

Office of the Commissioner
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
GOVERNOR



JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

May 30, 2019

F. King Alexander
LSU President
Louisiana State University
3810 West Lakeshore Drive
Baton Rouge, Louisiana 70808

Re: LSU Health Sciences Center-N.O. - John J. Hainkel, Jr.
Home and Rehabilitation Center Project Lease Documents

President Alexander:

The Board of Supervisors for Louisiana State University's (the "*Board*") proposed CEA and Facility Lease and Lease of the Certificate of Need, (the "*Lease*") with the Louisiana Children's Medical Center, through its wholly owned subsidiary Autobahn Retirement Village, Inc. regarding the operation and management of the Hainkel Home were recently submitted to my office for review. The CEA and Leases appear to result in a non-public party generating or expending revenue of one million dollars or more per year from the operation, management, or control of a state resource. Accordingly, La. R.S. 39:366.5 requires that the Leases be reported to the Joint Legislative Committee on the Budget (the "*JLCB*") after, pursuant to La. R.S. 39:366.11, I have determined that the parties to the agreement are sufficiently far enough along in negotiations that the essential elements of the proposed agreement have been worked out by the parties and can be explained to JLCB.

I have made such a determination and therefore you are hereby authorized to submit the proposed Leases and accompanying documents not less than thirty (30) calendar days prior to the next regular meeting of the JLCB.

The following information should be provided with your submission:

- 1) The public purpose sought to be accomplished by the cooperative endeavor;


2) The reason a cooperative endeavor with the non-public person is the preferred means by which to accomplish the public purpose as opposed to competitively bid or competitively negotiated contract; and

3) The nature and amount of all state resources being obligated, the nature of the obligation, and the expected duration of the obligation.

It is my understanding that the Board approved the CEA and Leases on March 20, 2019. It is also my understanding that going before JLCB is contingent upon passage of HB619 which would transfer management of the Hainkel Home from the Louisiana Department of Health to the LSU Health Sciences Center at New Orleans. Please note that this letter does not constitute approval of this project, as it does not appear that such approval by me is required.

Thank you for your assistance.

Sincerely,


Jay Dardenne
Commissioner of Administration



April 1, 2019

Commissioner Jay Dardenne
1201 N. Third Street, Suite 7-210
Baton Rouge, LA 70802

Dear Commissioner Dardenne,

The LSU Health Sciences Center in New Orleans, through its six graduate health professions schools, research enterprise, faculty clinical practice, affiliated hospital partnerships and residency training programs, is an integral partner in preparing the next generation of physicians and healthcare professionals and in meeting the healthcare needs of the citizens of Louisiana. With the escalation of the state's aging population, the need for enhanced geriatric education and training programs continues to grow.

The John J. Hainkel, Jr. Home and Rehabilitation Center (the Hainkel Home), located at 612 Henry Clay Avenue in New Orleans, is a licensed long-term skilled care and rehabilitation facility providing specialized care to the elderly. It has been owned and operated by or on behalf of the Louisiana Department of Health for many years. The 142 bed home had been at risk of closure when LDH proposed to transfer the facility to the LSU Board of Supervisors for operation by or through Louisiana State University Health Sciences Center-New Orleans.

In January 2019, the LSU Board authorized the transfer of the Hainkel Home from LDH to the LSU Board. This will preserve the continuing operation of the home, and through partnering with an affiliated hospital, will also support additional geriatric clinical education and training opportunities for a number of our programs, especially students in nursing, allied health, dentistry, and medicine as well as medical residents.

The transfer is expected to be completed by late June or early next fiscal year, but will not occur until two contingencies are met. First, LDH must receive an acceptable reimbursement rate under the State Plan Amendment to be submitted by April 20, 2019 to the Federal Center for Medicare Medicaid Services. Second, LSUHSC-NO must execute a Cooperative Endeavor Agreement, including a facility lease and lease of the Certificate of Need, with an affiliated hospital partner to operate and manage the Hainkel Home. The Louisiana Children's Medical Center, through its wholly owned subsidiary Autobahn Retirement Village, Inc., has agreed in principle to acquire the license to operate and manage the home.

At its March 20 meeting, the LSU Board authorized the LSU President to enter into a CEA and to execute related lease documents, in accordance with Article VII, Section 14(c) of the State Constitution, with LCMC/ARV to manage and operate the home.

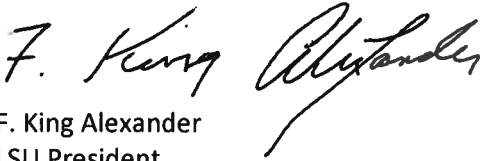
Since the CEA is between a government entity and a non-government entity and will likely generate over \$1M in revenue annually for LCMC/ARV, you may want to consider whether this should be submitted to the Joint Legislative Committee on Budget at its next meeting for consideration as provided for under RS 39:366.11. I am attaching the LSU Board Resolution and related documents for your review.

Once the contingencies have been satisfied, we will follow up to request the official transfer of the property to LSU from LDH.

Once you have reviewed the matter, please let us know if this will be presented to the JCLB. Our team will be prepared to answer questions.

We appreciate your support and please let us know if you have any questions.

Sincerely,


F. King Alexander
LSU President



Request from LSU Health Sciences Center – New Orleans to Approve Execution of Cooperative Endeavor Agreement and Related Documents with a Subsidiary of Louisiana Children’s Medical Center for Operation of Hainkel Home Nursing Center

To: Members of the Board of Supervisors

Date: March 20, 2019

This is a significant board matter pursuant to the Board’s Bylaws, Art. VII, Sec. 1.C:

C. Lease of Immovable Property, as Lessee or Lessor, where either:

1. the lease is potentially for a term of more than five (5) years or, for leases for agricultural purposes, more than eight (8) years (include any optional renewal terms provided for in the lease to calculate the potential term); or
2. the lease is for more than 10,000 square feet of building space.

1. Summary of the Matter

The John J. Hainkel, Jr. Home and Rehabilitation Center is a licensed long term skilled care and rehabilitation facility providing specialized care to the elderly. It has been owned and operated by or on behalf of the Louisiana Department of Health of the State of Louisiana ("LDH") for many years. LDH proposed to transfer the facility to the LSU Board of Supervisors for operation by or through Louisiana State University Health Science Center-New Orleans (LSUHSC-NO).

LSUHSC-NO's agreement to accept responsibility for the operation of the Hainkel Home is contingent on the State's submitting and receiving approval of a State Plan Amendment ("SPA") to the Federal Center for Medicare and Medicaid Services, if required, to provide for a reasonable rate of Medicaid reimbursement for the operation of the Hainkel Home facility. LSUHSC-NO proposes to lease the facility to a wholly owned subsidiary of Louisiana Children's Medical Center, which will be a nonprofit corporation ("LCMC Subsidiary"). The LCMC Subsidiary will obtain the license to operate the facility. LDH will transfer by lease the right to use its Certificate of Need to LSU when it transfers the facility to LSU. LSU, in turn, will make such Certificate of Need available to the LCMC Subsidiary.

The proposed lease by the LSU Board of Supervisors to the LCMC Subsidiary is for an initial term of ten (10) years. The lease will provide for an automatic extension of the lease for one successive period of ten years, unless the Lessee provides written notice of non-renewal to the LSU Board of Supervisors at least ninety days prior to the end of the initial term. Rental for the facility and the consideration paid to LSUHSC-NO for the Certificate of Need will be at fair market value. These agreements will be a part of a Cooperative Endeavor Agreement between the LSU Board of Supervisors and the LCMC Subsidiary. The parties also expect to enter into affiliations addressing LSU teaching and research opportunities.

2. Review of Business Plan

Not Applicable.

3. Fiscal Impact

As indicated above, LSUHSC-NO's agreement to accept ownership of the Hainkel Home facility from LDH is contingent upon the implementation of a SPA providing a reasonable rate of Medicaid reimbursement for the operation of the facility. Furthermore, the lease to the LCMC Subsidiary will obligate the LCMC Subsidiary to assume all of the expenses of the operation of Hainkel Home, including all maintenance of the facility.

4. Description of Competitive Process

Not Applicable.

5. Review of Legal Documents

Drafts of appropriate legal documents are attached and have been presented for review by the Office of the General Counsel.

6. Parties of Interest

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, LSU Health Sciences Center – New Orleans, and the LCMC Subsidiary.

7. Related Transactions

By a prior submission, LSUHSC-NO requested approval of, and the LSU Board approved an initial CEA between the LSU Board and the Louisiana Department of Health to, among other things, transfer the Hainkel Home facilities to the LSU Board.

8. Conflicts of Interest

Not Applicable.

ATTACHMENTS

- I. Transmittal Letter from Chancellor Hollier
- II. Site Maps of location of Hainkel Home and floor plans
- III. Cooperative Endeavor Agreement between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and LCMC Subsidiary, including the Lease of the Hainkel facility and the Certificate of Need Agreement.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize F. King Alexander, President of Louisiana State University, or his designee, to execute a Cooperative Endeavor Agreement between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and a subsidiary of Louisiana Children's Medical Center ("LCMC") designated by LCMC, said Cooperative Endeavor Agreement to contain such terms and conditions as the President deems are in the best interest of the LSU Board of Supervisors.

BE IT FURTHER RESOLVED that F. King Alexander, President of Louisiana State University, or his designee, is authorized to execute any leases, certificate of need agreements, affiliation agreements and other documents, consents or approvals necessary to lease to a subsidiary of LCMC designated by LCMC, the John J. Hainkel, Jr. Home and Rehabilitation Center, the location of which property is more

specifically described on Exhibit A hereto and to otherwise implement the provisions of the Cooperative Endeavor Agreement.

EXHIBIT "A"
TO RESOLUTION OF BOARD OF SUPERVISORS OF LSU

LSU HEALTH SCIENCE CENTER – NEW ORLEANS
HAINKEL HOME NURSING FACILITY

That certain lot or parcel of ground consisting of Lots 1 to 24, Square 22, Burtheville, Sixth District of the City of New Orleans, Orleans Parish, State of Louisiana, being generally rectangular in shape and encompassing the entire Block bound by Henry Clay Avenue, Patton Street, Calhoun Street and Constance Street and measuring 289.85 feet along Henry Clay Avenue, 317.72 feet along Patton Street, 289.63 feet along Calhoun Street and 311.25 feet along Constance Street, said total area to contain 91,063 square feet or 2.09 acres.



OFFICE OF THE CHANCELLOR

SCHOOL OF ALLIED HEALTH PROFESSIONS
 SCHOOL OF DENTISTRY
 SCHOOL OF GRADUATE STUDIES
 SCHOOL OF NURSING
 SCHOOL OF MEDICINE IN NEW ORLEANS
 SCHOOL OF PUBLIC HEALTH

February 21, 2019

Dr. F. King Alexander
 President and Chancellor
 LSU System Office
 381 West Lakeshore Drive, Room 107
 Baton Rouge, LA 70808

Dear Dr. Alexander,

This is a significant board matter, pursuant to the Bylaws of the Louisiana State University Board of Supervisors Article VII, Section 1.C:

- 1.C. Lease of Immovable Property, as Lessee or Lessor, where either:
- (a) The Lease is potentially for a term of more than five (5) years or, for leases for agricultural purposes, more than eight (8) years (include any optional renewal terms provided for in the lease to calculate the potential term); and
 - (b) The Lease is for more than 10,000 square feet of building space.

The John J. Hainkel, Jr. Home and Rehabilitation Center is a licensed long term skilled care and rehabilitation facility providing specialized care to the elderly. It has been owned and operated by or on behalf of the Louisiana Department of Health of the State of Louisiana ("LDH") for many years. LDH proposed to transfer the facility to the LSU Board of Supervisors for operation by or through Louisiana State University Health Science Center-New Orleans. LSUHSC-NO's agreement to accept responsibility for the operation of the Hainkel Home is contingent on the State's submitting and receiving approval of a State Plan Amendment ("SPA") to the Federal Center for Medicare and Medicaid Services, if required, to provide for a reasonable rate of Medicaid reimbursement for the operation of the Hainkel Home facility. LSUHSC-NO proposes to lease the facility to a wholly owned subsidiary of Louisiana Children's Medical Center, which will be a nonprofit corporation ("LCMC Subsidiary"). The LCMC Subsidiary will obtain the license to operate the facility. LDH will transfer by lease the right to use its Certificate of Need to LSU when it transfers the facility to LSU. LSU, in turn, will make such Certificate of Need available to the LCMC Subsidiary. The proposed lease by the LSU Board of Supervisors to the LCMC Subsidiary is for an initial term of ten (10) years. The lease will provide for an automatic extension of the lease for one successive period of ten years, unless the Lessee provides written notice of non-renewal to the LSU Board of Supervisors at least ninety days prior to the end of the initial term. Rental for the facility and the consideration paid to LSUHSC-NO for the Certificate of Need will be at fair market value. These agreements will be a part of a Cooperative Endeavor Agreement between the LSU Board of Supervisors and the LCMC Subsidiary. The parties also expect to enter into affiliations addressing LSU teaching and research opportunities.

The Health Sciences Center is respectfully requesting approval of this cooperative endeavor agreement. I certify to the best of my knowledge that I have provided all necessary documentation and am seeking your review and favorable consideration. Thank you for your assistance.

Respectfully yours,

A handwritten signature in cursive script that reads "Larry Hollier, M.D.".

Larry Hollier, MD
Chancellor

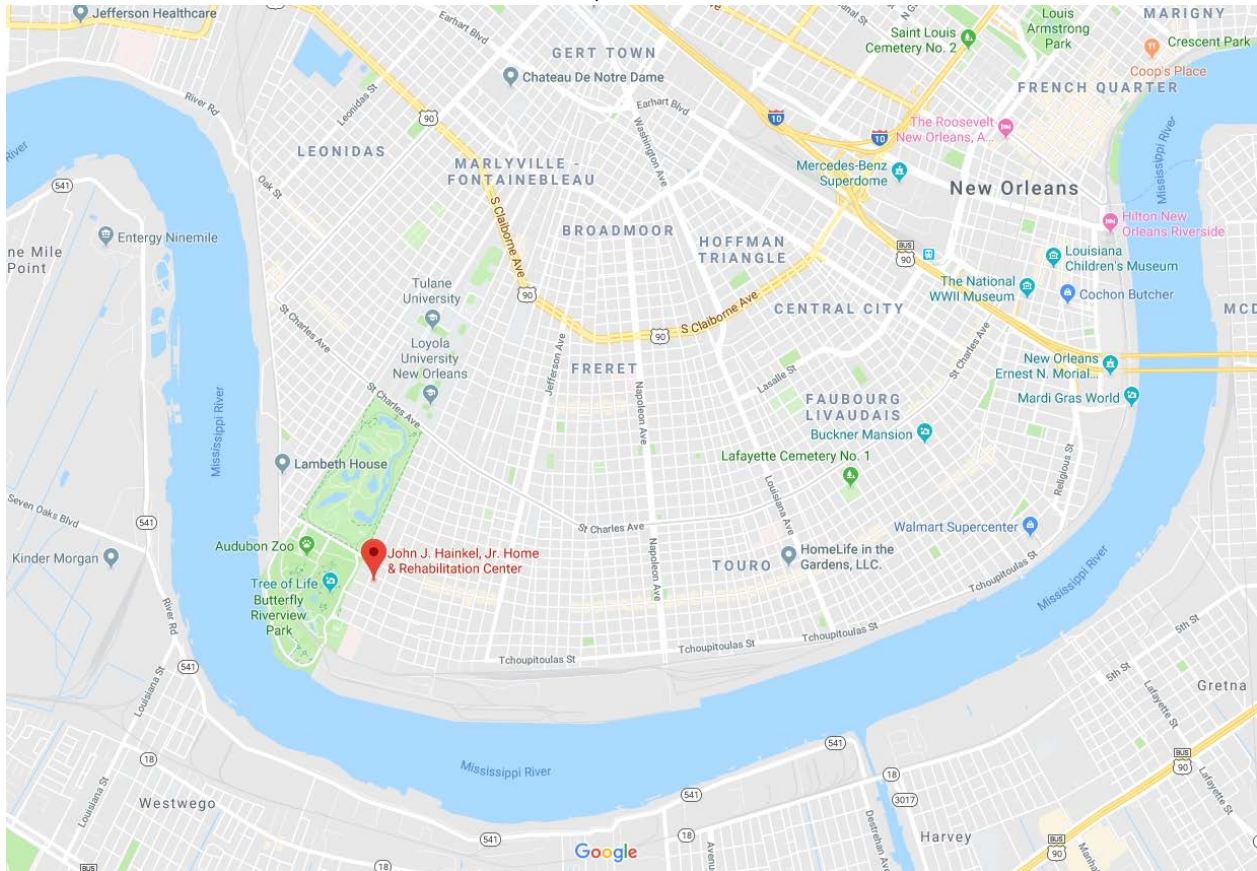
Enclosures

ATTACHMENT II

JOHN J.HAINKEL, JR HOME & REHABILITATION CENTER Located at 612 Henry Clay Ave.,
New Orleans, Louisiana 70118

The Hainkel Home property has two buildings located at 612 Henry Clay Avenue, New Orleans Louisiana 70118. The two buildings, Rehabilitation Hospital (two stories, 73,044 SF) and Maintenance Warehouse (one story, 1,632 SF), total 74,676 square feet.

FIGURE 1. THE HAINKEL HOME SITE LOCATION
THE HAINKEL HOME LOCATED AT 612 HENRY CLAY AVENUE,
NEW ORLEANS, LOUISIANA 70118.



PROPERTY DESCRIPTION John J. Hainkel, Jr. Home and Rehabilitation Center and Maintenance Warehouse

PROPERTY DESCRIPTION:

The property includes the entire SQ 22 (previous lots 1 through 24), Burtheville 6th Municipal District of New Orleans, fronting 289FT on Henry Clay Avenue and bounded by Patton Street, Constance Street, and Calhoun Street. The land area totals 90,746 square feet or 2.08 acres. Two buildings are located on the property.

FIGURE 1. THE HAINKEL HOME PROPERTY DESCRIPTION

TWO BUILDINGS ARE ON SQUARE 22 IN THE SIXTH MUNICIPAL DISTRICT OF NEW ORLEANS

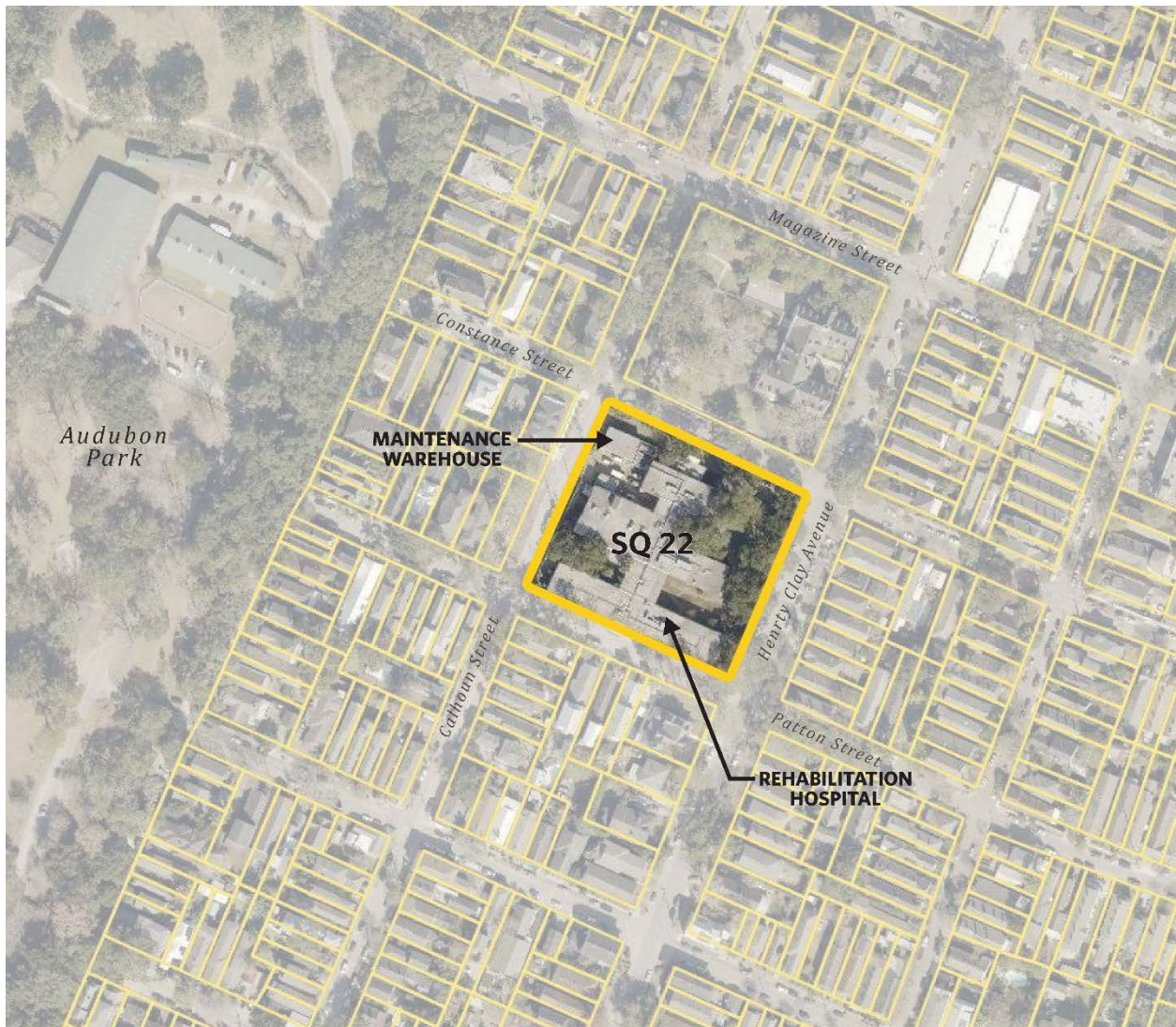


FIGURE 2. FRONT VIEW
THE HAINKEL HOME FACING HENRY CLAY

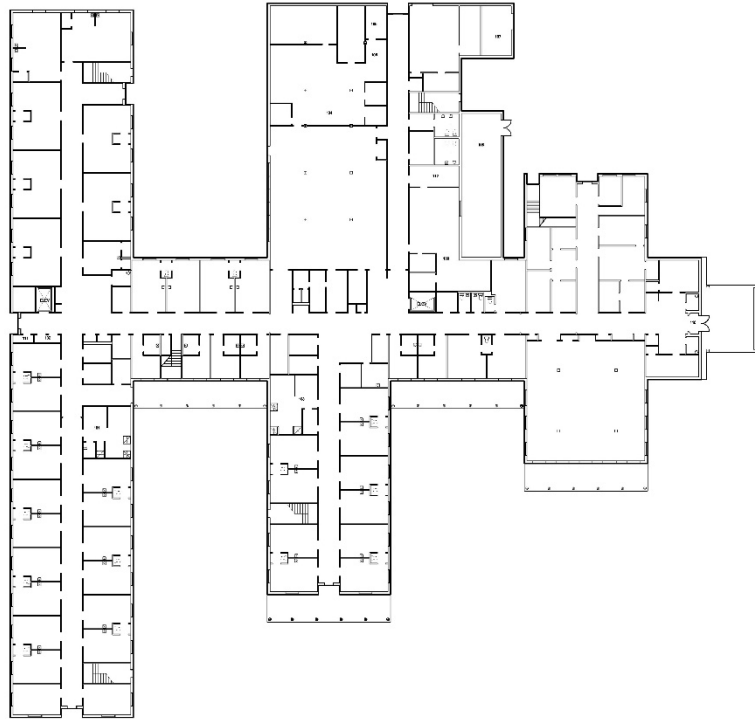


FIGURE 3. REAR VIEW
CORNER OF CONSTANCE AND CALHOUN

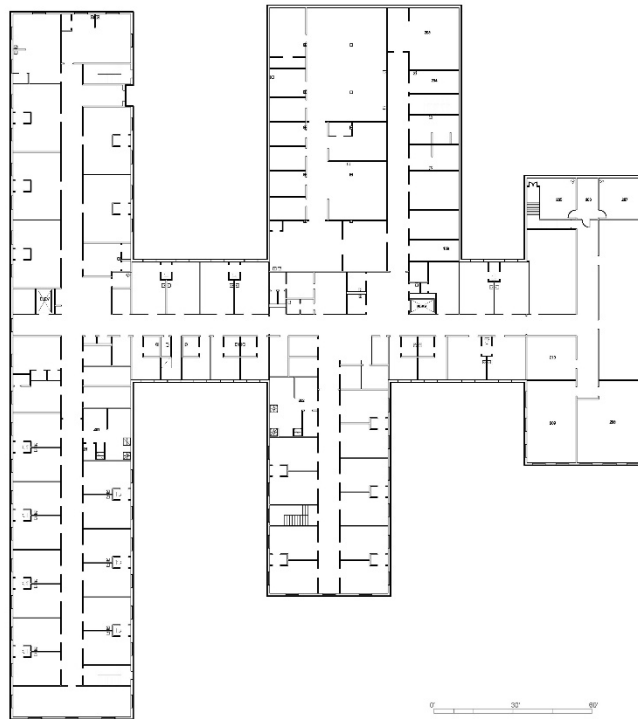


FLOOR PLANS John J. Hainkel, Jr. Home and Rehabilitation Center

FIGURE 1. THE HAINKEL HOME FLOOR PLANS
THE FLOOR PLANS FOR FIRST AND SECOND FLOOR



FLOOR ONE



FLOOR TWO

ATTACHMENT III

STATE OF LOUISIANA

COOPERATIVE ENDEAVOR AGREEMENT

THIS COOPERATIVE ENDEAVOR AGREEMENT (“Agreement”) is made and entered into this ___ day of _____ 2019 (the “Effective Date”), by and between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (“LSU”), and Audubon Retirement Village, Inc. (“ARV”), a Louisiana non-profit corporation and wholly owned subsidiary of Louisiana Children’s Medical Center. The Louisiana Department of Health, acting through its Secretary (“LDH”), joins in execution of this Agreement solely for purposes of acknowledging and agreeing to the Recitals, Section 3.1, Article IV, Section 5.1, Section 5.2, Section 5.5, Section 5.6, Article VI and Article IX, and shall have no other rights or obligations hereunder. LSU and ARV may be referred to together as the "Parties," and each, a "Party." LDH shall be specifically referred to with respect to any rights or obligations of LDH under this Agreement.

RECITALS

WHEREAS, Article VII, Section 14(c) of the Constitution of the State of Louisiana provides that “for a public purpose, the state and its political subdivisions...may engage in cooperative endeavors with each other, with the United States or its agencies, or with any public or private association, corporation, or individual;”

WHEREAS, LDH, through its Office of Aging and Adult Services, owns and operates a licensed and Medicare certified nursing facility located at 612 Henry Clay Avenue, New Orleans, Louisiana, 70118, doing business as the “John J. Hainkel Jr. Home and Rehabilitation Center” (the “Nursing Home”);

WHEREAS, LDH assumed the operations for the Nursing Home in June 2018, and currently maintains the nursing home license, facility need review approval (“CON”), Medicare and Medicaid provider numbers, and other licenses and permits necessary for the operation of the Nursing Home;

WHEREAS, the population demographics of Louisiana indicate the demand for geriatric services will expand over the next several decades due to growth in the geriatric population, which will increase demand for qualified healthcare professionals to meet the broad range of healthcare needs of aging citizens and those in nursing homes;

WHEREAS, LSU is a leader in educating and training the future healthcare workforce in the region and throughout the state;

WHEREAS, in-depth educational and clinical training experiences in geriatrics are integral to students in medicine, physical therapy, occupational therapy, speech pathology, nursing, and

geriatric dentistry, and geriatric research opportunities are also an important component linked to healthy aging and improved quality of life for the elderly;

WHEREAS, LSU desires to expand geriatric educational experiences for its students, while enhancing clinical opportunities for residents and faculty through an affiliated partnership;

WHEREAS, the Nursing Home is at risk of closure, and LSU has identified a unique opportunity to partner with ARV and its affiliates to stabilize and improve operations of the Nursing Home, and enhance access and quality of care,

WHEREAS, ARV's affiliates have (i) experience in hospital and nursing home operations and finances, (ii) ongoing academic relationships with LSU, and (iii) other academic and community organizations throughout New Orleans and Louisiana, and ARV and its affiliates are committed to the growth and expansion of the charitable clinical, teaching, and research missions in the communities they serve;

WHEREAS, in order to maintain the viability of the Nursing Home, and to enhance medical education and training opportunities, particularly in the area of geriatric medicine, LSU desires ARV to operate the Nursing Home as a skilled nursing facility where geriatric medical education programs will be emphasized and administered (a "Geriatric Training Nursing Facility" or "GTNF") pursuant to a public/private partnership;

WHEREAS, contemporaneously with the Effective Date hereof, LDH is conveying to LSU all property, facilities and equipment, and the right to use the CON, associated with the Nursing Home pursuant to a Cooperative Endeavor Agreement by and between LDH and LSU (the "LDH/LSU CEA") and documents ancillary thereto;

WHEREAS, pursuant to the LDH/LSU CEA, LSU has selected ARV as the Designated Operator (as such term is defined in the LDH/LSU CEA) of the Nursing Home;

WHEREAS, contemporaneously with the Effective Date hereof, LSU is leasing the immovable property and equipment currently owned by LDH to ARV pursuant to a lease agreement and providing for ARV to use and utilize the CON pursuant to a use and utilization agreement, all for fair market value, as determined by an independent third party appraiser;

WHEREAS, as of the Effective Date, ARV will receive or apply for, as applicable, rights to the CON, Medicare and Medicaid provider numbers, and all other licenses and permits applicable and necessary for ARV to assume operations of the Nursing Home;

WHEREAS, LDH has the authority to enter into this Agreement as evidenced by its governmental purpose specifically mentioned in La. R.S. 36:251, *et seq.*, as well as the powers granted by the Louisiana Constitution;

WHEREAS, LSU has the legal authority to enter into this Agreement, as well as related lease, affiliations, and other agreements, to facilitate and advance the goals herein;

WHEREAS, the purpose of this CEA is the collaboration among LDH, LSU, and ARV to establish an innovative nursing facility where much needed graduate medical education will be

conducted to train physicians and allied health professionals in the provision of care to the elderly and needy residents of Louisiana (the “GTNF Program”).

WHEREAS, the transfer or expenditure of public funds or property in connection with this Agreement is not a gratuitous donation; and

WHEREAS, the Parties recognize this Agreement has been presented to and reviewed by the Louisiana Legislature’s Joint Legislative Committee on the Budget.

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.
PUBLIC PURPOSE AND MONITORING**

Section 1.1 Public Purpose. In accordance with Article 7, Section 14(c) of the Louisiana Constitution, the Parties enter into this CEA for the public purpose of operating the Nursing Home in a manner that promotes, enhances, and supports high quality skilled nursing care to the State’s low income and needy populations, and the creation of the GTNF Program (“Public Purpose”). ARV shall continuously work in collaboration with LSU and use commercially reasonable efforts to achieve the Public Purpose through its operation of the Nursing Home, all in accordance with applicable law.

Section 1.2 Monitoring. LSU shall designate an individual (the “Contract Monitor”) to be responsible for determining whether this Agreement is achieving the Public Purpose for which it is intended. LSU will evaluate, in good faith and on an ongoing, continuous basis: (a) whether the Nursing Home is being operated in a manner that is consistent with and promotes the Public Purpose, and (b) whether this partnership is achieving the Public Purpose. If LSU determines in good faith that the Public Purpose is not being achieved by this Agreement, LSU and ARV will work collaboratively to address such issues and to achieve the Public Purpose.

**ARTICLE II.
MEDICAL EDUCATION SUPPORT**

Section 2.1 Medical Education Agreement(s). Recognizing the importance of the GTNF Program to LSU and the Nursing Home’s operations, ARV, or one its affiliates, and LSU will enter into one or more academic affiliation and/or professional services agreements, as necessary and required for LSU and ARV to collaborate to establish the GTNF Program, and thereby enhance the services provided at the Geriatric Training Nursing Facility. Among other things, such agreement(s) will provide that (i) LSU maintains ultimate authority over its academic programs, policies and procedures as they directly relate to the LSU faculty, residents and students, and (ii) ARV or its affiliate, as applicable, maintains ultimate authority over the business, management, policies, operations and assets of the Nursing Facility, subject to the terms of this Agreement, including, without limitation, ARV’s obligations to operate the Nursing Facility in accordance with the Public Purpose.

**ARTICLE III.
FACILITIES & CON**

Section 3.1 Transfer of Property and CON to LSU. On or before the Effective Date and subject to the terms and conditions of this Agreement, LDH shall take all necessary actions required to transfer (i) ownership of the Nursing Home property, facilities and equipment, and (ii) the right to use the CON, to LSU. Upon such transfer, LDH shall have no further obligations to maintain and insure the Nursing Home.

Section 3.2 Lease of Facilities and Equipment. Contemporaneously with and subject to the terms and conditions of this Agreement, LSU and ARV are entering into that certain Nursing Home Lease Agreement (“Lease”), attached hereto as Exhibit 3.2. Under the Lease, LSU agrees to take all the necessary actions required to transfer possession of the Nursing Home property, equipment and facilities to ARV, as of the Effective Date. The Lease shall include all real property and equipment used for the Nursing Home operations and owned by LSU (collectively, the “Leased Assets”), free and clear of all liens, claims, security interests, charges, privileges, pledges, mortgages, deeds of trust or encumbrances, except as may be described and agreed to in the Lease.

Section 3.3 Use of CON. Contemporaneously with and subject to the terms and conditions of this Agreement, LSU and ARV are entering into that certain Certificate of Need Use and Utilization Agreement (the “CON Agreement”), attached hereto as Exhibit 3.3. Under the CON Agreement, LSU agrees to take all the necessary actions required to allow ARV to use and utilize the CON, including, without limitation, the associated Medicaid billing privileges, as of the Effective Date.

**ARTICLE IV.
CONSUMABLES AND INVENTORY**

Section 4.1 Transfer and Purchase of Inventory. All usable inventories of (i) supplies, drugs, food, and other disposables, and (ii) tangible assets valued at less than one thousand dollars (\$1,000.00) that are untagged and untracked by LDH, are unencumbered, and on hand at the Nursing Home ("Inventory") will be transferred to LSU as of the Effective Date. Contemporaneously therewith, ARV will purchase the Inventory from LSU for fair market value, as determined through a physical inventory conducted by LDH no more than five (5) days prior to the Effective Date.

**ARTICLE V.
ARV’S OBLIGATIONS**

Section 5.1 Public Purpose. ARV shall at all times manage and operate the Nursing Home in furtherance of the Public Purpose. In fulfillment of the Public Purpose, ARV will use reasonable efforts to provide a wide range of services at the Nursing Home; provided, however, that ARV shall not be obligated to provide higher cost, specialized services, such as technology dependent care, rehabilitation services, or nursing facility complex care services unless ARV determines, in its sole discretion, that such services are operationally feasible.

Section 5.2 Cost Reporting. In achieving the Public Purpose, ARV will access the services and resources of its affiliated hospital providers and professionals in order to support the Nursing Home operations and GTNF Program, and agrees to report to LDH on an annual basis the total operational costs for the Nursing Home. LDH acknowledges and agrees that such costs may include direct and indirect costs of operating the Nursing Home, including costs that are attributable to ARV's affiliated providers.

Section 5.3 Provider Numbers. ARV shall promptly apply for and obtain the provider numbers needed for ARV to bill and collect payment for services from Medicare, Medicaid, other third-party payers and patients.

Section 5.4 Management and Operations. ARV, either directly or by contract with a third party, shall manage and operate the Nursing Home in accordance with industry standards, including, without limitation, performance of the following functions:

- (a) Third party reimbursement strategy and compliance;
- (b) Financial operations support, including patient accounting and receivables management, business office operations and process improvement;
- (c) Capital expenditure analysis and evaluation;
- (d) Marketing;
- (e) Construction and equipment planning;
- (f) Financial planning and budgeting;
- (g) Accounting;
- (h) Human resources;
- (i) Internal audit;
- (j) Purchasing and materials management;
- (k) Information services.

Section 5.5 Medical and Professional Matters. ARV shall provide the infrastructure, including clinical and administrative staff support, needed to assure that the GTNF delivers high quality services. ARV shall not, however, be responsible for the quality of professional services provided by LSU's physicians, residents, medical students, allied health professionals or allied health professional students.

Section 5.6 CMS Star Rating. In accordance with LSU's obligations under the LDH/LSU CEA, ARV will endeavor to attain at least a 4-star rating for the GTNF as provided for by the Centers for Medicare and Medicaid Services ("CMS") 5-star quality rating program. If this rating is not achieved within three (3) calendar years of the Effective Date, ARV will provide a

corrective action plan to LSU within ten (10) days of the failure to achieve such rating after the applicable time period, and LSU will provide the corrective action plan to LDH within five (5) business days of receipt from ARV. LDH shall respond to the proposed corrective action plan within three (3) business days. If LDH does not agree with the corrective action plan as submitted, the Parties agree to convene a meeting with LDH to discuss amendments thereto in good faith. If LDH agrees with the corrective action plan as submitted, ARV will immediately begin the implementation of the plan. Further, ARV agrees to provide monthly reports on the implementation of the plan with particular focus on what portions of the plan are working, what portions of the plan are ineffective, and possible alterations of ineffective portions to LSU and LDH.

Section 5.7 Obligations Upon Facility Closure. If LDH or LSU decide to terminate the Nursing Home's operations as a GTNF or otherwise as a long-term care facility, ARV shall cooperate and work with LDH and LSU to assure an orderly transition and wind-down of operations, including, without limitation, procuring placement of residents at other appropriate facilities.

ARTICLE VI. LDH OBLIGATIONS, REPRESENTATIONS AND WARRANTIES

Section 6.1 Licenses, Permits, and Provider Numbers. LDH represents and warrants that the Nursing Home is licensed by LDH as a 142-bed nursing facility consistent with the applicable laws of the State of Louisiana. LDH further represents and warrants that LDH holds all material Permits necessary for the operation of the Nursing Home as currently operated, and that all such Permits are in full force and effect. Schedule 6.1 sets forth a list of all Permits held by LDH in connection with the operation of the Nursing Home. For purposes of this Agreement, "Permit" means any license, permit, or accreditation required to be issued by any governmental authority or accrediting body. With respect to the license for the Nursing Home, the LDH Health Standards Section will process a duly completed Change of Ownership (CHOW) packet upon submission by ARV in accordance with the requirements thereof. Assuming a duly completed CHOW packet is submitted by ARV to LDH, and ARV meets licensing criteria, LDH will issue a new nursing home license in the name of ARV, effective as of the Effective Date. Further, LDH shall cooperate with ARV in the preparation and submission of the CMS form 855A and such other forms, as necessary for ARV to assume the Medicare and Medicaid provider numbers for the Nursing Home.

Section 6.2 Cost Reports. LDH will timely prepare and file all cost reports relating to cost reporting periods ending prior to the Effective Date, including terminating cost reports for any government program (the "LDH Cost Reports"). Such LDH Cost Reports shall accurately reflect in all material respects the information required to be included thereon and shall not claim reimbursement in any amount in excess of the amounts allowed by applicable laws or agreements. ARV agrees to cooperate with LDH in the preparation of LDH Cost Reports, including making available to LDH information and records necessary for the preparation of LDH Cost Reports.

Section 6.3 Material Contracts/Resident Agreements. Subject to the terms thereof, LDH will assign to ARV such contracts and resident agreements as ARV may determine are in its best

interests to assume. To the extent any such contracts or agreements are not assignable without consent, LDH will work in good faith to obtain such consent.

Section 6.4 Transition Patients.

(a) Transition Patient Receivables. To appropriately allocate payments received by ARV with respect to services provided to patients admitted to the Nursing Home prior to the Effective Date, but not yet discharged as of the Effective Date ("Transition Patients"), ARV will prepare claims for the Transition Patients following the Effective Date ("Transition Patient Receivables"). If ARV receives any payments on any Transition Patient Receivable, ARV will pay LDH an amount equal to (x) the payments (including deposits, deductibles and co-payments paid) with respect to the applicable Transition Patient Receivable multiplied by a fraction, the numerator of which shall be the total charges for the services provided to the applicable Transition Patient prior to the Effective Date, and the denominator of which shall be the sum of the total charges of the services provided to the applicable Transition Patient prior to and after the Effective Date (including charges for medicine, drugs and supplies), minus (y) any deposits, deductibles or co-payments paid by the applicable Transition Patient prior to the Effective Date. ARV will make all payments it is required to make under this Section 6.4(a) promptly, and in any event within thirty (30) business days of receipt of the applicable payments.

(b) Split Bill Transition Patients. Notwithstanding Section 6.4(a), to the extent a third party payor requires the LDH or ARV to submit split bills for Transition Patients (*i.e.*, a bill for any portion of the services provided prior to the Effective Date and a separate bill for any portion of the services provided after the Effective Date), (i) the provisions of Section 6.4(a) will not apply to billing and collection for such services, (ii) LDH will be responsible for billing and collection for all such pre-Effective Date services, and (iii) ARV will be responsible for billing and collection for all such post-Effective Date services.

Section 6.5 LDH Representations and Warranties. LDH further represents and warrants that the statements contained in this Section 6.5 are correct and complete, to the best of its knowledge, as of the Effective Date.

(a) Medicare and Medicaid Participation. All billing practices of LDH with respect to the Nursing Home to all third party payors, including government programs and private insurance companies, have been conducted in compliance in all material respects with applicable laws and/or billing guidelines of such third party payors and government programs. LDH has no outstanding liability under any government program or any third party payor program for any refund, overpayment, discount, or adjustment, other than routine, non-material adjustments incurred in the ordinary course of business. There is no material proceeding pending or threatened, involving any government program or any other third party payor programs.

(b) Compliance with Laws. Neither the Nursing Home nor its personnel have engaged in activities which are prohibited under any Health Care Law (defined below), 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. For purposes of this Agreement, “Health Care Law” means all applicable statutes, laws, ordinances, rules and regulations of any governmental authority with respect to regulatory or other matters primarily relating to healthcare providers and healthcare services (including, without limitation, Section 1128(b) of the Social Security Act, as amended, 42 U.S.C. § 1320a-7(b) (Criminal Penalties Involving Medicare or State Health Care Programs), commonly referred to as the “Federal Anti-Kickback Statute,” and the Social Security Act, as amended, § 1877, 42 U.S.C. § 1395nn (Prohibition Against Certain Referrals), commonly referred to as “Stark Statute”).

(c) Legal Proceedings. There is no legal proceeding or court order to which LDH is subject that would limit or affect LDH’s ability to enter into this Agreement.

(d) Insurance; Malpractice. All clinical personnel of the Nursing Home have been continuously insured for professional malpractice claims during the period during which such personnel have been authorized to provide professional medical, nursing or other health care services on behalf of LDH for the Nursing Home. No personnel providing services for the Nursing Home is in default with respect to any provision contained in any policy covering the professional acts of such 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.

Section 6.6 Indemnification. To induce ARV to operate the Nursing Home, including the full acceptance of the Nursing Home’s Medicare and Medicaid provider numbers, in accordance with this Agreement, to the extent permitted by law, LDH will indemnify ARV and LSU and their affiliates and subsidiaries, together with their directors, officers, managers and agents, as third party beneficiaries (individually an “Indemnified Party” and collectively the “Indemnified Parties”) 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 ARV or LSU as a result of (A) a breach of any covenant, obligation, representation or warranty by LDH contained in this Agreement or in any other certificate, document, agreement, writing or instrument delivered by LDH in connection with this Agreement, (B) the actions or failure to act by LDH or the Nursing Home personnel, or (C) any Damages arising out of LDH's ownership or operation of the Nursing Home or its assets prior to the Effective Date.

Section 6.7 State Plan Amendment Notification. The LDH/LSU CEA provides that LDH will submit a State Plan Amendment to CMS to provide for Medicaid reimbursement for the

Nursing Home (the "SPA"), and that LDH retains sole discretion as the single state agency to repeal or amend the SPA. LDH hereby agrees to provide at least one hundred twenty (120) days' advance written notice to ARV in the event LDH intends to repeal or amend the SPA.

Section 6.8 Authority; Enforceability; No Conflict. LDH is a department of the State of Louisiana, validly existing under the laws of Louisiana, with full power and authority to perform its obligations under this Agreement. This Agreement constitutes the legal, valid, and binding obligation of LDH, enforceable against it in accordance with its terms, and, upon the execution and delivery by LDH 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 LDH, enforceable against it in accordance with its terms. The execution and delivery of this Agreement will not: (a) contravene, conflict with, or result in a violation or breach of any of the terms or requirements of, or give any governmental authority applicable to LDH, the right to revoke, withdraw, suspend, cancel, terminate or modify any governmental authorization held by LDH; or (b) cause LSU or ARV to become subject to, or to become liable for, the payment of any liability of LDH.

ARTICLE VII. LSU REPRESENTATIONS AND WARRANTIES

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

Section 7.1 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, with full power and authority to perform all of its obligations under this Agreement.

Section 7.2 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 7.2(a).

(b) The execution and delivery of this Agreement will not:

- (i) result in a breach of any resolution adopted by LSU's Board of Supervisors;
- (ii) contravene, conflict with, or result in a violation or breach of any of the terms or requirements of, or give any governmental authority applicable to LSU, the right to revoke, withdraw, suspend, cancel, terminate or modify any governmental authorization held by LSU, including but not limited to the transfers of property contemplated hereunder; or

(iii) cause ARV to become subject to, or to become liable for, the payment of any liability of LSU.

**ARTICLE VIII.
ARV REPRESENTATIONS AND WARRANTIES**

ARV represents and warrants that the statements contained in this Article are correct and complete as of the Effective Date.

Section 8.1 Organization and Standing. ARV is validly existing and in good standing under the laws of the State of Louisiana, with full power and authority to conduct its operations as contemplated hereunder and to perform its obligations under this Agreement.

Section 8.2 Authority; Consent.

(a) ARV has all corporate right, power, legal capacity and authority to enter into and perform its obligations under this Agreement. No approvals or consents of any persons are necessary for the execution, delivery and performance of this Agreement by ARV, except those that have been obtained as of the Effective Date. The execution and delivery of this Agreement by ARV, and the performance by ARV of its obligations hereunder, have been duly authorized by all necessary corporate action. This Agreement constitutes the legal, valid, and binding obligation of ARV, enforceable against it in accordance with its terms, and, upon the execution and delivery by ARV 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 ARV, enforceable against it in accordance with its terms. A copy of the authorizing consent resolution of ARV'S board is attached as Exhibit 8.2(a).

(b) The execution and delivery of this Agreement will not:

(i) result in a breach of any governing documents or resolution adopted by ARV's board;

(ii) contravene, conflict with, or result in a violation or breach of any of the terms or requirements of, or give any governmental authority applicable to ARV, the right to revoke, withdraw, suspend, cancel, terminate or modify any governmental authorization held by ARV; or

(iii) cause LSU to become subject to, or to become liable for, the payment of any liability of ARV.

**ARTICLE IX.
TERM AND TERMINATION**

Section 9.1 Term. The term of this Agreement shall begin on the Effective Date and shall expire five (5) years thereafter (the "Initial Term"). Upon expiration of the Initial Term, this Agreement shall automatically renew for two (2) consecutive Renewal Terms of five (5) years under the same terms and conditions herein (each, a "Renewal Term"), unless a Party provides the

other Party with at least one hundred twenty (120) days' advance notice, prior to the expiration of the then-current term of its intent not to renew this Agreement.

Section 9.2 Termination.

(a) Termination for Cause. If either LSU or ARV provides written notice to the other of the breach of a material term of this Agreement, the breaching Party shall have sixty (60) calendar days after written notice is received to correct the breach. If the breaching Party fails to correct the breach within such sixty (60) calendar days, the Party sending notice may terminate this Agreement by sending written notice of termination. The notice of breach under this Section 9.2 shall specify with reasonable particularity the nature and extent of the material breach for which notice has been made.

(b) Termination for Convenience. This Agreement may be terminated by ARV with or without cause upon sixty (60) calendar days' prior written notice to LSU. In determining whether to exercise its without cause right, ARV will act in good faith and with full consideration of the ability of the Nursing Home to be financially viable and sustainable, which determination will be made by LCMC's (defined below) Board of Trustees only after taking into account input from LSU, provided that this shall not delay or extend the sixty (60) day period.

(c) Termination Under Specified Circumstances. Regardless of any other provision of this Agreement, the Agreement shall automatically terminate upon the occurrence of any of the following events: (i) termination of the Nursing Home Hospital Lease; (ii) the inability of ARV to participate in, and bill, the Medicare or Medicaid programs; (iii) the inability of ARV to maintain a nursing home license; or (iv) termination of the LDH/LSU CEA. Notwithstanding the foregoing, any decision by LSU to terminate the LDH/LSU CEA under Section 6.1 thereof, based on a determination that the GTNF is no longer needed to serve its education, research, and clinical care missions, shall be subject to, and contingent upon, completion of the following process:

(i) LSU shall provide one hundred eighty (180) days' advance written notice to ARV, which shall include a detailed description of LSU's basis for the same (a "GTNF Termination Notice");

(ii) Upon ARV's written request to LSU within thirty (30) days of ARV's receipt of a GTNF Termination Notice, LSU shall work with ARV in good faith for a period of up to ninety (90) days in an effort to develop an effective means of maintaining a GTNF (the "GTNF Determination Period");

(iii) If at the conclusion of such GTNF Determination Period, the Parties are unable to develop an effective means of maintaining a GTNF, or in the event ARV does not request a GTNF Determination Period, LSU may proceed to terminate the LDH/LSU CEA pursuant to Section 6.1 thereof.

(d) Legal Compliance. If (a) there is a change in any law, regulation or rule, state or federal, that affects this Agreement or the activities of any Party under this Agreement, or any change in the judicial or administrative interpretation of any such law, regulation or rule, or any of the provisions of this Agreement are found to be in violation of the laws existing at the time of such determination, and (b) any Party reasonably believes in good faith that the change,

interpretation or determination will have a material adverse effect on that Party's business operations or its rights or obligations under this Agreement, then the Party may, upon written notice, require the other Party to enter into good faith negotiations to renegotiate the terms of this Agreement and to take any action necessary to maintain compliance with such laws, rules or regulations. If the Parties are unable to reach an agreement concerning the modification of this Agreement within the earlier of thirty (30) calendar days after the date of the notice seeking renegotiation or the effective date of the change, then either Party may immediately terminate this Agreement by written notice to the other Party.

(e) Termination by Mutual Consent. This Agreement, or the obligations under any of the Agreements hereto, may be terminated by the mutual, written consent of the Parties.

(f) Effect of Termination.

(i) The Lease and CON Agreement will terminate and 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) ARV shall vacate the Leased Premises.

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

ARTICLE X. GENERAL PROVISIONS

Section 10.1 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) "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;

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

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

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

(i) references to “day” shall mean a calendar day; and

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

Section 10.2 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 10.3 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, 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 10.4 Public Announcements. Any public announcement, press release, or similar publicity with respect to this Agreement will be issued, if at all, at such time and in such manner as the Parties shall mutually determine.

Section 10.5 Marketing and Use of Nursing Home Name. ARV will work in good faith with LSU to develop a mutually agreeable marketing program for the nursing home.

Section 10.6 Public Records Request. The financial and other records created by, for or otherwise belonging to ARV shall remain in the possession, custody, and control of ARV, 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 ARV consider records of ARV to be proprietary to ARV, and, to the extent that ARV makes any such records or documents available to LSU, such records shall be clearly marked as confidential and/or proprietary to indicate its 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 ARV, LSU will use its best efforts to give notice to ARV that LSU has received such a public records request prior to producing any documents considered to be proprietary to ARV, and if such notice cannot be provided to ARV before LSU is required to produce such documents, LSU shall provide notice to ARV as soon thereafter as possible. In the event that ARV objects to the production and believes that the records are not subject to production pursuant to the Public Records Act, ARV will immediately so notify LSU in writing and take such action as ARV deems necessary to protect the disclosure of such records.

Section 10.7 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: President

With a copy to:

Louisiana State University
3810 West Lakeshore Drive
Baton Rouge, LA 70808
Attention : General Counsel

If to ARV:

LCMC Health
210 State Street
New Orleans, LA 70118
Attention: Suzanne Haggard, LCMC CFO

With a copy to:

Baker Donelson, Bearman, Caldwell,
& Berkowitz, P.C. Baker Donelson
450 Laurel Street
21st Floor Chase Tower North
Baton Rouge, LA 70801
Attention: Sean L. Finan, Esq.

If to LDH:

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

With a copy to:

Louisiana Department of Health
628 N. Fourth Street
P.O. Box 629
Baton Rouge, Louisiana 70821-0629
Attention: Stephen Russo, Esq.

or to such other address as such Party may from time to time specify by written notice to the other Party. Any such notice shall, for all purposes, be deemed to be given and received: (a) if by hand, when delivered; (b) if given by nationally recognized and reputable overnight delivery service, the business day on which the notice is actually received by the Party; or (c) if given by certified mail, return receipt requested, postage prepaid, three (3) Business Days after posted with the United States Postal Service.

Section 10.8 Jurisdiction; Service of Process. Any Proceeding arising out of or relating to this Agreement shall be brought in the Nineteenth Judicial District for the Parish of East Baton Rouge, State of Louisiana. 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 lawsuit referred to in the first sentence of this section may be served on any party anywhere in the world.

Section 10.9 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, LDH, and ARV.

Section 10.10 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 party 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 10.11 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 10.12 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 10.13 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 10.14 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 10.15 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 10.16 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 10.17 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 10.18 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 10.19 ARV Not Intended to be Public Body. Nothing in this Agreement is intended, and it is not the intent of the Parties to cause or result in ARV 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 10.20 Legislative Auditor. It is hereby agreed that the State and/or the Legislative Auditor shall have the option of auditing all accounts of ARV 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 10.21 Nondiscrimination Clause. ARV 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 the Americans with Disabilities Act of 1990. ARV 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 10.22 Appropriation of Funds. Obligations of any Public Party arising under this Agreements are contingent obligations and subject to appropriation of funds by the Louisiana Legislature. If the Louisiana Legislature fails to appropriate sufficient monies to provide for the continuation of the Agreement, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the Agreement, ARV may terminate this Agreement, effective on the date of the beginning of the first fiscal year for which funds are not appropriated.

Section 10.23 LCMC Guaranty. Louisiana Children's Medical Center, a Louisiana non-profit corporation ("LCMC"), hereby guarantees to LSU the performance of any and all obligations of ARV under this Agreement.

[Remainder of page intentionally left blank.]

[Signatures on following page.]

Signature page for Cooperative Endeavor Agreement by and among Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the Louisiana Division of Administration, acting through the Commissioner, the Louisiana Department of Health, and Audubon Retirement Village, Inc.

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

By: _____
Name: _____
Title: _____

LOUISIANA DEPARTMENT OF HEALTH

By: _____
Name: _____
Title: _____

AUDUBON RETIREMENT VILLAGE, INC.

By: _____
Name: _____
Title: _____

Joining in execution solely for purposes of consenting to Sections 9.2(b) and 10.23:

LOUISIANA CHILDREN'S MEDICAL CENTER

By: _____
Name: _____
Title: _____

SCHEDULE 6.1
PERMITS (Attached)

EXHIBIT 3.2
LEASE (Attached)

EXHIBIT 3.3
CON AGREEMENT (Attached)

EXHIBIT 7.2(a)
LSU BOARD RESOLUTION (Attached)

EXHIBIT 8.2(a)
ARV BOARD RESOLUTION (Not Yet Available)

**SCHEDULE 6.1 – LIST OF LICENSES, CERTIFICATES AND PERMITS
JOHN J. HAINKEL HOME AND REHAB CENTER**

Licenses, Certificates and Permits	Doc. #	Effective Date	Date Issued	Date Expires	Issued to:
1. State Tax Registration Certificate	7116536-023	7/1/2018	9/26/2018		Comm. Care Corporation, 950 W. Causeway Approach, Mandeville, LA - Mary Hudson,
2. City of NO Occupational License	175948		2/20/2018	12/31/2018	New Orleans Home for Incurables, dba John J. Hainkel Jr. Home and Rehabilitation Center
3. LA Dept. of Health Permit to operate food establishment Non Food Safety	36-0003044		5/10/2018	6/30/2019	John J. Hainkel Jr Home and Rehab
4. Emergency Drug Kit Program	EDK.008686	7/5/2018		6/30/2019	John J. Hainkel Jr Home and Rehab Ctr.
5. La State Fire Marshal Boiler Inspection	189943LA	4/2/2018		4/2/2019	John J. Hainkel Jr. Home & Rehab - Robert Rodrigue
6. Centers for Medicare and Medicaid CLIA Certificate	19D0890637	8/23/2018		8/22/2020	John J. Hainkel Jr Home and Rehab - Robert Rodrigue
7. LA Department of Health and Hospitals Nursing Home License	2203783970	6/25/2018	6/22/2018	5/31/2019	John J. Hainkel Jr Home and Rehab Center
8. LA Nursing Home Association Good Standing Certificate 2018	N/A	N/A	N/A	N/A	John J. Hainkel Jr Home and Rehab Center
9. American Health Care Association Member 2018	N/A	N/A	N/A	N/A	N/A

LEASE

(Hainkel Home and Rehabilitation Center)

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

This contract of Lease ("Lease") is made and entered into effective as of _____, 2019, by and between:

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation organized and existing under the Constitution and laws of the State of Louisiana, domiciled in the Parish of East Baton Rouge, State of Louisiana, with a mailing address of 3810 West Lakeshore Drive, Baton Rouge, Louisiana, 70808, appearing herein through F. King Alexander, President of Louisiana State University, duly authorized by LSU, (hereinafter "LSU" or "Lessor")

and

AUDUBON RETIREMENT VILLAGE, INC., a Louisiana 501 (c) (3) nonprofit corporation (hereinafter "Lessee"), represented herein by _____, duly authorized by virtue of resolution of its Board of Directors, with a mailing address of 200 Henry Clay Avenue, New Orleans, Louisiana, 70118

to provide as follows:

WITNESSETH

WHEREAS, the Louisiana Department of Health of the State of Louisiana (herein "LDH") and the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College have entered into a Cooperative Endeavor Agreement dated as of _____, 2019 (herein the "LDH CEA") to provide a new initiative whereby the State of Louisiana will implement a geriatric, teaching-nursing facility in which it will train physicians and various allied health professionals in the provision of care to the elderly and needy residents of Louisiana;

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 this new model will provide physicians and patients with a new environment of care that optimizes the use of all resources;

WHEREAS, pursuant to the LDH CEA, LDH has transferred to LSU certain immovable property described on Exhibit A and movable equipment described on Exhibit B, attached hereto, together with all buildings and improvements located thereon, component parts thereof, and all rights appurtenant thereto, which buildings and improvements are located in New Orleans, Louisiana, and are known as the "John J. Hainkel, Jr. Home and Rehabilitation Center" (the "Leased Premises");

WHEREAS, the Leased Premises will be leased by LSU to Audubon Retirement Village, Inc. for the purpose of operating a nursing facility (herein the "Hainkel Home");

WHEREAS, LSU and Audubon Retirement Village, Inc., a nonprofit subsidiary of Louisiana Children's Medical Center ("LCMC") have entered into a Cooperative Endeavor Agreement (the "LCMC CEA"), pursuant to which LSU and LCMC agreed to the lease of the Leased Premises to Audubon Retirement Village, Inc. for operation of the Hainkel Home by Audubon Retirement Village, Inc. or its contractor(s), and the lease or license of a valid Certificate of Need to enable Hainkel Home to submit claims for reimbursement, and have agreed to enter into an Affiliation Agreement pursuant to which LSU will provide teaching and research services to the Hainkel Home and to LCMC in the Hainkel Home; and

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

ARTICLE I.
LEASED PREMISES AND TERM

For the consideration and upon the terms and conditions hereinafter expressed, 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 five (5) 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 LCMC CEA. Unless Lessee provides a written notice of non-renewal to Lessor at least one hundred twenty (120) days prior to the end of the Initial Term of the Lease and, if applicable, the first Renewal Term, the Term of the Lease automatically shall extend for two (2) consecutive periods of five (5) years each (each a "*Renewal Term*" and together the "*Renewal Terms*"), so that the maximum possible Term of this Lease shall be fifteen (15) years.

For the purposes of this Lease, the "*Commencement Date*" shall mean the ____ day of _____, 20____, unless mutually extended by the parties hereto by written consent, which consent shall not be unreasonably withheld.

ARTICLE II.
RENT

Section 2.1 Annual Rent. During the Term, the annual consideration for this Lease is the payment by Lessee to Lessor of a sum equal to \$_____ AND No/100 DOLLARS (\$ _____) (the "*Annual Rent Amount*"), payable each year in four (4) equal quarterly installments ("*Quarterly Rent*") due and payable on the first (1st) day of _____ of each calendar quarter of the Term. In the event the Commencement Date should be a date other than the first day of _____, the first Quarterly Rent payment shall be prorated from the

Commencement Date to the day immediately preceding the next Quarterly Rent payment due date. In the event that the last day of the Term is a day other than the last day of a calendar quarter, the last Quarterly Rent payment shall be prorated from the first day of the then-current calendar quarter to the last day of the Term. If this Lease terminates for any reason, other than a Lessor Event of Default, before the end of the period with respect to which Lessee has prepaid any amount of Annual Rent, said prepayment shall be deemed a termination penalty, and Lessor shall retain any such prepaid amount.

Section 2.2 Additional Rent. In addition to the 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 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 from Lessor, with reasonable description and itemization of the charges.

Section 2.3 Rent Payments. All Rent is payable by Lessee to Lessor at the following address, until notified differently in writing, by Lessor:

LSU Health Science Center- New Orleans
Attn: Vice Chancellor
for Administration and Finance
433 Bolivar Street, Room 811
New Orleans, Louisiana 70112

Section 2.4 Adjustments to Annual Rent. The Annual Rent Amount shall be increased each year on the anniversary of the Commencement Date (each, an "Adjustment Date") during the Term by an amount equal to the product obtained by multiplying (a) the Annual Rent Amount in effect during the twelve-month (12-month) period immediately preceding the applicable Adjustment Date by (b) two and one-half percent (2 ½%), and the amount of Quarterly Rent shall be adjusted to correspond to such increase in the Annual Rent Amount."

Section 2.5 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 of any kind, character, or nature; it being understood and agreed 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 during the Term, 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 III.
USE OF LEASED PREMISES AND WAIVER OF WARRANTIES

Section 3.1 Permitted Uses. The Leased Premises shall be used and occupied by Lessee for the operation of a facility for geriatric care, for nursing, physical and occupational therapy, speech, pathology and dentistry for the elderly, for adult day healthcare services and for academic teaching, training and research related thereto, including 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 related thereto, together with any uses that are accessory to any of the foregoing ("Permitted Uses"), and for no other purpose(s) 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 LCMC CEA.

Section 3.2 Naming and Signage. The naming and signage for The John J. Hainkel, Jr. Home and Rehabilitation Center shall be subject to La. R.S. 40:16.3. Lessee agrees to consult with Lessor prior to any change to The John J. Hainkel, Jr. Home and Rehabilitation Center name, and agrees to give Lessor a reasonable opportunity to provide comments to any proposed change to The John J. Hainkel, Jr. Home and Rehabilitation Center name; provided, however, that Lessee shall retain the ultimate right to decide on any name change contemplated herein, subject to the requirements of La. R.S. 40:16.3, as applicable. Notwithstanding anything to the contrary set forth herein, in the event that Lessor informs Lessee in writing that it objects to the name chosen by Lessee for the John J. Hainkel, Jr. Home and Rehabilitation Center, if Lessee proceeds to use the name to which Lessor has objected, Lessee shall indemnify and hold Lessor harmless for any claims, damages, lawsuits, and reasonable attorney's fees incurred by Lessor in the event that Lessor is sued by any party as a result of the name given and/or utilized by Lessee for the Leased Premises.

Section 3.3 Waiver of Warranties. The Leased Premises is leased to the Lessee "As-Is/Where-Is" without any warranties as to fitness or condition, whether expressed or implied, and Lessee expressly waives the warranty of fitness and the guaranty against hidden or latent defects which might render the Leased Premises useless or so inconvenient or imperfect that Lessee would not have leased it had it known of the vice or defect. Lessee accepts the Leased Premises in its "As Is/Where Is" condition, that being the condition or state in which the Leased Premises exists 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 that Lessor agrees to preserve all available warranties of workmanship related to the Leased Premises and agrees to exercise its rights with respect to all such warranties with reasonable diligence following receipt of written request from Lessee. Lessee

hereby assumes responsibility for the condition of the Leased Premises and agrees that Lessor is not liable for injury caused by any hidden defect therein to the Lessee or to anyone on the Leased Premises who derives his right to be thereon from the Lessee, unless the Lessor knew or should have known of the defect or had received notice thereof and failed to remedy it within a reasonable time, all as pursuant to La. R.S. 9:3221. Furthermore, Lessee specifically waives any warranty of peaceable possession; provided, however, that Lessor hereby covenants and agrees that, subject to Lessee's obligation to pay Rent as set forth herein, Lessor will not take any action that would unreasonably disturb the quiet and peaceable possession of the Leased Premises by Lessee; and further provided that if Lessee's peaceable possession of the Leased Premises is unreasonably disturbed to the extent that the Leased Premises is not reasonably habitable for Lessee's use as set forth herein (regardless of whether such disturbance is the result of the acts or omissions of Lessor), Lessee shall be entitled to terminate this Lease upon: (1) written notice to Lessor, and (2) the subsequent failure of Lessor to cure such disturbance within thirty (30) days from the date such notice is sent, or to reasonably commence a cure for such disturbance within such thirty-day (30-day) period and thereafter diligently pursue such cure until the peaceable possession of the Leased Premises is no longer unreasonably disturbed to the extent that the Leased Premises is not habitable for Lessee's use as set forth herein.

ARTICLE IV.
SUBLETTING AND ASSIGNMENT

Section 4.1 No Assignment. Lessee shall not, without the prior written consent of the Associate Vice President for Facilities and Property Oversight at LSU or his designee (the "*Lessor Representative*") assign, mortgage or otherwise encumber in whole or in part this Lease or any interest therein; which consent shall not be unreasonably withheld by Lessor; provided, however, that Lessee may, with prior written notice to Lessor, but without the consent of Lessor, assign its

interest as Lessee under this Lease to a nonprofit corporation, limited liability company, limited liability partnership, or other nonprofit legal entity wholly owned or controlled by Lessee or by Louisiana Children's Medical Center, a Louisiana nonprofit corporation, 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, 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 Lessor Representative, which consent shall not be unreasonably withheld, shall not sublease or grant any other rights of use or occupancy of all or any portion of the Leased Premises; provided, however, that Lessee may, with prior written notice to Lessor, but without the consent of Lessor, sublease or grant rights of use or occupancy to all or a portion of the Leased Premises to a nonprofit corporation, limited liability company, limited liability partnership, or other nonprofit legal entity wholly owned or controlled by Lessee or by Louisiana Children's Medical Center, a Louisiana nonprofit corporation, 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, provided that all such subleases shall be subject and subordinate to all of the terms and conditions of this Lease and the use of the Leased Premises permitted under any such sublease, right of use, license or other occupancy agreement shall be in accordance with the applicable terms and conditions of this Lease, and further provided that such sublessee or other permitted occupancy shall expressly covenant not to take any action that would violate the terms of this Lease, and such sublease shall not result in the release of Lessee of its obligations under this Lease.

Section 4.3 Lessee Remains Liable. In no event shall any assignment or subletting of all or any portion of the Leased Premises release Lessee from any obligation 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 to release 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 his designee, and which approval shall not be unreasonably withheld or delayed. In connection with any requested Major Alteration, Lessee shall submit to Lessor and to the Office of Facility Planning and Control of the Division of Administration ("FPC") an explanation of the work proposed to be carried out, in a level of detail required by Lessor and FPC 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 FPC in their reasonable discretion. If Lessor has not notified Lessee of Lessor'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 of such information as is necessary to describe the Major Alteration in reasonable detail, Lessor shall be deemed to have approved the request.

B. "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 Five Hundred

Thousand and No/100 Dollars (\$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 FPC. 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 FPC of any Major Alterations shall not constitute any warranty by Lessor or FPC 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 construction of Improvements, the cost of which is expected to exceed One Million and No/100 Dollars (\$1,000,000.00), 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. The requirement of this subsection may be waived with the consent of Lessor and FPC.

D. The rights, responsibilities and obligations of the 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 FPC with respect to maintenance, repair, and/or improvements to public buildings and property.

E. Lessee agrees that it shall construct improvements to the Leased Premises consisting of the construction work described on Exhibit C hereto (the "Hainkel Home Improvements"). Said Hainkel Home Improvements are expected to cost approximately Twelve Million Five Hundred One Thousand Four Hundred Ninety Five and 36/100 Dollars (\$12,501,495.36), as such expense is generally described on Exhibit C hereto. The work required to be performed by this Section 5.1 E. for the Hainkel Home Improvements constitutes a Major Alteration, and all of the requirements of Article V shall apply to the construction of said Major Alteration. Subject to reasonable extensions for any delays due to *force majeure* events, delays in obtaining the reasonable approval of Lessor and FPC of the Hainkel Home Improvements not caused by the negligence or failure of Lessee to request and pursue such approvals with reasonable diligence, or such other delays resulting from the inability to obtain such licenses, permits, or other governmental authorizations as may be required to commence the Hainkel Home Improvements (and that are not the result of Lessee's failure of pursue such approvals with reasonable diligence), Lessee shall commence construction of the Hainkel Home Improvements no later than _____, 2020. Lessee shall diligently pursue the completion of the Hainkel Home Improvements as required by this Lease. The term "Improvements" as used in this Lease shall include the Hainkel Home Improvements.

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 FPC'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 its 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 within 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 reasonably 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 said 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 caused by such

removal. Lessor and Lessee each acknowledge that there is additional personal property, including equipment, furniture, and other unattached items located at the Premises that does not belong to Lessor or Lessee, and that may be subject to one or more state or federal tax liens (the "NOHI Property") Lessor and Lessee agree and acknowledge that the NOHI property is owned by and/or subject to rights of various third parties. Notwithstanding any other provision in this Lease to the contrary, although Lessor makes no warranty whatsoever regarding the ownership or availability of the NOHI Property for use by Lessee, Lessor agrees that, except as may be required by applicable law, Lessor will not interfere with Lessee's disposal, relocation, removal, destruction, sale, or use of the NOHI Property, which may be made in Lessee's sole discretion, subject to any applicable legal requirements (including, without limitation, any applicable state or federal tax liens). It is further agreed that Lessor does not warrant peaceable possession, or make warranty as to the fitness or condition including specifically any warranty that the NOHI Property is in workable condition or that Lessee may dispose, relocate, remove, destroy, sell or use the NOHI Property, and Lessee waives and renounces all such warranties including against any hidden/redhibitory defects.

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

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

Section 6.2 Licenses, Permits and Accreditations. Lessee shall procure and maintain all licenses, permits and accreditations (if any) required for its use and operation of the Leased Premises, and Lessor agrees to cooperate as may be reasonably necessary to obtain any such licenses, permits and accreditations.

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. At the commencement of this Lease the Leased Premises shall be maintained in at least as good of a working condition and repair (ordinary wear and tear excepted) as existed as of the Commencement Date. After the Hainkel Home Improvements are substantially complete, the Leased Premises shall be maintained at a level commensurate with the then-working condition and state of repair (ordinary wear and tear excepted). Lessee shall maintain the Leased Premises 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 of the then-current state of the Leased Premises and Improvements thereto. If Lessee fails to commence such maintenance, repairs, restoration, or replacements, within sixty (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 sixty (60) days of written demand by the Lessor, with supporting invoices and reasonable description and itemization of the charges. Lessee shall maintain accurate records of all Improvements and/or major maintenance performed on or to 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 whether ordinary or extraordinary, foreseen or unforeseen, structural or non-structural. 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, Chapter 8, Part V, of the Louisiana Revised Statutes, "EQUAL ACCESS TO GOVERNMENTAL AND PUBLIC FACILITIES FOR THE DISABLED COMMUNITY," more specifically, La. R.S. 40:1731 through 40:1744, and any new or modified requirements imposed to make the Leased Premises accessible to persons with disabilities as would be applicable to LSU or to a state agency.

D. 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 Article V 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 time frame mandated by that office.

E. Lessee further agrees to do, at no expense to Lessor, painting of the exterior and interior as applicable and as necessary, in Lessee's reasonable discretion, to maintain the Leased Premises in a neat, clean, safe, sanitary and habitable condition.

F. 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 continuous 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 LDH.

Section 6.4 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 VII.
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, 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, 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 VIII. INSURANCE

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

A. Special form (formerly known as "All Risk") property insurance, 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. The policy shall be adjusted to comply with any applicable co-insurance provisions of such insurance policy. Full payment of insurance proceeds shall not be contingent on the degree of damage sustained at other facilities leased by the Lessee. The policy or policies covering such loss must explicitly waive any co-insurance penalty

B. A policy of comprehensive commercial general liability and property damage insurance, including insurance for the operation of motor vehicles, which will cover Lessor's and Lessee's legal liability arising out of and 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 caused by, attributed to, or incurred in any manner in connection with the lease, use, operation, management, maintenance, replacement or repair of the Leased Premises of not less than Two Million and

No/100 Dollars (\$2,000,000.00) per occurrence and Five Million and No/100 Dollars (\$5,000,000.00) in general aggregate, and such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability and water damage legal liability. Such limit may be met by means of combining a primary and an umbrella policy. Further, so long as Lessee is insured under the same excess liability policy as Louisiana Children's Medical Center, a Louisiana nonprofit corporation, Lessee may, in lieu of maintaining the policy or policies of comprehensive commercial general liability with limits set forth above, maintain an excess liability policy with a limit of not less than Ten Million and No/100 Dollars (\$10,000,000) liability in excess of a self-insured retention.

C. With respect to any work by Lessee or its contractor to construct Improvements to the Leased Premises, an "All Risk" Builder's Risk insurance policy, including but not limited to fire and extended coverage insurance, vandalism and malicious mischief, for not less than one hundred percent (100%) of the full replacement value of the work or property destroyed, to protect against any damage or loss during the work and until final acceptance of the work on the Improvements by Lessee. This policy shall be taken out prior to commencement of any construction and may be discontinued only upon completion of all phases of the work and Improvements or as otherwise agreed to by Lessor Representative. It shall run in favor of the contractor, Lessor and Lessee, as their interests may appear. The coverage shall include the Architect's fee for work required and reconstruction following a loss during construction.

D. With respect to any work by Lessee or its contractor to construct Improvements 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.

E. With respect to any work by Lessee or its contractor to construct Improvements on the Leased Premises, evidence that the architect for such work has procured architect's design, errors, and omissions insurance coverage for the work in an amount acceptable to the LSU Representative, and Lessor shall be named as an additional insured on said policy.

F. Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State of Louisiana, or any act hereafter enacted as an amendment thereto or in lieu thereof, sufficient to cover all persons employed by Lessee in connection with its use of the Leased Premises.

G. Professional Liability Insurance, which covers the professional errors, acts, or omission of the contractor for any construction by Lessee, shall have a minimum limit of One Million and No/100 Dollars (\$1,000,000). Claims-made coverage is acceptable. The date of the inception of the policy must be no later than the first date of the anticipated work under any contract. It shall provide coverage for the duration of the contract and shall have an expiration date no earlier than thirty (30) days after the anticipated completion of the contract. The policy shall provide an extended reporting period of not less than thirty-six (36) months from the expiration date of the policy, if the policy is not renewed.

H. If requested by Lessee, and provided that the Division of Administration's Office of Risk Management ("ORM") is willing to provide coverage, then Lessor 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. If such coverage is requested by Lessee, in addition to the

cost of ORM's invoice, Lessee shall pay to LSU a seven and one-half percent (7½%) 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 seven and one-half percent (7½%) 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 equipment and Improvements owned by Lessee, and Lessee shall separately insure such items. 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 (if requested by Lessee). Lessee shall be responsible for payment of any deductible, 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 8.1 H Lessee is not required to insure the building and improvements under Section 8.1 A. Notwithstanding any other provision to the contrary in this Lease, Lessee shall be under no obligation to request that ORM provide coverage as set forth in this Section 8.1 H., and the provisions set forth herein shall apply only to the extent that Lessee requests (and ORM agrees to provide) such coverage contemplated herein.

Section 8.2 Additional Requirements. Unless otherwise approved by the LSU Representative in writing, the following requirements shall be applicable to insurance policies and coverages required pursuant to the terms of this Lease:

A. The insurance and other provisions of this Lease do not waive or abrogate, are not intended to waive or abrogate, and shall not be interpreted to waive or abrogate the limitation on liability established under La. R.S. 13:5106 for Lessor.

B. 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). Lessee shall provide thirty (30) days' prior written notice to Lessor (ten (10) days for non-payment of premium) in the event of cancellation of any insurance referred to therein, it being understood and agreed that the foregoing notice requirement is only applicable to cancellations and not to modifications, amendments, replacements, or other adjustments to Lessee's policies of insurance so long as the same otherwise remains compliant with the terms of this Lease. Lessee may also satisfy its obligation under this Section by appropriate endorsements of its blanket or excess insurance policies.

C. All policies of comprehensive commercial general liability and property insurance that Lessee maintains according to this Lease (but specifically excluding its policy for workers' compensation) 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.

D. Lessor reserves the right to reasonably request certificates of insurance and the declaration page for each policy, Lessee shall deliver such requested items to Lessor upon occupancy of the Leased Premises and, if requested by Lessor, from time-to-time within thirty (30) days of Lessor's written request. 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.

E. 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.

F. The Parties acknowledge that Lessee and the insurance companies issuing the policies required hereunder shall have no recourse against LSU for payment of premiums or for assessments under the policies, and all insurance policies required hereby shall provide, to the extent commercially obtainable, 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.

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

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

I. Any deductibles or self-insured retentions must be declared to Lessor. Lessee shall be responsible for paying all deductibles and self-insured retentions.

Section 8.3 Condemnation, Casualty and Other Damage. The risk of loss or decrease in the enjoyment and beneficial use of the Leased Premises due to any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion, terrorist attack or otherwise (collectively "Casualty"); or by the taking of all or any portion of the Leased Premises by condemnation, expropriation, 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 and in Section 5.1 hereof. 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 8.4 Restoration Obligations. If all or any portion of the Leased Premises 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 and obtain any other approvals required by law prior to demolish 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 percent (50%) of the replacement value of the Leased Premises 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, 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 LCMC 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 LCMC CEA. In such event, Lessee shall retain any business interruption or similar insurance proceeds other than the property insurance coverage noted above.

In the event Lessee is unable to repair, restore or replace the Leased Premises for any reason, all insurance proceeds received or payable as a result of such Casualty with respect to property insurance coverage (as opposed to business interruption or similar coverage) shall be paid to Lessor and shall be retained by Lessor.

Section 8.5 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 8.5, then the Rent shall be abated for the balance of the Term remaining in proportion to the portion of the Leased Premises so taken, unless 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 IX.
HAZARDOUS MATERIALS

Section 9.1 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, or disposed of in, on, or about the Leased Premises by Lessee or its officers, directors, employees, agents, invitees or sub-lessees. The prohibition set forth in the preceding sentence shall not apply to: (i) Hazardous Materials that are customarily used for a Permitted Use, provided 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; or (ii) Hazardous Materials existing in or about the Leased Premises prior to the effective date hereof. 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, 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, alleged violation, or potential 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"), LDH, or any other Governmental Authority concerning the violation, alleged violation, or potential 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 10.1.

E. 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.

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

ARTICLE X. INDEMNIFICATION

Section 10.1 Lessee's Indemnification to Lessor. 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 10.2 Lessor's Indemnification. To the extent authorized by law, Lessor will indemnify, defend and hold harmless Lessee, 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 to the extent arising out of the negligence or willful misconduct of Lessor, its board members, officers, or employees.

ARTICLE XI. **TAXES, FEES AND LICENSES**

Section 11.1 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 11.2 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 XII.
DEFAULT BY LESSEE

Section 12.1 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.

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 five (5) 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 One Hundred Twenty (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 One Hundred Twenty (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) and/or with any of the obligations of the

LCMC CEA, 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.

Section 12.2 Remedies. 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 XIII. DEFAULT BY LESSOR

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 XIV. NOTICES

All notices (including, without limitation, approvals, consents, and exercises of rights or options) required or permitted to be given hereunder shall be in writing and shall be served on the parties at the addresses set forth below or to such other address as the party entitled to receive such notice may, from time-to-time hereinafter, designate by giving written notice pursuant hereto. Any such notice shall be either: (a) sent by personal delivery, in which case notice shall be deemed

delivered upon receipt, (b) sent by facsimile, in which case notice shall be deemed delivered upon receipt of confirmation transmission of such facsimile notice, (c) sent by certified mail, return receipt requested, postage prepaid, in which case notice shall be deemed delivered upon actual delivery (or attempted delivery), or (d) sent by overnight delivery using a nationally-recognized overnight courier (*e.g.* Federal Express), in which case notice shall be deemed delivered one (1) business day after deposit with such courier. Notices given by counsel to the Purchaser shall be deemed given by Purchaser, notices given by counsel to the Seller shall be deemed given by Seller, and notices given to a party's counsel shall be deemed given to the party:

Lessee: Audubon Retirement Village, Inc.
210 State Street
New Orleans, LA 70118
Attention: _____

With a copy to: Baker Donelson, Bearman, Caldwell,
& Berkowitz, P.C.
450 Laurel Street
21st Floor Chase Tower North
Baton Rouge, LA 70801
Attention: Sean L. Finan, Esq.

Lessor: Board of Supervisors of Louisiana State University
and Agricultural and Mechanical College
Attn: General Counsel
3810 West Lakeshore Drive
Baton Rouge, Louisiana 70808

With a copy to: LSU Health Sciences Center-New Orleans
Attn: Vice Chancellor
for Administration and Finance
433 Bolivar Street, Room 811
New Orleans, Louisiana 70112

With a copy to: Taylor, Porter, Brooks & Phillips, L.L.P.
Attn: Nancy C. Dougherty
450 Laurel Street, 8th Floor
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 XV. MISCELLANEOUS

Section 15.1 Lessor's Right to Enter Property. Lessor, directly and/or through its agents, reserves the right to enter the Leased Premises during normal business hours (except in the event of an emergency, when Lessor's entry shall not be limited to normal business hours) 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, 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 15.2 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 are described in the LCMC CEA. In no event shall Lessee's officers, directors, employees, or agents be liable for any of the obligations of Lessee hereunder.

Section 15.3 Waiver. 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 15.4 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 15.5 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 LCMC CEA.

Section 15.6 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 Orleans. 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 15.7 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. Any such assignment shall be made in a manner consistent with terms of this Lease.

Section 15.8 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 15.9 Entire Agreement. This Lease, together with all exhibits attached hereto, and together with the LCMC CEA 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 15.10 Jurisdiction, Venue and Service of Process. The exclusive venue for any lawsuit filed by either Party to this Lease is the Nineteenth Judicial District Court for the Parish of East Baton Rouge, State of Louisiana. The parties agree that either 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 lawsuit referred to in the first sentence of this Section may be served on any party anywhere in the world.

Section 15.11 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 15.12 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 Louisiana State University or by his designee, and on behalf of Lessee by any duly authorized representative of Lessee.

Section 15.13 Appropriation of Funds. Notwithstanding anything to the contrary contained in this Lease, all Lessor obligations under this Lease to make payments, if any, or to

expend funds, of any kind, if any, 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.

Section 15.14 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 and No/100 Dollars (\$10,000.00) or more during any twelve (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 15.15 Earlier Termination. Notwithstanding the Term set forth in this Lease, this Lease will terminate automatically upon the expiration or earlier termination of the LCMC CEA, and Lessee will work cooperatively with Lessor to terminate or transfer the operations of Hainkel Home Nursing Facility back to Lessor or its designee.

Section 15.16 Compliance with Law. Lessor agrees to comply with all legal requirements of LDH related to licensure and operation of Hainkel Home in accordance with the Permitted Uses.

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

[Signature Page for Board of Supervisors of Louisiana State University and Agricultural and Mechanical College of Lease Between Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and Audubon Retirement Village, Inc. of Hainkel Home Rehabilitation Center]

This Lease of Hainkel Home Nursing Facilities by and between Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, and Audubon Retirement Village, Inc., is executed in multiple original counterparts.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the ____ day of _____, 20____, 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:

Printed Name:

By: _____
F. Alexander King, President
Louisiana State University

[Signature Page for Audubon Retirement Village, Inc. Between Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and Audubon Retirement Village, Inc. of Hainkel Home Rehabilitation Center]

This Lease by and between Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and Audubon Retirement Village, Inc., is executed in multiple original counterparts.

WITNESSES:

AUDUBON RETIREMENT VILLAGE, INC.

Printed Name: _____

By: _____

Printed Name: _____

LIST OF EXHIBITS

- 1. EXHIBIT A LEASED PREMISES**
- 2. EXHIBIT B MOVABLE EQUIPMENT**
- 3. EXHIBIT C IMPROVEMENTS TO LEASED PREMISES AND ESTIMATED COSTS**

EXHIBIT “A”
LEASED PREMISES

[Note: Attached]

EXHIBIT “B”
MOVABLE EQUIPMENT

[Note: Attached]

EXHIBIT “C”

LIST OF IMPROVEMENTS AND COSTS

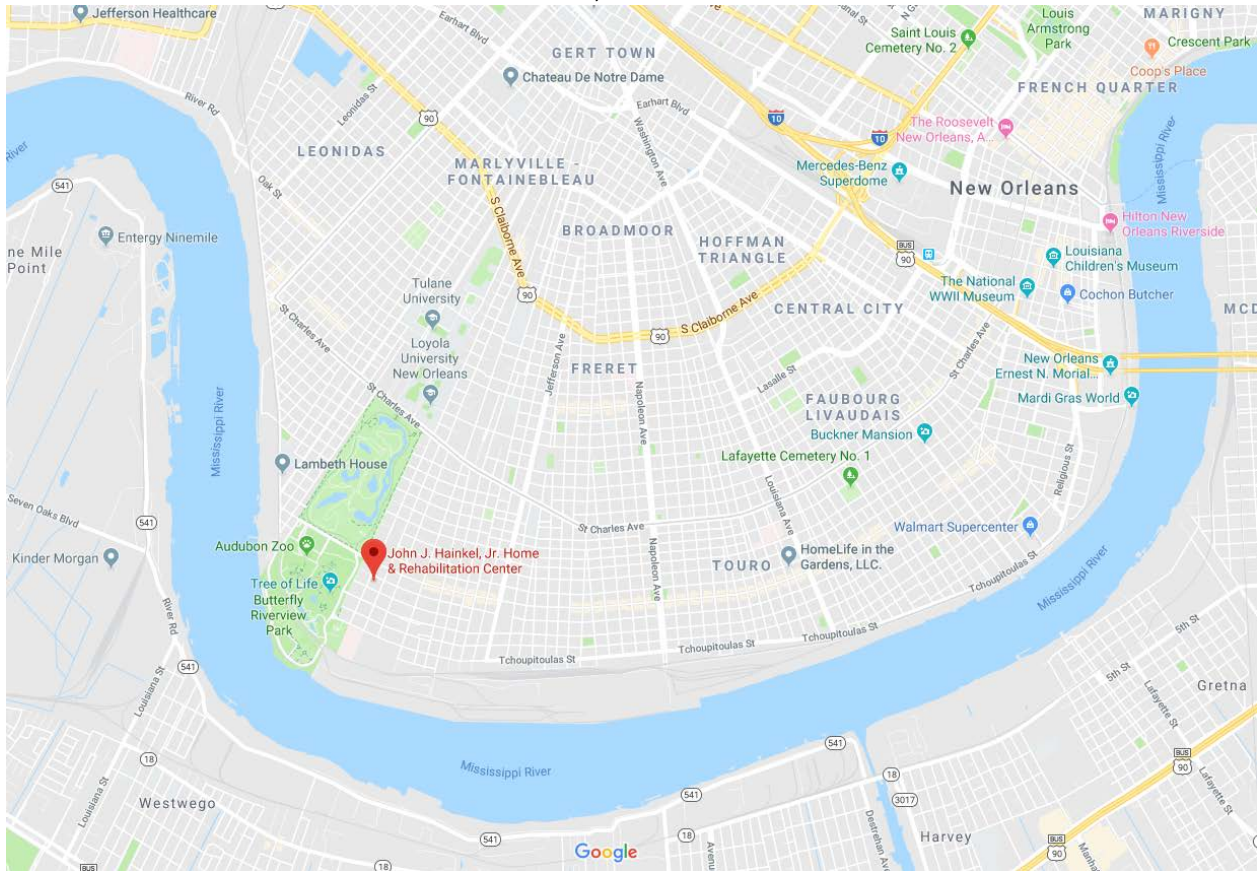
[Note: Attached, but subject to revision, cost list to be completed/finalized at future date prior to signing]

EXHIBIT A

JOHN J.HAINKEL, JR HOME & REHABILITATION CENTER Located at 612 Henry Clay Ave.,
New Orleans, Louisiana 70118

The Hainkel Home property has two buildings located at 612 Henry Clay Avenue, New Orleans Louisiana 70118. The two buildings, Rehabilitation Hospital (two stories, 73,044 SF) and Maintenance Warehouse (one story, 1,632 SF), total 74,676 square feet.

FIGURE 1. THE HAINKEL HOME SITE LOCATION
THE HAINKEL HOME LOCATED AT 612 HENRY CLAY AVENUE,
NEW ORLEANS, LOUISIANA 70118.



PROPERTY DESCRIPTION John J. Hainkel, Jr. Home and Rehabilitation Center and Maintenance Warehouse

PROPERTY DESCRIPTION:

The property includes the entire SQ 22 (previous lots 1 through 24), Burtheville 6th Municipal District of New Orleans, fronting 289FT on Henry Clay Avenue and bounded by Patton Street, Constance Street, and Calhoun Street. The land area totals 90,746 square feet or 2.08 acres. Two buildings are located on the property.

FIGURE 1. THE HAINKEL HOME PROPERTY DESCRIPTION

TWO BUILDINGS ARE ON SQUARE 22 IN THE SIXTH MUNICIPAL DISTRICT OF NEW ORLEANS

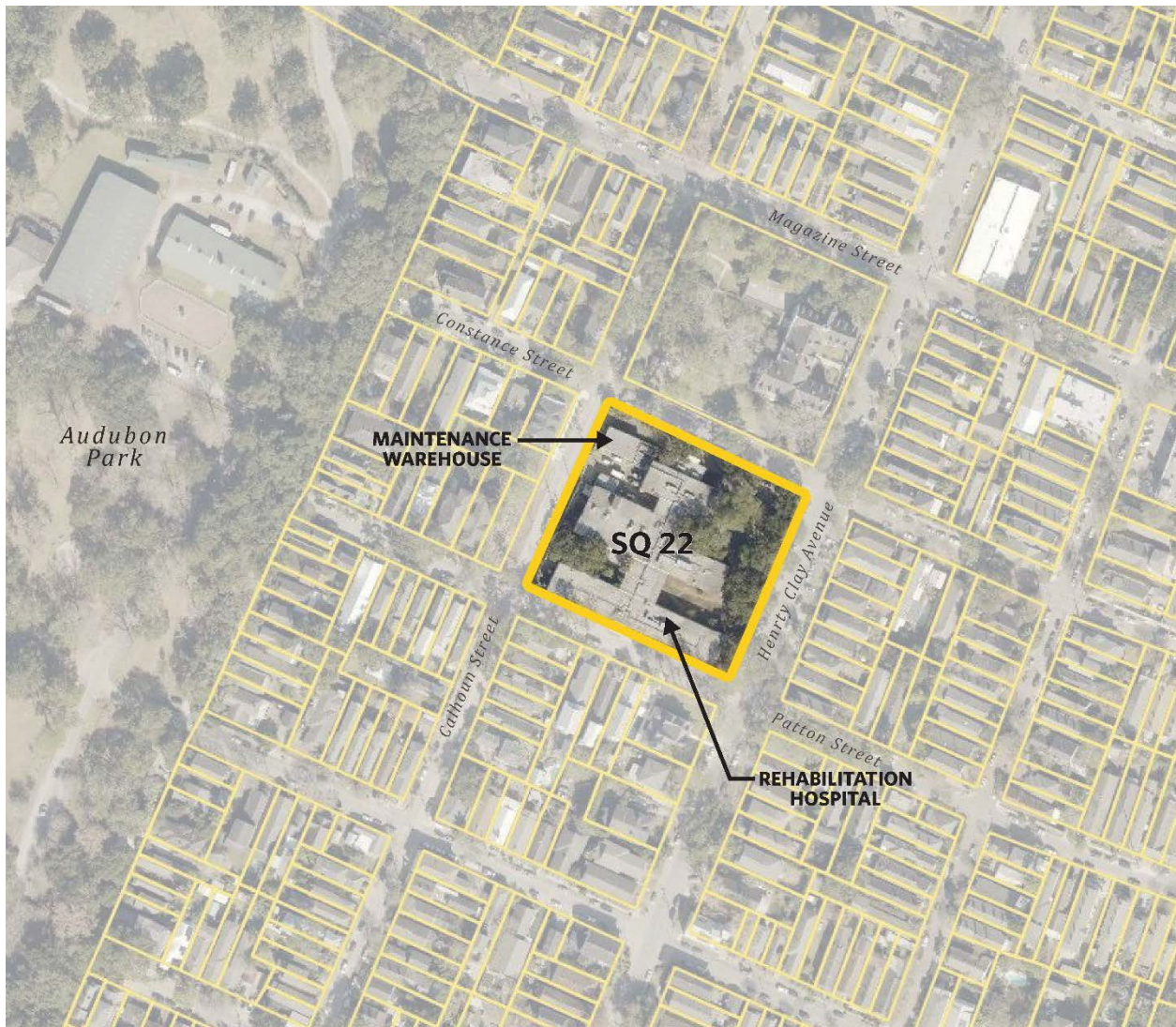


FIGURE 2. FRONT VIEW
THE HAINKEL HOME FACING HENRY CLAY

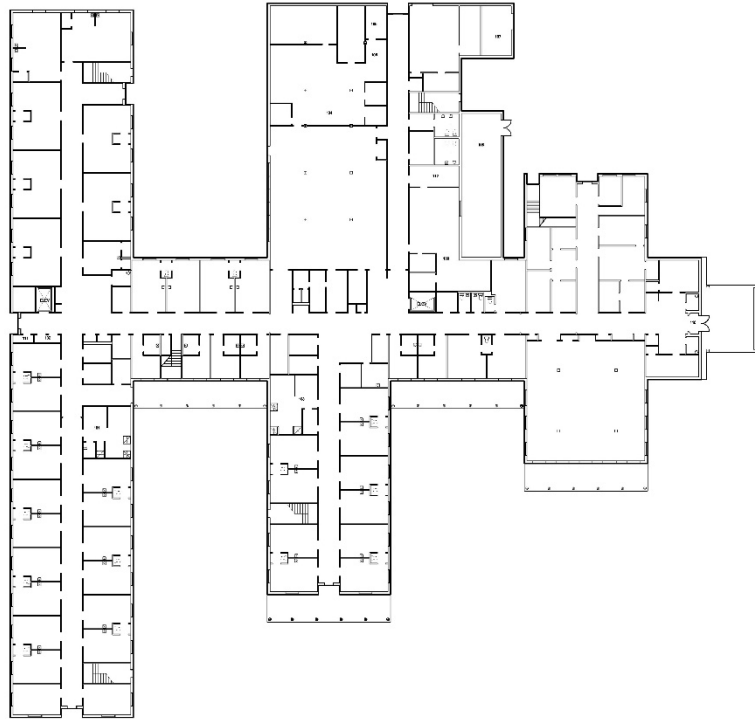


FIGURE 3. REAR VIEW
CORNER OF CONSTANCE AND CALHOUN

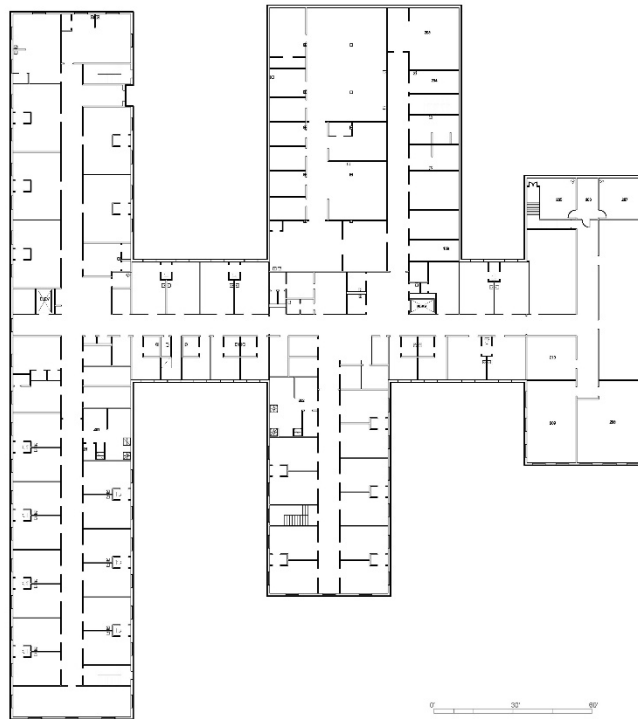


FLOOR PLANS John J. Hainkel, Jr. Home and Rehabilitation Center

FIGURE 1. THE HAINKEL HOME FLOOR PLANS
THE FLOOR PLANS FOR FIRST AND SECOND FLOOR



FLOOR ONE



FLOOR TWO

EXHIBIT B- MOVABLE EQUIPMENT

List of assets, grouped by Location for Agency

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(4) LOCATION: 20800

ASSET NUMBER	DESCRIPTION	SERIAL NUMBER	TOTAL COST	FIRST ACQ COST
20800-090002	VANDER SCALE	8042	\$1,000.00	\$1,000.00
20800-090003	SAFETY SUPREME MATTRESS	MATTRESS	\$1,580.91	\$1,580.91
20800-090004	84" SAFETY SUPREME MATTRESS	MATTRESS	\$1,611.91	\$1,611.91
20800-090005	VANDER 450 LB SCALE	14938	\$2,995.00	\$2,995.00
			\$7,187.82	\$7,187.82

(7) LOCATION: S00576-JJ HAINKEL-1ST FLOOR

ASSET NUMBER	DESCRIPTION	SERIAL NUMBER	TOTAL COST	FIRST ACQ COST
20800-090007	ACCUTOUCH	G18Q000197	\$1,479.74	\$1,479.74
20800-090008	ACCUTOUCH	G18Q000182	\$1,479.74	\$1,479.74
20800-090023	ACCUTOUCH	G18Q000197	\$1,479.74	\$1,479.74
20800-090026	ACCUTOUCH	G18Q000187	\$1,479.74	\$1,479.74
20800-090027	ACCUTOUCH	G18Q000191	\$1,479.74	\$1,479.74
20800-090028	ACCUTOUCH	G18Q000193	\$1,479.74	\$1,479.74
20800-090029	ACCUTOUCH	G18Q000189	\$1,479.74	\$1,479.74
			\$10,358.18	\$10,358.18

(7) LOCATION: S00576-JJ HAINKEL-2ND FLOOR

ASSET NUMBER	DESCRIPTION	SERIAL NUMBER	TOTAL COST	FIRST ACQ COST
20800-000022	ACCUTOUCH	G18Q000196	\$1,479.74	\$1,479.74

ASSET NUMBER	DESCRIPTION	SERIAL NUMBER	TOTAL COST	FIRST ACQ COST
20800-090001	VANDER II 600 LB SCALE	14939	\$3,595.00	\$3,595.00
20800-090032	ACCUTOUCH	G18Q000192	\$1,479.74	\$1,479.74
20800-090033	ACCUTOUCH	G18Q000186	\$1,479.74	\$1,479.74
20800-090034	ACCUTOUCH	G18Q000194	\$1,479.74	\$1,479.74
20800-090035	ACCUTOUCH	G18Q000195	\$1,479.74	\$1,479.74
20800-090037	SAFETY SUPREME MATTRESS	BARIATRIC BED	\$1,342.00	\$1,342.00
			\$12,335.70	\$12,335.70

GRAND TOTAL

ASSET NUMBER	DESCRIPTION	SERIAL NUMBER	TOTAL COST	FIRST ACQ COST
			\$29,881.70	\$29,881.70

----- End of Report -----

EXHIBIT C

Date: 10/23/18

SCL



Per Ft
\$171.17

Hainkel Home Renovations
Probable Costs

Item #	Description	Vendor	Unit Cost	No. of Units	Line Total	State Fiscal Year Cash Flow		
						2018 - 2019	2019 - 2020	2020 - 2021
1	Construction Heavy	TBD	\$140.00	5888	\$824,320.00	\$824,320		
2	Construction Medium	TBD	\$109.00	52992	\$5,776,128.00	\$1,155,226	\$4,620,902	
3	Construction Light	TBD	\$75.00	14156	\$1,061,700.00	\$530,850	\$530,850	
4	AE & Other Soft Cost	Multiple	6.00%	9617448	\$577,046.88	\$577,047		
5	Major Electrical	Multiple	\$342,000.00	1	\$342,000.00	\$342,000		
6	Major Mechanical	Multiple	\$2,500,000.00	1	\$2,500,000.00	\$1,250,000	\$1,250,000	
7	Major Other Equipment	TBD	\$175,000	1	\$175,000.00	\$175,000		
8	Allowance for Deferred Maintenance	Multiple	\$71,000.00	1	\$71,000.00	\$71,000		
9	Other ADA Compliance	TBD	\$72,500.00	1	\$72,500.00	\$36,250	\$36,250	
10	ACM Removal	TBD	1.00%	9617448	\$96,174.48	\$48,087	\$48,087	
11	FFE	TBD	\$750,000.00	1	\$750,000.00	\$450,000	\$300,000	
12	IT Infrastructure	TBD	\$2.00	73036	\$146,072.00	\$87,643	\$58,429	
13	Sign Package	TBD	\$1.50	73036	\$109,554.00	\$65,732	\$43,822	
Sub Total					\$12,501,495.36	\$5,613,155	\$6,888,340	
Grand Total					\$12,501,495.36	\$5,613,155	\$6,888,340	

EXHIBIT 3.3

**CERTIFICATE OF NEED
USE AND UTILIZATION AGREEMENT**

This Certificate of Need Use and Utilization Agreement (the “Agreement”) is made and entered into effective the _____ day of _____, 2019 (the “Effective Date”) by and between:

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation of the State of Louisiana, with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (hereinafter referred to as “LSU”); and

AUDUBON RETIREMENT VILLAGE, INC., a Louisiana nonprofit corporation, (hereinafter referred to as “ARV”).

WHEREAS, LSU is a public corporation organized and existing under the Constitution and laws of the State of Louisiana, and LSU’s institutions, including LSU Health Sciences Center – New Orleans (“HSC-NO”), are under LSU’s supervision and management pursuant to La. Const. Art. VIII, Section 7 and La. R.S. 17:3215; and

WHEREAS, ARV is a nonprofit corporation organized and existing under the laws of the State of Louisiana and is a wholly-owned subsidiary of Louisiana Children’s Medical Center (“LCMC”); and

WHEREAS, pursuant to that certain cooperative endeavor agreement by and between the Louisiana Department of Health (“LDH”) and LSU dated _____, 2019 (the “LDH CEA”), HSC-NO has the unrestricted right to use and utilize that certain Facility Need Review Approval, also commonly referred to as "Certificate of Need" (the “CON”) required to operate, and bill for Medicaid services provided at, the nursing facility currently known as the “John J. Hainkel, Jr.

Home and Rehabilitation Center” located at 612 Henry Clay Avenue, New Orleans, Louisiana 70118 (the “Facility”); and

WHEREAS, contemporaneous with the execution of this Agreement, LSU is entering into a lease of the Facility (the “Lease”), as well as a cooperative endeavor agreement with ARV (the “LCMC CEA”), pursuant to which ARV will agree to operate the Facility, and may engage a manager to provide operational support services at the Facility, as a Geriatric Training Nursing Facility (“GTNF”) that will provide needed health care services to the elderly and needy residents of Louisiana and support and fill a current gap in the training of physicians and various allied health professionals in the provision of care to the elderly; and

WHEREAS, under La. R.S. 40:2116 a certificate of need is required to obtain a license to operate a nursing home in the State of Louisiana, and in accordance with a moratorium imposed under La. R.S. 40:2116, LDH is generally prohibited from issuing new certificates of need for nursing home beds at least until the year 2022; and

WHEREAS, ARV’s right to use and utilize the CON in accordance with this Agreement, along with its right to occupy the Facility in accordance with the Lease, will allow ARV to obtain a license and any other required regulatory approvals and operate the Facility as a GTNF in accordance with the LCMC CEA; and

WHEREAS, LSU’s grant of the right to use and utilize the CON to ARV in accordance with this Agreement is consistent with and promotes HSC-NO’s three-part mission of medical education, research and clinical care.

NOW, THEREFORE, in consideration of LSU’s grant of the right to use and utilize the CON to ARV, the mutual benefits accruing to the parties under this Agreement, and other good and valuable consideration (the “Consideration”), the parties enter into this Agreement, on the following terms and conditions:

ARTICLE I.
USE AND UTILIZATION OF CERTIFICATE OF NEED

For the Consideration and upon the terms and conditions hereinafter expressed, LSU grants to ARV the sole and exclusive right to operate a nursing home in the Facility as authorized by the CON, commencing on the Effective Date, for the Term (as defined below), unless otherwise terminated sooner in accordance with the terms and conditions set forth herein. ARV shall ensure that the Facility is used strictly in accordance with the terms and conditions of the CON and in compliance with all federal, state, local and parish rules, laws, ordinances, and governmental regulations, orders, codes and decrees applicable to operations at the Facility.

In carrying out its authority hereunder, ARV may engage a third party to provide management services for the Facility as a GTNF, subject to the LCMC CEA and other limitations set forth herein, provided that nothing herein shall authorize ARV to transfer or otherwise convey the CON to any third party. ARV shall utilize the CON, and shall require any third party manager it engages to utilize the CON, as a reasonable, prudent administrator.

ARTICLE II.
TERM

Section 2.1. Term. Subject to Section 2.2 below, unless earlier terminated as provided herein and in the LCMC CEA, the initial term of this Agreement (the “Initial Term”) shall be five (5) years, beginning on the Effective Date, and, unless ARV provides written notice of non-renewal at least ninety (90) days prior to the expiration of the Initial Term, shall automatically renew for two (2) successive five (5) year renewal terms (each a “Renewal Term”), for a total term (“Term”) of fifteen (15) years. Notwithstanding any provision herein to the contrary, this Agreement, and therefore ARV’s right to utilize the CON, shall automatically terminate upon termination or expiration of the LCMC CEA.

Section 2.2. Early Termination. In the event the LDH CEA, the LCMC CEA or the Lease expires or is terminated prior to the expiration of the Term of this Agreement for any reason, this Agreement shall terminate.

ARTICLE III.
COMPENSATION

As compensation for ARV's authority to utilize the CON, ARV shall pay HSC-NO the sum of \$_____ AND No/100 DOLLARS (\$_____) annually in one (1) payment due and payable each year of the Term on the anniversary of the Effective Date. In the event the last day of the Term falls on a date other than the day immediately preceding the annual anniversary of the Effective Date, the last annual compensation payment shall be prorated from the preceding anniversary of the Effective Date to the last day of the Term. The parties acknowledge and agree that such amounts are consistent with fair market value, as determined by an independent, third party valuator.

ARTICLE IV.
INSURANCE

ARV shall ensure that commercially reasonable insurance is maintained on the Facility and that such insurance shall be of types and in amounts that provide at least as much coverage as have been historically maintained on the Facility and were in effect immediately prior to the Effective Date. Any insurance policy covering the Facility shall name LSU as an additional insured party and/or loss payee, as applicable.

ARTICLE V.
NOTICES

Any and all notice required or appropriate under this Agreement shall be in writing and shall be sent by (a) personal delivery; (b) electronic mail, (c) recognized overnight delivery service

with proof of delivery; or (d) certified United States mail, postage prepared, receipt requested, to the following addresses:

ARV: LCMC Health
2010 State Street
New Orleans, LA 70118
Attention: Suzanne Haggard, LCMC CFO

With a copy to: Baker, Donaldson, Bearman, Caldwell & Berkowitz,
P.C.
450 Laurel Street
21st Floor Chase Tower North
Baton Rouge, LA 70801
Attention: Sean L. Finan, Esq.

LSU: LSU Health Sciences Center – New Orleans
433 Bolivar Street
New Orleans, Louisiana 70112
Attn: Chancellor

With a copy to: Board of Supervisors of Louisiana State University and
Agricultural and Mechanical College
3810 West Lakeshore Drive
Baton Rouge, Louisiana 70808
Attn: General Counsel

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 VI. **MISCELLANEOUS**

Section 6.1. Waiver. LSU and ARV agree that either party's failure to insist on strict performance of any term or condition of this Agreement 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.

Section 6.2. Severability. The provisions of this Agreement are severable. Any terms and/or conditions that are deemed illegal, invalid or unenforceable shall not affect any other term or condition of the Agreement.

Section 6.3. Counterparts. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original, but all of which together will constitute only one agreement.

Section 6.4. Entire Agreement. This Agreement defines the relationship of the parties with respect to the matters set forth herein. Any amendments to this Agreement must be reduced to writing and signed by both parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed, as
of the Effective Date.

**AUDUBON RETIREMENT VILLAGE,
INC.**

By: _____
Name: _____
Title: _____

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

By: _____
Name: F. King Alexander, President
Title: Louisiana State University

JLCB- John J. Hainkel, Jr. Home and Rehabilitation Center

Talking Points

- The population of Louisiana residents over 60 years of age continues to grow and reached nearly 16% by 2018 (U.S. Bureau of Labor & Statistics)
- LSUHSC-NO is integral state partner in preparing the next generation of physicians and healthcare professionals to meet the healthcare needs of the citizens of Louisiana.
- Increased need for clinical education and training experiences for healthcare professionals who will provide care to the aging population
- The John J. Hainkel, Jr. Home and Rehabilitation Center (612 Henry Clay Avenue) is a 142 bed licensed long-term skilled care & rehabilitation facility providing specialized care to the elderly
- Facility has been owned and operated by or on behalf of the Louisiana Department of Health for many years (NOHI)
- The 142 bed home was at risk of closure when LDH proposed to transfer the facility to the LSU Board of Supervisors
- In January 2019, the LSU Board authorized the transfer of the Hainkel Home from LDH to the LSU Board, contingent upon reaching an Agreement with affiliated hospital partner to manage and operate the home and an acceptable SPA rate
- In March 2019, LSU Board authorized the LSU President to enter into a CEA and to execute related lease documents with LCMC/ARV to manage and operate the home.
- Preserves the continuing operation of the home and will support additional geriatric clinical education and training opportunities for LSUHSC-NO programs
- The transfer is expected to be completed by late June/early July

Technical Points on CEA Requirements

- Cooperative Endeavor Agreement Tests (Cabela's Test related to Article VII-Section 14 of LA Constitution)
 - Public Purpose- Advancing LSUHSC-NO education mission also providing healthcare to citizens of the state through Healthcare Network and affiliated hospital partners
 - Does not Appear to be Gratuitous- LSUHSC-NO will receive lease payments for the facility and Certificate of Need from not-for-profit partner
 - Reasonable benefit or value- LSUHSC-NO will receive nearly \$900K in lease revenue annually for facility and Certificate of Need
- RS 39:366.11 requires that if non-profit is expected to generate \$1M or greater, review of CEA by JLCB is required
- Competitive bid process was not necessary. La RS 17:3361 provides that: University lease to a non-profit does not require public bid