and desires to provide the financial resources, operational expertise, and other necessary resources and to take steps to ensure that its facilities, including the Outpatient Clinics: (i) provide safety-net services, and play a central role in providing healthcare services to the uninsured high-risk Medicaid and State inmate populations; (ii) provide the community with health care services that might not otherwise be available; (iii) prevent the major reductions currently contemplated for WOM and their devastating effects patient access to clinical care;

WHEREAS, the Parties recognize that SLHA's ownership of the operations and management of the Outpatient Clinics will include the commitment and the assumption of significant financial and operational investments by SLHA, and SLHA desires to assure sustainable reimbursement levels commensurate with such investments;

WHEREAS, the Parties recognize the importance of and desire to ensure the continued provision of charitable care at the Outpatient Clinics and SLHA's facilities to the extent such care 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 SLHA will enter into a Master Collaborative Agreement (the "MCA") to address ancillary matters related to the Contemplated Transactions;

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

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 7, Section 14(C) 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) with the goal of enriching the State's health care workforce; (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 other 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 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. COMMITMENTS TO PATIENT CARE**

Section 2.1 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 Medically Indigent and uninsured populations, within available financing and approved budgets, and (iii) the need to support LSU's education and training mission, SLHA agrees, subject to its receipt of the Required Funding as provided in Article VI, to provide free or reduced cost inpatient and outpatient services at SLHA facilities to Medically Indigent and uninsured patients in accordance with a Charity Care Policy that is consistent in all material respects with LSU Policy Number 2525-12, attached as Exhibit 2.1, the



current policy for determining eligibility for free or reduced cost health care services at WOM, and shall not be amended without the mutual agreement of the Parties.

Section 2.2 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, SLHA and LSU will assure that the Core Safety Net Services as described in this Article II are available to high-risk Medicaid patients in accordance with the terms of this CEA.

Section 2.3 Department of Corrections. Subject to its receipt of reasonable and appropriate cost reimbursement, SLHA, with the support of LSU, will provide medically necessary health care to patients in the custody of the Louisiana Department of Corrections ("DOC") and housed within the Lake Charles area. In the event SLHA does not receive reasonable and appropriate cost reimbursement, it may suspend the provision of health care services to DOC patients, 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 SLHA for such medically necessary services. Suspension of care to DOC patients due to lack of reasonable and appropriate cost reimbursement for such services shall not constitute a violation of this CEA. SLHA will use commercially reasonable efforts to provide that telemedicine capability is available to LSU in accordance with Section 2.5 for use in providing cost-effective, medically necessary care to DOC patients.

Section 2.4 Core Safety Net Services. The Parties acknowledge and agree that the services identified on Exhibit 2.4 are core safety net services ("Core Safety Net Services") currently being provided to the Lake Charles area through the Hospital, and that SLHA will continue to provide the Core Safety Net Services through its facilities and the Outpatient Clinics

and/or New Clinics (defined below), as applicable, on and after the Commencement Date, subject to the terms of this CEA, including receipt of the Required Funding. Except for reasons of (i) SLHA's inability to reasonably obtain qualified professional staff through LSU or other resources, or (ii) a lack of Required Funding, SLHA will not unilaterally discontinue any Core Safety Net Service currently provided at or through WOM. Notwithstanding the foregoing, the Core Safety Net Services, and Exhibit 2.4, may be amended in the future to add or delete a Core Safety Net Service by mutual agreement of LSU and SLHA based on community need, patient access, cost, available resources and other relevant considerations.

Section 2.5 Telemedicine. SLHA will maintain the infrastructure, such as nursing support, space, and scheduling, of telemedicine services provided at the Facility in order to continue providing cost-effective care to DOC patients as provided in Section 2.3, as well as other patients in remote locations, and will take reasonable steps to sustain and may improve the telemedicine program currently provided at the Hospital. LSU will provide the physician support and SLHA, subject to receipt of the Required Funding, will provide the infrastructure support, necessary to maintain the Hospital's telemedicine program at least at the level provided as of the Commencement Date. LSU and SLHA may collaborate to grow telemedicine services, provided that a sustainable business model can be created and subject to SLHA's receipt of the Required Funding, to serve patients in remote locations.

Section 2.6 Closure; Reduction of Services. Subject to the approval of the Louisiana Legislature, as of the Commencement Date, LSU shall have taken all necessary actions to close the Hospital's emergency department and terminate the Facility's license to provide inpatient hospital services, such that emergency and inpatient services will no longer be provided at the Facility after the Commencement Date.

**ARTICLE III.**  
**FACILITIES AND EQUIPMENT**

Section 3.1 SLHA Lease of Facility for Outpatient Clinics. Contemporaneous with and subject to the terms and conditions of this CEA, LSU and SLHA shall enter into that certain Facility Lease Agreement by and between LSU and SLHA ("Facility Lease"), attached as Exhibit 3.1. Under the Facility Lease, LSU agrees to take all the necessary actions required to transfer possession of the Facility to SLHA. The Facility Lease shall include all property set forth in the Facility Lease (the "Leased Premises"), including all furniture, fixtures, and equipment contained in the Leased Premises and valued at over One Thousand Dollars (\$1,000.00), but it shall not include any liens, claims, security interests, charges, privileges, pledges, mortgages, deeds of trust or encumbrances, except as may be further described in the Facility Lease.

Section 3.2 Ground Lease for New Clinic Construction. LSU agrees to lease the land described in the Ground Lease attached hereto as Exhibit 3.2 ("Ground Lease") to SLHA upon which new outpatient clinics shall be constructed by SLHA as soon as reasonably practicable, but in no event later than thirty-six (36) months (the "New Clinics"), and subject to the terms of the Ground Lease. Except as set forth in this Agreement or the Ground Lease, under no circumstances will LSU deny or restrict, or seek to deny or restrict, through equitable or injunctive relief or otherwise, SLHA's right of access to the New Clinics and attendant parking.

(a) Subject to this Agreement and the Ground Lease, at all times LSU shall retain ownership of the land upon which the New Clinics will be constructed. Nothing in this Agreement shall be deemed to be a dedication or transfer of any right or interest in, or creating a lien upon, LSU property, other than a leasehold interest in favor of SLHA in the land described in the Ground Lease.

(b) As of the Effective Date of this Agreement, LSU represents that it has valid and merchantable title to the land leased pursuant to the Ground Lease in fee, subject only to those encumbrances set forth in the Ground Lease.

Section 3.3 Restrictions on Use of Land. SLHA agrees that the use of the land leased pursuant to the Ground Lease shall be restricted to the uses and limitations on use as set forth in the Ground Lease.

Section 3.4 Rental Payments. The rental payments paid by SLHA pursuant to the Facility Lease and Ground Lease, ("Rent") will represent fair market value.

#### **ARTICLE IV. CONSUMABLES AND INVENTORY**

Section 4.1 Purchase of Inventory. All usable inventories of supplies, drugs, food, and other disposables, and all furniture, fixtures and equipment valued at less than One Thousand Dollars (\$1,000.00) on hand at the Facility as of the Commencement Date, will be transferred to SLHA for fair market value pursuant to the terms and conditions set forth in the Master Collaborative Agreement.

#### **ARTICLE V. HOSPITAL EMPLOYEES**

Section 5.1 Employee Matters.

(a) Termination of Employment by LSU. Subsequent to the approval of this CEA by the LSU Board of Supervisors, 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 SLHA for employment, and SLHA may, in its discretion, offer employment to LSU Personnel. At any time prior to the Commencement Date, SLHA may communicate with any of the LSU Personnel currently employed in the operation of WOM to the extent necessary to allow LSU Personnel to apply for employment, to offer employment, and to otherwise reasonably permit SLHA to satisfy its obligations under this Section. LSU shall further permit SLHA to access and communicate with any and all LSU Personnel regarding the continued operations of the Hospital as necessary and in order to ensure an effective transition of operations of the Hospital to SLHA.

(c) SLHA Terms and Conditions of Employment. All LSU Personnel offered employment by SLHA shall be hired for job classifications and job descriptions established by SLHA and in accordance with pay scales and compensation amounts established by SLHA, and shall be employed subject to terms and conditions established by SLHA.

(d) Employee Assistance. Following the extension of any offers by SLHA to LSU Personnel, but prior to the Commencement Date, LSU shall arrange for the Louisiana Workforce Commission (“LWC”) to host a job fair at the Facility. SLHA, as well as other public and private sector employers, may conduct on-site interviews at the job fair. LSU may arrange for Louisiana Rehabilitation Services within the LWC to participate in the job fair and provide individual assistance and guidance to employees in response to the implications of an impending layoff. Other agencies or entities that may participate in the job fair include (i) the LaChip program within DHH to inform and offer assistance and services to LSU Personnel that may qualify; (ii) the Louisiana State

Employees Retirement System; and (iii) banking institutions and credit unions. LSU will provide LSU Personnel with a “Frequently Asked Questions” document regarding the civil service process, retirement benefits and health benefits. SLHA shall establish a reasonable means through which LSU Personnel may apply for positions at SLHA.

(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, SLHA 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 VI. REQUIRED FUNDING**

### Section 6.1 Required Funding.

(a) Rulemaking. Subject to any approvals required by CMS, the State, through DHH, shall publish and promulgate a reimbursement rule which will provide that the State, through DHH, will pay to SLHA the costs identified on Schedule 6.1(a) (the “Required Funding”) incurred by SLHA during the Term of this Agreement. SLHA and DHH believe 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 Worksheet described below. Failure to publish and promulgate this rule, the amendment or repeal of this rule without the consent of SLHA, or the failure to pay amounts to SLHA pursuant to such rule will be grounds for termination of this Agreement as provided in Section 12.6. The methodology for determining the Required Funding shall be as set

forth in subsection (b) below. If DHH, SLHA and LSU implement any coordinated care network or other managed care payment arrangement, such arrangement shall provide that SLHA will receive the Required Funding as described in this Agreement for the goods, services and actions provided by or through SLHA as part of such managed care payment arrangement.

(b) Methodology. With respect to determining the Required Funding, SLHA and the State agree the worksheet set forth on Exhibit 6.1 demonstrates an agreed application of accounting rules and cost calculations in determining the Required Funding, which calculations are based on estimates, payment sources and cost reporting rules existing on the Effective Date (the “Cost Analysis Worksheet”). So long as the assumptions, payment sources and cost reporting rules of the Cost Analysis Worksheet remain the same, SLHA and DHH will continue to use the Cost Analysis Worksheet in determining the Required Funding for the period in question. SLHA or DHH may request that the methodology for determining Required Funding be modified. In that case, such party will provide the other party and LSU with written notice (a “Methodology Adjustment Notice”) of such request, which notice shall include an explanation of why such party has determined the Cost Analysis Worksheet is not applicable and describe the adjustments to the methodology it proposes. DHH and SLHA shall engage in good faith negotiations for a period of fifteen (15) days in an attempt to agree on any proposed adjustments of the methodology. If DHH and SLHA agree on the adjustments to the methodology, such adjusted methodology shall constitute the Cost Analysis Worksheet and shall apply in determining the Required Funding. If DHH and SLHA do not agree on any proposed adjustments to the methodology within such fifteen

(15) day period, this Agreement will automatically terminate in accordance with Section 12.6. During the remainder of the Term the Required Funding shall be determined and paid in accordance with the Cost Analysis Worksheet in place immediately before the Methodology Adjustment Notice.

(c) Good Faith Efforts to Adopt Shared Savings Methodology. The Parties acknowledge and agree that expense management is critical to the efficient and effective delivery of health care services, as well as to enhance the long-term financial viability of the public-private partnership contemplated hereunder. Therefore, in order to strive for appropriate incentives for SLHA to effectively manage expenses arising under this Agreement, the Parties will use good faith efforts to adopt a shared savings methodology structured to incentivize reductions in State General Funds ("SGF") that are necessary to fund the public-private partnership contemplated by this Agreement. Any such shared savings methodology will be appropriately documented as an amendment to this CEA.

(d) Payment Process. DHH shall make payments to SLHA based on the administrative rules described in Section 6.1. Medicaid per diem and other applicable payments pursuant to such rule shall be paid in accordance with DHH's normal payment procedure. DHH shall make estimated prospective supplemental payments, with respect to Uncompensated Care Cost ("UCC") and Disproportionate Share ("DSH") amounts as will ultimately be determined in accordance with the Cost Analysis Worksheet. The prospective supplemental payment will be 85% of the estimated annual amount of UCC and shall be due no later than 15 days following the end of the first quarter of the State Fiscal Year or, alternatively, paying 95% of the estimated quarterly amount of UCC due in within ten (10) days of the commencement of each quarter of the State's Fiscal Year.



DHH and SLHA agree to periodically adjust the interim payment amounts and estimated annual UCC amount due based on actual operating experience and interim Medicaid cost reports in order to equitably and ratably make interim payments so as to minimize the potential payments required for the final year end settlement. DHH and SLHA 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 and provide LSU a summary of such process.

Section 6.2 Disputes Regarding Cost Calculations; Notice and Review.

Notwithstanding the payment of any portion of the Required Funding to be paid pursuant to Section 6.1, 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 SLHA for payments due under Section 6.1, DHH shall prepare its calculations of the Required Funding (the "DHH Funding Calculations") and provide a copy of such calculations to LSU and SLHA. SLHA will have fifteen (15) Business Days to review the DHH Funding Calculations. If SLHA 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 SLHA's calculations of the Required Funding (the "SLHA Funding Calculations"). If SLHA agrees with the DHH Funding Calculations, the DHH Funding Calculations shall constitute the Required Funding for the period in question.

(a) Good Faith Negotiations. If SLHA timely delivers its notice of objection as provided Section 6.2 above, SLHA 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 SLHA Funding Calculations. Final determination of acceptable solutions pursuant to such good faith negotiations, if any, will reside with the SLHA CEO and the Secretary of DHH. If SLHA 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 SLHA and DHH are not able to resolve the disputed amounts in the DHH Funding Calculations and the SLHA 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 SLHA, LSU or DHH during the two (2) year period prior to delivery of the objection notice by SLHA described in subsection (b) above (a "Health System CPA"). SLHA and DHH shall select a mutually agreeable Health System CPA meeting the requirements described above. If SLHA 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 SLHA 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

SLHA 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 SLHA Funding Calculations and render a written report to SLHA, 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 6.1. 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 SLHA. If the report of the Health System CPA verifies or validates the SLHA Funding Calculations, the cost of the Health System CPA will be borne by DHH. Otherwise, the cost shall be shared equally by SLHA and DHH. SLHA 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 6.3 Access to Books and Records. SLHA shall provide reasonable access to the books, records and other financial information for purposes of and to the extent necessary to performing its functions for the collaborative, 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 6.4 Request for Appropriations.

(a) Obligations Conditioned on Appropriations; Notice of Expected Event of Inadequate Funding. Payment obligations under this Agreement may 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 SLHA 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 SLHA 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 SLHA 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 SLHA 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 SLHA, 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 SLHA, the Commissioner and DHH in their efforts to obtain the funding necessary to pay to SLHA for the State's next fiscal year the Required Funding for such period.

## **ARTICLE VII. MASTER COLLABORATIVE AGREEMENT**

Section 7.1 In General. Subsequent to the execution and consistent with the terms of this CEA, but prior to the Commencement Date, LSU and SLHA will enter into a Master Collaborative Agreement ("MCA") to address key operational issues related to the transition of the Hospital from LSU to SLHA in accordance with this CEA. The MCA shall address, without limitation, the mutually agreeable terms, conditions under which:

(a) Professional Services. SLHA shall contract with LSU to obtain the services of LSU physicians and related services as determined necessary by SLHA to provide patient care as required by this Agreement;

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

(c) Medical Staff. The Hospital's current medical staff will be credentialed and/or recredentialed by SLHA's governing body upon transition of the Hospital to SLHA;

(e) Transition Support Services. SLHA shall 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; and

(f) Medical Records. The Parties will arrange for SLHA to become the custodian of WOM's patient records, including without limitation, all patient charts, pathology reports, mammograms, laboratory reports and results, imaging studies and other patient care records, for the period prior to the Commencement Date and 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 VIII.**  
**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 8.1 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 8.2 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 the 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 8.2(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 SLHA to become subject to, or to become liable for the payment of any Liability of LSU; or

(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 without the prior written consent of an authorized representative of SLHA.

Section 8.3 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, SLHA incurring any Liability for any Benefit Plan of LSU or to any employee of LSU with respect to such Benefit Plan of LSU, to the extent such plans are established and subject to administration 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 8.4 Validity. All corporate 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 organizing, establishing or similar 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 8.5 Other Approvals. To LSU's Knowledge, except as otherwise set forth in Schedule 8.5 and Schedule 11.1, 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 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 this Agreement by the Louisiana Office of Contractual Review or the Commissioner's designee pursuant to Executive Order BJ 08-29.

Section 8.6 Compliance with Legal Requirements. To LSU's Knowledge, LSU Personnel have operated WOM in compliance with all Legal Requirements, including Health Care Laws. To LSU's Knowledge, in connection with LSU's operation of the Hospital, 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.

(a) Permits and Licenses. WOM has all permits and licenses and other Governmental Authorizations required by all Legal Requirements and is not in violation of any of said permitting or licensing requirements. WOM is owned and 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 WOM.

(b) Medicare/Medicaid Participation. WOM 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. WOM is duly accredited by the Joint Commission ("JC"). LSU has made available to SLHA copies of the most recent JC accreditation survey report and deficiency list for WOM, together with WOM's most recent statement of deficiencies and plan of correction. Except as set forth on Schedule 8.7(c), WOM 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 WOM 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 WOM.

Section 8.7 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 8.8, there is no Proceeding pending, or to LSU's Knowledge threatened against, or affecting WOM, or any LSU Personnel.

Section 8.8 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 have 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 Personnel 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 8.9 Taxes.

(a) With respect to WOM, 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, 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 WOM 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 WOM. Other than regular property assessments, there is to LSU's Knowledge 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 WOM, LSU has not filed any consent or agreement to extend the period for assessment or collection of any such taxes.

(b) WOM is exempt from Federal income tax pursuant to, and WOM 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 WOM.

Section 8.10 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 8.11 Breach. Any damages or other amounts payable by LSU as a result of a breach of any representation or warranty contained in this Article VIII are contingent obligations and shall be subject to appropriation by the Louisiana Legislature of sufficient funds specifically and expressly appropriated therefor and the availability of funds following Legislative appropriation.

## **ARTICLE IX.** **STATE'S REPRESENTATIONS AND WARRANTIES**

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

Section 9.1 Organization and Standing. The State of Louisiana has full power and authority to perform its obligations under this CEA. DOA is an agency within the Office of the Governor and DHH is a department of the State of Louisiana, validly existing under the laws of Louisiana, with full power and authority to perform their obligations under this CEA.

Section 9.2 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 they are 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 SLHA;

(iv) Cause SLHA to become subject to, or to become liable for the payment of, any Liability of the State, DHH or DOA; or

(v) 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 the State, 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 have a Material Adverse Effect on WOM without the prior written consent of an authorized representative of SLHA.

Section 9.3 Employee Benefits. No event has occurred that would result in, and consummation of the Contemplated Transactions shall not result in, SLHA incurring any Liability for any Benefit Plan of the State or to any employee of the State with respect to such Benefit Plans.

Section 9.4 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 9.5 Other Approvals. To DOA's and DHH's Knowledge, except as otherwise set forth in Schedule 8.5 and Schedule 11.1, 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, 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 9.6 Full Disclosure. No representation or warranty made by 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 X.**  
**SLHA REPRESENTATIONS AND WARRANTIES**

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

Section 10.1 Organization and Good Standing. SLHA is a nonprofit Louisiana corporation. SLHA 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 10.2 Enforceability; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of SLHA, enforceable against it in accordance with its terms. Upon the execution and delivery by SLHA 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 SLHA, enforceable against it in accordance with its terms. SLHA 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 SLHA's



Board of Trustees and Member. A copy of the authorizing consent resolution or certified meeting minutes is attached as Exhibit 10.2(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 SLHA or (B) any resolution adopted by SLHA's Board of Trustees

(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 SLHA 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 SLHA.

(c) SLHA warrants that it will not take any action, fail to take any action, enter into any agreement or consummate any transaction that would adversely affect in a material way or prevent SLHA from performing its obligations under this Agreement without the prior written consent of an authorized representative of LSU.

Section 10.3 Validity. All corporate actions of SLHA 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 SLHA shall be, duly

executed and shall constitute the lawful, valid and binding obligations of SLHA, 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 SLHA 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 SLHA 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 SLHA, (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 SLHA 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 SLHA is a party or by which SLHA is bound.

Section 10.4 Other Approvals. To SLHA's Knowledge, except as otherwise set forth in Schedule 8.5 and Schedule 11.1, 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 SLHA'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 10.5 Compliance with Legal Requirements. To SLHA's Knowledge, SLHA has operated and shall operate in compliance with all Legal Requirements, including Health Care Laws. To SLHA's Knowledge, SLHA 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 SLHA or any SLHA Personnel within the last seven (7) years. Without limiting the generality of the foregoing:

(a) Permits and Licenses. SLHA 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 SLHA and is not in violation of any of said permitting or licensing requirements.

(b) Medicare/Medicaid Participation. Neither SLHA nor any director, officer, employee, or agent of SLHA is an Excluded Provider.

(c) Fraud and Abuse. To SLHA's Knowledge, neither SLHA nor any SLHA 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. SLHA is not a party to any Corporate Integrity Agreement or similar settlement, compliance or oversight agreement with any Governmental Body.

Section 10.6 Legal Proceedings; Orders. There is no Order to which SLHA is subject that would limit or affect SLHA's ability to enter into this Agreement or consummate the actions contemplated by this Agreement.

Section 10.7 Insurance. In addition to the policies of insurance required under the Master Lease, SLHA will maintain such other policies of insurance as are customary for a company of similar size and scope of the operations of SLHA, with such limits and other terms of coverage as are commercially reasonable for companies similar in size and scope to SLHA. As set forth in the Professional Services Agreements between LSU and SLHA, and pursuant to the provisions of R.S. 40:1299.39 and to the extent covered thereby, employees and independent

contractors of SLHA 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 10.8 Full Disclosure. No representation or warranty made by SLHA 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 XI.**  
**ADDITIONAL COVENANTS OF THE PARTIES**

Section 11.1 Third Party Consents and Approvals. The Parties will use their best efforts to obtain the Governmental Authorizations set forth on Schedule 11.1.

Section 11.2 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 11.3 Additional Covenants of LSU.

(a) WOM 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 WOM to: (i) 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 WOM and Facility.

(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 WOM or Facility to:

(i) permit or allow any of the assets or properties of Facility 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 Facility, other than in the ordinary course of business.

(c) Licenses. LSU shall comply with all federal and state laws and take all action necessary to cause WOM to terminate its current hospital license and provider status, including without limitation its Provider Numbers, effective no later than the Commencement Date.

(d) Access to Facility. At all reasonable times prior to the Commencement Date and upon reasonable notice to LSU, LSU shall provide to SLHA access to the Facility to fully complete its due diligence review of all Facility agreements and inspections of the Facility with respect to the physical condition thereof by SLHA and/or by agents or contractors selected by SLHA, and shall have to SLHA's satisfaction and in SLHA's sole discretion effectively transitioned or contracted to engage upon the Commencement Date, sufficient services, supplies, and personnel for the continued operations of the Outpatient Clinics.

Section 11.4 Outpatient Clinics. SLHA shall comply with federal and state laws and take all action necessary to cause the Outpatient Clinics to qualify as and be licensed as off-site clinics of SLHA with provider based status.

**ARTICLE XII.**  
**TERM; TERMINATION; DISPUTE RESOLUTION**

Section 12.1 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"). Beginning on the expiration of the fifth (5th) year of the Initial Term and continuing on each annual anniversary date thereafter, (each an "Extension Date"), the then-remaining portion of the Initial Term shall automatically be extended for an additional one (1) year period so that after the fifth (5th) year of the Initial Term, the Term of this Agreement shall be a Rolling Five-Year Term; provided, however, that the extension provision of this sentence shall no longer apply if LSU or SLHA provides the other Party written notice at least one hundred-eighty (180) calendar days prior to an Extension Date that such Party does not intend to extend the Term of the Agreement.

Section 12.2 Early Termination. This Agreement shall terminate prior to the expiration of the Term only in accordance with this Section 12.2. Except as otherwise provided in this Agreement, any early termination of this CEA shall be subject to the Wind Down Period provided in Section 12.9. 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) pursuant to Section 6.1(b), (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 11.1 have not been received; however, the Parties acknowledge that certain consents and approvals may be pending

on the Commencement Date and will not constitute a breach of this Agreement or (v) subject to Parties' good faith participation in the process set forth in Section 12.4 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 of the Facility Lease.

(c) Termination of the Ground Lease, subject to the terms of the Ground Lease.

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

(e) 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.

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

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

(h) LSU or SLHA is excluded from Medicare or Medicaid.

(i) As determined by a court of competent jurisdiction pursuant to a final, binding, non-appealing judgment, that there is a change in (or a new interpretation of) the law or lack of necessary Governmental Authorization or other governmental approval,



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 12.5, 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, which consent shall not be unreasonably withheld, the merger, consolidation, sale or transfer all or substantially all of SLHA's assets, or admission of a new member, or the sale of all or a portion of SLHA's ownership interest, or the entering into by SLHA of any joint venture or other partnership arrangement except a joint venture or partnership that does not result in a change of control of SLHA, that has no 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").

(k) A material breach of this Agreement by any Party hereto that is not cured pursuant to Section 12.5.

Section 12.3 Other Breaches. All other Breaches shall be Non-Terminating Breaches.

Section 12.4 Process for Addressing Potential Non-Terminating Breaches. This Agreement may only be terminated as set forth in Section 14.2 . 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 thirty (30) calendar days to attempt to resolve the Potential Non-Terminating Breach.

(c) Right to Legal Remedies for Non-Terminating Breaches; No Termination Right. If such dispute involving a 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 Facility. 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 12.5 Process for Addressing Potential Terminating Breaches. The remedies available to a Party 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 SLHA's Chief Executive Officer, or his or her designee, shall discuss and negotiate in good faith for thirty (30) 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 12.9; provided, however, that termination for Inadequate Funding or pursuant to Section 7.1(b) shall follow the process set forth in Section 12.6. Such right of termination shall be in addition to any other remedies which the non-breaching Party may have at law, including damages.

Section 12.6 Termination Right For Inadequate Funding. If SLHA fails to receive the Required Funding or DHH and SLHA do not agree on any proposed adjustments to the Required

Funding pursuant to Section 6.1(b), this Agreement shall automatically terminate after completion of the process set forth in Section 12.9. However, the Wind Down Period shall begin on the date the Required Funding is due but unpaid to SLHA, provided that during such Wind Down Period the State, through DHH, continues to pay SLHA the Required Funding accruing during such Wind Down Period (collectively the “Wind Down Payments”). Notwithstanding the foregoing, the State shall have a Cure Period beginning on the first day of the Wind Down Period described above in which to pay all Required Funding accrued to but not yet paid to SLHA. If such payment is made within such Cure Period, the Wind Down Period described above shall cease, this Agreement shall not terminate and the Parties shall continue the collaborative pursuant to the terms of this Agreement. If SLHA fails to receive such Wind Down Payments during the Wind Down Period, SLHA shall provide written notice to LSU and DHH and this Agreement will automatically terminate two (2) Business Days thereafter.

Section 12.7 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 as soon as possible under the circumstance and in any event within thirty (30) calendar 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 12.8 Effects of Termination.

(a) In General. Subject to the applicable Wind Down Period in Section 12.9, the following shall apply consistent with the applicable Wind Down Period:

(i) Each Party shall surrender possession of, and deliver to the other 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) SLHA shall vacate facilities owned by LSU.

(iv) The Facility Lease shall terminate.

(v) The Ground Lease shall remain in effect, subject to its terms.

Section 12.9 Wind Down Period. Termination of this Agreement allowed under this Agreement shall be subject to a period of at least six (6) months in the case of termination for a Potential Terminating Breach and eighteen (18) months in the case of termination pursuant to Section 6.1(b), during which the Parties will transition the services provided hereunder through the Outpatient Clinics, New Clinics, or SLHA facilities, as applicable, in an orderly fashion to assure the Public Purpose continues to be satisfied (the "Wind Down Period"); however, if during that period, LSU does not receive an emergency appropriation of funds sufficient to operate the services provided hereunder through the Outpatient Clinics, New Clinics, or SLHA facilities, as applicable, 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 Wind Down Period shall begin on the Wind Down Commencement Date and end on the six-month or eighteen-month anniversary, as the case may be, of the Wind Down Commencement Date, unless terminated earlier for Inadequate Funding pursuant to the provisions contained in Section 12.6, or unless extended to allow for an appropriation of funds to LSU at the next legislative session following the Wind Down Commencement Date. During the Wind Down Period, LSU, SLHA will establish a committee consisting of at least six (6) people, consisting of

two (2) members appointed by LSU, two (2) members appointed by SLHA, one (1) member appointed by DHH, and one (1) member appointed by DOA. The committee shall coordinate and oversee the transition of the services provided hereunder through the Outpatient Clinics, New Clinics, or SLHA facilities, as applicable. 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 XIII. REMEDIES**

Section 13.1 Remedies Cumulative. The Parties expressly agree that this CEA may only be terminated as provided in Article XII, 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 XIV.**  
**INSURANCE AND INDEMNIFICATION**

Section 14.1 Insurance. In addition to the policies of insurance required under the Facility Lease Agreement and any other documents required in connection herewith, including, without limitation, participation as a qualified health care provider in the Louisiana Patients' Compensation Fund, SLHA will maintain such other policies of insurance as are customary for a company of similar size and scope of the operations of SLHA, with such limits and other terms of coverage as are commercially reasonable for companies similar in size and scope to SLHA.

Section 14.2 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 14.2.

(c) 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 SLHA 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 SLHA 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 this Agreement, (B) the actions or failure to act by LSU Personnel, (C) any Breach of any covenant or obligation of LSU in this Agreement or in any other certificate, document, agreement, writing or instrument delivered by LSU pursuant to this Agreement, (D) any Damages arising out of the ownership or operation of the Hospital or its assets prior to the Commencement Date, (E) 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 (F) 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, SLHA notifies LSU of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by SLHA.

(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 SLHA for all Damages incurred by SLHA 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, SLHA notifies the Commissioner of DOA of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by SLHA.

(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 SLHA for all Damages incurred by SLHA 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, SLHA notifies the Secretary of DHH of a claim specifying the factual basis of the claim in reasonable detail to the extent then known by SLHA.

(iv) Except as otherwise provided in this Agreement, SLHA will have liability (for indemnification or otherwise) for all Damages incurred by LSU, DOA, the State, or DHH as a result of (A) a Breach of any representation or warranty by SLHA, (B) the actions or failure to act by the employees or agents of SLHA, (C) any Breach of any covenant or obligation of SLHA in this Agreement or in any other certificate, document, agreement, writing or instrument delivered by SLHA pursuant to this Agreement, (D) any Damages arising out of the

ownership or operation of the Hospital or its assets after the Commencement Date, (E) 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 SLHA, and (F) any Employee Plan established or maintained by SLHA; provided however, that SLHA'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 termination of this Agreement, LSU, DOA or DHH notifies SLHA 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 affected 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 XV.**  
**GENERAL PROVISIONS**

Section 15.1 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 15.2 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 15.3 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 15.4 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 15.5 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 SLHA CEO with respect to Confidential Information of SLHA or the SLHA CEO with respect to the Confidential Information of SLHA. SLHA 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 SLHA, as the case may be, of the obligations of this Article with respect to such information. LSU and SLHA 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 15.5(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 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, with the written consent of the Disclosing Party, 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 Health Information and Technology Act ("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 the HITECH Act and each Party will act in accordance therewith.

(h) Public Records Request. The financial and other records created by, for or otherwise belonging to SLHA shall remain in the possession, custody and control of SLHA, respectively, 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 SLHA consider records of SLHA to be proprietary to SLHA, and, to the extent that SLHA 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 SLHA, LSU will use its best efforts to give notice to SLHA that LSU has received such a public records request prior to producing any documents considered to be proprietary to SLHA, and if such notice cannot be provided to SLHA before LSU is required to produce such documents, LSU shall provide notice to SLHA as soon thereafter as possible. In the event that SLHA

objects to the production and believes that the records are not subject to production pursuant to the Public Records Act, SLHA will immediately so notify LSU in writing and take such action as SLHA deems necessary to protect the disclosure of such records. SLHA will defend, indemnify and hold harmless LSU and its employees, officers, attorneys and agents from and against any costs, expenses, liabilities, attorneys 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 15.6 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

With a copy to:

Taylor, Porter, Brooks & Phillips  
LLP  
8th Floor Chase Tower South  
451 Florida Street  
Baton Rouge, LA 70801  
Attention: Health Care Partner

If to DOA:

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

With a copy to:

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

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

If to SLHA:

Southwest Louisiana Hospital  
Association  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: General Counsel

With a copy to:

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.

With a copy to:

Baker Donelson Bearman Caldwell  
& Berkowitz, PC  
Chase North Tower  
450 Laurel Street, 20<sup>th</sup> Floor  
Baton Rouge, LA 70801  
Attention: Dickie Patterson, Esq

and a copy to SLHA

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 15.7 Jurisdiction; Service of Process. Any Proceeding arising out of or relating to this Agreement or any Contemplated Transaction may be brought in the Nineteenth Judicial

District for the Parish of East Baton Rouge, Louisiana, or, if it can acquire jurisdiction, in the United States District Court for the Middle District of Louisiana; provided, however, that nothing herein is intended, nor shall it be deemed or interpreted, to waive any rights, privileges, or immunities available to any Party under the Eleventh Amendment. 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 as set forth hereinabove. Process in any Proceeding referred to in the first sentence of this section may be served on any party anywhere in the world.

Section 15.8 Enforcement of Agreement; Legal Fees and Costs. Subject to the limitation on equitable or injunctive relief set forth in Section 12.4(c), 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 15.9 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 SLHA.

Section 15.10 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 15.11 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 15.12 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 15.13 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 15.14 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 15.15 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 15.16 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 15.17 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 15.18 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 15.19 SLHA Not Intended to be a Public Body. Nothing in this Agreement is intended, and it is not the intent of the Parties to cause or result in SLHA 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 and/or public audit or other disclosure procedures generally applicable to public bodies in the State.

Section 15.20 Legislative Auditor. It is hereby agreed that the State and/or the Legislative Auditor shall have the option of auditing all accounts of SLHA 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 15.21 Discrimination Clause. SLHA 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 SLHA agrees to abide by the requirements of the Americans with Disabilities Act of 1990. SLHA agrees not to discriminate in its employment practices, and will render services under this Agreement without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities.

Section 15.22 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 15.23 Appropriation of Funds. All DOA, DHH and LSU obligations under this Agreement are contingent obligations subject to appropriation by the Louisiana Legislature of

sufficient funds appropriated therefor and the availability of funds following Legislative appropriation. DOA and LSU agree to make good faith best efforts to seek specific appropriation for such funds from the Louisiana Legislature, and DOA and 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 payments pursuant to this Agreement. Notwithstanding the foregoing, this provision shall in no way limit SLHA's right to terminate this Agreement for lack of Required Funding pursuant to Section 12.6.

[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: \_\_\_\_\_

**STATE OF LOUISIANA, THROUGH THE  
DIVISION OF ADMINISTRATION**

By: \_\_\_\_\_  
Kristy Nichols, Commissioner

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

**DIVISION OF ADMINISTRATION**

By: \_\_\_\_\_  
Kristy Nichols, Commissioner

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

Witnesses:

**SOUTHWEST LOUISIANA HOSPITAL  
ASSOCIATION**

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

By: \_\_\_\_\_  
Larry Graham  
Chief Executive Officer

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

The undersigned joins in execution of this Agreement solely for purposes of consenting and agreeing to the terms set forth in Article VI, Article IX, Article XV, Sections 11.1 and 11.2. .

**STATE OF LOUISIANA  
DEPARTMENT OF HEALTH  
AND HOSPITALS**

By: \_\_\_\_\_  
Kathy Kliebert, Interim Secretary

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

## **APPENDIX I**

### **DEFINITIONS**

"Agreement" or "CEA" means this Cooperative Endeavor Agreement among the LSU, SLHA, 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 action, inaction, omission, or other act of a Party that results in that Party's 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 inaccuracy in any representation or warranty in 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.

"Code" or "IRC" means the Internal Revenue Code of 1986.

"Commencement Date" means 12:00:01 a.m. on June 24, 2013, the date on which SLHA assumes operation and management of the Hospital.

"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) SLHA's lease of the Facility and furniture, fixtures, and equipment, (ii) the purchase of consumable inventory; (iii) transition of the Outpatient Clinics from LSU to SLHA; and (iv) SLHA's support of the clinical missions of the Hospital in accordance with the CEA.

"Core Safety Net Services" means those core health care services that are described in Article III, Section 3.4, and listed on Exhibit 3.4 of this Agreement.

"Cost Analysis Worksheet" is the funding worksheet attached as Exhibit 6.1(b) to this Agreement.

"Cure Period" means a sixty (60) day period of time during which a Party may attempt to cure an asserted Breach.

"Damages" shall have the meaning set forth in Section 14.2(c).

"DHH Funding Calculations" means the calculations of the Required Funding prepared by DHH, as described in Article VI, Section 6.2.

"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.

"DOC" means the Louisiana Department of Public Safety and Corrections.

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

"Encumbrance" means any lien, claim, charge, security interest, mortgage, deed of trust, pledge, easement, option, limitation on use, conditional sale or other title retention agreement, defect in title or other restrictions of a similar nature.

"Equipment Lease" means the lease agreement among LSU and SLHA for certain equipment necessary for SLHA's operation of the Outpatient Clinics.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"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.

"Facility" means the current facilities located in Lake Charles, Louisiana in which the Hospital and its clinics are operating.

"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.

"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:

nation, state, county, city, town, borough, village, district or other jurisdiction;

federal, state, local, municipal, foreign or other government;



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);

multinational organization or body;

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

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-, 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 W.O. Moss Regional Medical Center in Lake Charles, Louisiana.

"Inadequate Funding" means funding by DHH to SLHA that is not sufficient to compensate SLHA for the Medicaid and Indigent Care Services it provides.

"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.

"Indigent Care Services" means health care services provided to persons whose annual income is below the federal poverty level.

"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" means the baseline of services in the Key Service Lines provided by the Hospital on the Commencement Date as described in Article II, Section 2.5.

"DHH" means the Louisiana Department of Health and Hospitals.

"Key Service Lines" means those service lines described in Article II, Section 2.5 and listed on Exhibit 2.5.

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

- (i) 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.
- (iii) 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 Premises" means all property set forth in the Facility Lease attached as Exhibit 3.1 of this Agreement.

"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 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 Collaboration Agreement" or "MCA" means the agreement among LSU and SLHA addressing matters related to the Contemplated Transaction and involving ancillary agreements pertaining to same.

"Facility Lease Agreement" means the lease agreement among LSU and SLHA for the Facility and any other properties described in the lease agreement attached as Exhibit 3.1 of this Agreement.

"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.

"Methodology Adjustment Notice" means written notice from one Party to another Party requesting modification of the Cost Analysis Worksheet or Shared Cost Savings Incentive Worksheet.

"New Clinics" shall have the meaning as set forth in Section 3.2.

"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.

"SLHA" means Southwest Louisiana Hospital Association.

"Party" or "Parties" means LSU, SLHA, DOA and DHH.

"Permitted Joint Venture" means a joint venture or partnership entered into by SLHA that does not result in a change of control of SLHA, that has no 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.

"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 XII, Term and Termination.

"Proceeding" means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or arbitrator. "Required Funding" means the level of funding described in Article VII.

"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 purpose the Parties seek to accomplish through this Cooperative Endeavor Agreement, specifically, to create an academic medical center 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: (i) as a site for graduate medical education, 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 prisoner 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."

"Residency Caps" has the meaning set forth in the recitals above.

"Residency Positions" has the meaning set forth in the recitals.

"Required Funding" and "Required Funding" mean payments made by DHH to SLHA as described in Article VI, the Cost Analysis Worksheet attached as Exhibit 6.1(b).

"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 13.1.

"SLHA" means University Hospital and Clinics, Inc.

"SLHA Charity Care Policy" means the policy attached as Exhibit 2.1 to this CEA.

"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, as applicable or required, have ended without resolution.

"Wind Down Payments" means the Required Program Funding from DHH to SLHA or a SLHA affiliate during the Wind Down Period.

"Wind Down Period" shall have the meaning as set forth in Section 12.9.

## **Exhibit 2.4**

### **CORE SAFETY NET SERVICES**

1. Emergency Room services
2. Inpatient hospital services
3. Outpatient primary care services
4. HIV outpatient clinic
5. Outpatient Imaging, Laboratory and Other Diagnostic Services
6. Outpatient infusion chemotherapy
7. Outpatient pharmacy, including 340b and Patient Assistance Programs
8. Mental Health
9. Patient-Centered Medical Home

## W.O. MOSS PUBLIC/PRIVATE PARTNERSHIP

### EXECUTIVE SUMMARY

Louisiana has traditionally relied on a state-wide public hospital system, most recently owned and operated by LSU, to (i) provide health care to the State's uninsured, high-risk Medicaid and State inmate populations, and (ii) serve as the primary training sites for LSU's medical education programs. The state-wide public hospital system, however, has become 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, high-risk Medicaid and State inmate populations, and promote clinical research and other advances in health care. To address these issues, Louisiana's health care reform effort has focused on ways to remodel the delivery of care through partnerships and cooperative efforts between the public and private sectors.

W.O. Moss Medical Center in Lake Charles, Louisiana, ("WOM") is among the public hospitals currently owned and operated by LSU. Due to budget constraints and other circumstances, the inpatient hospital services provided at WOM have contracted significantly over the past several years. In addition, the WOM physical plant (the "Facility") is in need of significant capital investment to bring the Facility to the current standards of a modern inpatient facility. Accordingly, a public/private partnership among the following parties (individually, a "Party" and, collectively, the "Parties") has been proposed: Southwest Louisiana Hospital Association d/b/a Lake Charles Memorial Hospital ("LCM"); Board of Supervisors of Louisiana State University and Agricultural and Mechanical College ("LSU"); and the State of Louisiana ("State"), acting through the Department of Health and Hospitals ("DHH") and the Division of Administration ("DOA").

The public purpose sought to be achieved through this cooperative endeavor is to prevent further loss of care for vulnerable and needy patients, including the uninsured, medically fragile and complex patients, including those covered by Medicaid, and State inmates. In addition, the cooperative endeavor seeks to stabilize and assure a sustainable graduate medical education program that provides the bulk of the State's healthcare workforce.

The cooperative endeavor agreement ("CEA") with LCM does not rely on competitive bids in order to create timely, local solutions to the care needs and to prevent untimely disruption and potential termination of LSU's graduate medical education programs. The complexity of the transaction and the need for a local solution was not amenable to a public bid process. Further, the urgent timelines created by the federally mandated loss in FMAP made a public bid process impractical. However, all local care delivery systems were informed of LSU's interest in forming public/private partnerships. Interested community partners were interviewed and offered the opportunity to partner based on the commitment to the public purpose and their capacity to partner.

The state resources obligated under the CEA include the WOM Facility and the clinical faculty from LSU in the graduate medical education programs affiliated with WOM and LCM. The obligations also include required funding for uncompensated care, Medicaid, and major teaching status in the Medicaid program.

Through the public/private partnership, LCM would provide, and the State would finance the provision of, certain inpatient and outpatient hospital services, including services currently provided through WOM, and continue to serve as the primary training site for the LSU-sponsored LCM family medicine residency program. Additional key terms of the public/private partnership, which are forth and defined more fully in the CEA and related agreements, include the following:

1. Cessation of Inpatient Services: LCM will cease to operate WOM as a licensed hospital and, accordingly, will cease to provide inpatient hospital services or operate an emergency department at the Facility. The closure of WOM as a hospital is subject to legislative approval under La. R.S. 17:1519.3(B). The public/private partnership is contingent upon obtaining the necessary legislative approval to close WOM under La. R.S. 17:1519.3(B). The necessary approval is currently going through the legislative process and should be obtained before the end of the current regular legislative session.
2. Continuation of Outpatient Clinic Services: As long as the CEA remains in effect, LCM will continue to provide outpatient clinic services at the Facility at a level comparable to the level of services currently provided by WOM. The outpatient clinics will be operated as provider-based clinics of LCM to best assure that the outpatient clinic services will continue to be available to the uninsured and Medicaid populations in the Lake Charles area. LCM intends to build a new, state-of-the-art outpatient clinic building on the Facility's campus to replace the aging Facility.
3. Provision of Inpatient Services at LCM Main Campus: Upon the closure of WOM's emergency department and inpatient hospital capability, LCM will assure that such services will be available to the uninsured and Medicaid populations in the Lake Charles area at LCM's main campus.
4. Charity Care Policy: To assure that the outpatient clinic services provided for in Paragraph 2 and the inpatient services provided for in Paragraph 3 continue to be available to the uninsured population, LCM will adopt and provide care to the uninsured in accordance with a policy for determining eligibility for free or reduced-cost care at all LCM facilities substantially similar to Policy 2525-12 of the LSU Health Care Services Division currently in effect at WOM.
5. Safety Net Services: To assure access to needed health care services for the uninsured and high-risk Medicaid populations, LCM will continually provide safety net services, which are those health care services that are important to the health of the citizens in the Lake Charles area and to which they may not otherwise have access, 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.
6. Inmate Care: Subject to its receipt of reasonable and appropriate reimbursement, LCM, with the support of LSU, will provide medically necessary health care to the State's inmates. LCM will assure that telemedicine capability is available for use in providing cost-effective, medically necessary health care to State inmates.



7. Facilities and Equipment:

- a. WOM Facility and Equipment: LCM will lease the Facility and all equipment in the Facility valued at \$1000 or more pursuant to a lease (the “Facility Lease”) for fair market value for a period of ten (10) years with a rolling five (5) year term, such that (i) at the end of the 5<sup>th</sup> year, the Facility and Equipment Lease will renew for an additional one (1) year unless either party gives notice of intent not to renew for the additional year, and (ii) there is always 5 years remaining in the term until either party gives notice of its intent not to renew. LCM must implement certain property control measures for the leased equipment, as required by the State and DOA. LCM will purchase and maintain insurance on the Facility and leased equipment according to the requirements of the Office of Risk Management, make and fund all repairs, pay all taxes if any are assessed and, in general, be responsible for any and all costs associated with the Facility and leased equipment. LCM may also enter into subleases and other financial arrangements with West Calcasieu Cameron Hospital to assure services are available to patients in the Lake Charles area.
  - b. Ground lease: LCM will also lease at fair market value a plot of ground adjacent to the Facility pursuant to a ground lease (the “Ground Lease”) upon which LCM will construct a new outpatient clinic/medical office building. The Ground Lease is for an initial thirty (30) year term, with four (4) five-year renewal terms for a total potential lease term of up to fifty (50) years. Upon termination of the Ground Lease for any reason, LCM will donate or quitclaim the outpatient clinic/medical office building to LSU at no cost.
  - c. Rent: Total rent payable to LSU under the Facility Lease and Ground Lease will not be less than \$\_\_\_\_\_ annually. LCM will make an advance lease payment equal to the amount of the annual rent under the Facility Lease and Ground Lease.
8. Funding: All funding obligations for LCM’s provisions of health care services to the uninsured, high-risk Medicaid and State inmate populations will be agreeable to LCM and DHH, and LCM and the Louisiana Department of Corrections (as the care relates to services provided to State inmates).
9. Accountable Care Services: LCM will purchase from LSU accountable care services, such as data warehousing, disease management, and other related health care effectiveness services. The cost of these services is anticipated to be \$886,434 annually.
10. Purchase of Other LSU Assets and Services: LCM may purchase, at its discretion:
- a. WOM’s accounts receivable;
  - b. Certain transition support services for a period of time not more than one (1) year from the Commencement Date. Such services may include without limitation,

certain information technology, billing and collections, and other support and maintenance services. The cost is dependent upon the services selected; and

- c. Professional services. Professional services are currently provided to WOM by Regional Physician Network (“RPN”). RPN will continue to provide professional services to the patients currently served by WOM following the transition of inpatient and outpatient services to LCM. RPN may contract to provide these services through the LSU Health Care Services District (“HCSD”). HCSD will then contract to provide RPN’s services to LCM. This will allow RPN providers to have medical malpractice coverage through the Louisiana Office of Risk Management.

11. Other significant terms:

- a. Contract monitor: LSU will appoint a person to monitor compliance with the CEA in accordance with Executive Order BJ 08-29.
- b. Limited termination provisions: The CEA can terminate only for certain limited reasons, including lack of adequate funding by the State.
- c. Wind down period: If the CEA terminates, there will be a wind-down period of not less than six (6) months but no more than eighteen (18) months, depending upon the circumstances. This will allow LSU time to obtain sufficient funding to ramp up its health care services in the Lake Charles area. If the termination is for inadequate funding and DHH fails to make a funding payment during the wind-down period, the CEA will automatically terminate in two business days’ from the date payment was due and not made.
- d. LSU employees: LSU will lay off all WOM employees effective 11:59:59 p.m. on June 23; however, LCM shall have an opportunity to interview and offer employment to these LSU employees prior to the Commencement Date.
- e. Medical records: LCM will assume and maintain custody of all WOM medical records, including without limitation, patient charts, laboratory and pathology records, radiologic studies (both film and electronic, including mammograms), and any and all other patient records or data from both the WOM acute care inpatient facility and outpatient clinics.

**GROUND LEASE  
(Lake Charles Site)**

**STATE OF LOUISIANA  
PARISH OF EAST BATON ROUGE**

This contract of Ground Lease (“Lease”) is made and 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");

**THE STATE OF LOUISIANA (“State”), THROUGH THE DIVISION OF ADMINISTRATION (“DOA”)**, 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, and

**SOUTHWEST LOUISIANA HOSPITAL ASSOCIATION** d/b/a Lake Charles Memorial Hospital, a Louisiana nonprofit corporation, represented by Larry M. Graham, its President, duly authorized by virtue of a resolution adopted \_\_\_\_\_, 2013, a copy of which is attached hereto, with a mailing address of 1701 Oak Park Boulevard, Lake Charles, Louisiana 70601, (Federal I.D. No. XX-XXX\_\_\_\_\_) (hereinafter referred to as “LESSEE” or "Lessee"),

provides as follows:

**WITNESSETH**

**WHEREAS**, LESSEE owns and operates a major hospital committed to improving access to healthcare in its service area; and,

**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; and,

**WHEREAS**, LESSEE and LSU support building a new model for the relationship between a major hospital and a school of medicine and its teaching and/or health care programs, and that this new model will provide physicians and patients with a new environment of care that optimizes the use of all resources; and,

**WHEREAS**, LSU, LESSEE, the Louisiana Department of Health and Hospitals and Division of Administration are parties to a Cooperative Endeavor Agreement dated \_\_\_\_\_, 2013, (the “CEA”) through which LSU, LESSEE, the Louisiana Department of Health and Hospitals and DOA will collaborate; and,

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

**WHEREAS**, LSU and LESSEE through their collaboration, desire to provide medical services at Lake Charles Memorial Hospital and in outpatient clinics operated by LESSEE; and,

**WHEREAS**, LSU is the owner of certain immovable property located in Lake Charles, Louisiana (the "Leased Premises"), the legal description of which is attached hereto as Exhibit “A”; and,

**WHEREAS**, the Leased Premises consists of approximately 2.306 acres of unimproved land, which will be leased by Lessor to Lessee for the purpose of constructing outpatient clinics, and other improvements (the “Improvements”), and thereafter operating the Improvements for the Permitted Uses (defined below); and,

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

**NOW, THEREFORE**, in consideration of Lessor's obligation to lease the Leased Premises, the rent to be paid by Lessee during the term of this Lease, the Lessee’s obligations to

construct the Improvements, 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 XVI.**  
LEASED PREMISES AND TERM

For the consideration and upon the terms and conditions hereinafter expressed, Lessor leases the Leased Premises unto Lessee, here present and accepting the same, commencing on the Commencement Date (as defined below), for an initial term of thirty (30) years (the "Initial Term", and together with any Renewal Terms, the "Term"), unless otherwise terminated sooner in accordance with the terms and conditions set forth herein and/or in the CEA. Unless Lessee provides a written notice of non-renewal to Lessor at least one hundred eighty (180) days prior to the end of the then-current Term of the Lease, the Term of the Lease automatically shall extend for up to four (4) successive periods of five (5) years each (each, a "Renewal Term"), so that the maximum possible Term of the Lease shall be fifty (50) years.

For the purposes of this Lease, the "Commencement Date" shall mean the 24th day of June, 2013 at 12:00:00 a.m., unless mutually extended by the parties by written consent, which consent shall not be unreasonably withheld.

**ARTICLE XVII.**  
RENT

Section 17.1 Quarterly Rent. During the Term, the annual consideration for this Lease is the payment by Lessee to Lessor of a sum equal to \$ \_\_\_\_\_, payable in four (4) equal quarterly installments (the "Quarterly Rent") of \$ \_\_\_\_\_ each, with the first installment being due and payable on the Commencement Date, and the remaining installments being due and payable, respectively on the 1<sup>st</sup> day of each calendar quarter thereafter (so that Quarterly Rent payments will be due no later than each January 1, April 1, July 1 and October 1 during the Term). In the event the Commencement Date should be a date other than the first day of a calendar quarter, the first Quarterly 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 quarter, the last Quarterly Rent payment shall be prorated from the first day of that final quarter of the Term to the last day of the Term.

Section 17.2 Advance Rent. No later than \_\_\_\_\_ ( ) days following execution of this Lease, Lessee shall pre-pay to Lessor a portion of the Rent as follows: Quarterly Rent in the

total amount of \$ \_\_\_\_\_ shall be prepaid by Lessee, which payment represents the full value of the Quarterly Rent payments for one (1) year of the Term. The prepayment shall be considered a payment of the entire Quarterly Rent due during the last year of the Initial Term, without regard to any future adjustment of rent. Should this Lease terminate due to the default of Lessor, DOA or DHH, or due to a Terminating Event under and as defined in the CEA occurring because of the fault or failure of LSU, DOA or DHH, to the extent allowed by Law, and in addition to any other amounts that may be due to Lessee, in consideration of 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 DOA and Lessor will refund to Lessee all prepaid Rent (with appropriate proration if the Lease is terminated during the last year of the Term), but only to the extent such refund is funded by the State in accordance with Section 16.12 hereof; provided, however any obligation of the State to fund, and the DOA and Lessor to refund, prepaid Rent shall be reduced on a dollar-for-dollar basis to the extent any State, DOA and/or Lessor funds are expended to improve the Leased Premises subsequent to the Commencement Date of this Lease because of a failure by Lessee to satisfy its obligations hereunder.

Section 17.3 Additional Rent. In addition to the Advance Rent and Quarterly Rent, the Lessee shall also pay any and all other charges or payments which Lessee is or becomes obligated to pay pursuant to this Lease (the "Additional Rent"). (The Advance Rent, Quarterly Rent and Additional Rent may be referred to collectively herein as the "Rent"). Except as otherwise set forth herein, any Additional Rent owed to Lessor shall be due within thirty (30) days after receipt of the invoice, with reasonable description and itemization of the charge, from Lessor.

**Section 17.4 Rent Payments.** All Rent is payable by Lessee to Lessor at the following address, until notified differently in writing by Lessor: P. O. Box 91308, Baton Rouge, Louisiana 70821.

**Section 17.5 Adjustments to Quarterly Rent Based on Consumer Price Index.**

(a) The Quarterly Rent shall be increased annually, effective as of each anniversary of the Commencement Date (each, an "Adjustment Date") during the Term by an amount equal to the product obtained by multiplying the then current Quarterly Rent times the CPI Fraction. (For purposes of determining the "CPI Fraction", the numerator shall be the CPI in effect as of thirty (30) days prior to the Adjustment Date, and the denominator shall be the CPI in effect as of the date which was one (1) year and thirty (30) days prior to the Adjustment Date.)

(b) In no event shall the CPI adjustment in the Quarterly Rent increase by an amount greater than five (5%) percent for any calendar year during the Term of the Lease. In no event shall the Quarterly Rent decrease.

(c) "CPI" shall mean the Consumer Price Index – U.S. City Average For All Items For All Urban Consumers (1982-1984 = 100) (the "Index"), published monthly in the "Monthly Labor Review" of the Bureau of Labor Statistics of the United States Department of Labor, or if the current Index is no longer available, then the current equivalent of the Index.

**Section 17.6 Reappraisals.**

(a) The parties agree that as of the end of the fifth (5<sup>th</sup>) year of the Term and as of the end of every five (5) year period thereafter (each an "Adjustment Date"), the Quarterly Rent may be reviewed and adjusted to the then current fair market value for the rental of the Leased Premises and Equipment and other related values and benefits (the "Fair Market Rental Value"). Any calculation of Fair Market Rental Value for the Quarterly Rent shall assume that

the terms and conditions of this Lease, other than the amount of the Quarterly Rent, will continue to apply. Lessor and Lessee shall make good faith efforts to agree as to any adjustment of the Quarterly Rent to account for a change in value. In the event Lessor and Lessee cannot so agree in writing as set forth above no later than four (4) months prior to an Adjustment Date, either Lessor or Lessee may initiate the following procedure to have the Quarterly Rent for the subsequent five (5) year period determined by independent appraisal:

(i) Either Lessor or Lessee may initiate the appraisal process by providing a written notice that it is invoking the procedure described in this Section 17.7(a).

(ii) Within twenty (20) days after the date of the written notice by one party to the other that it intends to revalue the Quarterly Rent, Lessor and Lessee shall each appoint an appraiser having at least ten (10) years' experience appraising commercial real estate in the Lafayette area and who is a member of the Appraisal Institute (hereinafter, a "Qualified Appraiser"). Each Qualified Appraiser shall make an estimate of the Fair Market Rental Value for the Leased Premises 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 its Qualified Appraiser and delivers its Qualified Appraiser's report within sixty (60) days of the appointment of its Qualified Appraiser, then the Fair Market Rental Value shall be the value determined by that Qualified Appraiser. If neither party appoints a Qualified Appraiser or neither party delivers its Qualified Appraiser's report within sixty (60) days after the appointment of its Qualified Appraiser, then Lessee shall pay the Rent 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, the Rent 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, 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 Rent 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 Lessor and Lessee, and the Rent for any partial quarter 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 Lessor and Lessee.

**Section 2.7 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 shall be paid to 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 Lessee that as between Lessee and Lessor, 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, and the Improvements, including without limitation all costs and expenses

described in Article VI hereof. Under no circumstances will Lessor be required to make any payment on Lessee's behalf or for Lessee's benefit under this Lease, or assume any monetary obligation of Lessee or with respect to the Leased Premises under this Lease.

**ARTICLE XVIII.**  
USE

Section 18.1 Permitted Uses. The Leased Premises, and the Improvements, shall be used and occupied by 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 (including, without limitation, surgical, research and laboratory facilities) together with any uses that are accessory to any of the foregoing ("Permitted Uses"), 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 (herein "Law") and in accordance with the provisions of the CEA.

**ARTICLE XIX.**  
SUBLETTING AND ASSIGNMENT

Section 19.1 No Assignment. Except as otherwise set forth herein, Lessee may not, without the prior written consent of Lessor, which shall not be unreasonably withheld, assign, mortgage or otherwise encumber in whole or in part this Lease or any interest therein; provided, Lessee may, with prior written notice to Lessor, but without the consent of Lessor, assign its interest as Lessee under this Lease to a non-profit corporation, limited liability company, 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 expressly agrees to assume in writing Lessee's obligations hereunder in the act of assignment all without release of Lessee.

Section 19.2 No Subletting. Lessee may not, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, sublease all or any portion of the Leased Premises; provided, Lessee may, with prior written notice to Lessor, but without the consent of Lessor, 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, limited liability company, limited liability partnership, or other nonprofit legal entity wholly owned or controlled by Lessee, or to any nonprofit entity that is a successor by merger to the Lessee or that acquires Lessee or all or substantially all of the assets of Lessee; (2) retail subtenants such as restaurants, drug stores, flower shops, newsstands, brace shops, and other subtenants which support the operations of the Leased Premises for the Permitted Uses, and which would be routinely housed in similar settings; (3) a third party with which (i) Lessee and (ii) Lessor have an affiliation agreement relating to the healthcare, academic or research activities conducted in the Leased Premises; and (4) any entity or entities for Permitted Uses so long as such sublease or grant does not affect more than \_\_\_% of the square footage of the Leased Premises, 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 Lease and the use of the Leased Premises permitted under any such sublease shall be in accordance with the applicable terms and conditions of this Lease, 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 Lessor is not required

pursuant to this Section 4.2 shall: (a) have a term not exceeding the Term of this Lease; and (b) further the mission of the Public Purpose as set forth in the CEA. Any subleases not meeting the foregoing criteria shall be submitted to the Lessor for its prior review and approval, which approval shall not be unreasonably withheld. Any failure of the Lessor to respond within thirty (30) days of receipt of such written request shall be deemed consent. In the event the Lessor disapproves such a request, the Lessor 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 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, notwithstanding anything contained in the Lease to the contrary, 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 if this Lease is terminated for any reason, the sublease, at Lessor's sole option, shall (i) continue in full force and effect with LSU being automatically substituted for Lessee as the lessor under such sublease, with no liability for LSU for any obligations of Lessee (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 sub-sublease or assignment of all or any part of such sublease.

Section 19.3 Lessee Remains Liable. In no event shall any assignment or subletting of all or any portion of the Leased Premises 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 or subletting, which agreement may be withheld in Lessor's sole discretion.

## **ARTICLE V**

### **CONSTRUCTION OF BUILDINGS AND IMPROVEMENTS ON THE LEASED PREMISES**

**Section 5.1 Lessee's Improvements.** Lessee does hereby agree at its sole expense to direct the preparation of the design and all supporting documentation for the construction of the improvements to the Leased Premises, and to construct the improvements on the Leased Premises pursuant to said design, all in accordance with plans, specifications, and exterior architectural and site plans (the "Improvements") approved by LSU through its President or said President's designated representative ("LSU System Representative") and pursuant to LSU's design standards and subject to the approval of the Office of Facility Planning and Control of the Division of Administration of the State of Louisiana ("OFPC"), (collectively the "Work"). It is estimated that the total cost of the Improvements, including the design thereof, will be approximately \$\_\_\_\_\_ to \$\_\_\_\_\_, all of which cost and expense shall be paid by Lessee; however, the final cost may not be or decreased below \$\_\_\_\_\_ without the express written consent of the LSU System Representative. It is agreed that until the termination or expiration of this Lease Lessee will own all of the Improvements, at which time title to all Improvements and other improvements, if any, on the Leased Premises will automatically transfer to and become the property of LSU without payment of any additional consideration, and if requested by LSU, Southwest will execute an act of transfer and acknowledgment of the above to be filed of record; provided, however, that upon the early termination of this Lease before the expiration of the Initial Term for any reason other than a Lessee Event of Default (as defined in Section 14.1 hereof), in addition to any other amounts that may be due to Lessee, LSU

and DOA shall pay to Lessee an amount equal to the book value as of such termination date of the unamortized Improvements made by Lessee to the Leased Premises, computed on a GAAP basis (herein "Unamortized Improvements"), but only to the extent such payment is funded by the State in accordance with Section 17.12 hereof; provided, however, any such obligation to pay pursuant to this Section 5.1(d), shall be reduced on a dollar-for-dollar basis to the extent any State, Division or Lessor funds are expended to improve the Leased Premises subsequent to the Commencement Date of this Lease, because of a failure by Lessee to satisfy its obligations hereunder.

## **ARTICLE VI**

### **CONSTRUCTION**

At its sole expense, Lessee shall design and construct the Improvements on the Leased Premises in a good and workmanlike manner, in accordance with the following provisions:

**6.1           Plans and Specifications; Change Orders.** The Work to be performed by Lessee pursuant to this Agreement is generally described on Exhibit "B" hereto, and no material deviation therefrom shall be implemented without the prior written consent of the LSU System Representative and OFPC. Prior to commencement of the Work, plans and specifications shall be delivered to the LSU System Representative for review. The LSU System Representative shall approve or disapprove, upon a commercially reasonable basis and upon compliance with all applicable standards of LSU, such plans and specifications in writing within thirty (30) days of receipt thereof. If any part of the plans, specifications, or exterior architectural and site plans are disapproved, then LSU shall with all reasonable diligence provide sufficient written reasons and justification that Lessee can adequately work to address any

deficiencies in the submission. No Material Change Orders to the “Construction Contract” (as defined herein) or changes to the plans, specifications, and/or exterior architectural and site plans which materially deviate therefrom shall be implemented without the prior written consent of the LSU System Representative. As used herein, Material Change Orders are any change orders that would change the footprint, or structural design of the Work, or cause a net decrease the cost of the Work. Any request for Material Change Orders to the Construction Contract or changes to the plans, specifications, and/or exterior architectural and site plans shall be made to the LSU System Representative, who shall approve or disapprove, upon a commercially reasonable basis and upon compliance with all applicable design standards of LSU, such request in writing within fifteen (15) days of having received such request from Lessee. If any change orders or changes to the plans, specifications, or exterior architectural and site plans are disapproved, then LSU shall with all reasonable diligence provide sufficient written reasons and justification that Lessee can adequately work to address any deficiencies in the submission.

**6.2** As set forth above, OFPC shall also review the plans and specifications for the Work for the purpose of determining compliance with applicable building codes, space standards where appropriate, and standards assuring quality of construction. The plans and specifications for the Work and the proposed Construction Contract and any proposed changes to the plans and specification and/or Construction Contract shall also be submitted to OFPC (at the same time those items are submitted to LSU) for approval or disapproval and OFPC will have the same time as LSU to approve or disapprove.

**6.3** Commencement and Completion of the Work. Lessee agrees to commence construction of the Work on the Leased Premises no later than \_\_\_ (\_\_) months after the Effective Date of this Lease, and shall make best efforts to complete the Work no later than

\_\_\_\_\_ (\_\_\_\_) months after the commencement of the Work. The commencement and completion dates set forth Agreement herein may be extended by the LSU System Representative.

**6.4 Construction Contract.** The Work shall be performed on behalf of Lessee pursuant to one or more written contracts between Lessee and a contractor or contractors (the “Construction Contract”). The Construction Contract(s) and bond(s) shall be timely and properly recorded with the Clerk of Court of Calcasieu Parish prior to commencement of the Work. Lessee shall include in every Construction Contract a liquidated damages clause acceptable to the LSU System Representative. Lessee shall not enter into any Construction Contract without the prior written approval of the LSU System Representative and OFPC. The LSU System Representative and OFPC shall approve or disapprove such Construction Contract within thirty (30) days of receipt of a copy of the proposed Construction Contract from Lessee. If the LSU System Representative or OFPC shall disapprove the submission, the LSU System Representative and/or OFPC shall provide sufficient written reasons and justification that Lessee can adequately work to address any deficiencies in the submission. The Board and Lessee hereby acknowledge the following, and to the extent practically and legally possible, each Construction Contract and all subcontracts entered into by the general contractor(s) shall acknowledge expressly that the contractor and subcontractors have been informed of the following:

- a. The Work will be performed solely and exclusively for Lessee.
- b. The Lessee is a separate legal entity from LSU, and Lessee has no authority to obligate LSU to any extent whatsoever.
- c. Neither LSU nor the State shall be liable, directly or indirectly, for the payment of any sums whatsoever or for the performance of any other obligation whatsoever arising out of the Work.



d. Lessee has no ownership interest in the Leased Premises upon which the Work will be performed. The Improvements and any renovations thereto or additional improvements placed on the Leased Premises by Lessee shall be owned by Lessee during the Term of this Lease and shall then become owned by LSU upon termination or expiration of this Lease without the payment of additional consideration. Neither the the Work, nor any other work by Lessee, shall give rise to any rights against the Leased Premises or LSU.

**6.5** Lessee shall require that the contractor(s) provide a payment and performance bond with a corporate surety authorized to do business in the State of Louisiana. Said bond shall be for the greater of the full amount of the contract price or for the amount of the guaranteed maximum price of the Work. Both Lessee and LSU shall be obligees under the bond.

**6.6 LSU Rules and Regulations; Code Compliance; LSU Access During Construction.** Lessee agrees that it will comply with all LSU regulations and policies with regard to all contractors and personnel entering the Leased Premises for purposes of renovation and improvement, which regulations and policies will be addressed at a pre-construction conference, and with all state and local laws and ordinances regulating its operations on the Leased Premises, and that Lessee will secure at its own expense all necessary permits, licenses and other approvals from all regulatory agencies or bodies necessary for the Work. Lessee shall make these same requirements of its contractor(s) for the Work. Lessee and its contractors shall design and construct the Work in accordance with all then adopted current and applicable codes, rules, regulations, applicable laws, and applicable amendments thereto, including but not limited to the International Building Code, NCANSI-A117.1, the most recent edition of the NFPA 101: Life Safety Code, the Americans with Disabilities Act, and all applicable local and state building codes in effect as of the commencement of the construction. The Work and the Leased Premises

shall be subject to inspection by the LSU System Representative and OFPC, who shall have access at all times to the Work and the Leased Premises for all purposes including but not limited to the right to review the Work to determine that it is being performed in compliance with approved plans and specifications and in a good and workmanlike manner. In addition, LSU shall at all times have access to the Leased Premises and the Improvements for the exercise of all rights provided for in this Agreement and by law.

**6.7 Approvals.** LSU shall not unreasonably withhold or delay any approval or consent required pursuant to this Agreement. Failure by LSU to approve or disapprove within a time limit set forth herein shall be deemed approval.

**6.8 Signage.** Before erecting or placing any sign upon the Leased Premises, Lessee shall submit the design specifications of such sign to LSU System Representative for approval, which approval shall not be withheld if such signage is consistent with LSU's then current signage policy or if such signage was included in the plans and specifications which have been approved by the LSU System Representative.

**6.9 Acceptance of The Work.** Prior to acceptance of the Work, Lessee shall deliver the following to the LSU System Representative:

- a. All governmental reviews, acceptance letters, and associated appeals, including but not limited to the Office of the State Fire Marshall, OFPC and the Department of Public Health, if applicable; and
- b. A clear lien certificate as to the Work obtained from the Calcasieu Parish clerk's office, or evidence that any and all liens against the Leased Premises and the Work have been adequately bonded.

Lessee will not accept the Work without the written approval of the LSU System Representative. Lessee agrees to have all punch list items completed within six (6) months following approval by the LSU System Representative of the acceptance of the Work. Final payment shall not be made to the contractor by Lessee until the LSU System Representative agrees in writing that all punch list items have been completed.

**6.10 Funds for The Work.** If the President of the LSU System so requests, prior to the commencement of the Work, Lessee shall certify in writing to the LSU that the total amount of money needed to complete the Work has been collected and/or appropriate provisions for financing the Work are available to Lessee and that such funds have been and/or will be dedicated to that use.

**6.11 No Liens or Sale; Release of Recorded Liens.** Lessee shall not suffer or permit any liens to be enforced against the Leased Premises or the Work, by reason of a failure to pay for any work, labor, services, or materials supplied or claimed to have been supplied to Lessee or to anyone through or under Lessee related to the Work or the Leased Premises. If any such liens shall be recorded, Lessee shall cause the same to be released of record, or in the alternative, if Lessee in good faith desires to contest the same, Lessee shall be privileged to do so, but in such case, Lessee hereby agrees to indemnify and save LSU harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said lien, cause the same to be discharged and released prior to the execution of said judgment. Furthermore, at the LSU System Representative's request, Lessee shall promptly file with the Recorder of Mortgages for Calcasieu Parish a bond in accordance with law guaranteeing payment of any such liens.

**6.12 Financing of Leased Premises.** Lessor and Lessee acknowledge and agree that Lessee may subject its interest in this Lease and its leasehold interest in the Improvements and

the Leased Premises to a leasehold mortgage or other similar financing arrangement with respect to the funding of the construction of the Work. To such end, Lessor agrees to reasonably cooperate with Lessee and to execute any commercially reasonable estoppel certificate, non-disturbance agreement, or similar financing-related document requested by Lessee's mortgagee, in form and substance reasonably satisfactory to Lessor, Lessee, and Lessee's mortgagee. Except as otherwise set forth in this Lease, Lessee shall not sell or transfer title to the Work.

**6.13 Protection of Trees and Utility Lines.** Lessee and its contractor(s) will not remove or trim any trees located on or adjacent to the Leased Premises without the prior written consent of the LSU System Representative, which consent shall not be unreasonably withheld. During construction, Lessee and its contractors will protect and guard all remaining trees standing within 100 yards of the construction site for a distance of ten (10) feet from the drip line of each tree against vehicular traffic and other reasonably foreseeable hazards, and Lessee and its contractors will not store any construction materials within the protected areas. Any existing utility lines to surrounding buildings must be rerouted by Lessee with the prior approval of the LSU System Representative in order that the Work not be placed over any existing utility lines.

**6.14 Lessee's Improvements and Alterations.** Lessee shall not make any Major Alteration (defined herein) to the Leased Premises without the prior written approval of Lessor, which approval can be given by the LSU Representative or by the Director of Facility Planning in the LSU President's Office and the Division, which approval shall not be unreasonably withheld or delayed. In connection with any requested Major Alteration, Lessee shall submit to Lessor and the Division an explanation of the work proposed to be carried out, in a level of detail required by Lessor 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 the Division in their reasonable discretion. If neither Lessor nor the Division has notified Lessee of 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, Lessor and the Division 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, shall be performed by Lessee, at no cost or expense to 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 of the Leased Premises. Approval by Lessor or the Division of any Major Alterations shall not constitute any warranty by Lessor or the Division to Lessee of the adequacy of the design for Lessee's intended use of the Leased Premises. All work performed for or by 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 Lessee, at Lessee's expense. All work shall be performed for or by Lessee in a good and workmanlike manner, and Lessee shall prosecute the same to completion with reasonable diligence. Lessee shall complete all improvements so as not to create any liens or encumbrances against the Leased Premises or Lessee's leasehold interest or any of Lessor's property, and Lessee shall furnish: (i) a clear lien certificate for any Major Alterations to the Leased Premises; or (ii) any other evidence thereof with respect to any other improvements to the Leased Premises which are not Major Alterations.

(b) Before the commencement of any work in excess of One Million Dollars (\$1,000,000.00) for construction of improvements, Lessee shall supply Lessor with appropriate

Performance and Payment Bonds. These bonds are at Lessee's expense and shall be issued in a form satisfactory to Lessor and in such a manner as to protect the Lessor's interest in the Leased Premises. Any requirement of this Section 19.3(b) may be waived with the consent of Lessor 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.

(d) Upon termination of this Lease for any reason other than a Lessee Event of Default (as defined in Section 13.1 hereof), in addition to any other amounts that may be due to Lessee, LSU and DOA shall pay to Lessee 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 Lessor and the Division, computed on a GAAP basis (herein also "Unamortized Improvements"), but only to the extent such payment is funded by the State in accordance with Section 16.12 hereof; provided, however, any such obligation to pay pursuant to this Section 19.3(d), shall be reduced on a dollar-for-dollar basis to the extent any State, Division or Lessor funds are expended to improve the Leased Premises subsequent to the Commencement Date of this Lease, because of a failure by Lessee to satisfy its obligations hereunder.

**Section 6.15 Cost of Lessee's Improvements.** Lessee shall be solely responsible for the costs of all Improvements to the Leased Premises undertaken by Lessee. Following completion of the improvements, Lessee shall provide to Lessor a lien waiver from 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 Lessee shall become and remain the property of Lessor at the termination of the Lease without any cost to Lessor. Notwithstanding the foregoing, if Lessee performs a Major Alteration without obtaining Lessor'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 Lessee require that 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 Lessee 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 Lessee does not commence such removal and restoration within sixty (60) days and perform the removal and restoration diligently to completion, Lessee shall promptly reimburse, as Additional Rent, the Lessor for any expense that Lessor incurs in performing such removal and restoration. Lessee shall pay the cost for any additional personal property, fixtures, equipment, furniture and other unattached items of personal property which 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 Lessee and may be removed by Lessee at any time or times prior to the expiration of the Term; provided, however, that Lessee shall repair any damage to the Leased Premises and/or Equipment caused by such removal. Lessee's Personal Property shall not include the Equipment leased by Lessor to Lessee pursuant to this Lease.

#### **ARTICLE VII.**

#### **OPERATION, MAINTENANCE, REPAIR, SECURITY AND OTHER SERVICES**

Section 7.1 Operation. Lessee shall be responsible to procure and maintain all utilities, services and equipment necessary or required for its use of the Leased Premises.

Section 7.2 Use. Lessee shall procure and maintain all licenses, permits and accreditation (if any) required for its use of the Leased Premises.

#### Section 7.3 Maintenance and Repair

(a) Lessee shall, at its sole cost and expense during the Term, maintain the Leased Premises and all Improvements, 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 or better working condition and repair (ordinary wear and

tear and damage by casualty or taking by condemnation excepted) as existed as of the completion of construction of such Improvements, 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 Lessee, 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.

(b) It is understood and agreed that 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. 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 Lessor, Lessee, or otherwise.

(c) 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, all as required for the Leased Premises' actual use from time to time.

(d) 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 Lessor approvals that may be required by this



Lease), including the furnishing of required sanitary facilities and fire protection facilities, and 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 must be obtained prior to the commencement of any work in accordance with Section 5.1 hererof. 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 Lessor, 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) Lessee accepts the Leased Premises in its "as is" condition, that being the condition or state in which the Leased Premises exist at the effective date of this Lease, without representation or warranty, express or implied, in fact or in Law, oral or written, by Lessor.

(f) Lessee further agrees to do at no expense to Lessor, painting of the exterior and interior as applicable and as necessary to maintain the Leased Premises and Improvements in a neat, clean, safe, sanitary and habitable condition.

(g) 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. 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. 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 the Department of Health and Hospitals.

(h) Furthermore, as to the Improvements, Lessee shall comply with the standards outlined in Exhibit "B" attached hereto. Lessee may propose alternative equivalent maintenance standards for approval by Lessor within forty-five (45) days of execution of this Lease.

Section 7.4 Security and Other Services. 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. Lessee acknowledges that Lessor has made no representation or warranty with respect to systems and/or procedures for the security of the Leased Premises; any persons occupying, using or entering the Leased Premises; or any equipment, finishing, or contents of the Leased Premises. It is the sole responsibility of 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 VIII.**

### **UTILITIES**

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 ("Utility Service"), and all Utility Service shall be obtained in or transferred to Lessee's name as of the Commencement Date through the end of the Term. Such payments shall be made

by Lessee directly to the respective utility companies furnishing such Utility Services under such contract or contracts therefor as Lessee may make. Lessor shall have no responsibility to Lessee for the quality or availability of Utility Service to the Leased Premises, or for the cost to procure Utility Service. Lessor shall not be in default under this Lease or be liable to 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. 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 Lessee will be provided by Lessee.

#### **ARTICLE IX.**

#### **INSURANCE [SUBJECT TO LESSEE'S INSURANCE REVIEW]**

Section 9.1 Lessee Responsibility for Insurance Coverage. Lessee shall secure and maintain or cause to be secured and maintained at its sole cost and expense:

(i) Special form (formerly known as “all risk”) property insurance, 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.

(ii) A policy of commercial general liability insurance with respect to the Leased Premises and 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 limit may be met by means of combining a primary and an umbrella policy. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability and water damage legal liability.

(iii) 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. Such limit may be met by means of combining a primary and an umbrella policy.

(iv) During the course of any construction, a Builder's Risk policy for the cost of construction.

(v) 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 Lessee in connection with its use of the Leased Premises.

(vi) 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 Lessor and Lessee if Louisiana law limiting the amount of such Claims is repealed or amended to raise the limits on such Claims. Such limit may be met by means of combining a primary and an umbrella policy.

## Section 9.2 Additional Requirements.

(a) All insurance required in this Section 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 IX by Best's Insurance Reports or as approved by Lessor (such approval not to be unreasonably withheld or delayed). All insurance policies provided by Lessee shall expressly provide that the policies shall not be canceled or materially altered without 30 days' prior written notice to Lessor (10 days' in case of non-payment of premium). Lessee may satisfy its obligation

under this Section by appropriate endorsements of its blanket or excess insurance policies.

(b) All policies of liability insurance Lessee maintains according to this Lease will name Lessor, its board members, officers, employees and agents, and such other persons or firms as Lessor reasonably specifies from time to time as additional insureds (“LSU Insured Parties”).

(c) With respect to insurance policies required hereunder, Lessor reserves the right to reasonably request copies of original policies (together with copies of the endorsements naming Lessor, and any others reasonably specified by Lessor, as additional insureds). Certificates of insurance and the declaration page for each such policy shall be delivered to Lessor upon occupancy of the Leased Premises and, if requested by Lessor, from time to time at least 30 days prior to the expiration of the term of each policy. All liability insurance required hereby shall provide that any failure of 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 Lessee pursuant to this Lease shall be written as primary policies, not contributing with and not in excess of coverage that 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 Lessor. Lessee shall be responsible for deductibles and self-insured retentions.

Section 9.3 **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, 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 below. Notwithstanding anything else in this Lease to the contrary, Lessor is not obligated to restore, replace or repair any damage to the Leased Premises or to 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 9.4 **Restoration Obligations.** If all or any portion of the Leased Premises and/or the improvements is damaged or destroyed by a Casualty, if the CEA is still in full force and effect, Lessee shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof, at Lessee's sole cost and expense. If the CEA has been terminated, then Lessee at its option (rather than repair or restore and/or replace the Lease Premises and/or improvements) may promptly demolish the remainder of the improvements and return the Leased Premises to their condition prior to the construction

of same. If Lessee repairs, reconditions and/or rebuilds, Lessee may 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. Notwithstanding the foregoing, 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 Lessee's ability to operate the Leased Premises for the Permitted Uses, Lessee may elect to terminate this Lease by providing written notice of such termination to Lessor no later than ninety (90) days following such Casualty, in which event Lessee shall have no obligation to restore or demolish the Leased Premises; provided, however, if this Lease is terminated or expires by its terms prior to the termination or expiration of the term of the CEA, Lessee shall continue to provide, or cause to be provided, substantially similar services as Lessee had provided in the Leased Premises in accordance with the specific requirements set forth in the CEA.

In the event of a Casualty, if Lessee is unable to repair, restore or replace the Leased Premises and any improvements (1) at a time the CEA remains in full force and effect, all insurance proceeds received or payable as a result of such Casualty shall be paid to Lessee, and this event neither LSU nor the State will owe Lessee for unamortized costs of any improvements, (2) at a time when the CEA is terminated, then all insurance proceeds shall be paid to LSU, except for a portion to be paid to Lessee to cover the reasonable cost of demolition, unless LSU elects to undertake the demolition work.

Section 9.5 Compensation Award. If the entire Leased Premises and/or the Improvements shall be taken by Expropriation, this Lease shall terminate as of the date of such actual taking, in which event, Lessor shall retain all compensation awarded or paid upon any

such taking of the Leased Premises and the Lessee shall receive compensation for the Improvements. If any part of the Leased Premises shall be taken by Expropriation, rendering the remaining portion unsuitable for the business of Lessee, Lessee shall have the option to terminate the Lease. If the Lease is not terminated as provided in this Section 9.5, 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 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 Lessor without any participation by Lessee, except that Lessee shall have the right to receive and, to the extent permitted by law, shall be paid a portion of the award to the extent of the unamortized cost of Lessee's Improvements. 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 Lessee, Lessee shall have the right to enter a separate claim against the condemning authority, in which event Lessee shall not participate in Lessor's award.

**ARTICLE X.**  
**HAZARDOUS MATERIALS**

Section 10.1 Hazardous Materials.

(a) Subsequent to the effective date of this Lease, 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 effective date hereof, or disposed of in or about the Leased Premises by Lessee or its officers, directors, employees, agents, invitees or sub-



lessees, other than those Hazardous Materials usually and customarily used for the Permitted Use, as long as such materials are lawfully stored and used by 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 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 effective date of this Lease.

(b) In the event that Lessee causes any violation of applicable Law with regard to Hazardous Materials at the Leased Premises, Lessor shall have the right to reasonably require that Lessee engage, at Lessee's expense, a contractor to remediate or dispose of, in accordance with Law, all Hazardous Materials generated, maintained, processed, produced, manufactured, used, treated, released, stored or disposed of on the Leased Premises subsequent to the effective date hereof. 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) Lessee shall promptly notify Lessor in writing, if 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. Lessee shall promptly notify 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. Lessee shall promptly deliver to Lessor copies of all notices, reports, correspondence and submissions made by 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), the Louisiana Department of Health and Hospitals (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) Lessee agrees to indemnify, defend (with counsel reasonably acceptable to Lessor at Lessee's sole cost) and hold Lessor, its 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, Lessee shall not indemnify for consequential damages on claims brought by Lessor, or Lessor's employees), disbursements or expenses of any kind (including reasonable attorneys' and experts' fees and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by or asserted or awarded against Lessor or any of them in connection with or arising from or out of Lessee's violation of any of its obligations set forth in Section 9.1.

(e) Lessee agrees to indemnify, defend (with counsel reasonably acceptable to DOA at Lessee's sole cost) and hold DOA and their 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, Lessee shall not indemnify for consequential damages on claims brought by DOA or DOA's employees), disbursements or expenses of any kind (including reasonable attorneys' and experts' fees and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by or asserted or awarded against DOA or any of them in connection with or arising from or out of Lessee's violation of any of its obligations set forth in Section 9.1.

(f) Nothing herein shall require Lessee to indemnify, defend and hold harmless the Lessor, its employees, contractors or agents for any environmental liability arising from any Hazardous Materials which were present on the Leased Premises prior to the execution of this Lease.

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

#### **ARTICLE XI. INDEMNIFICATION**

Section 11.1 Lessee's Indemnification to Lessor. Lessee shall indemnify, defend and hold harmless 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 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 Lessee's use of, and/or activities on, the Leased Premises

by Lessee, its officers, agents, employees, invitees, permittees, contractors, or subcontractors. Lessee shall further indemnify, defend and hold harmless the Lessor 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 Lessee, 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 Lease.

Notwithstanding any provision to the contrary contained in this Lease, Lessor acknowledges that the Lessee's obligation to indemnify and hold any Lessor Indemnitees harmless under this Article 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.

Section 11.2 Lessee's Indemnification to DOA. Lessee shall indemnify, defend and hold harmless DOA and its officers and 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 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 Lessee's use of, and/or activities on, the Leased Premises by Lessee, its officers, agents, employees, invitees, permittees, contractors, or subcontractors. Lessee 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 Lessee, 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 Lease.

Notwithstanding any provision to the contrary contained in this Lease, DOA acknowledges that the Lessee's obligation to indemnify and hold any DOA Indemnitees harmless under this Article shall not extend to any loss, damages or other claims to the extent arising out of the negligence or willful misconduct of any DOA Indemnitees.

Section 11.3 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) resulting from any injury, loss or damage to persons or property arising out of the negligence or willful misconduct of Lessor, its board members, officers or employees.

Section 11.4 DOA's Indemnification. To the extent authorized by Law, DOA 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) resulting from any injury, loss or damage to persons or property arising out of the negligence or willful misconduct of DOA, officers or employees.

## **ARTICLE XII.**

### **TAXES, FEES AND LICENSES**

Section 12.1 Payment of Taxes. 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, Lessee's Improvements, or the business conducted by Lessee on the Leased Premises.

Section 12.2 Licenses. Lessee shall maintain in effect all federal, state and local licenses and permits required for the operation of the business conducted by Lessee on the Leased Premises.

**ARTICLE XIII.**  
**DEFAULT BY LESSEE**

Section 13.1 Default. Each of the following shall be an Event of Default by Lessee (herein "Lessee Event of Default") under the terms of this Lease:

(a) Failure by Lessee to pay Rent to 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 Lessor shall provide written notice and a five (5) business day right to cure for failure to pay rent, but Lessee shall only be entitled to one (1) late payment notice per year under this Section 13.1(a), and provided further that a Lessee Event of Default shall automatically occur if Lessee fails to pay Quarterly Rent to 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 Lessee under this Lease.

(b) Failure to obtain and maintain all insurance as required under this Lease and/or to furnish to 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 Lessee of such violation.

(c) A court Order for relief in any involuntary case commenced against Lessee, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, and said Order is not vacated within 120 days, or the entry of a decree or order by a court having jurisdiction appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of, or for Lessee or a substantial part of the properties of Lessee or order winding

up or liquidation of the affairs of Lessee, and the continuance of any such decree or order unstayed and in effect for 120 consecutive days.

(d) Commencement by 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 Lessee of such Lease violation or such longer period of time as may reasonably be required for Lessee to cure the violation, provided that 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, 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, Lessee also is given, in writing, notice specifying Lessee's failure and Lessee fails to correct the alleged failure within thirty (30) days following receipt of such additional notice specifying the failure.

#### **ARTICLE XIV. DEFAULT BY LESSOR**

Section 14.1 **Default.** A default by Lessor (herein "Lessor Event of Default") will occur under this Lease if 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 Lessor's receipt of written notice from Lessee of this failure; however, no Lessor Event of Default will occur if 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 XV. 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:

**Lessee:** Southwest Louisiana Hospital Association  
1701 Oak Park Boulevard  
Lake Charles, Louisiana 70601  
Attn: President

**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.

**Lessor:** 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: LSU Health Care Partner  
451 Florida St., 8<sup>th</sup> Floor  
Baton Rouge, Louisiana 70801

**State:** Commissioner of Administration  
Division of Administration  
State of Louisiana  
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

Any such notice or communication shall be deemed to have been given either at the time of delivery, or on the business day on which delivery is refused.

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.

**ARTICLE XVI.  
MISCELLANEOUS**

Section 16.1 Lessor's Right to Enter Property. Lessor reserves the right to enter the Leased Premises and the improvements located thereon at any time to inspect the property, as long as Lessor's inspection does not unreasonably interfere with the operation of the proper function of the Lessee's business. Lessor shall attempt to provide Lessee with reasonable advance notice of its intent to inspect the Leased Premises and the Improvements, unless notice is impossible or impractical. Lessee shall have the right to have a representative accompany Lessor during such entry and inspection. Lessee shall not deny Lessor access to the Leased Premises.

Section 16.2 Relationship of Parties. Nothing contained herein 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 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.

Section 16.3 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.

Section 16.4 Consent or Approval. In any instance in which a party's consent or approval is required under this Lease, then, unless specifically stated otherwise in such provision, such party agrees not to unreasonably withhold, delay or condition such consent or approval.

Section 16.5 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.

Section 16.6 Recordation of Lease. It shall be the responsibility of Lessee to prepare an extract of the Lease, which each party agrees to execute to record in the Office of the Parish Recorder of the Parish of Calcasieu. The form of the Extract of Lease agreement shall require the approval of Lessor. Lessee shall provide Lessor with a certified copy of the recorded Extract of Lease. Recordation of the Extract of Lease shall be at Lessee's expense.

Section 16.7 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.

Section 16.8 Counterparts. This Lease may be executed in duplicate counterparts, each of which shall be deemed an original, but all of which together will constitute only one agreement.

Section 16.9 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.

Section 16.10 Choice of Law. This Lease shall be construed under and in accordance with the Laws of the State of Louisiana, and, in the event of a court proceeding, any such proceeding shall be filed in the Louisiana Nineteenth Judicial District Court.

Section 16.11 Authorized Representatives 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 designee, and on behalf of Lessee by its then President or his designee.

Section 16.12 Appropriation of Funds. All State, DOA and Lessor obligations under this Lease to make payments of any kind in future 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 DOA and/or Lessor pursuant to Section 17.2 of this Lease 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 Lessee (the "Lessee Appropriation"), and any such obligation by any obligor is limited only to the portion of said Lessee Appropriation which said obligor receives. In the event that Lessee is due a refund of prepaid Rent pursuant to the provisions of Section 17.2 and this Section 16.12, the State, the DOA and Lessor agree to make good faith best efforts to seek specific appropriation for such refund by the Louisiana Legislature, and the DOA and/or Lessor 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 Lease.

**Section 16.13 . Due Diligence.** During the period of time commencing on the date of this Lease and ending two hundred seventy (270) days thereafter (the “Inspection Period”), Lessee, its agents, contractors and representatives may conduct, without limitation, the following due diligence inspections regarding the Leased Premises and the intended Improvements (collectively, the “Basic Property Inspections”): (i) inspections and tests regarding the condition of the Leased Premises (including, without limitation, geotechnical, environmental, topographical, wetlands and engineering tests); (ii) investigations with regard to environmental and other legal requirements pertaining to the Additional Property and the intended Improvements; (iii) investigation of title to the Leased Premises, including obtaining a commitment for the issuance of a policy of leasehold title insurance on the Leased Premises and obtaining a current ALTA/ACSM land title survey of the Leased Premises; and (iv) investigating the availability of and seeking to obtain all permits, licenses and other governmental approvals required for the construction and operation of the intended Improvements, including, but not limited to, any necessary zoning approvals, site plan approvals, special use permits, health care regulatory approvals and authorizations, curb cuts and building permits. If any of the information obtained by Lessee as a result of the Basic Property Inspections indicates that, in Lessee’s reasonable opinion, there could be a material, adverse effect on Lessee’s construction or operation of the intended Improvements (including, without limitation, a material delay in commencement of construction, a material change in the contemplated design of the intended Improvements or a material increase in the contemplated cost of constructing or operating the intended Improvements), then Lessee shall have the right to terminate this Lease (but not the

CEA or the Hospital Site Lease) by delivering written notice of termination to LSU and DOA no later than the expiration of the Inspection Period. Said notice shall certify and set forth the specific reasons/issues as to why Lessee terminated the Lease. In such event, this Lease shall be terminated effective as of the delivery of such notice, without liability to any of the parties and without further liability or obligation under this Lease. All Basic Property Inspections and any other due diligence work shall be at the sole cost, expense and risk of Lessee.

Section 16.14 Miscellaneous. It is agreed that unlike the lease of the Lake Charles Hospital Site entered into among the parties hereto, this Lease shall not automatically terminate upon termination of the CEA.

**[The Remainder of this Page is Intentionally Left Blank;  
Signatures are on the Following Page.]**

[Signature Page for Ground Lease (Lake Charles Site)]

This Lease, by and among Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the Division of Administration, the State of Louisiana and Southwest Louisiana Hospital Association, is executed in duplicate original counterparts.

**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:

**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

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

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

[Signature Page for Ground Lease (Lake Charles Site)]

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WITNESSES:

**STATE OF LOUISIANA, through DIVISION OF ADMINISTRATION**

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

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

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

Kristy Nichols  
Commissioner of Administration

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

[Signature Page for Ground Lease (Lake Charles Site)]

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**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:

**SOUTHWEST LOUISIANA HOSPITAL  
ASSOCIATION**

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

By: \_\_\_\_\_  
Larry M. Graham  
President

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

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



a.

## Ground Lease

### LEASED PREMISES

Need Legal Description

b.

IMPROVEMENTS  
SERVICE STANDARDS, BUILDING

[NOTE: TO BE DISCUSSED]

Element	Standard
<b>General</b>	<ul style="list-style-type: none"><li>• 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.</li></ul>
<b>Building Fabric External</b> <ul style="list-style-type: none"><li>• External walls</li><li>• Roof</li><li>• Fire escapes</li><li>• Walkways</li><li>• Safety barriers</li><li>• Balconies</li><li>• Eaves</li><li>• Rendering</li><li>• Chimneys/flues</li><li>• Vents</li></ul>	<ul style="list-style-type: none"><li>• Sound secure and weatherproof where appropriate.</li><li>• Free from damp penetration or spalling</li><li>• Claddings, copings and parapets are structurally sound and secure.</li><li>• Free from vermin and/or pests.</li><li>• Chimney stacks/flues and vents are structurally sound and secure and free from blockages and if flues, free from soot.</li><li>• Free from debris, moss growth and bird droppings.</li></ul>
<b>Building Fabric Internal</b> Including but not limited to: <ul style="list-style-type: none"><li>• Internal walls</li><li>• Partitions</li><li>• Ceilings</li><li>• Elevators, escalators, dumbwaiters</li></ul>	<ul style="list-style-type: none"><li>• Free from structural cracks and/or deflection</li><li>• Free from damp and vermin</li><li>• Free from undue damage and of reasonable appearance for location</li><li>• Comply with the requirements set out in codes and standards</li><li>• Free from asbestos and other hazardous materials</li></ul>

b-1

<b>Element</b>	<b>Standard</b>
<ul style="list-style-type: none"> <li>• Pneumatic tubes</li> </ul>	
<p><b>Fixtures and Fittings</b> Including but not limited to:</p> <ul style="list-style-type: none"> <li>• Doors (external, internal and fire)</li> <li>• Windows and stools and sills</li> <li>• Hatches</li> <li>• Vents</li> <li>• Shelving</li> <li>• Cupboards</li> <li>• Railings</li> <li>• Racking</li> <li>• Notice boards</li> <li>• Mirrors</li> <li>• Balustrades</li> <li>• Magnetic door holders</li> <li>• Floor covering's</li> </ul>	<ul style="list-style-type: none"> <li>• The floor coverings are complete</li> <li>• The floor covering is fully fixed to the floor so as not to cause a health and safety hazard</li> <li>• 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.</li> <li>• 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.</li> <li>• Allow adequate drainage where necessary.</li> <li>• Free from pests.</li> </ul>
<p><b>Decorative Finishes</b> Including but not limited to:</p> <ul style="list-style-type: none"> <li>• Paintwork</li> <li>• Fabric</li> <li>• Special finishes applied to walls, ceilings, woodwork, metalwork, pipework and other visible elements)</li> </ul>	<ul style="list-style-type: none"> <li>• Free from all but minor surface blemishes or undue wear and tear</li> <li>• Free from cracks, or any other surface degradation inconsistent with a building maintained in accordance with Good Industry Practice.</li> </ul>
<p><b>Furniture &amp; Equipment</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Will be maintained in accordance with Occupational Health and Safety requirements and standards.</li> <li>• Will be maintained in accordance with manufacturer's requirements.</li> </ul>

### SERVICE STANDARDS, SYSTEMS

<b>Element</b>	<b>Standard</b>
<b>General</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>

Element	Standard
	performance requirements as existed at the time of commencement of the lease.
<b>Emergency Power Supply</b>	<ul style="list-style-type: none"> <li>• Standby power supply shall be operational, secure and tested in compliance with standards</li> <li>• Test using live loads and demonstrate transfer scheme.</li> <li>• Emergency lighting units shall comply with standards, be free from dust, operational and fully charged</li> <li>• Batteries shall be adequately ventilated, free from acid leakage; batteries shall be topped up and fully charged</li> </ul>
<b>MV &amp; LV Distribution System</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Distribution equipment and protective devices fuse switches</li> <li>• Isolators</li> <li>• Distribution boards</li> <li>• Fuses</li> <li>• MCB's, ACB, Elcb's and RCE's</li> <li>• Exposed distribution cables</li> </ul>	<ul style="list-style-type: none"> <li>• Fuse elements or circuit breaker mechanisms in working order.</li> <li>• Contacts and connections clean and mechanically tight.</li> <li>• No overheating during normal operating loads.</li> <li>• Secure to authorized access only. Recording instruments operational where necessary</li> <li>• Torque all bus connections to manufacturer recommendations.</li> <li>• Provide lock out procedure</li> <li>• Regularly test all breakers and transformers</li> <li>• Regularly clean all switchgear and transformers.</li> <li>• Do injection testing at least every two years.</li> <li>• Test all alarm functions</li> <li>• Identification notices where necessary.</li> </ul>
<b>HV Distribution Systems</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Distribution equipment</li> <li>• Isolators</li> <li>• Distribution units</li> <li>• OCB's ACB's and ELCB's</li> </ul>	<ul style="list-style-type: none"> <li>• Ratings shall be clearly marked.</li> <li>• Fuse elements or circuit breaker mechanisms in working order.</li> <li>• Contacts and connections clean and mechanically tight</li> <li>• No overheating during normal operating loads</li> <li>• Secure to authorized access only.</li> <li>• Recording instruments operational where provided and necessary</li> <li>• Transformers are maintained as per manufacturer's recommendations at least every two years</li> <li>• Protective coatings are intact.</li> <li>• No signs of excessive heating</li> <li>• Provide lock out procedure.</li> <li>• Balance loads</li> <li>• Test all protective relaying including injection testing at least every two years.</li> <li>• Provide coordination study after every significant change or at a minimum every ten years.</li> <li>• Indicate fault levels.</li> <li>• Check electronic operation of all breakers and that power source is battery operated</li> <li>• Torque all bolted connections</li> <li>• Identify all current transformer and potential transformer ratios.</li> <li>• Provide ground fault relaying as needed.</li> <li>• Marker and covering notices where necessary.</li> </ul>
<b>Hot and Cold Water Systems</b>	<ul style="list-style-type: none"> <li>• Taps valves and other related fittings fixtures function as intended.</li> <li>• Pipework and fittings shall be fastened securely to their</li> </ul>

Element	Standard
	<ul style="list-style-type: none"> <li>intended points of anchorage.</li> <li>• There shall be no persistent drips or leaks of water from pipework, taps, valves and/or fittings.</li> </ul>
<p><b>Heating Ventilating and Air Conditioning Systems</b> Including but not limited to:</p> <ul style="list-style-type: none"> <li>• Fume hoods</li> <li>• Humidifiers</li> <li>• Dehumidifiers</li> <li>• Heaters</li> <li>• Ductwork</li> <li>• Mixing boxes and dampers</li> <li>• Coolers</li> <li>• Inlet/outlet grills</li> <li>• Cooling towers (and other local ventilation systems)</li> <li>• Pneumatic tube system</li> <li>• Fire and smoke dampers</li> </ul>	<ul style="list-style-type: none"> <li>• All ventilation systems shall function as intended without undue noise or vibration</li> <li>• Maintain air changes and ventilation levels as required to achieve ASHRAE Standards as well as code and JCAH requirements</li> <li>• Ductwork, fittings and pipework shall be securely fastened to their intended points of anchorage.</li> <li>• There shall be no persistent or unreasonable leakages of water (or other heating/cooling medium) or from ventilation systems</li> <li>• Secure to authorized access only.</li> <li>• Free from corrosion, erosion and organic growth.</li> <li>• Pneumatic tube system operates to the Manufacturers and Health Authorities requirements.</li> </ul>
<p><b>Sanitary and Other Drainage Systems</b> (Including all sanitary ware and associated fittings)</p>	<ul style="list-style-type: none"> <li>• Shall function as intended without undue noise and vibration.</li> <li>• Provide a safe and comfortable environment.</li> <li>• All pipework and fittings fastened securely to their intended points of anchorage</li> <li>• There shall be no leakage of waste and/or foul water and/or rain water.</li> </ul>
<p><b>Fire Fighting Equipment</b></p>	<ul style="list-style-type: none"> <li>• Fire Extinguishers, fire suppression and other firefighting equipment shall be maintained in accordance with relevant codes and standards</li> </ul>
<p><b>Medical Gases</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>Communications Systems</b> Including but not limited to:</p> <ul style="list-style-type: none"> <li>• All infrastructure cabling, including telecommunications and data cabling;</li> <li>• IT/data other than backbone during any warranty period</li> <li>• Public address system (if provided)</li> <li>• PABX</li> <li>• Nurse call system hardware (First Response Maintenance), including radio paging</li> <li>• Patient education/entertainment system; and</li> <li>• All communication and information technology equipment installed in the Facility</li> </ul>	<ul style="list-style-type: none"> <li>• The Communications systems shall be maintained in accordance with all relevant codes and standards.</li> <li>• All electrical communications and data transmission installations to comply with relevant codes and standards.</li> <li>• Shall function as intended</li> </ul>

**Element****Standard**

<b>Element</b>	<b>Standard</b>
<b>Electrical Systems</b> Including but not limited to: <ul style="list-style-type: none"><li>• Lighting</li><li>• Safety</li><li>• Alarm systems</li></ul>	<ul style="list-style-type: none"><li>• Weatherproof where appropriate.</li><li>• Function as intended without undue noise or vibration; wiring, fittings, fixtures, controls and safety devices shall be properly housed and fastened securely to their intended point of anchorage and labeled.</li><li>• Lighting conductor should be complete, isolated and comply with codes and standards</li><li>• MICC cable protective coatings intact.</li><li>• Light remittance at the design Lux levels</li></ul>

## Service Standards, Horticulture

Element	Standard
<b>Tree, Shrubs &amp; Hedges</b>	<ul style="list-style-type: none"> <li>• Trimmed, pruned and/or cut to maintain healthy plant growth and so as to minimize                             <ul style="list-style-type: none"> <li>○ The risk of crime or vandalism</li> <li>○ The opportunity for storm wind damage</li> <li>○ Risk of fire</li> <li>○ The obstruction of roadways, pathways, car parks, street lighting etc.</li> </ul> </li> <li>• Are secure and safe.</li> <li>• Free from dead or dying branches</li> <li>• Free from litter.</li> <li>• Free from disease and/or aphid infestation</li> <li>• Replaced as and when necessary to maintain appearance</li> <li>• If irrigated, maintain irrigation system.</li> </ul>
<b>Grassed Areas</b>	<ul style="list-style-type: none"> <li>• Shall be uniform appearance</li> <li>• Edges shall be trimmed</li> <li>• Free from mole or vermin infestation.</li> <li>• Free from fallen leaves, weeds and litter</li> <li>• Shall be maintained to a uniform length</li> <li>• If irrigated, maintain irrigation system in working order as designed.</li> </ul>
<b>Flower Beds</b>	<ul style="list-style-type: none"> <li>• Free from fallen leaves, weeds and litter.</li> <li>• Free from disease and/or aphid infestation</li> <li>• If irrigated, maintain irrigation system in working order as designed</li> </ul>

## Service Standards, Grounds and Garden Maintenance

Element	Standard
<b>Site Circulation Routes</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Paving</li> <li>• Paths</li> <li>• Driveways</li> <li>• Roads</li> <li>• Parking Areas</li> <li>• Hard standings</li> <li>• Facility entrances</li> <li>• External staircases</li> <li>• External fire escapes if any or exterior stairs</li> </ul>	<ul style="list-style-type: none"> <li>• Sound safe and even surface with no potholes or sinking</li> <li>• Free from standing water</li> <li>• Free from fallen leaves, moss, algae or interstitial weeds.</li> <li>• Free from fallen trees.</li> <li>• Curbs and edgings are sound</li> <li>• No loose curbs or paving stones.</li> <li>• Road markings and parking striping are clear and complete.</li> <li>• Free from graffiti and/or vandalism.</li> <li>• Maintain handicapped accessible routes free and unobstructed (physically and visually impaired and wheelchair users).</li> <li>• Protection of vehicles form chemical sprays during any applications.</li> </ul>
<b>External Furniture and Structures</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Street lights</li> <li>• Guard rails</li> <li>• Copings</li> <li>• Statutes or ornamental objects</li> <li>• Bollards</li> <li>• Bus stops</li> <li>• Street lights</li> </ul>	<ul style="list-style-type: none"> <li>• Sound secure safe and free from damage</li> <li>• Operating at their design performance where applicable</li> <li>• Free from moss, algae and or interstitial weeds</li> <li>• Free from graffiti and/or vandalism</li> <li>• Replacement of light elements</li> </ul>

<b>Element</b>	<b>Standard</b>
<b>Boundaries</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Fences/walls</li> <li>• Gates</li> </ul>	<ul style="list-style-type: none"> <li>• Intact safe sound and secure.</li> <li>• Free from graffiti and damage.</li> <li>• Locks are operational.</li> <li>• Free from graffiti and/or vandalism</li> </ul>
<b>External Play/Recreational Areas</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Courtyards</li> <li>• Patios</li> </ul>	<ul style="list-style-type: none"> <li>• Safe and secure.</li> <li>• Free from graffiti and/or vandalism</li> </ul>
<b>Gutters and Drains</b>	<ul style="list-style-type: none"> <li>• Swept.</li> <li>• Free from litter, leaves, weeds and extraneous material.</li> </ul>
<b>Facility</b>	<ul style="list-style-type: none"> <li>• Free from litter, including cigarette ends and chewing gum residue.</li> <li>• Garbage Bins shall be less than 75% capacity and free from malodor.</li> </ul>
<b>Signage</b>	<ul style="list-style-type: none"> <li>• All hazard notices and safety signs are maintained, recorded, located and displayed correctly, and fully serviceable.</li> </ul>

**LEASE  
(Lake Charles Hospital Site)**

**STATE OF LOUISIANA  
PARISH OF EAST BATON ROUGE**

This contract of Lease (“Lease”) is made and entered into effective 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");

**THE STATE OF LOUISIANA (“State”), THROUGH THE DIVISION OF ADMINISTRATION (“DOA”)**, 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, and

**SOUTHWEST LOUISIANA HOSPITAL ASSOCIATION** d/b/a Lake Charles Memorial Hospital, a Louisiana nonprofit corporation, represented by Larry M. Graham, its President, duly authorized by virtue of a resolution adopted \_\_\_\_\_, a copy of which is attached hereto, with a mailing address of 1701 Oak Park Boulevard, Lake Charles, Louisiana 70601, (Federal I.D. No. XX-XXX\_\_\_\_\_) (hereinafter referred to as “SOUTHWEST” or "Lessee"),

provides as follows:

**WITNESSETH**

**WHEREAS**, Lessee owns and operates a major hospital committed to improving access to healthcare in its service area; and,

**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; and,



**WHEREAS**, Lessee and LSU support building a new model for the relationship between a major hospital and a school of medicine and its teaching and/or health care programs, and that this new model will provide physicians and patients with a new environment of care that optimizes the use of all resources; and,

**WHEREAS**, LSU, Lessee, the Louisiana Department of Health and Hospitals and Division of Administration are parties to a Cooperative Endeavor Agreement dated \_\_\_\_\_, 2013, (the "CEA") through which LSU, Lessee, the Louisiana Department of Health and Hospitals and DOA will collaborate; and,

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

**WHEREAS**, LSU and Lessee through their collaboration, desire to provide medical services at Lake Charles Memorial Hospital and in outpatient clinics operated by Lessee; and,

**WHEREAS**, LSU is the owner of certain immovable property with all buildings and improvements thereon, and the equipment located therein (herein "Equipment") which Equipment is reflected on Exhibit "A" hereof, which buildings, improvements, and equipment are located at \_\_\_\_\_, Lake Charles, Louisiana \_\_\_\_\_ (the "Leased Premises"), the legal description of which is attached hereto as Exhibit "B"; and,

**WHEREAS**, the Leased Premises consists of approximately \_\_\_\_\_ square feet of space, which will be leased by Lessor to Lessee for the purpose of operating outpatient clinics, diagnostic centers, and other Permitted Uses (defined below); and,

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

**NOW, THEREFORE**, in consideration of Lessor's obligation to lease the Leased Premises and 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 and the CEA, the parties do enter into this Lease, on the following terms and conditions:

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

For the consideration and upon the terms and conditions hereinafter expressed, Lessor leases the Leased Premises and Equipment unto Lessee, here present and accepting the same, commencing on the Commencement Date (as defined below), for an initial term of ten (10) years (the "Initial Term", and together with any Renewal Terms, the "Term"), unless otherwise terminated sooner in accordance with the terms and conditions set forth herein and in the CEA. Unless Lessee provides a written notice of non-renewal to Lessor at least ninety (90) 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 the purposes of this Lease, the "Commencement Date" shall mean the 24th day of June, 2013 at 12:00:00 a.m., unless mutually extended by the parties by written consent, which consent shall not be unreasonably withheld.

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

Section 2.1 Quarterly Rent. During the Term, the annual consideration for this Lease is the payment by Lessee to Lessor of a sum equal to \$ \_\_\_\_\_, payable in four (4) equal quarterly installments (the "Quarterly Rent") of \$ \_\_\_\_\_ each, with the first installment being due and payable on the Commencement Date, and the remaining installments being due and payable, respectively on the 1<sup>st</sup> day of each calendar quarter thereafter (so that Quarterly Rent payments will be due no later than each January 1, April 1, July 1 and October 1 during the Term). In the event the Commencement Date should be a date other than the first day of a calendar quarter, the first Quarterly 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 quarter, the last Quarterly Rent payment shall be prorated from the first day of that final quarter of the Term to the last day of the Term.

Section 2.2 Advance Rent. No later than twenty (20) days following execution of this Lease, Lessee shall pre-pay to Lessor a portion of the Rent as follows: Quarterly Rent in the

total amount of \$ \_\_\_\_\_ shall be prepaid by Lessee, which payment represents the full value of the Quarterly Rent payments for one (1) year of the Term. The prepayment shall be considered a payment of the entire Quarterly Rent due during the tenth (10<sup>th</sup>) year of the Initial Term. Should this Lease terminate due to the default of Lessor, DOA or DHH, or due to a Terminating Event under and as defined in the CEA occurring because of the fault or failure of LSU, DOA or DHH, to the extent allowed by Law, and in addition to any other amounts that may be due to Lessee in consideration of 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 Lessor will refund to Lessee all prepaid Rent (with appropriate pro-ration if the Lease is terminated during the last year of the Term), but only to the extent such refund is funded by the State in accordance with Section 15.12 hereof; provided, however any obligation of the State to fund, and the Division and Lessor to refund, prepaid Rent shall be reduced on a dollar-for-dollar basis to the extent any State, Division and/or Lessor funds are expended to improve the Leased Premises subsequent to the Commencement Date of this Lease because of a failure by Lessee to satisfy its obligations hereunder.

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

**Section 2.4** Rent Payments. All Rent is payable by Lessee to Lessor at the following address, until notified differently in writing by Lessor: P. O. Box 91308, Baton Rouge, Louisiana 70821.

**Section 2.5** Adjustments to Quarterly Rent.

(a) The parties agree that as of the end of the fifth (5<sup>th</sup>) year of the Term and as of the end of every five (5) year period thereafter (each an "Adjustment Date"), the Quarterly Rent may be reviewed and adjusted to the then current fair market value for the rental of the Leased Premises and Equipment and other related values and benefits (the "Fair Market Rental Value"). Any calculation of Fair Market Rental Value for the Quarterly Rent shall assume that the terms and conditions of this Lease, other than the amount of the Quarterly Rent, will continue to apply. Lessor and Lessee shall make good faith efforts to agree as to any adjustment of the Quarterly Rent to account for a change in value. In the event Lessor and Lessee cannot so agree in writing as set forth above no later than four (4) months prior to an Adjustment Date, either Lessor or Lessee may initiate the following procedure to have the Quarterly Rent for the subsequent five (5) year period determined by independent appraisal:

(i) Either Lessor or Lessee may initiate the appraisal process by providing a written notice that it is invoking the procedure described in this Section 17.7(a).

(ii) Within twenty (20) days after the date of the written notice by one party to the other that it intends to revalue the Quarterly Rent, Lessor and Lessee shall each appoint an appraiser having at least ten (10) years' experience appraising commercial real estate in the Lafayette area and who is a member of the Appraisal Institute (hereinafter, a "Qualified Appraiser"). Each Qualified Appraiser shall make an estimate of the Fair Market Rental Value for the Leased Premises 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 its Qualified Appraiser and delivers its Qualified Appraiser's report within sixty (60) days of the appointment of its Qualified Appraiser, then the Fair Market Rental Value shall be the value determined by that Qualified Appraiser. If neither party appoints a Qualified Appraiser or neither party delivers its Qualified Appraiser's report within sixty (60) days after the appointment of its Qualified Appraiser, then Lessee shall pay the Rent 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, the Rent 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, 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 Rent 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 Lessor and Lessee, and the Rent for any partial quarter 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 Lessor and Lessee.

Section 2.6 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 shall be paid to 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 Lessee that as between Lessee and Lessor, 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 and Equipment, including without limitation all costs and expenses described in Article VI hereof. Under no circumstances will Lessor be required to make any payment on Lessee's behalf or for Lessee's benefit under this Lease, or assume any monetary obligation of Lessee or with respect to the Leased Premises and Equipment under this Lease.

### **ARTICLE III. USE**

Section 3.1 Permitted Uses. The Leased Premises and Equipment shall be used and occupied by 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 (including, without limitation, surgical, research and laboratory facilities) together with any uses that are accessory to any of the foregoing ("Permitted Uses"), and for no other purposes without the prior written consent of Lessor. Notwithstanding the fact that hospital use or uses as described above are a "Permitted Use" hereunder, Lessor and Lessee acknowledge and agree that, as of the date hereof, Lessee does not plan to operate the Leased Premises as a hospital or to have active inpatient beds at the Leased Premises.

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 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 written notice to Lessor, but without the consent of Lessor, assign its interest as Lessee under this Lease 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 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 without release of Lessee, all in form and substance approved in writing by Lessor.

Section 4.2 No Subletting. Lessee, without the prior written consent of the President of the LSU System or his designee (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 and/or Equipment; provided, Lessee may, with prior written notice to 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 and/or Equipment (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 Lessee, or to any nonprofit entity that is a successor

by merger to the Lessee or that acquires Lessee or all or substantially all of the assets of Lessee; (2) retail subtenants such as restaurants, drug stores, flower shops, newsstands, brace shops, and other subtenants which support the operations of the Leased Premises for the Permitted Uses, and which would be routinely housed in similar settings; (3) a third party with which (i) Lessee and (ii) Lessor have an affiliation agreement relating to the healthcare, academic or research activities conducted in the Leased Premises; and (4) any entity or entities for Permitted Uses so long as such sublease or grant does not affect more than \_\_\_% of the square footage of the Leased Premises, 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 Lease and the use of the Leased Premises and/or Equipment 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 above 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 of this Lease; and (b) further the mission of the Public Purpose as set forth in the CEA. Any subleases not meeting the foregoing criteria shall be submitted to the Lessor Representative for its 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 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, notwithstanding anything contained in the Lease to the contrary, 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 if this Lease is terminated for any reason, the sublease, at Lessor's sole option, shall (i) continue in full force and effect with LSU being automatically substituted for Lessee as the Lessor under such sublease, with no liability for LSU for any obligations of Lessee (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 sub-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 and/or 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 or subletting, which agreement may be withheld in Lessor's sole discretion.

**ARTICLE V.**  
**IMPROVEMENTS AND ALTERATIONS BY LESSEE**

Section 5.1 Lessee's Improvements and Alterations.

(a) Lessee shall not make any Major Alteration (defined herein) to the Leased Premises without the prior written approval of Lessor, which approval can be given by the Lessor Representative or by the Director of Facility Planning in the LSU President's Office and DOA, which approval shall not be unreasonably withheld or delayed. In connection with any

requested Major Alteration, Lessee shall submit to Lessor and DOA an explanation of the work proposed to be carried out, in a level of detail required by Lessor and DOA in their 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 Lessor nor DOA has notified Lessee of Lessor's and DOA'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 DOA of such information as is necessary to describe the Major Alteration in reasonable detail, Lessor and DOA 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 (v) 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 Lessee, at no cost or expense to Lessor or the DOA. 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 Lessor and/or DOA of any Major Alterations shall not constitute any warranty by Lessor or DOA to Lessee of the adequacy of the design for Lessee's intended use of the Leased Premises. All work performed for or by 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 Lessee, at Lessee's expense. All work shall be performed for or by Lessee in a good and workmanlike manner, and Lessee shall prosecute the same to completion with reasonable diligence. Lessee shall complete all Improvements so as not to create any liens or encumbrances against the Leased Premises or Lessee's leasehold interest or any of Lessor's property, and Lessee shall furnish: (i) a clear lien certificate for any Major Improvements to the Leased Premises; or (ii) any other evidence thereof with respect to any Improvements to the Leased Premises which are not Major Improvements.

(c) Before the commencement of any work in excess of One Million Dollars (\$1,000,000.00) for construction of Improvements, Lessee shall supply Lessor with appropriate Performance and Payment Bonds. These bonds are at Lessee's expense and shall be issued in a form satisfactory to 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 Lessor and DOA.

(d) The rights, responsibilities and obligations of the DOA 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 DOA 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 Lessee, LSU and DOA shall pay to Lessee 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 Lessor and DOA in accordance with this Section 5.1, and to the extent required in accordance with Section 5.1(b) above, computed on a GAAP basis, but only to the extent such payment is funded by the State in accordance with Section ~~15.12~~16.12 hereof; 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 State, Division or Lessor funds are expended to improve the Leased Premises subsequent to the Commencement Date of this Lease, because of a failure by Lessee to satisfy its obligations hereunder.

Section 5.2 Cost of Lessee's Improvements. Lessee shall be solely responsible for the costs of all Improvements to the Leased Premises undertaken by Lessee pursuant to Section 5.1. Following completion of the Improvements, Lessee shall provide to Lessor a lien waiver from 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 Lessee shall become and remain the property of Lessor at the termination of the Lease without any cost to Lessor. Notwithstanding the foregoing, if Lessee performs a Major Alteration without obtaining Lessor's and DOA'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 Lessee require that 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 Lessee 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 Lessee does not commence such removal and restoration within sixty (60) days and perform the removal and restoration diligently to completion, Lessee shall promptly reimburse, as Additional Rent, the

Lessor for any expense that Lessor incurs in performing such removal and restoration. Lessee shall pay the cost for any additional personal property, fixtures, equipment, furniture and other unattached items of personal property which 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 Lessee and may be removed by Lessee at any time or times prior to the expiration of the Term; provided, however, that Lessee shall repair any damage to the Leased Premises and/or Equipment caused by such removal. Lessee's Personal Property shall not include the Equipment leased by Lessor to Lessee pursuant to this Lease.

#### **ARTICLE VI.**

#### **OPERATION, MAINTENANCE, REPAIR, SECURITY AND OTHER SERVICES**

Section 6.1 Operation. Lessee shall be responsible to procure and maintain all utilities, services and equipment necessary or required for its use of the Leased Premises and Equipment.

Section 6.2 Use. Lessee shall procure and maintain all licenses, permits and accreditation (if any) required for its use of the Leased Premises and Equipment.

Section 6.3 Maintenance and Repair

(a) 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 or better 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 Lessee, Lessor or some other party, and regardless of by whom such items were placed in the Leased Premises; provided, however, Lessor or DOA shall provide any maintenance and improvements to the Leased Premises funding for which has been included in a line of credit granted by the State Bond Commission prior to the effective date of this Lease. 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 Lessee fails to commence such maintenance, repairs, restoration, or replacements, within 60 days of receipt of 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), Lessor may (but shall not be obligated to) make or cause to be made such repairs, restoration, and replacements, at the expense of Lessee, and shall be entitled to collect the same from Lessee as Additional Rental due hereunder within 30 days of written demand by the Lessor. Notwithstanding the foregoing, Lessor and Lessee acknowledge and agree that Lessee does not presently intend to operate the Leased Premises as a hospital and, as such, while Lessee shall generally maintain the Leased Premises as provided above and shall not permit the same to go to waste, Lessee shall not be required to return the Leased Premises to Lessor in condition as an operating hospital facility.

(b) 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. 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.

(c) It is understood and agreed that 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 and Equipment during the Term. 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 and Equipment, or maintain the Leased Premises and Equipment in any respect whatsoever, whether at the expense of Lessor, Lessee, or otherwise.

(d) 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, all as required for the Leased Premises' actual use from time to time (acknowledging,

however, that Lessee does not presently intend to operate a hospital from the Leased Premises and, as such, shall not be required to comply with codes applicable to hospitals specifically unless Lessee is operating the Leased Premises as a hospital at any time during the Term).

(e) 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 Lessor approvals that may be required by this Lease), including the furnishing of required sanitary facilities and fire protection facilities, and 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 must be obtained prior to the commencement of any work in accordance with Section 5.1 hereof. 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 Lessor, 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.

(f) Lessee accepts the Leased Premises and Equipment in their "as is" condition, that being the condition or state in which the Leased Premises and/or Equipment exist at the effective date of this Lease, without representation or warranty, express or implied, in fact or in Law, oral or written, by Lessor, except as set forth in (h) herein below. Lessor agrees to preserve all available warranties of workmanship, if any exist, related to the Leased Premises and agrees to exercise its rights with respect to all such warranties, if any, which then exist, with reasonable diligence following receipt of written request from Lessee.



(g) Lessee further agrees to do at no expense to Lessor, painting of the exterior and interior as applicable and as necessary to maintain the Leased Premises in a neat, clean, safe, sanitary and habitable condition.

(h) 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. Lessee shall be responsible for all routine preventive maintenance and repairs on all such operational equipment, including but not limited to, the HVAC systems, provided, that any such routine preventive maintenance and repairs shall be performed in accordance with manufacturer recommended schedules and be performed by an authorized maintenance/repair contractor. 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 the Department of Health and Hospitals.

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

Section 6.4 Security and Other Services. Lessee shall provide or cause to be provided all utilities, 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. Lessee acknowledges that Lessor has made no representation or warranty with respect to systems and/or procedures for the security of the Leased Premises; any persons occupying, using or entering the Leased Premises; or any equipment, finishing, or contents of the Leased Premises. It is the sole responsibility of 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.**  
**USE, MAINTENANCE AND REPAIRS OF EQUIPMENT**

Section 7.1 Permitted Use. Subject to the terms and provisions hereof, Lessee may use the Equipment solely for a 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.

Section 7.2 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.

Section 7.3 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 Lessor the replacement cost of said lost/stolen Equipment.

Section 7.4 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 and not subject to any deductible, Lessee may pay the insurance proceeds stemming from the damage 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 this Article VII.

Section 7.5 Relocation of Equipment. Lessee shall be solely responsible for any costs or expenses of any kind incurred relocating Equipment (except for the cost of relocating Equipment returned to Lessor pursuant to Section 7.8 below).

Section 7.6 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:

(i) 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;

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

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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;

(vii) 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;

(viii) 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.

**Section 7.7 Coordination Between Lessee and LSU.** 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.

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, at no additional cost to Lessee, when requested and when available, and Lessee shall pay/reimburse Lessor for its costs and expenses related thereto, including Lessor's employees' time and expenses as Additional Rent, not to exceed \$125,000.00 per year.

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, P. O. Box 91308, Baton Rouge, Louisiana, 70821, or at such other location as designated from time to time by Lessor.

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.

**Section 7.8 Alienation of Equipment.** Lessee has no right to and 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 purportedly sold / alienated / conveyed / transferred without LSU's advance written approval, such shall be null and void and without legal effect. In the event that Lessee needs to return a piece of equipment to LSU for any reason, Lessee shall provide written notice of same to LSU at the LSU Health Care Services Division, P. O. Box 91308, Baton Rouge, Louisiana, 70821, 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. Lessee may store the Equipment off-site pending its retrieval by LSU, 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,

specifically including but limited to Lessee removing any and all hazardous substances from the Equipment and disposing of same in accordance with law, and Lessee shall be responsible for all costs incurred in connection therewith. 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 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 on Rent with respect thereto. LSU shall give reasonable prior notice to Lessee when it intends to take physical possession of the Equipment. Lessee shall also be responsible to purge any computer or medical equipment of any and all Personal Health Information (PHI) prior to pick up by Lessor or its designee.

Section 7.9 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.

Section 7.10 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 VIII. UTILITIES**

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 and Equipment 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 and Equipment ("Utility Service"), and all Utility Service shall be obtained in or transferred to Lessee's name as of the Commencement Date through the end of the Term. Such payments shall be made by Lessee directly to the respective utility companies furnishing such Utility Services under such contract or contracts therefor as Lessee may make. Lessor shall have no responsibility to Lessee for the quality or availability of Utility Service to the Leased Premises and Equipment, or for the cost to procure Utility Service. Lessor shall not be in default under this Lease or be liable to 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. 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 and Equipment. Conduits of sufficient size to meet future or additional installation requirements of Lessee will be provided by Lessee.

**ARTICLE IX.**  
**INSURANCE**

Section 9.1 Lessee Responsibility for Insurance Coverage. Lessee shall secure and maintain or cause to be secured and maintained at its sole cost and expense:

(i) Special form (formerly known as “all risk”) property insurance, including loss or damage caused by fire, lighting, 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 \_\_\_\_\_, which the parties agree is an agreed upon amount of coverage sufficient to rebuild the Leased Premises for Lessee's present intended uses (as opposed to rebuilding the entire facility for its prior hospital uses), without deduction for depreciation.

(ii) A policy of commercial general liability insurance with respect to the Leased Premises and Equipment and 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 caused by, attributed to, or incurred in connection in any manner with the lease, use, operation, management, maintenance, replacement or repair of the Leased Premises and/or the Equipment of not less than \$5,000,000 combined single limit per occurrence. Such limit may be met by means of combining a primary and an umbrella policy. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability and water damage legal liability.

(iii) 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. Such limit may be met by means of

combining a primary and an umbrella policy.

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

(v) 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 Lessor.

(vi) 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 Lessee in connection with its use of the Leased Premises and Equipment.

(vii) 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 and Equipment in an amount not less than \$1,000,000; provided, however, the coverage will be increased to limits reasonably acceptable to Lessor and Lessee if Louisiana law limiting the amount of such Claims is repealed or amended to raise the limits on such Claims. Such limit may be met by means of combining a primary and an umbrella policy.

(viii) If requested by Lessee, and provided that DOA's Office of Risk Management ("ORM") is willing to provide coverage, then Lessor and DOA shall cause ORM to provide coverage for the Leased Premises against such insurable perils as, under good insurance practice, from time to time are insured for properties of similar character and location, and Lessee shall reimburse Lessor for the cost of such coverage within fifteen (15) days of Lessee's receipt of ORM's invoice to Lessor therefore. In addition to the cost of ORM's invoice, Lessee shall pay to LSU a \_\_\_% administrative fee computed on the ORM premium amount in order to reimburse Lessor for its administrative cost. Both the reimbursement of the ORM premium and the \_\_\_% administrative fee shall be paid directly to Lessor separate from any lease payments, and may be placed by Lessor in a restricted account to fund the costs administered during the insurance program. Such coverage shall not include coverage for the equipment, and Lessee shall separately insure the equipment in accordance with the provisions of the Lease. Lessee shall be responsible for administering the current ORM required facility safety program. Lessee shall be responsible for the development of the ORM required safety program in consultation with Lessor and ORM for the Leased Premises. Furthermore, Lessee shall comply with all ORM requirements and regulations required for Lessor to obtain and maintain ORM coverage from ORM on the Leased Premises. Lessee shall be responsible for payment of any deductible equal to \$1,000 plus a percentage of the State's Self Insurance Retention attributable to the facility at risk, said percentage to be determined by ORM. As long as ORM is providing coverage under this subsection 9.1(viii), Lessee is not required to insure the building and improvements under Section 9.1(i).

## Section 9.2 Additional Requirements.

- (a) All insurance required in this Section 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 IX by Best's Insurance Reports or as approved by Lessor (such approval not to be unreasonably withheld or delayed). All insurance policies provided by Lessee shall expressly provide that the policies shall not be canceled or materially altered without 30 days' prior written notice to Lessor (10 days' in case of non-payment of premium). Lessee may satisfy its obligation under this Section by appropriate endorsements of its blanket or excess insurance policies.

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

(c) Lessor reserves the right to reasonably request copies of original policies (together with copies of the endorsements naming Lessor, and any others reasonably specified by Lessor, as additional insureds). Certificates of insurance and the declaration page for each policy shall be delivered to Lessor upon occupancy of the Leased Premises and, if requested by Lessor, from time to time at least 30 days prior to the expiration of the term of each policy. All insurance required hereby shall provide that any failure of 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 Lessee pursuant to this Lease shall be written as primary policies, not contributing with and not in excess of coverage that 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 Lessor. Lessee shall be responsible for paying all deductibles and self-insured retentions.

Section 9.3 Condemnation, Casualty and Other Damage. The risk of loss or decrease in the enjoyment and beneficial use of the Leased Premises and 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 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 below. Notwithstanding anything else in this Lease to the contrary, Lessor is not obligated to restore, replace or repair any damage to the Leased Premises and/or Equipment or to Lessee's fixtures, furniture, equipment or other personal property or make any alterations, additions, or improvements to the Leased Premises and Equipment caused as a result of a Casualty.

Section 9.4 Restoration Obligations. If all or any portion of the Leased Premises or Equipment is damaged or destroyed by a Casualty, Lessee shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof, at Lessee's sole cost and expense. 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 Lessee shall obtain approval of the Lessor prior to demolishing any building that existed on the Leased Premises when the Lease commenced. Lessor shall not unreasonably withhold its consent to the demolition. Notwithstanding the foregoing, 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/or Equipment that has a material, adverse impact on Lessee's ability to operate the Leased Premises for the Permitted Use, Lessee may elect to terminate this Lease by providing written notice of such termination to Lessor no later than ninety (90) days following such Casualty, in which event Lessee shall have no obligation to restore or demolish the Leased Premises and Equipment, but Lessor shall be entitled to receipt of the proceeds of 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, Lessee shall continue to provide, or cause to be provided, substantially similar services as Lessee had provided in the Leased Premises in accordance with the specific requirements set forth in the CEA.

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

In repairing, restoring, or replacing the Leased Premises hereunder, the parties agree that Lessee shall only be required to repair, restore, or replace the Leased Premises for its then-current use thereof, and not necessarily to repair, restore, or replace the previously-existing improvements in compliance for use as a hospital.

Section 9.5 Compensation Award. If the entire Leased Premises shall be taken by Expropriation, this Lease shall terminate as of the date of such taking, in which event, Lessor shall retain all compensation awarded or paid upon any such taking of the Leased Premises. If any part of the Leased Premises shall be taken by Expropriation, rendering the remaining portion unsuitable for the business of Lessee, Lessee shall have the option to terminate the Lease. If the Lease is not terminated as provided in this Section 9.5, 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 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 Lessor without any participation by Lessee, except that Lessee shall have the right to receive and shall be paid a portion of the award to the extent of the unamortized cost of Lessee's leasehold improvements. 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 Lessee, Lessee shall have the right to enter a separate claim against the condemning authority, in which event Lessee shall not participate in Lessor's award.

**ARTICLE X.**  
**HAZARDOUS MATERIALS**

Section 10.1 Hazardous Materials.

(a) Subsequent to the effective date of this Lease, 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 effective date hereof, or disposed of in or

about the Leased Premises by Lessee or its officers, directors, employees, agents, invitees or sub-lessees, other than those Hazardous Materials usually and customarily used for the Permitted Use, as long as such materials are lawfully stored and used by 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 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 effective date of this Lease.

(b) In the event that Lessee causes any violation of applicable Law with regard to Hazardous Materials at the Leased Premises, Lessor shall have the right to reasonably require that Lessee engage, at 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 effective date hereof. 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) Lessee shall promptly notify Lessor in writing, if 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. Lessee shall promptly notify 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. Lessee shall promptly deliver to Lessor copies of all notices, reports, correspondence and submissions made by 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), the Louisiana Department of Health and Hospitals (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) Lessee agrees to indemnify, defend (with counsel reasonably acceptable to Lessor at Lessee's sole cost) and hold Lessor, its 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, Lessee shall not indemnify for consequential damages on claims brought by Lessor, or Lessor's employees), disbursements or expenses of any kind (including reasonable attorneys' and experts' fees and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by or asserted or awarded against Lessor or any of them in connection with or arising from or out of Lessee's violation of any of its obligations set forth in Section [9.10.1](#).

(e) Lessee agrees to indemnify, defend (with counsel reasonably acceptable

to DOA at Lessee's sole cost) and hold DOA and their 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, Lessee shall not indemnify for consequential damages on claims brought by DOA or DOA's employees), disbursements or expenses of any kind (including reasonable attorneys' and experts' fees and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by or asserted or awarded against DOA or any of them in connection with or arising from or out of Lessee's violation of any of its obligations set forth in Section 10.1.

(f) Nothing herein shall require Lessee to indemnify, defend and hold harmless the Lessor, its employees, contractors or agents for any environmental liability arising from any Hazardous Materials which were present on the Leased Premises prior to the execution of this Lease.

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

## **ARTICLE XI. INDEMNIFICATION**

Section 11.1 Lessee's Indemnification to Lessor. Lessee shall indemnify, defend and hold harmless 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 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 Lessee's use of, and/or activities on, the Leased Premises and Equipment by Lessee, its officers, agents, employees, invitees, permittees, contractors, or subcontractors. Lessee shall further indemnify, defend and hold harmless the Lessor 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 Lessee, 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 Lease.

Notwithstanding any provision to the contrary contained in this Lease, Lessor acknowledges that the Lessee's obligation to indemnify and hold any Lessor Indemnitees harmless under this Article 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.

Section 11.2 Lessee's Indemnification to DOA. Lessee shall indemnify, defend and hold harmless DOA and its officers and 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 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 Lessee's use of, and/or activities on, the Leased Premises and Equipment by Lessee, its officers, agents, employees, invitees, permittees, contractors, or subcontractors. Lessee 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 Lessee, 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 Lease.

Notwithstanding any provision to the contrary contained in this Lease, DOA acknowledges that the Lessee's obligation to indemnify and hold any DOA Indemnitees harmless under this Article shall not extend to any loss, damages or other claims to the extent arising out of the negligence or willful misconduct of any DOA Indemnitees.

Section 11.3 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 Lessee's permitted 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) resulting from any injury, loss or damage to persons or property arising out of the negligence or willful misconduct of Lessor, its board members, officers or employees.

Section 11.4 DOA's Indemnification. To the extent authorized by Law, DOA will indemnify, defend and hold harmless Lessee and its officers, agents and employees, together with any of Lessee's permitted 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) resulting from any injury, loss or damage to persons or property arising out of the negligence or willful misconduct of DOA, officers or employees.

## **ARTICLE XII.**

### **TAXES, FEES AND LICENSES**

Section 12.1 Payment of Taxes. 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, Lessee's Improvements, the Equipment or the business conducted by Lessee on the Leased Premises.

Section 12.2 Licenses. Lessee shall maintain in effect all federal, state and local licenses and permits required for the operation of the business conducted by Lessee on the Leased Premises.

**ARTICLE XIII.**  
**DEFAULT BY LESSEE**

Section 13.1 Default. Each of the following shall be an Event of Default by Lessee (herein "Lessee Event of Default") under the terms of this Lease:

(a) Failure by Lessee to pay Rent to 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 Lessor shall provide written notice and a five (5) business day right to cure for failure to pay rent, but Lessee shall only be entitled to one (1) late payment notice per year under this Section 13.1Section 13.1(a), and provided further that a Lessee Event of Default shall automatically occur if Lessee fails to pay Quarterly Rent to 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 Lessee under this Lease.

(b) Failure to obtain and maintain all insurance as required under this Lease and/or to furnish to 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 Lessee of such violation.

(c) A court Order for relief in any involuntary case commenced against Lessee, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, and said Order is not vacated within 120 days, or the entry of a decree or order by a court having jurisdiction appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of, or for Lessee or a substantial part of the properties of Lessee or order winding

up or liquidation of the affairs of Lessee, and the continuance of any such decree or order unstayed and in effect for 120 consecutive days.

(d) Commencement by 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 Lessee of such Lease violation or such longer period of time as may reasonably be required for Lessee to cure the violation, provided that 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, 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, Lessee also is given, in writing, notice specifying Lessee's failure and Lessee fails to correct the alleged failure within thirty (30) days following receipt of such additional notice specifying the failure.

#### **ARTICLE XIV. DEFAULT BY LESSOR**

Section 14.1 **Default.** A default by Lessor (herein "Lessor Event of Default") will occur under this Lease if 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 Lessor's receipt of written notice from Lessee of this failure; however, no Lessor Event of Default will occur if 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 XV. 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:

**Lessee:** Southwest Louisiana Hospital Association  
1701 Oak Park Boulevard  
Lake Charles, Louisiana 70601  
Attn: President

**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.

**Lessor:** 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: LSU Health Care Partner  
451 Florida St., 8<sup>th</sup> Floor  
Baton Rouge, Louisiana 70801

**State:** Commissioner of Administration  
Division of Administration  
State of Louisiana  
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

Any such notice or communication shall be deemed to have been given either at the time of delivery, or on the business day on which delivery is refused.

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.

**ARTICLE XVI.**  
**MISCELLANEOUS**

Section 16.1 Lessor's Right to Enter Property. Lessor, directly and/or through its agents, reserves the right to enter the Leased Premises at any time to inspect the property and Equipment, as long as Lessor's inspection does not unreasonably interfere with the operation of the proper function of the Lessee's business. Lessor shall attempt to provide Lessee with reasonable advance notice of its intent to inspect the Leased Premises and Equipment, unless notice is impossible or impractical. Lessee shall have the right to have a representative accompany Lessor during such entry and inspection. Lessee shall not deny Lessor access to the Leased Premises or Equipment.

Section 16.2 Relationship of Parties. Nothing contained herein 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 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.

Section 16.3 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.

Section 16.4 Lessor's Consent. In any instance in which a party's consent or approval is required under this Lease, then, unless specifically stated otherwise in such provision, such party agrees not to unreasonably withhold, delay or condition such consent or approval.

Section 16.5 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.

Section 16.6 Recordation of Lease. It shall be the responsibility of Lessee to prepare an extract of the Lease, which each party agrees to execute to record in the Office of the Parish Recorder of the Parish of Calcasieu. The form of the Extract of Lease agreement shall require the approval of Lessor. Lessee shall provide Lessor with a certified copy of the recorded Extract of Lease. Recordation of the Extract of Lease shall be at Lessee's expense.

Section 16.7 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.

Section 16.8 Counterparts. This Lease may be executed in duplicate counterparts, each of which shall be deemed an original, but all of which together will constitute only one agreement.

Section 16.9 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.

Section 16.10 Choice of Law. This Lease shall be construed under and in accordance with the Laws of the State of Louisiana, and, in the event of a court proceeding, any such proceeding shall be filed in the Louisiana Nineteenth Judicial District Court.

Section 16.11 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 Lessor by the then President of the LSU System or by his designee, and on behalf of Lessee by any duly authorized representative of Lessee.

Section 16.12 Appropriation of Funds. Notwithstanding anything to the contrary contained in this Lease, all State, DOA and Lessor obligations under this Lease 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 DOA and/or Lessor pursuant to Section 17.2 of this Lease 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 Lessee (the "Lessee Appropriation"), and any such obligation by any obligor is limited only to the portion of said Lessee Appropriation which said obligor receives. In the event that Lessee is due a refund of prepaid Rent pursuant to the provisions of Section 17.2 and this Section 16.12, the State, the DOA and Lessor agree to make good faith best efforts to seek specific appropriation for such refund by the Louisiana Legislature, and the DOA and/or Lessor

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 Lease.

**Section 16.13** 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.

**Section 16.14** Earlier Termination. Notwithstanding the "Term" set forth in this Lease, this Lease will terminate upon the termination of the CEA and Lessee will immediately vacate the Leased Premises, but in coordination with LSU.

## **ARTICLE XVII. LIMITED ASSUMPTION OF LIABILITIES**

It is expressly understood and agreed that Lessee will not assume nor be liable for any liability, obligation, claim against or contract of Lessor 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 Lessor to the extent such liability, obligation or claim arises out of or relates to the operation of the hospital facility, Leased Premises or the Equipment located thereon (the "Hospital") prior to the Commencement Date of this Lease. To the extent allowed by Law, Lessor agrees to satisfy and hold Lessee harmless from and against any and all liabilities arising from or relating to the Hospital prior to the Commencement Date of this Lease, including, but not limited to, any and all Medicare and/or Medicaid liabilities.

**[The Remainder of this Page is Intentionally Left Blank;  
Signatures are on the Following Page.]**



[Signature Page for Lake Charles Hospital Site Lease]

Lease by and among Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the Division of Administration, the State of Louisiana and Southwest Louisiana Hospital Association, is executed in duplicate original counterparts.

**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:

**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

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

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

[Signature Page for Lake Charles Hospital Site Lease]

Lease by and among Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the Division of Administration, the State of Louisiana and Southwest Louisiana Hospital Association, is executed in duplicate original counterparts.

WITNESSES:

**STATE OF LOUISIANA, through DIVISION OF ADMINISTRATION**

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

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

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

Kristy Nichols  
Commissioner of Administration

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

[Signature Page for Lake Charles Hospital Site Lease]

Lease by and among Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the Division of Administration, the State of Louisiana and Southwest Louisiana Hospital Association, is executed in duplicate original counterparts.

WITNESSES:

**SOUTHWEST LOUISIANA HOSPITAL  
ASSOCIATION d/b/a LAKE CHARLES  
MEMORIAL HOSPITAL**

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

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

Larry M. Graham

President

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

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

a.  
EQUIPMENT

b.

**LEASED PREMISES**

**Lake Charles Clinic**

c.  
SERVICE STANDARDS, BUILDING

<b>Element</b>	<b>Standard</b>
<b>General</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Building Fabric External</b> <ul style="list-style-type: none"> <li>• External walls</li> <li>• Roof</li> <li>• Fire escapes</li> <li>• Walkways</li> <li>• Safety barriers</li> <li>• Balconies</li> <li>• Eaves</li> <li>• Rendering</li> <li>• Chimneys/flues</li> <li>• Vents</li> </ul>	<ul style="list-style-type: none"> <li>• Sound secure and weatherproof where appropriate.</li> <li>• Free from damp penetration or spalling</li> <li>• Claddings, copings and parapets are structurally sound and secure.</li> <li>• Free from vermin and/or pests.</li> <li>• Chimney stacks/flues and vents are structurally sound and secure and free from blockages and if flues, free from soot.</li> <li>• Free from debris, moss growth and bird droppings.</li> </ul>
<b>Building Fabric Internal</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Internal walls</li> <li>• Partitions</li> <li>• Ceilings</li> <li>• Elevators, escalators, dumbwaiters</li> <li>• Pneumatic tubes</li> </ul>	<ul style="list-style-type: none"> <li>• Free from structural cracks and/or deflection</li> <li>• Free from damp and vermin</li> <li>• Free from undue damage and of reasonable appearance for location</li> <li>• Comply with the requirements set out in codes and standards</li> <li>• Free from asbestos and other hazardous materials</li> </ul>
<b>Fixtures and Fittings</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Doors (external, internal and fire)</li> <li>• Windows and stools and sills</li> <li>• Hatches</li> <li>• Vents</li> <li>• Shelving</li> <li>• Cupboards</li> <li>• Railings</li> </ul>	<ul style="list-style-type: none"> <li>• The floor coverings are complete</li> <li>• The floor covering is fully fixed to the floor so as not to cause a health and safety hazard</li> <li>• 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.</li> <li>• 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</li> </ul>

<b>Element</b>	<b>Standard</b>
<ul style="list-style-type: none"> <li>• Racking</li> <li>• Notice boards</li> <li>• Mirrors</li> <li>• Balustrades</li> <li>• Magnetic door holders</li> <li>• Floor covering's</li> </ul>	<ul style="list-style-type: none"> <li>• vehicle in use in the Facilities.</li> <li>• Allow adequate drainage where necessary.</li> <li>• Free from pests.</li> </ul>
<p><b>Decorative Finishes</b> Including but not limited to:</p> <ul style="list-style-type: none"> <li>• Paintwork</li> <li>• Fabric</li> <li>• Special finishes applied to walls, ceilings, woodwork, metalwork, pipework and other visible elements)</li> </ul>	<ul style="list-style-type: none"> <li>• Free from all but minor surface blemishes or undue wear and tear</li> <li>• Free from cracks, or any other surface degradation inconsistent with a building maintained in accordance with Good Industry Practice.</li> </ul>
<p><b>Furniture &amp; Equipment</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Will be maintained in accordance with Occupational Health and Safety requirements and standards.</li> <li>• Will be maintained in accordance with manufacturer's requirements.</li> </ul>

### **SERVICE STANDARDS, SYSTEMS**

<b>Element</b>	<b>Standard</b>
<p><b>General</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>Emergency Power Supply</b></p>	<ul style="list-style-type: none"> <li>• Standby power supply shall be operational, secure and tested in compliance with standards</li> <li>• Test using live loads and demonstrate transfer scheme.</li> <li>• Emergency lighting units shall comply with standards, be free from dust, operational and fully charged</li> <li>• Batteries shall be adequately ventilated, free from acid leakage; batteries shall be topped up and fully charged</li> </ul>
<p><b>MV &amp; LV Distribution System</b> Including but not limited to:</p> <ul style="list-style-type: none"> <li>• Distribution equipment and protective devices fuse switches</li> <li>• Isolators</li> <li>• Distribution boards</li> </ul>	<ul style="list-style-type: none"> <li>• Fuse elements or circuit breaker mechanisms in working order.</li> <li>• Contacts and connections clean and mechanically tight.</li> <li>• No overheating during normal operating loads.</li> <li>• Secure to authorized access only. Recording instruments operational where necessary</li> </ul>

Element	Standard
<ul style="list-style-type: none"> <li>• Fuses</li> <li>• MCB's, ACB, Elcb's and RCE's</li> <li>• Exposed distribution cables</li> </ul>	<ul style="list-style-type: none"> <li>• Torque all bus connections to manufacturer recommendations.</li> <li>• Provide lock out procedure</li> <li>• Regularly test all breakers and transformers</li> <li>• Regularly clean all switchgear and transformers.</li> <li>• Do injection testing at least every two years.</li> <li>• Test all alarm functions</li> <li>• Identification notices where necessary.</li> </ul>
<p><b>HV Distribution Systems</b> Including but not limited to:</p> <ul style="list-style-type: none"> <li>• Distribution equipment</li> <li>• Isolators</li> <li>• Distribution units</li> <li>• OCB's ACB's and ELCB's</li> </ul>	<ul style="list-style-type: none"> <li>• Ratings shall be clearly marked.</li> <li>• Fuse elements or circuit breaker mechanisms in working order.</li> <li>• Contacts and connections clean and mechanically tight</li> <li>• No overheating during normal operating loads</li> <li>• Secure to authorized access only.</li> <li>• Recording instruments operational where provided and necessary</li> <li>• Transformers are maintained as per manufacturer's recommendations at least every two years</li> <li>• Protective coatings are intact.</li> <li>• No signs of excessive heating</li> <li>• Provide lock out procedure.</li> <li>• Balance loads</li> <li>• Test all protective relaying including injection testing at least every two years.</li> <li>• Provide coordination study after every significant change or at a minimum every ten years.</li> <li>• Indicate fault levels.</li> <li>• Check electronic operation of all breakers and that power source is battery operated</li> <li>• Torque all bolted connections</li> <li>• Identify all current transformer and potential transformer ratios.</li> <li>• Provide ground fault relaying as needed.</li> <li>• Marker and covering notices where necessary.</li> </ul>
<p><b>Hot and Cold Water Systems</b></p>	<ul style="list-style-type: none"> <li>• Taps valves and other related fittings fixtures function as intended.</li> <li>• Pipework and fittings shall be fastened securely to their intended points of anchorage.</li> <li>• There shall be no persistent drips or leaks of water from pipework, taps, valves and/or fittings.</li> </ul>
<p><b>Heating Ventilating and Air Conditioning Systems</b> Including but not limited to:</p> <ul style="list-style-type: none"> <li>• Fume hoods</li> <li>• Humidifiers</li> <li>• Dehumidifiers</li> <li>• Heaters</li> <li>• Ductwork</li> <li>• Mixing boxes and dampers</li> <li>• Coolers</li> <li>• Inlet/outlet grills</li> <li>• Cooling towers (and other local</li> </ul>	<ul style="list-style-type: none"> <li>• All ventilation systems shall function as intended without undue noise or vibration</li> <li>• Maintain air changes and ventilation levels as required to achieve ASHRAE Standards as well as code and JCAH requirements</li> <li>• Ductwork, fittings and pipework shall be securely fastened to their intended points of anchorage.</li> <li>• There shall be no persistent or unreasonable leakages of water (or other heating/cooling medium) or from ventilation systems</li> <li>• Secure to authorized access only.</li> <li>• Free from corrosion, erosion and organic growth.</li> </ul>



Element	Standard
ventilation systems <ul style="list-style-type: none"> <li>• Pneumatic tube system</li> <li>• Fire and smoke dampers</li> </ul>	<ul style="list-style-type: none"> <li>• Pneumatic tube system operates to the Manufacturers and Health Authorities requirements.</li> </ul>
<b>Sanitary and Other Drainage Systems</b> (Including all sanitary ware and associated fittings)	<ul style="list-style-type: none"> <li>• Shall function as intended without undue noise and vibration.</li> <li>• Provide a safe and comfortable environment.</li> <li>• All pipework and fittings fastened securely to their intended points of anchorage</li> <li>• There shall be no leakage of waste and/or foul water and/or rain water.</li> </ul>
<b>Fire Fighting Equipment</b>	<ul style="list-style-type: none"> <li>• Fire Extinguishers, fire suppression and other firefighting equipment shall be maintained in accordance with relevant codes and standards</li> </ul>
<b>Medical Gases</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Communications Systems</b> Including but not limited to: <ul style="list-style-type: none"> <li>• All infrastructure cabling, including telecommunications and data cabling;</li> <li>• IT/data other than backbone during any warranty period</li> <li>• Public address system (if provided)</li> <li>• PABX</li> <li>• Nurse call system hardware (First Response Maintenance), including radio paging</li> <li>• Patient education/entertainment system; and</li> <li>• All communication and information technology equipment installed in the Facility</li> </ul>	<ul style="list-style-type: none"> <li>• The Communications systems shall be maintained in accordance with all relevant codes and standards.</li> <li>• All electrical communications and data transmission installations to comply with relevant codes and standards.</li> <li>• Shall function as intended</li> </ul>
<b>Electrical Systems</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Lighting</li> <li>• Safety</li> <li>• Alarm systems</li> </ul>	<ul style="list-style-type: none"> <li>• Weatherproof where appropriate.</li> <li>• Function as intended without undue noise or vibration; wiring, fittings, fixtures, controls and safety devices shall be properly housed and fastened securely to their intended point of anchorage and labeled.</li> <li>• Lighting conductor should be complete, isolated and comply with codes and standards</li> <li>• MICC cable protective coatings intact.</li> <li>• Light remittance at the design Lux levels</li> </ul>

## Service Standards, Horticulture

Element	Standard
<b>Tree, Shrubs &amp; Hedges</b>	<ul style="list-style-type: none"> <li>• Trimmed, pruned and/or cut to maintain healthy plant growth and so as to minimize                             <ul style="list-style-type: none"> <li>○ The risk of crime or vandalism</li> <li>○ The opportunity for storm wind damage</li> <li>○ Risk of fire</li> <li>○ The obstruction of roadways, pathways, car parks, street lighting etc.</li> </ul> </li> <li>• Are secure and safe.</li> <li>• Free from dead or dying branches</li> <li>• Free from litter.</li> <li>• Free from disease and/or aphid infestation</li> <li>• Replaced as and when necessary to maintain appearance</li> <li>• If irrigated, maintain irrigation system.</li> </ul>
<b>Grassed Areas</b>	<ul style="list-style-type: none"> <li>• Shall be uniform appearance</li> <li>• Edges shall be trimmed</li> <li>• Free from mole or vermin infestation.</li> <li>• Free from fallen leaves, weeds and litter</li> <li>• Shall be maintained to a uniform length</li> <li>• If irrigated, maintain irrigation system in working order as designed.</li> </ul>
<b>Flower Beds</b>	<ul style="list-style-type: none"> <li>• Free from fallen leaves, weeds and litter.</li> <li>• Free from disease and/or aphid infestation</li> <li>• If irrigated, maintain irrigation system in working order as designed</li> </ul>

## Service Standards, Grounds and Garden Maintenance

Element	Standard
<b>Site Circulation Routes</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Paving</li> <li>• Paths</li> <li>• Driveways</li> <li>• Roads</li> <li>• Parking Areas</li> <li>• Hard standings</li> <li>• Facility entrances</li> <li>• External staircases</li> <li>• External fire escapes if any or exterior stairs</li> </ul>	<ul style="list-style-type: none"> <li>• Sound safe and even surface with no potholes or sinking</li> <li>• Free from standing water</li> <li>• Free from fallen leaves, moss, algae or interstitial weeds.</li> <li>• Free from fallen trees.</li> <li>• Curbs and edgings are sound</li> <li>• No loose curbs or paving stones.</li> <li>• Road markings and parking striping are clear and complete.</li> <li>• Free from graffiti and/or vandalism.</li> <li>• Maintain handicapped accessible routes free and unobstructed (physically and visually impaired and wheelchair users).</li> <li>• Protection of vehicles form chemical sprays during any applications.</li> </ul>
<b>External Furniture and Structures</b> Including but not limited to: <ul style="list-style-type: none"> <li>• Street lights</li> <li>• Guard rails</li> <li>• Copings</li> <li>• Statutes or ornamental objects</li> <li>• Bollards</li> <li>• Bus stops</li> <li>• Street lights</li> </ul>	<ul style="list-style-type: none"> <li>• Sound secure safe and free from damage</li> <li>• Operating at their design performance where applicable</li> <li>• Free from moss, algae and or interstitial weeds</li> <li>• Free from graffiti and/or vandalism</li> <li>• Replacement of light elements</li> </ul>

Element	Standard
<b>Boundaries</b> Including but not limited to: <ul style="list-style-type: none"> <li>Fences/walls</li> <li>Gates</li> </ul>	<ul style="list-style-type: none"> <li>Intact safe sound and secure.</li> <li>Free from graffiti and damage.</li> <li>Locks are operational.</li> <li>Free from graffiti and/or vandalism</li> </ul>
<b>External Play/Recreational Areas</b> Including but not limited to: <ul style="list-style-type: none"> <li>Courtyards</li> <li>Patios</li> </ul>	<ul style="list-style-type: none"> <li>Safe and secure.</li> <li>Free from graffiti and/or vandalism</li> </ul>
<b>Gutters and Drains</b>	<ul style="list-style-type: none"> <li>Swept.</li> <li>Free from litter, leaves, weeds and extraneous material.</li> </ul>
<b>Facility</b>	<ul style="list-style-type: none"> <li>Free from litter, including cigarette ends and chewing gum residue.</li> <li>Garbage Bins shall be less than 75% capacity and free from malodor.</li> </ul>
<b>Signage</b>	<ul style="list-style-type: none"> <li>All hazard notices and safety signs are maintained, recorded, located and displayed correctly, and fully serviceable.</li> </ul>

Comparison Details	
Title	pdfDocs compareDocs Comparison Results
Date & Time	5/24/2013 11:04:36 AM
Comparison Time	0.93 seconds
compareDocs version	v3.4.7.15

Sources	
Original Document	[#480540] [v2] LAKE CHARLES MEMORIAL HOSPITAL/MOSS/Facility LeaseDMS Information
Modified Document	[#480540] [v3] LAKE CHARLES MEMORIAL HOSPITAL/MOSS/Facility LeaseDMS information

Comparison Statistics	
Insertions	7
Deletions	16
Changes	7
Moves	6
TOTAL CHANGES	36

Word Rendering Set Markup Options	
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<del>Deletions</del>	
<a href="#">Moves / Moves</a>	
Inserted cells	
Deleted cells	
Merged cells	
Formatting	Color only.
Changed lines	Mark left border.
Comments color	ByAuthorcolor options]
Balloons	True

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after Saving	General	Always
Report Type	Word	Formatting
Character Level	Word	False
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	True
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	True
Show Track Changes Toolbar	Word	True
Show Reviewing Pane	Word	True
Update Automatic Links at Open	Word	False
Summary Report	Word	Separate
Include Change Detail Report	Word	Separate
Document View	Word	Print
Remove Personal Information	Word	False