



SENATOR BODI WHITE
CHAIRMAN

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

STATE CAPITOL
P.O. BOX 44294, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804
(225) 342-2062

REPRESENTATIVE JEROME ZERINGUE
VICE-CHAIRMAN

NOTICE OF MEETING

Thursday
February 20, 2020
1:00 P.M.
House Committee Room 5

A G E N D A

I. CALL TO ORDER

II. ROLL CALL

III. BUSINESS

1. Fiscal Status Statement and Five Year Base Line Budget
2. Review and approval of the Fiscal Year 2020-2021 Operating Budget for the Louisiana Lottery Corporation in accordance with R.S. 47:9010(A)(7)
3. Review of Tax Increment Financing utilizing 2% of the 4.5% state sales tax within three Economic Development Districts (EDD) within the City of Lake Charles: I-10 Corridor EDD, Lakefront EDD, and Enterprise Boulevard EDD as required by R.S. 47:3204
4. Review and reporting of the related ground lease and cooperative endeavor agreements between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and the LSU Health Foundation, New Orleans for the acquisition, development, design, construction, demolition, and equipping of additional student housing and related infrastructure adjacent to the LSUHSC-NO campus in accordance with R.S. 39:366.11
5. Review of the Medicaid Forecast adopted by the Medicaid Subcommittee of the Health and Social Services Estimating Conference pursuant to R.S. 39:21.3(E)(5)(e)
6. Discussion of the Medicaid managed care organizations' contracts procurement process
7. Discussion of the racing conditions at the Louisiana racetracks

IV. CONSIDERATION OF ANY OTHER BUSINESS THAT MAY COME BEFORE THE COMMITTEE

V. ADJOURNMENT

THIS NOTICE CONTAINS A TENTATIVE AGENDA AND MAY BE REVISED PRIOR TO THE MEETING.

BODI WHITE, CHAIRMAN

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET
GENERAL FUND FISCAL STATUS STATEMENT
FISCAL YEAR 2019-2020
(\$ in millions)

February 21, 2020

	JANUARY 2020	FEBRUARY 2020	FEBRUARY 2020 Over/(Under) JANUARY 2020
GENERAL FUND REVENUE			
Revenue Estimating Conference, April 10, 2019	\$9,724.800	\$9,724.800	\$0.000
FY18-19 Revenue Carried Forward Into FY 19-20	\$87.892	\$87.892	\$0.000
Total Available General Fund Revenue	\$9,812.692	\$9,812.692	\$0.000
APPROPRIATIONS AND REQUIREMENTS			
Non-Appropriated Constitutional Requirements			
Debt Service	\$448.643	\$448.643	\$0.000
Interim Emergency Board	\$1.323	\$1.323	\$0.000
Revenue Sharing	\$90.000	\$90.000	\$0.000
Total Non-Appropriated Constitutional Requirements	\$539.966	\$539.966	\$0.000
Appropriations			
General (Act 10 of 2019 RS)	\$9,058.343	\$9,058.343	\$0.000
Ancillary (Act 40 of 2019 RS)	\$0.000	\$0.000	\$0.000
Judicial (Act 60 of 2019 RS)	\$151.460	\$151.460	\$0.000
Legislative (Act 70 of 2019 RS)	\$62.473	\$62.473	\$0.000
Capital Outlay (Act 20 of 2019 RS)	\$0.000	\$0.000	\$0.000
Total Appropriations	\$9,812.242	\$9,812.242	\$0.000
Other Requirements			
Funds Transfer Bill (Act 362 of 2019 RS)	\$0.450	\$0.450	\$0.000
Total Other Requirements	\$0.450	\$0.450	\$0.000
Total Appropriations and Requirements	\$9,812.692	\$9,812.692	\$0.000
General Fund Revenue Less Appropriations and Requirements	\$0.000	\$0.000	\$0.000

II. FY 2018-2019 Fiscal Status Summary:

In accordance with Act 1092 of the 2001 Regular Session and Act 107 of the 2002 First Extraordinary Session R.S. 39:75 A.(3)(a) "At the first meeting of the Joint Legislative Committee on the Budget after publication of the Comprehensive Annual Financial Report for the state of Louisiana, the commissioner of administration shall certify to the committee the actual expenditures paid by warrant or transfer and the actual monies received and any monies or balances carried forward for any fund at the close of the previous fiscal year which shall be reflected in the budget status report."

FY19 GENERAL FUND DIRECT SURPLUS/DEFICIT - ESTIMATED (millions)

FY18 Surplus/(Deficit)		308.053
Other Obligations Against Cash Carried Over from FY18 to FY19:		
FY17 Surplus	63.026	
General Fund Direct, Carryforwards	63.665	
Transfer to Coastal Protection & Restoration Fund	11.068	
Total Other Obligations Against Cash Carried Over from FY18 to FY19		137.759
FY19 General Fund - Direct Revenues:		10,140.275
BP Settlement Payment		53.333
Total General Funds Available for Expenditure in FY19		10,639.421

FY19 General Fund - Direct Appropriations & Requirements:

Draws of General Fund Direct Appropriations	(8,982.854)	
General Obligation Debt Service	(422.651)	
Transfer to the Revenue Sharing Fund (Z06) - Constitution 7:26	(90.000)	
Transfer to the Revenue Stabilization Fund (Z25) - Constitution 7:10.15	(30.518)	(1)
Transfer to the New Opportunities Waiver Fund (H30) - R.S. 39:100.61	(15.000)	(2)
Transfers - Other per Statute and Legislative Action	(91.159)	(3)
FY17 Surplus - Appropriated or Transferred	(62.952)	(4)
FY18 Surplus - Appropriated or Transferred	(306.893)	(5)
Total FY19 General Fund Direct Appropriations & Requirements		(10,002.027)

General Fund Direct Cash Balance	637.394
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Obligations Against the General Fund Direct Cash Balance:

Unappropriated Use of FY17 Surplus	(0.074)	
Unappropriated Use of FY18 Surplus	(1.160)	
Pending FY19 Transfers to be Finalized in FY20	(13.759)	(6)
General Fund Direct, Carryforwards from FY19 to FY20	(87.892)	
Total Obligated General Fund Direct		(102.884)

General Fund Direct Surplus/(Deficit)	534.510
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Certification in accordance with R.S. 39:75A(3)(a)	\$534,509,518
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- (1) Revenue Stabilization Fund - corporate revenues in excess of \$600 million.
 (2) NOW Fund - 12% of the increase in the REC forecast during FY19 (12% of \$125 million increase = \$15 million)
 (3) Transfers per General Appropriations Bill (20-XXX) and Funds Bill (Act 362 of 2019 RLS)
 (4) FY17 Surplus - Capital Outlay \$22.5 million; DOTD Highway Improvements \$40.5 million
 (5) FY18 Surplus - BSF \$77 million; UAL \$31 million; Coastal \$55 million; Capital Outlay \$144 million
 (6) Pending Transfers - Coastal \$6.4 million; BP Settlement \$7.1 million (\$5.3 million Health Trust Fund, \$1.8 million Medicaid Trust Fund for the Elderly); \$0.2 million Fire Marshal Fund

III. Current Year Items Requiring Action

GOHSEP - Repay FEMA for multiple disasters - 4th of 5 payments	\$7.40
GOHSEP - Projected state share of emergency response efforts related to Tropical Storm Barry (Proclamation 111 JBE 2019)	\$5.02
GOHSEP - Projected state costs associated with cybersecurity emergency response efforts (Proclamation 115 JBE 2019)	\$2.70
Department of Corrections - personal services, offender medical, and acquisitions & major repairs	\$18.41
Local Housing of State Adult Offenders - increase per diem to \$25.39 (\$6.5m) and projected offender population (\$9.35m)	\$15.85
Department of Health - final payment of federal tax required by managed care company contracts	\$47.77

Items Requiring Action Total **\$97.15**

IV. Horizon Issues Not Contained In 5-Year Plan

State share owed to FEMA upon the final closeout of various disasters, including Hurricane Katrina, for public assistance (state, local, and private non-profits) and hazard mitigation projects. Final closeouts of the various disasters are not expected until FY20 at the earliest, but could extend beyond the 5-year baseline projection window.

In 2008, the State of Louisiana through the Coastal Protection and Restoration Authority Board entered into a Project Partnership Agreement with the United States Army Corps of Engineers to construct a Hurricane and Storm Damage Risk Reduction System (HSDRRS) around the greater New Orleans area. The HSDRRS project is a cost share agreement whereby the State is required to pay a percentage (about 35%) of the total costs of the project. Payback will occur over a 30 year period with the first payment due once the HSDRRS project is completed, which is expected to be in Fiscal Year 2021.

**FIVE YEAR BASE LINE PROJECTION
STATE GENERAL FUND SUMMARY
CONTINUATION**

	Official Current Fiscal Year 2019-2020	Projected Fiscal Year 2020-2021	Projected Fiscal Year 2021-2022	Projected Fiscal Year 2022-2023	Projected Fiscal Year 2023-2024
REVENUES:					
Taxes, Licenses & Fees	\$12,354,400,000	\$12,576,200,000	\$12,882,900,000	\$13,165,400,000	\$0
Less Dedications	(\$2,629,600,000)	(\$2,532,200,000)	(\$2,578,000,000)	(\$2,615,800,000)	\$0
TOTAL REC REVENUES	\$9,724,800,000	\$10,044,100,000	\$10,304,900,000	\$10,549,700,000	\$0
ANNUAL REC GROWTH RATE		3.28%	2.60%	2.38%	-100.00%
Other Revenues:					
Carry Forward Balances	\$87,891,744	\$0	\$0	\$0	\$0
Utilization of Prior Year Surplus	\$0	\$0	\$0	\$0	\$0
Total Other Revenue	\$87,891,744	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$9,812,691,744	\$10,044,100,000	\$10,304,900,000	\$10,549,700,000	\$0
EXPENDITURES:					
General Appropriation Bill (Act 10 of 2019 RS)	\$8,970,450,938	\$9,597,193,491	\$9,826,508,725	\$10,051,303,642	\$10,271,818,797
Ancillary Appropriation Bill (Act 40 of 2019 RS)	\$0	\$0	\$3,984,386	\$4,123,840	\$4,268,174
Non-Appropriated Requirements	\$539,966,015	\$528,600,944	\$485,874,204	\$470,814,678	\$456,661,881
Judicial Appropriation Bill (Act 60 of 2019 RS)	\$151,460,091	\$155,111,092	\$156,944,761	\$158,886,367	\$160,876,513
Legislative Appropriation Bill (Act 70 of 2019 RS)	\$62,472,956	\$62,472,956	\$62,533,365	\$62,533,363	\$62,533,360
Special Acts	\$0	\$0	\$9,017,337	\$9,017,337	\$9,017,337
Capital Outlay Bill (Act 20 of 2019 RS)	\$0	\$0	\$0	\$0	\$0
TOTAL ADJUSTED EXPENDITURES (less carryforwards)	\$9,724,350,000	\$10,343,378,483	\$10,544,862,778	\$10,756,679,227	\$10,965,176,062
ANNUAL ADJUSTED GROWTH RATE		6.37%	1.95%	2.01%	1.94%
Other Expenditures:					
Carryforward BA-7s Expenditures	\$87,891,744	\$0	\$0	\$0	\$0
Supplemental Bill (Act 50 of 2019 RS), Funds Bill (Act 362 of 2019 RS)	\$450,000	\$0	\$0	\$0	\$0
27th Pay Period occurring in FY22-23	\$0	\$0	\$0	\$70,844,235	\$0
Total Other Expenditures	\$88,341,744	\$0	\$0	\$70,844,235	\$0
TOTAL EXPENDITURES	\$9,812,691,744	\$10,343,378,483	\$10,544,862,778	\$10,827,523,462	\$10,965,176,062
PROJECTED BALANCE	\$0	(\$299,278,483)	(\$239,962,778)	(\$277,823,462)	(\$10,965,176,062)

Oil Prices included in the REC forecast on 4/10/2019.

\$59.15

\$60.00

\$61.71

\$62.17

\$0.00



LOUISIANA LOTTERY CORPORATION

FINANCIAL PLAN

FOR THE FISCAL YEAR ENDING JUNE 30, 2021



February 7, 2020

Board of Directors, Louisiana Lottery Corporation
Joint Legislative Committee on the Budget, Louisiana Legislature

Budget Message

The mission of the Louisiana Lottery Corporation as defined by statute is to offer the best possible lottery games in order to maximize revenue to the state while insuring the integrity of the lottery, the dignity of the state, and the general welfare of its citizens. Every year during the budgeting process, the Lottery renews its commitment to this mission. The financial plan for the fiscal year ending (FYE) June 30, 2021 reflects this commitment.

Total revenue for the current fiscal year is projected at \$462.6 million and is budgeted for the 2021 fiscal year at \$461.7 million. These estimates result in projected transfers to the state for FYE June 30, 2020 of \$161.9 million and budgeted transfers of \$161.6 million for FYE June 30, 2021.

Revenue and transfers are estimated at conservative levels because of the uncertainty of Powerball and Mega Millions sales. Jackpot levels have a significant impact on sales for these games. The frequency and size of larger jackpots cannot be predicted for the remainder of the current year or any future years.

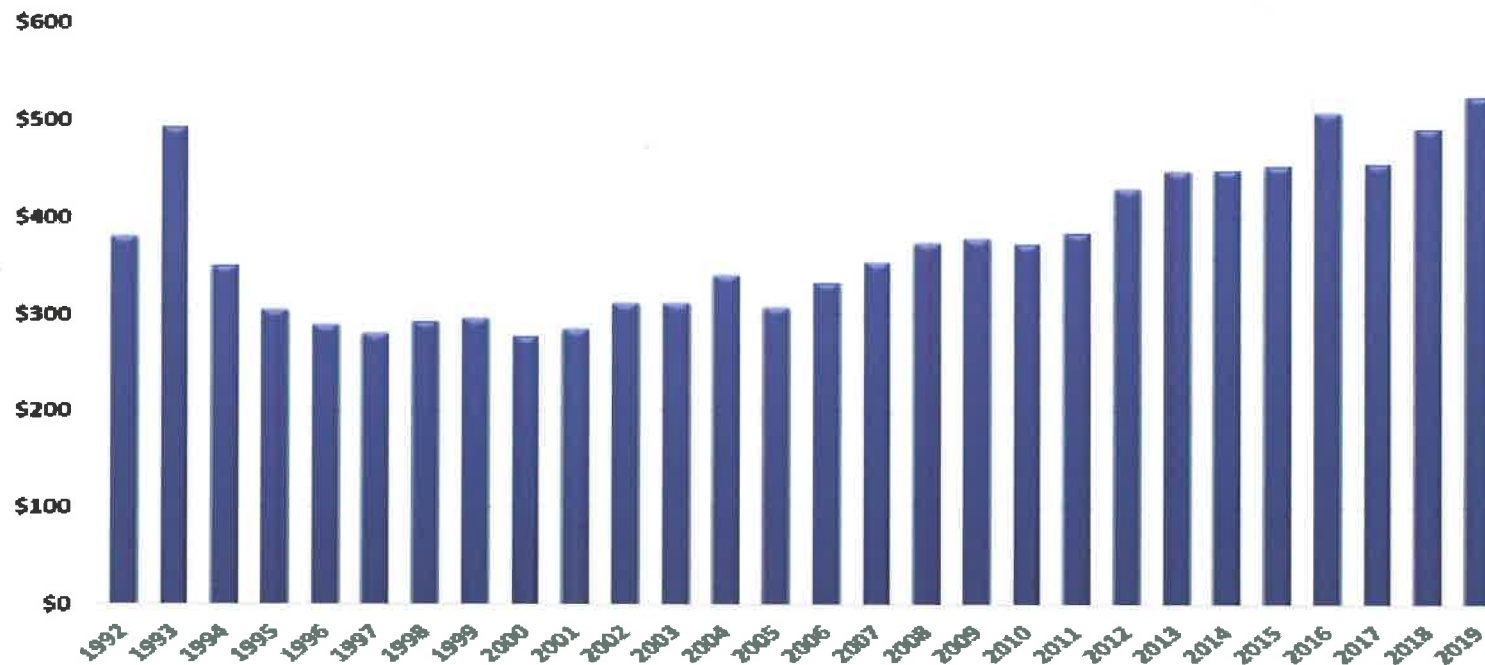
The conservative sales estimates are the basis for an expense budget that ensures the Lottery can fund operations at lower levels of self-generated revenue. The state receives 35% of all Lottery revenue. Sales above the conservative estimates would generate additional transfers to the state. The Lottery's total general operating expenses would not increase from the amounts presented in this budget.

The operating budget is focused on the funding of prize structures for our games, providing steady and adequate compensation to our retailers, supporting our games and our retailers through advertising and marketing programs, operating efficiently, maintaining competitive salaries and benefits for our employees, and providing training and professional development for our workforce.

The estimated revenue, expenses, and 35% transfer to the state result in a balanced budget for your review and approval.

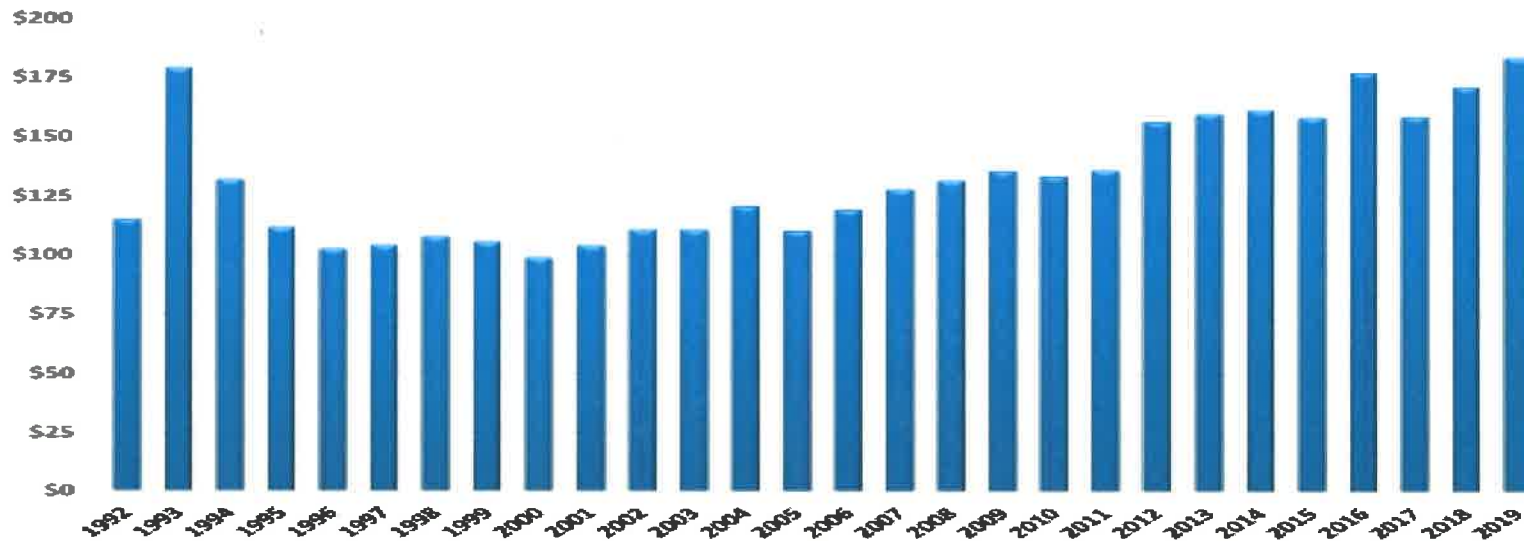
Graphical presentations of historical Lottery sales and transfers to the state are presented below for informational purposes.

History of Total Sales (in \$millions)



History of State Transfers

(in \$millions)



We have prepared a comprehensive package with financial comparisons and narrative explanations. The sections of our plan are listed in the table of contents. We are committed to providing thorough and relevant financial information to be used in the budget decision-making process. Should additional information or explanations become necessary please feel free to contact us.

Respectfully submitted,

LOUISIANA LOTTERY CORPORATION

Rose J. Hudson
President

**LOUISIANA LOTTERY CORPORATION
FINANCIAL PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

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Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2019</u>	<u>% of Revenue</u>	<u>Projected 6/30/2020</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2021</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Revenue							
Ticket Sales							
Ticket Sales-Instant	\$225,573,998	42.83%	\$219,800,000	47.52%	\$219,000,000	47.43%	(\$800,000)
Ticket Sales-Online							
<i>Jackpot Games</i>							
Powerball	90,567,802	17.20%	62,120,000	13.43%	62,120,000	13.45%	0
Mega Millions	70,196,035	13.33%	39,130,000	8.46%	39,130,000	8.47%	0
Lotto	21,860,669	4.15%	22,560,000	4.88%	22,560,000	4.89%	0
Easy 5	10,751,762	2.04%	10,820,000	2.34%	10,820,000	2.34%	0
<i>Daily Games</i>							
Pick 3	54,755,738	10.40%	55,900,000	12.09%	55,900,000	12.11%	0
Pick 4	50,261,425	9.54%	50,900,000	11.00%	50,900,000	11.02%	0
Total Ticket Sales-Online	<u>298,393,431</u>	<u>56.66%</u>	<u>241,430,000</u>	<u>52.20%</u>	<u>241,430,000</u>	<u>52.29%</u>	<u>0</u>
Total Ticket Sales	<u>523,967,429</u>	<u>99.50%</u>	<u>461,230,000</u>	<u>99.71%</u>	<u>460,430,000</u>	<u>99.72%</u>	<u>(800,000)</u>
Other Revenue							
Interest Income	1,508,362	0.29%	1,313,000	0.28%	1,297,000	0.28%	(16,000)
Net (Decr.) Incr. In Fair Value	1,074,502	0.20%	0	0.00%	0	0.00%	0
Retailer License Fees	7,950	0.00%	10,000	0.00%	10,000	0.00%	0
Retailer Security Deposits	3,180	0.00%	0	0.00%	0	0.00%	0
Miscellaneous Revenue	110	0.00%	0	0.00%	0	0.00%	0
Gain-Asset Disposals	<u>63,880</u>	<u>0.01%</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>
Total Other Revenue	<u>2,657,984</u>	<u>0.50%</u>	<u>1,323,000</u>	<u>0.29%</u>	<u>1,307,000</u>	<u>0.28%</u>	<u>(16,000)</u>
Total Revenue	<u>\$526,625,413</u>	<u>100.00%</u>	<u>\$462,553,000</u>	<u>100.00%</u>	<u>\$461,737,000</u>	<u>100.00%</u>	<u>(\$816,000)</u>

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts

**Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>% of Revenue</u>	<u>Projected 6/30/2020</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2021</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Expenses							
Prize Expenses							
Prize Expense-Instant	\$135,528,594	25.74%	\$122,951,000	26.58%	\$126,571,000	27.41%	\$3,620,000
Prize Expense-Online	<u>149,801,812</u>	<u>28.45%</u>	<u>124,537,000</u>	<u>26.92%</u>	<u>120,624,000</u>	<u>26.12%</u>	<u>(3,913,000)</u>
Total Prize Expense	<u>285,330,406</u>	<u>54.18%</u>	<u>247,488,000</u>	<u>53.50%</u>	<u>247,195,000</u>	<u>53.54%</u>	<u>(293,000)</u>
Retailer Compensation	<u>29,153,104</u>	<u>5.54%</u>	<u>25,967,000</u>	<u>5.61%</u>	<u>25,922,000</u>	<u>5.61%</u>	<u>(45,000)</u>
Operating Expenses							
Direct Expenses							
Lottery System Vendor Fees	5,190,365	0.99%	3,655,000	0.79%	3,438,000	0.74%	(217,000)
Cost of Instant Tickets	2,881,737	0.55%	2,703,000	0.58%	2,649,000	0.57%	(54,000)
Courier Service	<u>876,097</u>	<u>0.17%</u>	<u>923,000</u>	<u>0.20%</u>	<u>920,000</u>	<u>0.20%</u>	<u>(3,000)</u>
Total Direct Expenses	<u>\$8,948,199</u>	<u>1.70%</u>	<u>\$7,281,000</u>	<u>1.57%</u>	<u>\$7,007,000</u>	<u>1.52%</u>	<u>(\$274,000)</u>

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts

**Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>% of Revenue</u>	<u>Projected 6/30/2020</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2021</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
General Operating Expenses							
Advertising	\$7,172,823	1.36%	\$7,250,000	1.57%	\$7,250,000	1.57%	\$0
Contract Labor	291,527	0.06%	280,000	0.06%	280,000	0.06%	0
Depreciation	392,236	0.07%	400,000	0.09%	400,000	0.09%	0
Equipment Lease	44,480	0.01%	45,000	0.01%	45,000	0.01%	0
Insurance	612,830	0.12%	650,000	0.14%	700,000	0.15%	50,000
Loss on Disposal of Assets	695	0.00%	0	0.00%	0	0.00%	0
Postage	48,274	0.01%	50,000	0.01%	50,000	0.01%	0
Professional Fees (page 15)	280,221	0.05%	420,000	0.09%	418,000	0.09%	(2,000)
Rent	260,513	0.05%	260,000	0.06%	266,000	0.06%	6,000
Repairs & Maintenance	305,254	0.06%	375,000	0.08%	375,000	0.08%	0
Salaries and Benefits (page 9)	7,971,237	1.51%	8,362,000	1.81%	8,436,000	1.83%	74,000
Supplies (page 12)	346,072	0.07%	425,000	0.09%	425,000	0.09%	0
Communications Network	108,929	0.02%	110,000	0.02%	110,000	0.02%	0
Telephone	107,263	0.02%	110,000	0.02%	110,000	0.02%	0
Information Technology	247,682	0.05%	303,000	0.07%	258,000	0.06%	(45,000)
Multi-State Lottery	127,679	0.02%	140,000	0.03%	140,000	0.03%	0
Travel (page 10)	96,384	0.02%	110,000	0.02%	110,000	0.02%	0
Uncollectible Accounts	59,890	0.01%	50,000	0.01%	50,000	0.01%	0
Utilities	142,851	0.03%	150,000	0.03%	150,000	0.03%	0
Other General & Admin. (page 4)	366,908	0.07%	433,000	0.09%	432,000	0.09%	(1,000)
Total Gen Operating Expenses	18,983,748	3.60%	19,923,000	4.31%	20,005,000	4.33%	82,000
Total All Operating Expenses	27,931,947	5.30%	27,204,000	5.88%	27,012,000	5.85%	(192,000)
 Net Income	 184,209,956	 34.98%	 161,894,000	 35.00%	 161,608,000	 35.00%	 (286,000)
Payments to State Treasury	184,318,132	35.00%	161,894,000	35.00%	161,608,000	35.00%	(286,000)
 (Decrease) Increase in Retained Earnings	 <u>(\$108,176)</u>	 <u>-0.02%</u>	 <u>\$0</u>	 <u>0.00%</u>	 <u>\$0</u>	 <u>0.00%</u>	 <u>\$0</u>

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts

**Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>% of Revenue</u>	<u>Projected 6/30/2020</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2021</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Other General & Administrative Supporting Detail							
Bank Charges	\$111,724	0.02%	\$116,000	0.03%	\$120,000	0.03%	\$4,000
Dues & Subscriptions	39,423	0.01%	45,000	0.01%	45,000	0.01%	0
Freight	1,050	0.00%	3,000	0.00%	3,000	0.00%	0
Recruiting	0	0.00%	1,000	0.00%	1,000	0.00%	0
Retailer Training	238	0.00%	0	0.00%	0	0.00%	0
Employee Training	4,984	0.00%	40,000	0.01%	40,000	0.01%	0
Seminars	41,194	0.01%	40,000	0.01%	40,000	0.01%	0
Services Purchased	164,257	0.03%	188,000	0.04%	183,000	0.04%	(5,000)
Taxes & Licenses	1,490	0.00%	0	0.00%	0	0.00%	0
Miscellaneous	2,548	0.00%	0	0.00%	0	0.00%	0
Total Other Gen. & Admin.	<u>\$366,908</u>	<u>0.07%</u>	<u>\$433,000</u>	<u>0.09%</u>	<u>\$432,000</u>	<u>0.09%</u>	<u>(\$1,000)</u>

* The variance column represents the difference between
budgeted 6/30/21 and projected 6/30/20 amounts

**Louisiana Lottery Corporation
Summary of Means of Financing,
Expenditures and Fund Balance
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>Projected 6/30/2020</u>	<u>Budgeted 6/30/2021</u>	<u>*Variance Increase (Decrease)</u>
MEANS OF FINANCING				
 State General Fund (Direct)				
State General Fund By:				
Fees & Self-Generated Revenues:				
 1) Licenses	\$11,130	\$10,000	\$10,000	\$0
2) Sales of Goods and Services	523,967,429	461,230,000	460,430,000	(800,000)
3) Other (Penalties and Misc. Revenue)	110	0	0	0
4) Investment Income (Expense)	2,582,864	1,313,000	1,297,000	(16,000)
5) Gain on Disposal of Assets	63,880	0	0	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total Means of Financing	 \$526,625,413	 \$462,553,000	 \$461,737,000	 (\$816,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts

**Louisiana Lottery Corporation
Summary of Means of Financing,
Expenditures and Fund Balance
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>Projected 6/30/2020</u>	<u>Budgeted 6/30/2021</u>	<u>*Variance Increase (Decrease)</u>
EXPENDITURES (ACCRUAL BASIS)				
Salaries and Benefits: (page 9)				
Salaries	\$5,958,345	\$6,460,432	\$6,460,432	\$0
Related Benefits	2,012,891	1,901,568	1,975,568	74,000
Total Salaries and Benefits	7,971,236	8,362,000	8,436,000	74,000
Contract Labor-Board Members' Compensation (page 14)	140,956	145,000	145,000	0
Operating Expenses:				
Travel (page 10)	96,384	110,000	110,000	0
Operating Services (page 11)	19,097,079	17,742,000	17,478,000	(264,000)
Supplies (page 12)	346,072	425,000	425,000	0
Total Operating Expenses	19,539,535	18,277,000	18,013,000	(264,000)
Professional Services: (page 15)				
Accounting	175,235	185,000	185,000	0
Research and Management Consulting	0	100,000	110,000	10,000
Legal	99,974	119,000	119,000	0
Other	5,012	16,000	4,000	(12,000)
Total Professional Services	280,221	420,000	418,000	(2,000)
Other Charges: (page 13)				
Prize Expense and Retailer Compensation	314,483,509	273,455,000	273,117,000	(338,000)
TOTAL EXPENDITURES (ACCRUAL BASIS)	\$342,415,457	\$300,659,000	\$300,129,000	(\$530,000)

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts

**Louisiana Lottery Corporation
Summary of Means of Financing,
Expenditures and Fund Balance
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>Projected 6/30/2020</u>	<u>Budgeted 6/30/2021</u>	<u>*Variance Increase (Decrease)</u>
Net Income	\$184,209,956	\$161,894,000	\$161,608,000	(\$286,000)
Less Payments to State Treasury (required and surplus)	184,318,132	161,894,000	161,608,000	(286,000)
Fund Balance at Beginning of Year	13,213,164	13,104,988	13,104,988	0
Fund Balance at End of Year	<u>13,104,988</u>	<u>13,104,988</u>	<u>13,104,988</u>	<u>0</u>
Reservations of Fund Balance (page 8)	\$13,104,988	\$13,104,988	\$13,104,988	\$0
Nonaccrual Charges				
Capital Expenditures (page 16)	399,648	650,000	532,000	(118,000)
Total Nonaccrual Charges	<u>\$399,648</u>	<u>\$650,000</u>	<u>\$532,000</u>	<u>(\$118,000)</u>

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts

Louisiana Lottery Corporation
Specified Uses of Retained Earnings (Net Position)
For the Fiscal Years Ending as Shown

	<u>6/30/2019</u>	<u>Projected 6/30/2020</u>
Specified Uses of Retained Earnings:		
Land	\$1,542,415	\$1,542,000
Buildings (Net of Accumulated Depreciation)	2,407,881	2,500,000
Other Capital Assets (Net of Accumulated Depreciation)	499,578	522,988
New Capital Expenditure Purchases	650,000	532,000
Retailer Security Deposits	191,335	194,000
Deposits	13,779	14,000
Litigation and Prize Reserve	7,800,000	7,800,000
Total Retained Earnings	<u>\$13,104,988</u>	<u>\$13,104,988</u>

**Louisiana Lottery Corporation
Schedule of Salaries and Benefits
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>% of Salaries</u>	<u>Projected 6/30/2020</u>	<u>% of Salaries</u>	<u>Budgeted 6/30/2021</u>	<u>% of Salaries</u>	<u>*Variance Increase (Decrease)</u>
Employees-Permanent Positions (page 18)	122		120		120		0
Salaries at Full Employment	\$6,517,378		\$6,656,795		\$6,656,795		\$0
Turnover and Open Positions	(627,670)		(273,233)		(273,233)		0
Overtime Wages	2,567		1,870		1,870		0
Deputies for Drawings Security	66,068		75,000		75,000		0
Total Salaries	5,958,343		6,460,432		6,460,432		0
State Retirement Contributions	33,158	0.56%	37,000	0.57%	37,000	0.57%	0
Supplemental Retirement Plan Expense	481,738	8.09%	281,029	4.35%	281,029	4.35%	0
Basic Retirement Plan Expense	283,809	4.76%	310,101	4.80%	310,101	4.80%	0
457(b) Retirement Plan Expense	192,065	3.22%	213,194	3.30%	213,194	3.30%	0
Vacation Expense Accruals	(12,944)	(0.22%)	0	0.00%	0	0.00%	0
Medicare Tax	83,711	1.40%	90,446	1.40%	90,446	1.40%	0
State Unemployment Tax	935	0.02%	1,938	0.03%	1,938	0.03%	0
Insurance-Health, Dental, Life	910,910	15.29%	927,860	14.36%	1,001,860	15.51%	74,000
Insurance-Disability	39,509	0.66%	40,000	0.62%	40,000	0.62%	0
Total Benefits	2,012,891	33.78%	1,901,568	29.43%	1,975,568	30.58%	74,000
Total Salaries and Benefits	\$7,971,234		\$8,362,000		\$8,436,000		\$74,000
Compensation of Board Members (page 14)	\$140,956		\$145,000		\$145,000		\$0

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts.

**Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>Projected 6/30/2020</u>	<u>Budgeted 6/30/2021</u>	<u>*Variance Increase (Decrease)</u>
Travel				
In-State:				
Administrative	\$4,657	\$5,313	\$5,313	\$0
Field Travel	26,143	29,832	29,832	0
Board Members	<u>3,028</u>	<u>3,454</u>	<u>3,454</u>	<u>0</u>
Total In-State	33,828	38,599	38,599	0
Out-of-State:				
Conference and Conventions	<u>56,189</u>	<u>64,130</u>	<u>64,130</u>	<u>0</u>
Total Out-of-State	56,189	64,130	64,130	0
Total Mileage Reimbursement	<u>6,367</u>	<u>7,271</u>	<u>7,271</u>	<u>0</u>
Total Travel	<u>\$96,384</u>	<u>\$110,000</u>	<u>\$110,000</u>	<u>\$0</u>

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts.

**Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>Projected 6/30/2020</u>	<u>Budgeted 6/30/2021</u>	<u>*Variance Increase (Decrease)</u>
Operating Services				
Direct Expenses ***				
Lottery System Vendor Fees	\$5,190,365	\$3,655,000	\$3,438,000	(\$217,000)
Cost of Instant Tickets	2,881,737	2,703,000	2,649,000	(54,000)
Courier Service	876,097	923,000	920,000	(3,000)
Total Direct Expenses	<u>8,948,199</u>	<u>7,281,000</u>	<u>7,007,000</u>	<u>(274,000)</u>
General Operating Expenses				
Advertising	7,172,823	7,250,000	7,250,000	0
Contract Labor	150,571	135,000	135,000	0
Depreciation	392,236	400,000	400,000	0
Equipment Lease	44,480	45,000	45,000	0
Insurance	612,830	650,000	700,000	50,000
Loss on Disposal of Assets	695	0	0	0
Postage	48,274	50,000	50,000	0
Rent	260,513	260,000	266,000	6,000
Repairs & Maintenance	305,254	375,000	375,000	0
Communications Network	108,929	110,000	110,000	0
Telephone	107,263	110,000	110,000	0
Information Technology	247,682	303,000	258,000	(45,000)
Multi-State Lottery	127,679	140,000	140,000	0
Uncollectible Accounts	59,890	50,000	50,000	0
Utilities	142,851	150,000	150,000	0
Bank Charges	111,724	116,000	120,000	4,000
Dues & Subscriptions	39,423	45,000	45,000	0
Freight	1,050	3,000	3,000	0
Recruiting	0	1,000	1,000	0
Retailer Training	238	0	0	0
Employee Training	4,984	40,000	40,000	0
Seminars	41,194	40,000	40,000	0
Services Purchased	164,258	188,000	183,000	(5,000)
Taxes & Licenses	1,490	0	0	0
Miscellaneous	2,548	0	0	0
Total Gen Operating Exp.	<u>10,148,879</u>	<u>10,461,000</u>	<u>10,471,000</u>	<u>10,000</u>
Total All Operating Services	<u>\$19,097,078</u>	<u>\$17,742,000</u>	<u>\$17,478,000</u>	<u>(\$264,000)</u>

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts

**Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>Projected 6/30/2020</u>	<u>Budgeted 6/30/2021</u>	<u>*Variance Increase (Decrease)</u>
Supplies				
Printing	\$3,199	\$3,000	\$3,000	\$0
Office Supplies	22,376	30,000	30,000	0
Automotive Supplies	89,049	90,000	90,000	0
Instant Game Supplies- Dispensers and Delivery Bags	139,042	210,000	210,000	0
Online Game Supplies- Play Centers	55,668	50,000	50,000	0
Other Supplies	36,737	42,000	42,000	0
Total Supplies	<u>\$346,071</u>	<u>\$425,000</u>	<u>\$425,000</u>	<u>\$0</u>

* The variance column represents the difference between
budgeted 6/30/21 and projected 6/30/20 amounts

**Louisiana Lottery Corporation
Schedule of Other Charges
For the Fiscal Years Ending as Shown**

	<u>6/30/2019</u>	<u>Projected 6/30/2020</u>	<u>Budgeted 6/30/2021</u>	<u>*Variance Increase (Decrease)</u>
Other Charges				
Prize Expense	\$285,330,406	\$247,488,000	\$247,195,000	(\$293,000)
Retailer Compensation	<u>29,153,103</u>	<u>25,967,000</u>	<u>25,922,000</u>	<u>(45,000)</u>
Total Other Charges ***	<u>\$314,483,509</u>	<u>\$273,455,000</u>	<u>\$273,117,000</u>	<u>(\$338,000)</u>

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts.

**Louisiana Lottery Corporation
Compensation of Board Members
For the Fiscal Years Ending as Shown**

<u>Name of Member</u>	<u>Statutory Authority For Payment</u>	<u>Authorized Per Diem Rate Per Meeting</u>	<u>What Other Expenses Are Paid With The Exception of Travel (Itemize Type and Amount)</u>		<u>06/30/19</u>	<u>Projected 06/30/20</u>	<u>Budgeted 06/30/21</u>	<u>*Variance Increase (Decrease)</u>
<u>Current Board Members:</u>								
Verge Ausberry Jr. *	R.S. 47:9004(D)	N/A	Annual Salary	15,000	\$10,040			\$0
Roman P. Banks	R.S. 47:9004(D)	N/A	Annual Salary	15,000	\$2,750	15,000	15,000	0
Larry C. Cager	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Dudley A. Gautreaux, Jr.	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Whalen A. Gibbs	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Carmen T. Jones	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Blake A. McCaskill (Chairman effective February 22, 2019)	R.S. 47:9004(D)	N/A	Annual Salary	15,000	18,542	25,000	25,000	0
Cynthia H. Morrell	R.S. 47:9004(D)	N/A	Annual Salary	15,000	3,125	15,000	15,000	
Roy Robichaux (Chairman effective February 24, 2017) *	R.S. 47:9004(D)	N/A	Annual Salary	25,000	16,499			0
E. Sheridan Shamburg	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Sean E. Wells	R.S. 47:9004(D)	N/A	Annual Salary	15,000	15,000	15,000	15,000	0
Total Board Members: 9								
Total Compensation					\$140,956	\$145,000	\$145,000	\$0

* Term Expired March 1, 2019

* The variance column represents the difference between
budgeted 6/30/21 and projected 6/30/20 amounts.

Louisiana Lottery Corporation
Detail of Professional Service Contracts
For the Fiscal Years Ending as Shown

<u>Contractor - Purpose of Contract</u>	<u>06/30/19</u>	<u>Projected 06/30/20</u>	<u>Budgeted 06/30/21</u>	<u>*Variance Increase (Decrease)</u>
Attorney General or other agreed upon counsel				
- retainer fee (Attorney General)	\$88,875	\$89,000	\$89,000	\$0
- legal fees (Phelps Dunbar, LLP)	11,099	30,000	30,000	0
Delehantey Consulting				
- instant ticket printing audit services	4,000	4,000	4,000	0
Mercer- compensation study				0
Miscellaneous	1,012			
NASPL Standards Institute- certification of standards		12,000		(12,000)
Office of Legislative Auditor - financial and compliance audit/ observations of on-line drawings	175,235	185,000	185,000	0
Trace Security- network security audit		50,000	50,000	0
Vitter Tech, LLC- sales analytics project		20,000	10,000	(10,000)
To be determined - business consulting services		30,000	50,000	20,000
Total Professional Service Contracts	\$280,221	\$420,000	\$418,000	(\$2,000)

* The variance column represents the difference between
budgeted 6/30/21 and projected 6/30/20 amounts.

**Louisiana Lottery Corporation
Schedule of Acquisitions
For the Fiscal Years Ending as Shown**

<u>Description of Capital Expenditures</u>	<u>06/30/19</u>	<u>Projected 06/30/20</u>	<u>Budgeted 06/30/21</u>	<u>*Variance Increase (Decrease)</u>
Land and Buildings	\$0	\$300,000	\$250,000	(\$50,000)
Leasehold Improvements	43,161	0	0	0
Automotive	281,181	220,000	192,000	(28,000)
Office (Furniture, Fixtures & Equipment)	23,354	0	0	0
Communications Software & Equipment	13,577	0	0	0
Data Processing Software & Equipment	38,375	80,000	40,000	(40,000)
Other	0	50,000	50,000	0
Total Acquisitions	\$399,648	\$650,000	\$532,000	(\$118,000)

Detail on page 17

* The variance column represents the difference between budgeted 6/30/21 and projected 6/30/20 amounts.

Louisiana Lottery Corporation
Schedule of Acquisitions
June 30, 2021 Financial Plan

Automotive

Vehicle Replacements for Field Staff
8 Vans @ \$24,000

\$192,000

Building and Leasehold Costs

250,000

Data Processing Software and Equipment

Computer, Devices, Equipment, and Software Replacements

40,000

Other

Contingency

50,000

Total Budgeted Capital Acquisitions

\$532,000

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2021
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Status	Current Fiscal Year Ending 6/30/2020	Estimated Performance Increase	Budgeted Fiscal Year Ending 6/30/2021
President	Filled	\$ 280,381	\$0	\$ 280,381
Senior Vice President and Secretary-Treasurer	Filled	170,819	0	170,819
Senior Vice President and General Counsel	Filled	146,772	0	146,772
Vice President of Sales	Filled	139,185	0	139,185
Vice President of Finance and Controller	Filled	136,194	0	136,194
Vice President of Information Systems	Filled	135,406	0	135,406
Vice President of Marketing	Filled	124,372	0	124,372
Vice President of Internal Audit	Filled	122,683	0	122,683
Vice President of Security and Compliance	Filled	121,469	0	121,469
Vice President of Human Resources	Filled	117,029	0	117,029
Director of Information Systems	Filled	91,248	0	91,248
Director of Products	Filled	90,858	0	90,858
Director of Information Technology	Filled	90,846	0	90,846
Art Director	Filled	89,773	0	89,773
Director of Accounting	Filled	87,740	0	87,740
Broadcast Producer	Filled	84,287	0	84,287
Director of Communications	Filled	81,890	0	81,890
Regional Sales Manager-Baton Rouge	Filled	76,443	0	76,443
Network Administrator	Filled	71,314	0	71,314
Regional Sales Manager-Monroe	Filled	70,403	0	70,403
Accounts Receivable and Procurement Manager	Filled	70,241	0	70,241

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2021
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Status	Current Fiscal Year Ending 6/30/2020	Estimated Performance Increase	Budgeted Fiscal Year Ending 6/30/2021
Regional Sales Manager-Alexandria	Filled	70,232	0	70,232
Regional Sales Manager-New Orleans	Filled	70,232	0	70,232
Regional Sales Manager-Lafayette	Filled	68,511	0	68,511
Corporate Accounts Representative	Filled	67,134	0	67,134
Computer Operations Supervisor	Filled	66,767	0	66,767
Senior Accountant	Filled	63,445	0	63,445
Executive Administrative Assistant	Filled	62,448	0	62,448
Distribution Center Manager	Filled	59,488	0	59,488
Accounting & Payroll Associate	Filled	58,241	0	58,241
Accounting & Payroll Associate	Filled	55,837	0	55,837
Sales Representative-Baton Rouge	Filled	55,830	0	55,830
Marketing Coordinator	Filled	54,696	0	54,696
Sales Support Manager	Filled	54,299	0	54,299
Regional Trainer-Shreveport	Open	53,800	0	53,800
Sales Representative-New Orleans	Filled	52,610	0	52,610
Systems Administrator	Filled	51,821	0	51,821
Sponsorship Coordinator	Filled	51,350	0	51,350
Senior Communication Specialist	Filled	51,350	0	51,350
Sales Representative-Alexandria	Filled	51,252	0	51,252
Sales Representative-Lafayette	Filled	51,232	0	51,232
Executive Administrative Assistant	Filled	51,219	0	51,219

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2021
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Status	Current Fiscal Year Ending 6/30/2020	Estimated Performance Increase	Budgeted Fiscal Year Ending 6/30/2021
Prize Payment Manager	Filled	51,056	0	51,056
Sales Representative-Lafayette	Filled	50,133	0	50,133
Sales Representative-Shreveport	Filled	50,133	0	50,133
Internal Auditor	Filled	50,116	0	50,116
Sales Representative-Baton Rouge	Filled	49,277	0	49,277
Sales Representative-Lafayette	Filled	48,584	0	48,584
Sales Representative-Lafayette	Filled	48,249	0	48,249
Quality Assurance Manager	Open	48,150	0	48,150
Sales Representative-Baton Rouge	Open	48,150	0	48,150
Sales Representative-Baton Rouge	Open	48,150	0	48,150
Sales Representative-Lafayette	Open	48,150	0	48,150
Sales Representative-Alexandria	Open	48,150	0	48,150
Sales Representative-Monroe	Open	48,150	0	48,150
Graphic Designer	Filled	48,082	0	48,082
Sales Representative - Lafayette	Filled	48,075	0	48,075
Sales Representative - Monroe	Filled	48,075	0	48,075
Sales Representative - Monroe	Filled	48,075	0	48,075
Sales Representative- New Orleans	Filled	48,075	0	48,075
Sales Representative- New Orleans	Filled	48,075	0	48,075
Sales Representative - Shreveport	Filled	48,075	0	48,075
Sales Representative-Shreveport	Filled	47,715	0	47,715

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2021
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Status	Current Fiscal Year Ending 6/30/2020	Estimated Performance Increase	Budgeted Fiscal Year Ending 6/30/2021
Sales Representative-Lafayette	Filled	47,507	0	47,507
Sales Representative-Baton Rouge	Filled	47,012	0	47,012
Sales Representative-New Orleans	Filled	46,854	0	46,854
Sales Representative- New Orleans	Filled	45,553	0	45,553
Graphic Designer	Filled	45,405	0	45,405
Sales Representative-Alexandria	Filled	45,204	0	45,204
Sales Representative-Baton Rouge	Filled	45,204	0	45,204
Sales Representative-Monroe	Filled	45,204	0	45,204
Sales Representative-New Orleans	Filled	45,204	0	45,204
Software Quality Assurance Analyst	Filled	44,434	0	44,434
Sales Representative-New Orleans	Filled	44,093	0	44,093
Customer Service Coordinator-Baton Rouge	Filled	43,030	0	43,030
Internal Auditor	Open	41,850	0	41,850
Special Investigator	Open	41,850	0	41,850
Senior Communication Specialist	Open	41,850	0	41,850
Special Investigator	Open	41,850	0	41,850
HR Representative	Filled	41,777	0	41,777
Senior Retailer Licensing CSR	Filled	41,553	0	41,553
Tel Sell CSR	Filled	40,809	0	40,809
Billing & A/R CSR	Filled	40,710	0	40,710
Communications Specialist	Filled	40,560	0	40,560

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2021
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Status	Current Fiscal Year Ending 6/30/2020	Estimated Performance Increase	Budgeted Fiscal Year Ending 6/30/2021
IT Tech Support Assistant	Filled	40,523	0	40,523
Drawing Manager	Filled	39,204	0	39,204
Special Investigator	Filled	39,102	0	39,102
Administrative Coordinator	Filled	38,937	0	38,937
Compliance Coordinator	Filled	38,421	0	38,421
Distribution Center Asst. Manager	Filled	37,017	0	37,017
Administrative Assistant	Filled	37,006	0	37,006
Tel Sell CSR	Open	36,350	0	36,350
Regional Office Assistant-Alexandria	Filled	34,201	0	34,201
Regional Office Assistant-Shreveport	Filled	34,201	0	34,201
Tel Sell CSR	Filled	33,746	0	33,746
Prize Payment CSR	Filled	33,364	0	33,364
Retail Licensing CSR	Filled	33,364	0	33,364
Tel Sell CSR	Filled	31,631	0	31,631
Business Analyst	Open	31,600	0	31,600
Prize Payment CSR	Filled	31,200	0	31,200
Regional Office Assistant-Monroe	Filled	31,011	0	31,011
Regional Office Assistant-Lafayette	Filled	30,664	0	30,664
Regional Office Assistant-New Orleans	Filled	30,664	0	30,664
Regional Office Assistant-Alexandria	Filled	30,526	0	30,526
Equipment Coordinator	Filled	30,521	0	30,521

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2021
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Status	Current Fiscal Year Ending 6/30/2020	Estimated Performance Increase	Budgeted Fiscal Year Ending 6/30/2021
Computer Operator	Filled	29,963	0	29,963
Regional Office Assistant-Shreveport	Filled	29,953	0	29,953
Warehouse / Mail Clerk	Filled	28,830	0	28,830
Regional Office Assistant-New Orleans	Filled	28,776	0	28,776
Lead Warehouse Clerk	Filled	28,347	0	28,347
Regional Office Assistant-Monroe	Filled	27,788	0	27,788
Regional Office Assistant-Lafayette	Filled	27,639	0	27,639
Regional Office Assistant-New Orleans	Filled	27,535	0	27,535
Regional Office Assistant-Baton Rouge	Open	27,450	0	27,450
Warehouse / Mail Clerk	Filled	26,106	0	26,106
Warehouse / Mail Clerk	Open	23,600	0	23,600
Warehouse / Mail Clerk	Open	23,600	0	23,600
Warehouse / Mail Clerk	Open	23,600	0	23,600
Computer Operator	Filled	11,000	0	11,000
Accounting Intern	Open	10,000	0	10,000
Total Salaries		\$ 6,656,795	\$0	\$ 6,656,795
Total Positions		120		120

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

Sales

Sales are budgeted at \$460.4 million for the fiscal year ending (FYE) June 30, 2021.

Instant ticket sales are estimated to slightly decrease in the projected and budget years because of the start of Mississippi Lottery sales and prize pool funding limitations discussed in the instant prize expense section below.

The multi-state jackpot-driven games offered in Louisiana are Powerball and Mega Millions. Powerball was first introduced in FYE June 30, 1995 and has consistently been the top seller in the online game menu. Sales for the Mega Millions game began in November 2011 at a cost to players of \$1 per wager. The Powerball game structure was enhanced in January 2012 and the price point was increased from \$1 to \$2 per wager. The game's prize structure was enhanced again in October 2015. The Mega Millions game structure was enhanced in October 2017 and the price point was also increased from \$1 to \$2 per wager. Both games are now very similar in structure and prize offerings.

The long-term forecast for the combined sales for these two games is uncertain. Large jackpot levels have a significant impact on sales but cannot be expected or predicted in any given year.

For example, Mega Millions sales soared in October 2018 when the jackpot reached a record of \$1.5 billion. Sales for this game in the 2019 fiscal year were \$28 million higher than the previous year because of the effect of this jackpot.

This type of jackpot run and the resulting substantial fluctuation in sales cannot be reasonably predicted for a twelve-month fiscal year. Therefore, the 2021 budget for both games is conservative.

Lotto and Easy 5 sales are expected to remain fairly constant.

The Pick 3 and Pick 4 daily numbers games have continued to perform well. Consistent sales performance is expected to continue for these fixed-payout games.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

Other Revenue

Interest income is estimated based on projected investment balances and rate of return. Funds are held by the Lottery in a commercial banking account and short-term U.S. government money market fund to finance daily operations. The current yield for the money market fund is slightly above 1.5%. The Lottery also holds an intermediate-term portfolio of U.S. government and agency securities. This portfolio's rate of return is in the 2.5% range. The interest income generated by the combination of these short-term and intermediate-term investment strategies is approximately \$1.3 million in the current year and the budget year.

The change in the fair value of investments is recorded to comply with governmental accounting standards. Since the Lottery holds most of its investments until maturity, the market fluctuations have minimal impact on revenue received. No attempt is made to predict the market value changes for the budget year.

Instant Prize Expense

The instant prize expense budget is based on a goal of offering at least a 63% average prize structure to instant game players. Current and long-term projections indicate that the target funding of prizes at this 63% level during the budget year is approximately 58% from the operating budget and 5% from the unclaimed prizes pool. These prize structure and funding estimates may be adjusted during or at the end of the fiscal year because of actual financial results and updated forecasts. Any adjustments could change the average prize structure percentage and the allocation of the funding of instant prize expense between the operating budget and the unclaimed prizes pool.

The unclaimed prize pool was significantly depleted in the 2016 fiscal year through legislative action. The long-range plan for instant games included a strategy to continue to increase the average prize structure above the current 63%. The reduction of the funding mechanism for this plan caused an adjustment in the strategy. Long-term projections indicate that the current 63% average prize structure may be sustainable for the next several years. However, any increase in the average to attempt to increase sales, such as offering more higher price point games with higher prize payouts, would deplete the remaining balance in the unclaimed prize pool too rapidly and would not be affordable.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

Online Prize Expense

Online prize expense for the Lotto and Powerball games is structured at 50% of sales. Pick 3 and Pick 4 have fixed prizes for the various levels of winnings. Budgeted prize expense for these games is based on historical averages of 49% and 50%, respectively. Actual prize expense for the year will vary depending on the number of drawings with high or low payouts. Prize expense will be adjusted to actual at the end of each fiscal year which may result in prize structure percentages higher or lower than the estimates included in the budget. The prize structure for Easy 5 is at 50% and at a 61% rate for the EZMatch instant win feature included with this game. The Mega Millions game currently has a 50.5% prize structure. This percentage can increase or decrease if the funding requirement for game prize reserves is changed by the participating state lotteries.

Retailer Compensation

Retailer compensation consists of a sales commission for instant and online ticket sales and various sales and prize cashing incentives. The total compensation is expected to remain at about 5.63% of total sales for the budget year.

Lottery System Vendor Fees

The lottery system vendor provides and maintains the retailer terminal network, online gaming computer system, and all related communication networks. The contractual compensation for these services is a commission based on online sales. The rate was reduced from 2.9798% to 2.69% in the 2019 fiscal year. A further reduction in the commission rate to 2.6% begins on July 1, 2020. In addition, the vendor provides various optional equipment and services. Total costs for these options are expected to be \$150,000 in 2020 and in the 2021 budget year. Vendor fees are reflected net of a weekly communication fee charged to all retailers.

Cost of Instant Tickets

Under the terms of the instant ticket printing and related services contract, the Lottery's ticket printer is compensated at a

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

rate of 1.155% of instant ticket sales. Licensing fees for specialty games and printing options not included in the base price are provided at additional costs. We have included \$120,000 of these expenses in both the current and budget years.

Courier Service

Courier costs include the fees charged by carriers to deliver instant game ticket packs to retailer locations. These expenses are expected to remain at the same level.

Advertising

Advertising expense includes media placement, production, point-of-sale production, publications, promotional merchandise, sports sponsorships, and special events. These costs are estimated at \$7.25 million in the current and budget years.

Contract Labor

Contract labor includes board member salaries and the use of temporary staffing agencies. These costs are expected to remain fairly constant.

Depreciation

Depreciation expense includes the spreading of the costs of capital expenditures over the estimated useful lives of the assets.

Equipment Lease

Copier, mailroom, and security system equipment lease costs are included in this item.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

Insurance

This expense category includes premiums for business insurance. The policies purchased by the Lottery include coverage for directors and officer's liability, errors and omissions, crimes against the corporation, retirement plan fiduciary liability, cyber risk, standard automobile liability, general liability, worker's compensation claims, and property. The insurance markets are very unpredictable and increases in premiums are usually driven by claims of the insured, losses incurred by the carriers because of catastrophic events, and the carrier's investment returns. Because we cannot predict these events or other factors that can potentially affect our insurance costs, the budget for FYE June 30, 2021 includes an estimated 8% increase in premiums for all policy renewals.

Postage

This line item includes all postage meter rates for routine business mailings and bulk mailings to retailers and players. Postage should remain at approximately \$50,000 in the budget year.

Professional Fees

These costs include legal fees, financial and compliance audit fees, and other professional service expenses. Explanations of these contractual costs are as follows:

- Legal fees are expected to remain consistent in the projected and budgeted years.
- Independent audit reviews of the Lottery's instant ticket printer are projected and budgeted at \$4,000.
- The Legislative Auditor's fees for conducting financial and compliance audits and drawings observations should remain stable for both years.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

- A renewal of the verification for quality assurance processes from the lottery industry's national association will be obtained in the 2020 fiscal year at a cost of \$12,000. The next renewal is not due for several years.
- \$50,000 is budgeted for a network security audit.
- A sales analytics project will cost \$20,000 in the current year and \$10,000 in the budget year.
- A business consulting contingency of \$50,000 is included to cover costs for any unanticipated needs.

Rent

The Lottery leases five regional offices throughout the state to accommodate the customer service needs of retailers and players. A slight increase is included in the budget year because of the expiration of two office leases.

Repairs and Maintenance

Repairs and maintenance include software maintenance and support contracts, drawing machines maintenance and support, general repairs and maintenance on all equipment, automobiles, and facilities maintained by the Lottery, and janitorial services. These costs remain fairly consistent for the projected and budgeted years.

Salaries and Benefits

The variance in salaries and benefits is due to several factors. Two full-time positions were removed in the current year. Normal employee turnover, the timing of filling open positions, and pay differences between new employees and incumbents, are reasons for total salary differences between the three years presented in this document. In addition, health insurance premiums are budgeted to increase by 10%.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

Supplies

This category includes expenses for instant ticket dispensers, instant ticket delivery bags, retailer play centers, office supplies, printing supplies, computer supplies, and fuel for the Lottery's fleet of vehicles. Costs are expected to be fairly consistent with the current year.

Communications Network and Telephone

Communications network is the costs associated with the Lottery's computer network between headquarters, regional offices, and the distribution center. Telephone expense includes local and long-distance phone service for the Lottery's offices, 1-800 numbers, cellular phone fees, and company internet access.

Information Technology

The Lottery's gaming system is a closed system with no connection to the internet. The costs for that system are included in lottery system vendor fees discussed above.

Information technology costs are related to the Lottery's administrative system. Software, database management, computer network, and communications system services are included in this category. These services are provided by a third party through a technology infrastructure commonly referred to as the cloud. Over time this model eliminates the need for future major capital purchases of network servers and related equipment and substantial annual maintenance fees.

Fees decrease by \$45,000 in the budget year mainly because initial setup charges in the current year won't reoccur next year.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

Multi State Lottery

The Louisiana Lottery's share of the costs associated with the administration of the Powerball and Mega Millions multi-state lottery games is included in this category. These expenses should remain consistent in the projected and budget years.

Travel

This line item includes all in-state mileage reimbursement, hotel costs, meal reimbursements, and other business costs for employee meetings, board meetings, and educational training. In addition, out-of-state flight costs and other travel expenses for educational industry conferences and professional conferences are included in this category. We are budgeting travel at the same level as the current year projected amount to maintain our training and educational programs for sales, support, and professional staff.

Uncollectible Accounts

This expense includes amounts due from Lottery retailers that are delinquent and not expected to be paid. The amount is reported net of recoveries from collection agencies. Average annual uncollectible accounts are about \$30,000. However, the amount and timing of these expenses are very unpredictable. Therefore, we are allocating \$50,000 for these potential costs in the projected and budget years.

Utilities

Electrical and other utility expenses are estimated at the five-year average of \$150,000 for both the current and budget years.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

Bank Charges

These fees include charges for commercial treasury, investment management, and custodial services for the Lottery's bank accounts, electronic transaction processing, purchasing card processing, and investment portfolio holdings. These expenses should remain at approximately the same level for the current and budget years.

Dues and Subscriptions

Dues include annual membership fees to national and international lottery associations, trade organizations, and professional associations. Subscriptions are payments for trade and professional periodicals, online research tools, and other educational and research materials. These costs are expected to remain consistent with the current year.

Recruiting

This expense includes charges for job placement advertisements for open employment positions at the Lottery throughout the fiscal year. The costs should remain at about the same level in the current and budget years.

Employee Training and Seminars

Employee training consists of group meetings conducted by outside instructors for training of sales, administrative, and professional staff. Seminars are fees paid for lottery industry conferences, professional conferences, or other trade or business gatherings for employee educational and training purposes. These costs are expected to remain consistent with the current year.

Services Purchased

Expenses for retirement plan administration, payroll and human resources software services, accounting software support, shredding of unsold instant tickets, GPS fleet monitoring, cable television, email marketing, public relations

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2021**

monitoring services, community events setup, and collection agency fees are included in services purchased. The total budgeted cost of most of these services is expected to remain fairly consistent with the current year.

**Louisiana Lottery Corporation
Financial Plan
Summary of Capital Expenditure Requests
For the Fiscal Year Ending June 30, 2021**

Vehicle Replacements

The Lottery has a fleet of 43 vehicles used mainly by field personnel in the Sales and Security Departments. The fleet is maintained using a preventive maintenance program and monitored on a regular basis. Once the total mileage on a vehicle reaches approximately 100,000 miles the vehicle is targeted for replacement for safety reasons and to reduce the costs of ongoing maintenance. Vehicles are purchased under state purchasing contracts if the prices offered result in a cost savings for the Lottery.

Building and Leasehold Costs

The downtown headquarters in Baton Rouge and our distribution center in south Baton Rouge are both owned locations. We are responsible for all repairs and maintenance for these buildings. In addition, the Lottery is responsible for maintaining the interior walls and related structures for our five leased locations throughout the state. The repairs and maintenance expense line item in our operating budget covers the routine maintenance throughout the year. This capital budget request includes funds for potential major repairs.

Data Processing Software and Equipment

This technology budget request includes replacements for obsolete laptops, devices, workstation computers, communications equipment, and software.

Other

To accommodate unexpected capital needs, the Lottery has budgeted \$50,000.

LKCH TIF JLCB AGENDA ITEM REQUEST
02/04/20

The attached packet of information is being submitted by LED on behalf of the City of Lake Charles to request approval for Tax Increment Financing utilizing 2% of future increments of the 4.5% state sales tax within three Economic Development Districts (EDD) within the City of Lake Charles: the *I-10 Corridor EDD*, the *Lakefront EDD*, and the *Enterprise Boulevard EDD*. Specifically, the request is for JLCB to approve the State to enter into a CEA with each of the EDDs for said purpose.



February 03, 2020

Senator Mack "Bodi" White
Chairman, Joint Legislative Committee on the Budget
900 North Third Street
Baton Rouge, Louisiana 70802

Re: Lakefront Economic Development District, Enterprise Boulevard - Economic Development District and I-10 Corridor Economic Development District of the City of Lake Charles

Dear Chairman White,

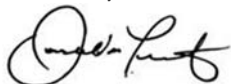
I received the attached letter from Mayor Nic Hunter of the City of Lake Charles requesting that the State dedicate the incremental increases in two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of State sales tax collected within the boundaries of the three economic development districts named above. The City has informed us that the areas within the boundaries of the economic development districts are currently underdeveloped. The City has identified several types of projects it wishes to induce to locate within the boundaries of these districts in order to encourage economic development in the area within the districts using a combination of undedicated City sales tax revenue, sales tax revenue to be received from a sales tax levied by one of the districts and the incremental increase of a portion of the State sales tax collected within the districts.

Louisiana Economic Development has commissioned an independent economic impact analysis and the study indicates that any new development within the Lakefront Economic Development District would result in an increase in collections of State sales taxes above the amount currently being collected. Further, due to the current lack of economic activity along the I-10 Corridor and the stagnation that has occurred within the Enterprise Boulevard Corridor, the City has determined that the public investments made possible with State sales tax increment financing support in these two EDDs would lead to increased private economic development. Our evaluation concurs with the City's determination that any economic activity within the districts will benefit the State economically, and that under the City's proposal the State will receive more funds from the increased sales tax revenue than the City would receive from the State sales tax increment dedicated to these projects.

Please accept this letter as the written evaluation and determination of the Louisiana Department of Economic Development as required under La. R.S. 33:9038.34(A)(6).

Thank you for your assistance and cooperation with this matter. Should you have any further questions, please do not hesitate to contact me or LED Assistant Secretary, Mandi Mitchell.

Sincerely,



Don Pierson, Secretary

Attachments



CITY OF LAKE CHARLES

NICHOLAS E. HUNTER
MAYOR

326 Pujo Street • P.O. Box 900
Lake Charles, LA 70602-0900
(337) 491-1201 • FAX (337) 491-1206

OFFICE OF THE MAYOR

July 2, 2019

Secretary Don Pierson
Louisiana Economic Development
617 North Third Street
Baton Rouge, Louisiana 70802

Re: Lakefront Economic Development District, Enterprise Boulevard Economic Development District and 1-10 Corridor Economic Development District of the City of Lake Charles

Dear Secretary Pierson:

The City Council of the City of Lake Charles recently created several economic development districts within the City limits as authorized by the provisions of Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "EDD Laws"). The districts were named the Lakefront Economic Development District (the "Lakefront District"), the Enterprise Boulevard Economic Development District (the "Enterprise District") and the 1-10 Corridor Economic Development District (the "1-10 District") and the boundaries of such districts were generally drawn around underdeveloped areas of the City.

Attached hereto is a map showing the three districts. Of significance to the State, each district's major roadway is a State (North Lakeshore Drive, Veteran's Memorial Boulevard and Enterprise Boulevard) or Federal (1-10) roadway.

In the next sixty days, the City expects to (a) release an advertisement for a restaurant to be located in the Lakefront District, (b) receive bids and enter into cooperative endeavors for the construction of a \$20 million science and education center/museum, and (c) further discussions with an outdoor outfitter to expand the use of the City's lake and beachfront. Daily, the City continues to seek out developers who can revitalize these once thriving but now depressed and blighted areas of the City.

The City intends to offer certain economic incentives through the use of the districts in a manner that is intended to encourage economic development within the boundaries of the districts. The City receives revenue from an aggregate of two percent (2.0%) of undedicated sales taxes levied by the City that it expects to use to incentivize economic development in all three districts. In addition, the Lakefront District has levied a one percent (1.0%) sales tax within the boundaries of the Lakefront District that is expected to be used to support projects within its boundaries. The City also desires for the State of Louisiana (the "State") to authorize the incremental increases of two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of State sales taxes collected within the boundaries of all three districts to be used to fund certain public infrastructure needs to support projects within the districts.

United for Progress and Prosperity

The EDD Laws, specifically Section 9038.34(A)(6) thereof, authorize State sales tax increments to be dedicated to pay the costs of a project within the boundaries of an economic development district, and to pay revenue bonds for a local economic development project provided that the amount dedicated will not exceed the aggregate portion of the local sales tax increment dedicated for such purposes. The proposed use of State sales tax increments must be submitted by the secretary of the Department of Economic Development to the Joint Legislative Committee on the Budget for approval. The submission by the Department is required to include an evaluation and determination by the Department of the anticipated increase in State sales tax revenues to be collected within the State over State sales tax revenues that were collected within the State in the year immediately prior to the year in which the project is submitted to the committee that would be a direct result of the project.

The City has identified certain types of projects that it desires to induce to locate within the boundaries of the districts. These projects include restaurants, retail and other commercial establishments, places of entertainment, and any other projects that will add to the tax base of the City and the State. However, the City's incentives are intended to be used to induce a variety of development within the districts and not one specific project. Any State sales tax increments that would be available for use within the districts would result from an increase in State sales taxes above the amount currently being collected. In addition, because the City desires to use only two percent (2.0%) of the State sales taxes generated within the districts, the State will receive more funds from any increased sales tax revenue than the City would generate as a result of the State sales tax increment to be dedicated to these projects.

While it may not be possible to include a determination of the anticipated increase in the State sales tax revenues as a result of the proposed use of State sales tax increment by the City, the City respectfully requests that the Department submit an evaluation of this request for consideration by the Joint Legislative Committee on the Budget. I have enclosed with this letter a draft of a Cooperative Endeavor Agreement between the City and the State, acting through the Louisiana Department of Revenue, which we would propose for consideration by the committee at the appropriate time.

Please do not hesitate to contact me with any questions.

Sincerely,



NICHOLAS E. HUNTER

Mayor

City of Lake Charles

Enclosures

State of Louisiana
Department of Revenue

JOHN BEL EDWARDS
Governor



KIMBERLY LEWIS ROBINSON
Secretary

December 5, 2019

Secretary Don Pierson
Louisiana Economic Development
617 North Third Street
Baton Rouge, Louisiana 70802

Re: 1-10 Corridor Economic Development District of the City of Lake Charles

Dear Secretary Pierson,

I have reviewed your department's letter regarding the proposed dedication of the incremental increases in two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of State sales tax collected within the boundaries of the 1-10 Corridor economic development district in the City of Lake Charles.

I concur with your evaluation of the economic benefit to the State as a result of any economic activity within the district, as referred to in your letter. Please accept this letter as certification as to the correctness of your department's evaluation of the anticipated increase in State sales tax revenues to be collected, as required by La. R.S. 33:9038(A)(6). The Louisiana Department Revenue's sales tax analysis of the 1-10 Corridor economic development district is enclosed for your reference.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kimberly L. Robinson", is written over a light blue horizontal line.

Kimberly L. Robinson
Secretary
Department of Revenue

Contributing to a better quality of life.

617 North Third Street, Post Office Box 66258, Baton Rouge, Louisiana 70896
Telephone (225) 219-4059 • Fax (225) 219-2114
www.revenue.louisiana.gov

State of Louisiana
Department of Revenue

JOHN BEL EDWARDS
Governor



KIMBERLY LEWIS ROBINSON
Secretary

December 5, 2019

Secretary Don Pierson
Louisiana Economic Development
617 North Third Street
Baton Rouge, Louisiana 70802

Re: Enterprise Boulevard Economic Development District of the City of Lake Charles

Dear Secretary Pierson,

I have reviewed your department's letter regarding the proposed dedication of the incremental increases in two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of State sales tax collected within the boundaries of the Enterprise Boulevard economic development district in the City of Lake Charles.

I concur with your evaluation of the economic benefit to the State as a result of any economic activity within the district, as referred to in your letter. Please accept this letter as certification as to the correctness of your department's evaluation of the anticipated increase in State sales tax revenues to be collected, as required by La. R.S. 33:9038(A)(6). The Louisiana Department Revenue's sales tax analysis of the Enterprise Boulevard economic development district is enclosed for your reference.

Sincerely,

A handwritten signature in blue ink, appearing to read "K. Robinson", is written over a horizontal line.

Kimberly L. Robinson
Secretary
Louisiana Department of Revenue

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State of Louisiana
Department of Revenue

JOHN BEL EDWARDS
Governor



KIMBERLY LEWIS ROBINSON
Secretary

December 5, 2019

Secretary Don Pierson
Louisiana Economic Development
617 North Third Street
Baton Rouge, Louisiana 70802

Re: Lakefront Economic Development District of the City of Lake Charles

Dear Secretary Pierson,

I have reviewed your department's letter regarding the proposed dedication of the incremental increases in two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of State sales tax collected within the boundaries of the Lakefront economic development district in the City of Lake Charles.

I concur with your evaluation of the economic benefit to the State as a result of any economic activity within the district, as referred to in your letter. Please accept this letter as certification as to the correctness of your department's evaluation of the anticipated increase in State sales tax revenues to be collected, as required by La. R.S. 33:9038(A)(6). The Louisiana Department Revenue's sales tax analysis of the Lakefront economic development district is enclosed for your reference.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kimberly L. Robinson", is written over a light blue horizontal line.

Kimberly L. Robinson
Secretary
Department of Revenue

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Lake Charles TIF Cost Estimate

FYE June 30, 2018

TIF Districts	Enterprise Blvd	I-10 Business Corridor	Lakefront
State Annual Base (Gross Tax Reported less V.C.)	\$240,333.00	\$445,990.00	\$38,964.00
Monthly State Base (Annual State Base divided by 12)	\$20,027.75	\$37,165.83	\$3,247.00

The Economic Impact of Proposed Lake Charles Tax Increment Financing Districts on Louisiana

Dek Terrell, PhD
Professor, Louisiana State University

November 24, 2019



E. J. Ourso College of Business
Economics & Policy Research Group

EXECUTIVE SUMMARY

This report summarizes the estimated economic impact of Port Wonder on the Louisiana economy. Two other economic districts are planned, but detailed economic data on new commitments in these developments is not available at this time. The impact study is conducted at the state level and it estimates the impact of the operations of the Lakefront District containing Port Wonder on output, earnings, jobs and tax revenues. The analysis includes construction and the operational impacts over a 30-year period. The results are limited to data provided on the Children's Center, Science and Educational Complex and one proposed additional Lakeside private facility late in development. Because a number of retail, food services and entertainment facilities are planned but not yet at the stage of providing detailed data, estimates are likely to be conservative.

Economic Impacts:

- The initial phase of construction activities will involve \$22.2 million in total spending.
- Operations add \$185.3 million of spending or \$95.6 million in 2020\$.
- When indirect effects are included, Port Wonder and related developments should increase Louisiana output by approximately \$370 million over 30 years. The net present value of the output stream implies that this is equivalent to \$205 million in 2020 dollars.
- This translates into \$113 million of earnings (\$63 million when converted to 2020\$).
- We consider a range from 20%-50% of net new spending attracted in tax computations. Direct sales & use cumulative tax projections range from \$1,338,051-\$3,345,127. In 2020\$, this translates into a range of \$742,310-\$1,855,755.
- Accounting for direct and indirect impacts on sales & use, this impact ranges from \$1.8 million to \$4.6 million.
- During the construction phase, the Lakefront District projects will create 223 jobs. Operations will ramp up over time to reach roughly 100 jobs at the peak.
- Analysis from the Louisiana Department of Revenue shows that today the state is currently collecting \$374,180.96 from the Lakefront, I-10, and Enterprise EDDs, collectively.
- LDR analysis shows that collections in the Lakefront EDD were \$42,653.00 in 2019. Taking into account existing and projected projects in the Lakefront District, the net effect of the proposed TIF district would likely be positive.
- There are no currently proposed projects for the Enterprise and I-10 Corridor EDDs, hence we do not have enough information to estimate a net impact of those TIFs.

INTRODUCTION

This report summarizes estimates of the economic impact on the state of the Port Wonder Lake Front Development project in Lake Charles. The business is expected to ramp up with construction of Port Wonder's Children Center, a Science and Educational Complex, and some additional facilities immediately with more to follow. Our computations are based only on the two Port Wonder Museum facilities and one additional private business.

METHODOLOGY

Like a rock dropped into a pond, an injection of new dollars into an economy ripples throughout that economy. Spending by the firm and its employees directly creates new sales in the community. Area businesses that benefit from those expenditures in turn hire additional workers. Spending by those businesses and their employees then creates another round of sales for other businesses and the process continues. Economic impact analysis provides us with the tools to quantify the full impact of these ripple effects within an economy using jobs, earnings, and value added multipliers.

Wassily Leontief was awarded the 1973 Nobel Prize in Economics "... for the development of the input-output method and for its application to important economic problems."¹ Not surprisingly, input-output models have advanced considerably over the five decades since Leontief's award. However, the same fundamental principles apply. The methodology relies on the assumption of linear relationships (and technology) to capture commodity flows from producers to intermediate and final consumers.

The model is attractive because it allows economists to quantify the spillovers from additional activity in one sector. For instance, an expansion in one industry leads to greater income

¹Miller, Ronald E. and Peter D. Blair (2009), *Input-Output Analysis*, New York: Cambridge University Press.

for workers in other industries. These groups in turn spend more in the economy, creating another round of activity. Input-Output analysis provides a method of estimating the sum total of these ripples through the economy. Miller and Blair (2009) provide a full overview of input-output analysis. This study uses BEA RIMS II multipliers for those computations.

DATA AND ASSUMPTIONS

The main source of input data for Port Wonder were reports obtained from Louisiana Economic Development. Another important assumption is the method by which nominal and real prices are calculated. All discounting in this report is based on the Parish cost of capital. At the time of this analysis, the most recent yield on Calcasieu Parish bonds was 4.00%.²

ECONOMIC IMPACT

Table 1 contains the total direct revenues estimated during the construction phase and over the first 30 years (29 years of operations allowing for a one-year construction period). Total construction costs are anticipated to be \$22.2 million with \$15.8 million of Louisiana spending.³ Operations push total spending to \$207.5 million with \$157.5 million of estimated Louisiana taxable spending. The operations jobs figure in Table 1 is the average employment gain over the full 29- year operations period; thus, no sum is given. The total spending and impact on output earnings and jobs is computed at this stage as if there were no crowding out of current Louisiana businesses or attractions. We address this issue with taxes.

² <https://louisiana.municipalbonds.com/bonds/recent/>

³ Some exhibits were not available in Louisiana and must be sourced out-of-State.

TABLE 1
ECONOMIC IMPACT (NOMINAL \$MILLIONS)

Item	Spending	Nominal Taxable Spending	Output	Earnings	Jobs
Construction	\$22.2	\$15.8	\$30.6	\$10.8	223
Operations	\$185.3	\$141.7	\$339.1	\$102.0	93
Total	\$207.5	\$157.5	\$369.6	\$112.8	

Note: Jobs represent average annual employment. All other figures are the sum in millions of current period dollars and based on U.S. RIMS II multipliers and author's computations. Totals may not sum due to rounding.

TABLE 2
ECONOMIC IMPACT (NOMINAL \$)

Net New Spend	Net New Direct Sales & Use Tax	Indirect Sales & Use Tax	Total LA Sales & Use Tax Benefit
20%	\$1,338,051	\$501,622	\$1,839,673
25%	\$1,672,564	\$627,028	\$2,299,592
30%	\$2,007,076	\$752,433	\$2,759,510
35%	\$2,341,589	\$877,839	\$3,219,428
40%	\$2,676,102	\$1,003,244	\$3,679,346
45%	\$3,010,615	\$1,128,650	\$4,139,265
50%	\$3,345,127	\$1,254,056	\$4,599,183

Table 2 reports estimated direct sales taxes for a range of percentages of new Louisiana spending. Based on license plate counts and intercept surveys, prior studies have estimated that over 60% of Lake Charles casino revenues are from outside Louisiana. We anticipate a lower portion for this development, though the proximity to Texas and visitors already attracted to the area's casinos led to a range of 20% to 50% new spending (80% to 50% of spending cannibalizes existing Louisiana spending.) The first column converts estimated taxable Louisiana sales to direct sales taxes using the current state tax rate. Note that we assume the Museum facilities are non-profit and

thus not subject to sales taxes. Indirect sales & use taxes are computed based on the implicit tax rate implied by the ratio of taxes in the 2017 FY CAFR to BEA personal income.

Table 3 discounts future operations revenues, Louisiana spending, and raw output and earnings to the first year using the current cost of capital for Calcasieu Parish. Table 4 provides similar discounted values for the estimated tax revenue flows.

TABLE 3
ECONOMIC IMPACT (2020\$ MILLIONS)

Item	Spending	Nominal Taxable Spending	Output	Earnings	Jobs
Construction	\$22.2	\$15.8	\$30.6	\$10.8	223
Operations ¹	\$95.6	\$72.3	\$174.8	\$52.5	93
Total	\$117.8	\$88.1	\$205.3	\$63.3	

Note: Jobs represent average annual employment across all thirty years. All other figures are the sum in millions of current period dollars and based on U.S. RIMS II multipliers and author's computations. Totals may not sum due to rounding. ¹ Jobs total for operations is the average over 29 years of operations.

TABLE 4			
STATE TAX IMPACT (2020\$)			
Net New Spend	Net New Direct Sales & Use Tax	Indirect Sales & Use Tax	Total LA Sales & Use Tax Benefit
20%	\$742,310	\$284,295	\$1,026,605
25%	\$927,888	\$355,369	\$1,283,257
30%	\$1,113,465	\$426,443	\$1,539,908
35%	\$1,299,043	\$497,517	\$1,796,559
40%	\$1,484,620	\$568,590	\$2,053,211
45%	\$1,670,198	\$639,664	\$2,309,862
50%	\$1,855,775	\$710,738	\$2,566,513

Conclusion

This report examines the economic impact of proposed developments in three proposed economic Lake Charles economic development districts. Because no detailed proposals were provided for the Enterprise Boulevard and I-10 Business Corridor, we focus on the Lakefront area. Accounting for 50%-80%

“crowd-out,” we estimate \$1.3-\$3.3 million (\$0.7-1.9 million in 2020\$) in net new Louisiana sales & use taxes from construction and operations over the first thirty years based on current proposals.

References

U.S. Bureau of Economic Analysis (BEA), “User Inputs,” in *Regional Input- Output Modeling application (RIMS II) Handbook* (Washington, DC: BEA, September 2011, 5–1).

Miller, Ronald E. and Peter D. Blair (2009), *Input-Output Analysis*, New York: Cambridge University Press.

COOPERATIVE ENDEAVOR AGREEMENT

by and among

I-10 CORRIDOR ECONOMIC DEVELOPMENT DISTRICT

and

CITY OF LAKE CHARLES

and

THE STATE OF LOUISIANA,
through the Louisiana Department of Revenue

Dated as of _____, 2020

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EXHIBIT A – BOUNDARY DESCRIPTION OF THE ECONOMIC DEVELOPMENT DISTRICT

EXHIBIT B – I-10 CORRIDOR EDD BASE YEAR TAX COLLECTIONS

COOPERATIVE ENDEAVOR AGREEMENT

This COOPERATIVE ENDEAVOR AGREEMENT (the “*Agreement*”), dated as of _____, 2020 but effective upon execution by all parties hereto, is made by and among the I-10 CORRIDOR ECONOMIC DEVELOPMENT DISTRICT, City of Lake Charles (the “*I-10 Corridor EDD*” or the “*District*”), the CITY OF LAKE CHARLES, State of Louisiana (the “*City*”), and the STATE OF LOUISIANA, acting by and through the Louisiana Department of Revenue (“*LDR*”).

W I T N E S S E T H:

WHEREAS, the District is an economic development district duly created under and pursuant to the provisions of Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:9038.31 to 9038.42, inclusive) (the “*Economic Development Act*”) and Ordinance No. 18187 adopted on June 20, 2018, by the City Council of the City of Lake Charles, and other constitutional and statutory authority;

WHEREAS, Article VII, Section 14(C) of the Louisiana Constitution of 1974, as amended (the “*Constitution*”), provides that for a public purpose, the State may engage in cooperative endeavors with political subdivisions, private associations, corporations, or individuals;

WHEREAS, pursuant to the Economic Development Act, a sales tax increment consists of that portion of sales tax revenues for any or all tax recipient entities collected each year on the sale at retail, the use, the lease or rental, the consumption and storage for use or consumption of tangible personal property and on sales of services, all as defined in La. R.S. 47:301 *et seq.*, or any other appropriate provision of law, as amended, from taxpayers located within an economic development district, which exceeds the sales tax revenues that were collected for such taxing authority in the year immediately prior to the year in which such area was designated as an economic development district;

WHEREAS, the District encompasses the land located in the City within the boundaries set forth in Exhibit A hereto;

WHEREAS, pursuant to the Act, the District and the City have requested that LDR enter into this Agreement on behalf of the State to authorize the use by the District of two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of the sales tax increment collected by LDR for the State within the boundaries of the District (the “*State Sales Tax Revenues*”) to finance the cost of additions, acquisitions, repairs and/or expansions needed to reduce blight and maintain works of public improvement within the boundaries of the District (the “*Project*”);

WHEREAS, the construction of the Project is expected to result in significant economic benefits to the City, the District, and the State, including the improvement of certain public works and other infrastructure improvements, the creation of construction jobs and other new non-construction jobs, the reduction of blight, increases to the tax base for *ad valorem* taxation, significant increases in sales and use tax collections, mitigation of the condition of unemployment or underemployment in the surrounding geographical area, and the attraction of additional businesses, as well as other ancillary financial and economic development benefits, as well as further intangible benefits to the City, the District, the surrounding areas, and the State (collectively, the “*Economic Benefits*”);

WHEREAS, pursuant to this Agreement the State has pledged and dedicated and will irrevocably pledge and dedicate an amount of Annual Pledged State Increment (as hereinafter defined) to pay the costs of the Project, including the debt service on Bonds (as hereinafter defined) issued to finance the Project; and

WHEREAS, the District and the City anticipate entering into a separate cooperative endeavor agreement (the “*Local Cooperative Endeavor Agreement*”) pursuant to which the City will agree to use incremental increases in its undedicated taxes collected within the boundaries of the District (the “*City Tax Revenues*”) to support economic development projects within the District.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto hereby covenant and agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. The following terms shall, for purposes of this Agreement, have the following meanings:

“*Act*” shall mean, collectively, Section 14(C) of Article VII of the Louisiana Constitution of 1974, as amended and the Economic Development Act, Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority.

“*Agreement*” shall mean this Cooperative Endeavor Agreement, dated as of _____, 2020 by and among the City, the State through LDR, and the District, and any amendments or modifications hereto.

“*Annual Pledged State Increment*” shall mean a sum of two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of the Annual State Increment collected from taxpayers within the geographic area comprising the District attributable to any Year during the Term.

“*Annual State Base*” shall mean Four Hundred Forty-Five Thousand, Nine Hundred Ninety Dollars (\$445,990.00).

“*Annual State Increment*” shall mean the amount by which the State Sales and Use Tax levied by the State and collected from taxpayers within the geographic area comprising the District attributable to any Year during the Term exceeds the Annual State Base.

“*Base Year*” shall mean the Fiscal Year for the State ending June 30, 2018.

“*Bonds*” shall mean the revenue bonds, if any, issued by the City or the District to finance all or a portion of the Project.

“*Business Day*” shall mean a day which is not (a) a Saturday or Sunday, (b) a legal holiday, or (c) a day on which banking institutions are authorized by law to close in the State of Louisiana.

“*City*” shall mean the City of Lake Charles, State of Louisiana.

“*City Tax Revenues*” means the incremental increases in the City’s undedicated taxes collected within the boundaries of the District.

“*Commencement Date*” shall mean [July 1, 2020].

“*Constitution*” means Article VII, Section 14(C) of the Louisiana Constitution of 1974, as amended.

“*Depository Bank*” shall mean the bank into which LDR deposits State Sales and Use Tax receipts of the State.

“*District*” shall mean the I-10 Corridor EDD.

“*Economic Benefits*” shall mean the impact on the economy of the City, the District, and the State as a result of the Project proposed pursuant to this Agreement and resulting from the ongoing fulfillment of the contract obligations hereunder, including the improvement of certain public works and other infrastructure improvements, the creation of construction jobs and other new non-construction jobs, the reduction of blight, increases to the tax base for *ad valorem* taxation, significant increases in sales and use tax collections, mitigation of the condition of unemployment or underemployment in the surrounding geographical area, and the attraction of additional businesses, as well as other ancillary financial and economic development benefits.

“*Economic Development Act*” shall mean Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended.

“*Fiscal Year*” shall mean the twelve-month period beginning on July 1 and ending June 30 of each year.

“*I-10 Corridor EDD*” shall mean that certain economic development district created pursuant to Ordinance No. 18187 on June 20, 2018, as the same may be amended from time to time, and within the boundaries of the area set forth in Exhibit A hereto.

“*I-10 Corridor EDD Trust Fund*” shall mean that certain fund established under Ordinance No. 18187 on June 20, 2018 by the City, as the same may be amended from time to time, for the purposes of receipt of the Monthly Pledged State Increment and paying costs in connection with economic development projects as defined in La. R.S. 33:9038.34(M) and La. R.S. 33:9038.36.

“*LDR*” shall mean the Louisiana Department of Revenue, the Sales and Use Tax collection agent of the State.

“*Local Cooperative Endeavor Agreement*” shall mean that cooperative endeavor agreement between the City and the District by which the City and the District will pledge the Local Tax Revenues to contribute to the funding of the Project to induce economic development within the boundaries of the District.

“*Local Tax Revenues*” shall mean the City Tax Revenues.

“*Month*” shall mean a calendar month.

“*Monthly Pledged State Increment*” shall mean a sum equal to two percent (2%) of the four and forty-five hundredths of a percent (4.45%) of the Monthly State Increment collected from taxpayers within the geographic area comprising the I-10 Corridor EDD attributable to any Month during the Term.

“*Monthly State Base*” shall mean one-twelfth of the Annual State Base.

“*Monthly State Collection*” shall mean the total State Sales and Use Tax collected within the geographic area comprising the District attributable to any Month during the Term.

“*Monthly State Increment*” shall mean the amount by which the State Sales and Use Tax levied by the State and collected from taxpayers within the geographic area comprising the District attributable to any Month during the Term exceeds the Monthly State Base.

“*Parish*” shall mean the Parish of Calcasieu, State of Louisiana.

“*Project*” shall mean the cost of additions, acquisitions, repairs and/or expansions needed to maintain publicly owned works of public improvement and other public infrastructure improvements related thereto, including the Public Improvements.

“*Public Improvements*” shall mean, collectively, (i) the construction, acquisition, extension, expansion, improvement, maintenance and operation of public roads, bridges and related road drainage within the District and the acquisition of equipment related thereto, (ii) financing the cost of additions, acquisitions, repairs and/or expansions needed to maintain publicly owned works and to reduce blight within the District, and (iii) the general public infrastructure improvements in the District, including but not limited to, water distribution and transmission, sewerage lines and facilities, publicly owned gas service lines and facilities and other public infrastructure improvements related thereto.

“*Sales and Use Tax*” shall mean that net sales and use tax pledged hereunder and levied and collected in the District by the State, exclusive of rebates issued under contract through the Enterprise Zone Program administered by the Department of Economic Development, the .03% sales tax levied under La. R.S. 51:1286 by the Louisiana Tourism and Promotion District, and any dedicated hotel motel sales tax, on the sale at retail, the use, the lease or rental, the consumption and storage for use or consumption of tangible personal property, and on sales and services, all as defined in Section 301 *et seq.* of Title 47 of the Louisiana Revised Statutes of 1950, as amended, or any other appropriate provisions of law as amended.

“*State*” shall mean, for the purposes of this Agreement, the State of Louisiana, acting through LDR.

“*Tax Collector*” shall mean LDR.

“*Term*” shall mean the term of this Agreement as set forth in Article VIII hereto.

“*Treasurer’s Office*” shall mean the Louisiana Department of the Treasury.

“*Trust Fund*” shall mean the I-10 Corridor EDD Trust Fund.

“*Year*” shall mean any consecutive twelve (12) month period.

Section 1.2 Use of Defined Terms. Terms defined in this Agreement shall have their defined meanings when used herein and in any document, certificate, report or agreement furnished from time to time in connection with this Agreement unless the context otherwise requires.

Section 1.3 Rules of Interpretation. Unless the context clearly indicates to the contrary, the following rules shall apply to the interpretation and construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) All references herein to particular articles or sections are references to articles or sections of this Agreement.

(c) The captions and headings herein are solely for convenience of references and shall not constitute part of this Agreement, nor shall they affect its meaning, construction or effect.

(d) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereinbelow,” “hereunder,” or any similar terms as used in this Agreement refer to the Agreement in its entirety and not the particular article or section of this Agreement in which they appear, and the term “hereafter” means after and the term “heretofore” means before the date of execution of this Agreement

ARTICLE 2 STATE'S REPRESENTATIONS AND OBLIGATIONS

Section 2.1 Authority of State. The State, through LDR, is granted the authority, pursuant to the Act, the Budget Committee Approval and approval of the Louisiana State Bond Commission, and other constitutional and statutory authority, to enter into this Agreement and makes the following representations and undertakes the following obligations.

Section 2.2 Scope of Authorized Agreement. As provided by the Act, the State may enter into cooperative endeavor agreements with local government subdivisions that may provide for the use of State Sales and Use Tax receipts of the State for economic development projects, such as the Project, upon Budget Committee Approval, which approval was granted on _____, 2020, and upon approval of the Louisiana State Bond Commission, which approval was granted on _____, 2020, and to dedicate the Annual Pledged State Increment to the payment of debt service on the Bonds.

Section 2.3 Collections. The State hereby represents that current law and the current internal collection processes and systems of LDR are adequate for the purpose of collecting, classifying, reconciling, calculating and remitting the Annual Pledged State Increment on a quarterly basis, provided that with the prior written consent of the District such systems may be changed by LDR as they pertain to their respective collection processes relative to this Agreement. Not later than the twentieth (20th) day of the second Month of each calendar quarter, LDR shall direct the State Treasurer's Office to transfer to the Trust Funds, using wiring instructions provided by the District, the aggregate Monthly Pledged State Increment for the prior quarter.

Section 2.4 Ownership of Monthly Pledged State Increment; Rebate to State. The State hereby represents and agrees that: (i) the Monthly Pledged State Increment, by virtue of the Act, does not constitute State funds and requires no appropriation by the Louisiana Legislature for the Depository Bank to forward such funds to the Trust Funds; and (ii) pending classification as Monthly Pledged State Increment, such funds, although collected by the State, are not part of the State treasury but are held in trust pending classification as Monthly Pledged State Increment and disbursement to the District.

Section 2.5 Public Purpose. The District hereby represent that there is a reasonable expectation that the Project will serve a public purpose and result in economic development within the State that will exceed the value of the obligations of the State, as described herein.

Section 2.6 No Litigation. Except as may be otherwise disclosed in writing to the parties to this Agreement, there is no action, suit, investigation or proceeding pending, or to its best knowledge, threatened, against the State, before any court, arbitrator, or administrative or governmental body, or insurance underwriting agency that might result in a material adverse change in the financial condition or operations of the State or that might adversely affect the ability of the State to comply with their obligations hereunder or in connection with the transactions contemplated hereby, relative to this Agreement.

ARTICLE 3 CITY'S AND DISTRICT'S REPRESENTATIONS AND OBLIGATIONS

Section 3.1 Scope of Project. The Project is within the scope of the Act and the City and the District will use the Annual Pledged State Increment solely to pay for the costs of the Project, including the debt service on the Bonds, in order to induce economic development and reduce blight within the boundaries of the District.

Section 3.2 Public Hearing. The formation of the District is valid and the approval and execution of this Agreement have been the subject of public meetings and hearings held in accordance with the Act.

Section 3.3 District Authority. The City and the District have all requisite power pursuant to the Act to enter into this Agreement and the authorization, execution and delivery hereof and compliance with the provisions hereof do not conflict with or constitute on the part of the City or the District a violation of, breach of, or default under: (i) any provision of any indenture, mortgage, deed of trust, loan agreement or other contract or instrument to which the City or the District are a party or by which it is bound; (ii) any order, injunction or decree of any court or governmental authority; or (iii) the provisions of its charter, as amended, or by-laws, as amended.

Section 3.4 Public Purpose. The City and the District anticipate that the Project will result in the creation of jobs, stimulate economic development, and increase sales and use tax receipts within the geographic area comprising the District, serving an integral public purpose.

Section 3.5 Validity of District Obligation. The City and the District have taken or caused to be taken all necessary and proper action to authorize the execution, issuance, and delivery of and the performance of their respective obligations under this Agreement and any and all instruments and documents required to be executed or delivered pursuant hereto or in connection herewith. This Agreement constitutes a valid and legally binding obligation of the City and the District.

Section 3.6 No Litigation. Except as may be otherwise disclosed in writing to the parties to this Agreement, there is no action, suit, investigation or proceeding pending, or to its best knowledge, threatened, against the City or the District, before any court, arbitrator, or administrative or governmental body, or insurance underwriting agency that might result in a material adverse change in the financial condition or operations of the City and the District or that might adversely affect the ability of the City and the District to comply with their obligations hereunder or in connection with the transactions contemplated hereby, relative to this Agreement.

Section 3.7 Use of Local Resources. In connection with the Project, the City and the District hereby agree to use their reasonable best efforts to purchase materials and equipment from businesses and individuals located in the Parish, and to employ residents of the Parish, for construction jobs and permanent jobs.

ARTICLE 4 COLLECTION AND TRANSFER

Section 4.1 Department. The State hereby agrees to act as agent of the District commencing the Commencement Date, for the sole purpose of collecting the Monthly Pledged State Increment. The District shall provide the State with the name, address and transfer information relative to the Trust Fund. Such agency shall continue from the Commencement Date until the last day of the Term of this Agreement, or as otherwise provided by amendment or addendum to this Agreement. The State hereby further agrees that it shall additionally take all reasonable and customary enforcement procedures necessary in connection with the collection of the Monthly Pledged State Increment.

Section 4.2 Transfer of Funds. It is understood that the Monthly Pledged State Increment collected by LDR is the property of the District and thus the payment thereof to the District does not require legislative appropriation by the State Legislature. However, as a means of facilitating the collection of the Monthly Pledged State Increment, it shall be the continuing duty of LDR during the Term to send data to the Treasurer's Office and request deposit by the Treasurer's Office of the Monthly Pledged State Increment on a quarterly basis with the Depository Bank. LDR shall classify and reconcile State Sales and Use Tax receipts from within the geographic area comprising the District as promptly as practicable, and shall inform the Treasurer's Office and the District, as soon as practicable, as to the amount of receipts on deposit with the Depository Bank that constitute the Monthly Pledged State Increment. LDR shall work with the Treasurer's Office regarding which receipts must be transferred by the Depository Bank to the District for deposit to the Trust Fund, as defined herein, and the date for such transfer, which shall be no later than the

twentieth (20th) day of the second Month of each calendar quarter for transfer of the prior quarter's aggregate Monthly Pledged State Increment. Each quarter LDR will inform the Treasurer's Office as to the requirement for the Depository Bank to transfer the prior quarter's aggregate Monthly Pledged State Increment to the District.

Section 4.3 Calculations. (A) LDR, the City and the District hereby agree that the Monthly Pledged State Increment shall be calculated at least quarterly for each Month during the term of this Agreement. Such calculations shall be made by LDR and the calculation shall be provided to the City and the District. A re-calculation of the Monthly Pledged State Increment for any Month or Months shall be made at any time upon reasonable notice upon the request of the City or the District. Collections of State Sales and Use Tax by LDR from within the geographic area comprising the District shall be attributed to the Month for which such collections are actually made and included in the corresponding Monthly Pledged State Increment, regardless of which such State Sales and Use Taxes are deemed due and owing; provided that collections of State Sales and Use Taxes paid under protest shall be set aside in accordance with LDR's normal procedures and shall not be included in the Monthly Pledged State Increment unless and until a final judicial determination is made by a court of competent jurisdiction that such State Sales and Use Taxes have been legally collected.

(B) If it is determined that for any period of time fewer monies have been transferred to the District than were due, or more funds have been transferred than were due, for whatever reason, LDR shall direct an adjustment in the Monthly Pledged State Increment paid to the District in order that the shortfall or overcollection for any prior period is eliminated as soon as practicable and in any event no more than ninety (90) days subsequent to the recalculation giving rise to the need for the adjustment.

Section 4.4 Effective Date of Monthly Pledged State Increment. The Monthly Pledged State Increment shall be pledged effective the Commencement Date. LDR shall direct the Treasurer's Office and the Depository Bank to pay all Monthly Pledged State Increment collected on and after the Commencement Date to the District for deposit to the Trust Funds as provided herein.

Section 4.5 Collection Process. To the extent it is not in conflict with the provisions of this Agreement, LDR is hereby authorized and directed and agrees to continue the collection processes currently utilized and is directed and agrees to audit, assess or take other action necessary to assure the enforcement and collection of State Sales and Use Tax in the geographic area comprising the District in the same manner as State Sales and Use Taxes are currently being collected or authorized to be collected as of the Commencement Date.

Section 4.6 LDR Collection Fees. LDR is hereby authorized and directed to withhold from the State Sales and Use Tax collected by LDR each Month within the geographical boundaries of the District, as compensation for the performance of LDR's obligations hereunder, an amount equal to one percent (1%) of such State Sales and Use Tax collected, not to exceed in the aggregate of ten thousand dollars (\$10,000) within any Fiscal Year (the "*LDR Collection Commission*"). At such point in the Fiscal Year that the LDR Collection Commission reaches an aggregate total of ten thousand dollars collected for previous Months, LDR shall not withhold any further LDR Collection Commission for that Fiscal Year.

Section 4.7 Rescission or Amendment. In no event shall any rescission or amendment to this Agreement be effective without the prior execution and delivery thereof by all parties hereto.

Section 4.8 Accounting. Not later than March 1 of each Year LDR shall provide a written accounting to the District of all Annual Pledged State Increment collected on behalf of the State and the District in the previous Year. In addition, LDR shall provide current collection information to the District upon request thereby. It is not the intention of this Agreement to violate La. R.S. 47:1508 or R.S. 47:1508.1, and the parties hereto shall comply with such provisions.

Section 4.9 Indemnification. The District agrees to indemnify and hold LDR and its members, officers, employees and agents harmless against any claim, loss, liability, damage or expense (including reasonable attorneys' fees) whatsoever incurred by the LDR arising from or in connection with any claim relating to the performance of its obligations hereunder except to the extent such claim, loss, liability or expense is finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of LDR. LDR shall be entitled to appear in any action or proceeding to defend itself against such claims, and all costs reasonably incurred by LDR in connection with such defense, including reasonable attorneys' fees, shall be paid by the District to LDR except to the extent such claim, loss, liability, or expense is finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of LDR.

ARTICLE 5 TERM

Section 5.1 Term of this Agreement. This Agreement shall be effective upon execution by all parties hereto and shall terminate thirty (30) years following the Commencement Date.

ARTICLE 6 DEFAULT

Section 6.1 Events of Default. The following occurrences or acts shall constitute "Events of Default" under this Agreement if not cured within the applicable cure period: (a) Any party hereunder shall fail to make payment when due of any sum payable by it hereunder; or

(b) Any party hereunder shall fail to observe or perform any other obligation required hereunder; and

if such event shall continue for ninety (90) days after the non-defaulting party shall have given the defaulting party notice specifying such failure and demanding that the same be cured. If, by reason of the nature thereof, such failure cannot with due diligence be wholly cured within such ninety (90) day period, such cure period may be extended for such period as may be necessary to complete the curing of the same with the agreement of the other party.

Section 6.2 Remedies. Upon a default under Section 6.1 above, each party may proceed to protect and enforce its rights by suits in equity or at law, whether for the specific performance of any obligation, covenant or agreement contained in this Agreement or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable remedy, as it shall deem most effectual to protect and enforce the obligations of the other hereunder, except for consequential damages, including, but not limited to, loss of sales, income or profit, which shall not be recoverable by a party from the others.

ARTICLE 7 MISCELLANEOUS

Section 7.1 Accuracy of Base Collections. LDR hereby covenants and represents that Sales and Use Taxes in the amount of Four Hundred Forty-Five Thousand, Nine Hundred Ninety Dollars (\$445,990.00) were collected in the geographic area comprising the I-10 Corridor EDD in the Base Year.

Section 7.2 Audit. The Legislative Auditor of the State may audit any and all books and records of the District related to this Agreement and the District shall make such books and records available for such purpose upon reasonable notice during reasonable business hours.

Section 7.3 Entire Agreement. This Agreement and the appendices hereto shall constitute the entire understanding between the parties with respect to the subject matter hereof, superseding all

negotiations, prior discussions, and preliminary agreements. There is no representation or warranty of any kind made in connection with the transactions contemplated hereby that is not expressly contained in this Agreement.

Section 7.4 Notices. All reports, statements or notices required or advisable to be given hereunder shall be deemed to be given if sent to the following parties at the following addresses:

TO I-10 CORRIDOR ECONOMIC DEVELOPMENT DISTRICT:

I-10 Corridor Economic Development District
c/o City of Lake Charles
326 Pujo Street
Lake Charles, Louisiana 70601
Attention: Clerk of Council

TO LDR:

Department of Revenue
P.O. Box 44098
Baton Rouge, Louisiana 70804
Attention: Director, Policy Services Division

Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be either hand-delivered or mailed, postage prepaid by first-class mail, registered or certified, return receipt requested, or by private, commercial carrier, express mail, such as Federal Express, or sent by telex, telegram, telecopy or other similar form of rapid transmission confirmed by written confirmation mailed (postage prepaid by first-class mail, registered or certified, return receipt requested or private, commercial carrier, express mail, such as Federal Express) at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the address or numbers set forth above, or as to each party at such other address or numbers as shall be designated by such party in a written notice to the other party.

Section 7.5 Further Assurances. From time to time hereafter, the parties hereto shall execute and deliver such additional instruments, certificates or documents, and take all such actions as each party hereto may reasonably request for the purpose of fulfilling its obligations hereunder.

Section 7.6 Amendments, Supplements, and Modifications. This Agreement may not be amended, supplemented, or modified, except in writing and executed by the parties hereto.

Section 7.7 Venue. Any suit brought by any party hereto arising out of or by reason of this Agreement shall be brought in the Fourteenth Judicial District Court, Calcasieu Parish, Louisiana or such federal court as may have jurisdiction over any matter. However, if any suit brought is against LDR, venue shall be appropriate and suit shall be brought in the Nineteenth Judicial District Court, East Baton Rouge Parish, State of Louisiana.

Section 7.8 Severance. To the fullest extent possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or a portion of any provision of this Agreement shall be prohibited or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 7.9 No Personal Liability. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any member, official, trustee, officer, agent or employee of

the District or the State in his individual capacity, and neither the officers thereof nor any official executing this Agreement shall be liable personally with respect hereto or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement.

Section 7.10 Rights and Remedies. All rights and remedies of the parties under this Agreement shall be exclusive and limited to those remedies set forth in Article 4 hereof. In the event of a dispute hereunder, the party hereto who shall prevail in such dispute resolution shall be entitled to restitution for all reasonable fees and expenses, including legal fees, incurred in such dispute resolution from the other adversarial party or parties.

Section 7.11 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or extent of any of the provisions of this Agreement.

Section 7.12 Counterparts. This Agreement may be executed in several counterparts, each which shall be an original and all of which when taken together shall be deemed one and the same Agreement.

Section 7.13 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Louisiana.

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Thus done and signed this ____ day of _____, 2020, at _____, Louisiana.

CITY OF LAKE CHARLES

By: _____
Nicholas E. Hunter, Mayor

LOUISIANA DEPARTMENT OF REVENUE

By: _____
Kimberly Lewis Robinson
Secretary, Louisiana Department of Revenue
State of Louisiana

I-10 CORRIDOR ECONOMIC DEVELOPMENT DISTRICT

By: _____
Mark Eckard, Chairman

EXHIBIT A

**BOUNDARIES AND MAP OF
I-10 CORRIDOR ECONOMIC DEVELOPMENT DISTRICT OF THE
CITY OF LAKE CHARLES, STATE OF LOUISIANA**

The District shall consist of the area in the City bounded by the following: the intersection of the centerline of Enterprise Boulevard with the centerline of Pryce Street, thence easterly along the centerline of Pryce Street to the center of 1st Avenue; thence proceed northerly along the centerline of 1st Avenue to the intersection of the centerline of 1st Avenue with the centerline of Winterhalter Street; thence proceed easterly along the centerline of Winterhalter Street to the intersection of the centerline of Winterhalter Street with the centerline of Prater Street; thence proceed northerly along the centerline of Prater Street to the intersection of the centerline of Prater Street with the centerline of Winterhalter Street; thence proceed easterly along the centerline of Winterhalter Street to the intersection of the centerline of Winterhalter Street with the centerline of Albert Street; thence proceed northerly along the centerline of Albert Street and continue along the northerly trajectory of Albert Street north of Fruge Street and continue along the centerline trajectory of Albert Street to the easterly trajectory of South Railroad Avenue; thence westerly along the eastern trajectory of South Railroad Avenue crossing Interstate 10 and following the centerline of South Railroad Avenue or its trajectory westerly to the intersection of the centerline of Ryan Street and continuing westerly 1350 feet, more or less; thence southerly to the centerline of Veteran's Memorial Parkway and continuing southerly to the intersection of the centerline of Veteran's Memorial Parkway with the centerline of West Pryce Street; thence easterly along the centerline of West Pryce Street to the point of commencement.



EXHIBIT B

I-10 CORRIDOR EDD BASE YEAR TAX COLLECTIONS

EDD/TIF DISTRICT	I-10 CORRIDOR
State Annual Base (Gross Tax Reported less V.C.)	\$445,990.00
State Monthly Base (Annual State Base divided by 12)	\$37,165.83

COOPERATIVE ENDEAVOR AGREEMENT

by and among

ENTERPRISE BOULEVARD ECONOMIC DEVELOPMENT DISTRICT

and

CITY OF LAKE CHARLES

and

THE STATE OF LOUISIANA,
through the Louisiana Department of Revenue

Dated as of _____, 2020

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EXHIBIT A – BOUNDARY DESCRIPTION OF THE ECONOMIC DEVELOPMENT DISTRICT

EXHIBIT B – ENTERPRISE BOULEVARD EDD BASE YEAR TAX COLLECTIONS

COOPERATIVE ENDEAVOR AGREEMENT

This COOPERATIVE ENDEAVOR AGREEMENT (the “*Agreement*”), dated as of _____, 2020 but effective upon execution by all parties hereto, is made by and among the ENTERPRISE BOULEVARD ECONOMIC DEVELOPMENT DISTRICT, City of Lake Charles (the “*Enterprise Boulevard EDD*” or the “*District*”), the CITY OF LAKE CHARLES, State of Louisiana (the “*City*”), and the STATE OF LOUISIANA, acting by and through the Louisiana Department of Revenue (“*LDR*”).

W I T N E S S E T H:

WHEREAS, the District is an economic development district duly created under and pursuant to the provisions of Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:9038.31 to 9038.42, inclusive) (the “*Economic Development Act*”) and Ordinance No. 18189 adopted on June 20, 2018, by the City Council of the City of Lake Charles, and other constitutional and statutory authority;

WHEREAS, Article VII, Section 14(C) of the Louisiana Constitution of 1974, as amended (the “*Constitution*”), provides that for a public purpose, the State may engage in cooperative endeavors with political subdivisions, private associations, corporations, or individuals;

WHEREAS, pursuant to the Economic Development Act, a sales tax increment consists of that portion of sales tax revenues for any or all tax recipient entities collected each year on the sale at retail, the use, the lease or rental, the consumption and storage for use or consumption of tangible personal property and on sales of services, all as defined in La. R.S. 47:301 *et seq.*, or any other appropriate provision of law, as amended, from taxpayers located within an economic development district, which exceeds the sales tax revenues that were collected for such taxing authority in the year immediately prior to the year in which such area was designated as an economic development district;

WHEREAS, the District encompasses the land located in the City within the boundaries set forth in Exhibit A hereto;

WHEREAS, pursuant to the Act, the District and the City have requested that LDR enter into this Agreement on behalf of the State to authorize the use by the District of two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of the sales tax increment collected by LDR for the State within the boundaries of the District (the “*State Sales Tax Revenues*”) to finance the cost of additions, acquisitions, repairs and/or expansions needed to reduce blight and maintain works of public improvement within the boundaries of the District (the “*Project*”);

WHEREAS, the construction of the Project is expected to result in significant economic benefits to the City, the District, and the State, including the improvement of certain public works and other infrastructure improvements, the creation of construction jobs and other new non-construction jobs, the reduction of blight, increases to the tax base for *ad valorem* taxation, significant increases in sales and use tax collections, mitigation of the condition of unemployment or underemployment in the surrounding geographical area, and the attraction of additional businesses, as well as other ancillary financial and economic development benefits, as well as further intangible benefits to the City, the District, the surrounding areas, and the State (collectively, the “*Economic Benefits*”);

WHEREAS, pursuant to this Agreement the State has pledged and dedicated and will irrevocably pledge and dedicate an amount of Annual Pledged State Increment (as hereinafter defined) to pay the costs of the Project, including the debt service on Bonds (as hereinafter defined) issued to finance the Project; and

WHEREAS, the District and the City anticipate entering into a separate cooperative endeavor agreement (the “*Local Cooperative Endeavor Agreement*”) pursuant to which the City will agree to use incremental increases in its undedicated taxes collected within the boundaries of the District (the “*City Tax Revenues*”) to support economic development projects within the District.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto hereby covenant and agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. The following terms shall, for purposes of this Agreement, have the following meanings:

“*Act*” shall mean, collectively, Section 14(C) of Article VII of the Louisiana Constitution of 1974, as amended and the Economic Development Act, Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority.

“*Agreement*” shall mean this Cooperative Endeavor Agreement, dated as of _____, 2020 by and among the City, the State through LDR, and the District, and any amendments or modifications hereto.

“*Annual Pledged State Increment*” shall mean a sum of two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of the Annual State Increment collected from taxpayers within the geographic area comprising the District attributable to any Year during the Term.

“*Annual State Base*” shall mean Two Hundred Forty Thousand, Three Hundred Thirty-Three Dollars (\$240,333.00).

“*Annual State Increment*” shall mean the amount by which the State Sales and Use Tax levied by the State and collected from taxpayers within the geographic area comprising the District attributable to any Year during the Term exceeds the Annual State Base.

“*Base Year*” shall mean the Fiscal Year for the State ending June 30, 2018.

“*Bonds*” shall mean the revenue bonds, if any, issued by the City or the District to finance all or a portion of the Project.

“*Business Day*” shall mean a day which is not (a) a Saturday or Sunday, (b) a legal holiday, or (c) a day on which banking institutions are authorized by law to close in the State of Louisiana.

“*City*” shall mean the City of Lake Charles, State of Louisiana.

“*City Tax Revenues*” means the incremental increases in the City’s undedicated taxes collected within the boundaries of the District.

“*Commencement Date*” shall mean **[July 1, 2020]**.

“*Constitution*” means Article VII, Section 14(C) of the Louisiana Constitution of 1974, as amended.

“*Depository Bank*” shall mean the bank into which LDR deposits State Sales and Use Tax receipts of the State.

“*District*” shall mean the Enterprise Boulevard EDD.

“*Economic Benefits*” shall mean the impact on the economy of the City, the District, and the State as a result of the Project proposed pursuant to this Agreement and resulting from the ongoing fulfillment of the contract obligations hereunder, including the improvement of certain public works and other infrastructure improvements, the creation of construction jobs and other new non-construction jobs, the reduction of blight, increases to the tax base for *ad valorem* taxation, significant increases in sales and use tax collections, mitigation of the condition of unemployment or underemployment in the surrounding geographical area, and the attraction of additional businesses, as well as other ancillary financial and economic development benefits.

“*Economic Development Act*” shall mean Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended.

“*Enterprise Boulevard EDD*” shall mean that certain economic development district created pursuant to Ordinance No. 18189 on June 20, 2018, as the same may be amended from time to time, within the boundaries of the area set forth in Exhibit A hereto.

“*Enterprise Boulevard EDD Trust Fund*” shall mean that certain fund established under Ordinance No. 18189 on June 20, 2018 by the City, as the same may be amended from time to time, for the purposes of receipt of the Monthly Pledged State Increment and paying costs in connection with economic development projects as defined in La. R.S. 33:9038.34(M) and La. R.S. 33:9038.36.

“*Fiscal Year*” shall mean the twelve-month period beginning on July 1 and ending June 30 of each year.

“*LDR*” shall mean the Louisiana Department of Revenue, the State Sales and Use Tax collection agent of the State.

“*Local Cooperative Endeavor Agreement*” shall mean that cooperative endeavor agreement between the City and the District by which the City and the District will pledge the Local Tax Revenues to contribute to the funding of the Project to induce economic development within the boundaries of the District.

“*Local Tax Revenues*” shall mean the City Tax Revenues.

“*Month*” shall mean a calendar month.

“*Monthly Pledged State Increment*” shall mean a sum equal to two percent (2%) of the four and forty-five hundredths of a percent (4.45%) of the Monthly State Increment collected from taxpayers within the geographic area comprising the Enterprise Boulevard EDD attributable to any Month during the Term.

“*Monthly State Base*” shall mean one-twelfth of the Annual State Base.

“*Monthly State Collection*” shall mean the total State Sales and Use Tax collected within the geographic area comprising the District attributable to any Month during the Term.

“*Monthly State Increment*” shall mean the amount by which the State Sales and Use Tax levied by the State and collected from taxpayers within the geographic area comprising the District attributable to any Month during the Term exceeds the Monthly State Base.

“*Parish*” shall mean the Parish of Calcasieu, State of Louisiana.

“*Project*” shall mean the cost of additions, acquisitions, repairs and/or expansions needed to maintain publicly owned works of public improvement and other public infrastructure improvements related thereto, including the Public Improvements.

“*Public Improvements*” shall mean, collectively, (i) the construction, acquisition, extension, expansion, improvement, maintenance and operation of public roads, bridges and related road drainage within the District and the acquisition of equipment related thereto, (ii) financing the cost of additions, acquisitions, repairs and/or expansions needed to maintain publicly owned works and to reduce blight within the District, and (iii) the general public infrastructure improvements in the District, including but not limited to, water distribution and transmission, sewerage lines and facilities, publicly owned gas service lines and facilities and other public infrastructure improvements related thereto.

“*State*” shall mean, for the purposes of this Agreement, the State of Louisiana, acting through LDR.

“*Sales and Use Tax*” shall mean that net sales and use tax pledged hereunder and levied and collected in the District by the State, exclusive of rebates issued under contract through the Enterprise Zone Program administered by the Department of Economic Development, the .03% sales tax levied under La. R.S. 51:1286 by the Louisiana Tourism and Promotion District, and any dedicated hotel motel sales tax, on the sale at retail, the use, the lease or rental, the consumption and storage for use or consumption of tangible personal property, and on sales and services, all as defined in Section 301 *et seq.* of Title 47 of the Louisiana Revised Statutes of 1950, as amended, or any other appropriate provisions of law as amended.

“*Tax Collector*” shall mean LDR.

“*Term*” shall mean the term of this Agreement as set forth in Article VIII hereto.

“*Treasurer’s Office*” shall mean the Louisiana Department of the Treasury.

“*Trust Fund*” shall mean the Enterprise Boulevard EDD Trust Fund.

“*Year*” shall mean any consecutive twelve (12) month period.

Section 1.2 Use of Defined Terms. Terms defined in this Agreement shall have their defined meanings when used herein and in any document, certificate, report or agreement furnished from time to time in connection with this Agreement unless the context otherwise requires.

Section 1.3 Rules of Interpretation. Unless the context clearly indicates to the contrary, the following rules shall apply to the interpretation and construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) All references herein to particular articles or sections are references to articles or sections of this Agreement.

(c) The captions and headings herein are solely for convenience of references and shall not constitute part of this Agreement, nor shall they affect its meaning, construction or effect.

(d) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereinbelow,” “hereunder,” or any similar terms as used in this Agreement refer to the Agreement in its entirety and not the particular article or section of this Agreement in which they appear, and the term “hereafter” means after and the term “heretofore” means before the date of execution of this Agreement

ARTICLE 2
STATE'S REPRESENTATIONS AND OBLIGATIONS

Section 2.1 Authority of State. The State, through LDR, is granted the authority, pursuant to the Act, the Budget Committee Approval and approval of the Louisiana State Bond Commission, and other constitutional and statutory authority, to enter into this Agreement and makes the following representations and undertakes the following obligations.

Section 2.2 Scope of Authorized Agreement. As provided by the Act, the State may enter into cooperative endeavor agreements with local government subdivisions that may provide for the use of State Sales and Use Tax receipts of the State for economic development projects, such as the Project, upon Budget Committee Approval, which approval was granted on _____, 2020, and upon approval of the Louisiana State Bond Commission, which approval was granted on _____, 2020, and to dedicate the Annual Pledged State Increment to the payment of debt service on the Bonds.

Section 2.3 Collections. The State hereby represents that current law and the current internal collection processes and systems of LDR are adequate for the purpose of collecting, classifying, reconciling, calculating and remitting the Annual Pledged State Increment on a quarterly basis, provided that with the prior written consent of the District such systems may be changed by LDR as they pertain to their respective collection processes relative to this Agreement. Not later than the twentieth (20th) day of the second Month of each calendar quarter, LDR shall direct the State Treasurer's Office to transfer to the Trust Funds, using wiring instructions provided by the District, the aggregate Monthly Pledged State Increment for the prior quarter.

Section 2.4 Ownership of Monthly Pledged State Increment; Rebate to State. The State hereby represents and agrees that: (i) the Monthly Pledged State Increment, by virtue of the Act, does not constitute State funds and requires no appropriation by the Louisiana Legislature for the Depository Bank to forward such funds to the Trust Funds; and (ii) pending classification as Monthly Pledged State Increment, such funds, although collected by the State, are not part of the State treasury but are held in trust pending classification as Monthly Pledged State Increment and disbursement to the District.

Section 2.5 Public Purpose. The District hereby represent that there is a reasonable expectation that the Project will serve a public purpose and result in economic development within the State that will exceed the value of the obligations of the State, as described herein.

Section 2.6 No Litigation. Except as may be otherwise disclosed in writing to the parties to this Agreement, there is no action, suit, investigation or proceeding pending, or to its best knowledge, threatened, against the State, before any court, arbitrator, or administrative or governmental body, or insurance underwriting agency that might result in a material adverse change in the financial condition or operations of the State or that might adversely affect the ability of the State to comply with their obligations hereunder or in connection with the transactions contemplated hereby, relative to this Agreement.

ARTICLE 3
CITY'S AND DISTRICT'S REPRESENTATIONS AND OBLIGATIONS

Section 3.1 Scope of Project. The Project is within the scope of the Act and the City and the District will use the Annual Pledged State Increment solely to pay for the costs of the Project, including the debt service on the Bonds, in order to induce economic development and reduce blight within the boundaries of the District.

Section 3.2 Public Hearing. The formation of the District is valid and the approval and execution of this Agreement have been the subject of public meetings and hearings held in accordance with the Act.

Section 3.3 District Authority. The City and the District have all requisite power pursuant to the Act to enter into this Agreement and the authorization, execution and delivery hereof and compliance with the provisions hereof do not conflict with or constitute on the part of the City or the District a violation of, breach of, or default under: (i) any provision of any indenture, mortgage, deed of trust, loan agreement or other contract or instrument to which the City or the District are a party or by which it is bound; (ii) any order, injunction or decree of any court or governmental authority; or (iii) the provisions of its charter, as amended, or by-laws, as amended.

Section 3.4 Public Purpose. The City and the District anticipate that the Project will result in the creation of jobs, stimulate economic development, and increase sales and use tax receipts within the geographic area comprising the District, serving an integral public purpose.

Section 3.5 Validity of District Obligation. The City and the District have taken or caused to be taken all necessary and proper action to authorize the execution, issuance, and delivery of and the performance of their respective obligations under this Agreement and any and all instruments and documents required to be executed or delivered pursuant hereto or in connection herewith. This Agreement constitutes a valid and legally binding obligation of the City and the District.

Section 3.6 No Litigation. Except as may be otherwise disclosed in writing to the parties to this Agreement, there is no action, suit, investigation or proceeding pending, or to its best knowledge, threatened, against the City or the District, before any court, arbitrator, or administrative or governmental body, or insurance underwriting agency that might result in a material adverse change in the financial condition or operations of the City and the District or that might adversely affect the ability of the City and the District to comply with their obligations hereunder or in connection with the transactions contemplated hereby, relative to this Agreement.

Section 3.7 Use of Local Resources. In connection with the Project, the City and the District hereby agree to use their reasonable best efforts to purchase materials and equipment from businesses and individuals located in the Parish, and to employ residents of the Parish, for construction jobs and permanent jobs.

ARTICLE 4 COLLECTION AND TRANSFER

Section 4.1 Department. The State hereby agrees to act as agent of the District commencing the Commencement Date, for the sole purpose of collecting the Monthly Pledged State Increment. The District shall provide the State with the name, address and transfer information relative to the Trust Fund. Such agency shall continue from the Commencement Date until the last day of the Term of this Agreement, or as otherwise provided by amendment or addendum to this Agreement. The State hereby further agrees that it shall additionally take all reasonable and customary enforcement procedures necessary in connection with the collection of the Monthly Pledged State Increment.

Section 4.2 Transfer of Funds. It is understood that the Monthly Pledged State Increment collected by LDR is the property of the District and thus the payment thereof to the District does not require legislative appropriation by the State Legislature. However, as a means of facilitating the collection of the Monthly Pledged State Increment, it shall be the continuing duty of LDR during the Term to send data to the Treasurer's Office and request deposit by the Treasurer's Office of the Monthly Pledged State Increment on a quarterly basis with the Depository Bank. LDR shall classify and reconcile State Sales and Use Tax receipts from within the geographic area comprising the District as promptly as practicable, and shall inform the Treasurer's Office and the District, as soon as practicable, as to the amount of receipts on deposit with the Depository Bank that constitute the Monthly Pledged State Increment. LDR shall work with the Treasurer's Office regarding which receipts must be transferred by the Depository Bank to the District for deposit to the Trust Fund, as defined herein, and the date for such transfer, which shall be no later than the

twentieth (20th) day of the second Month of each calendar quarter for transfer of the prior quarter's aggregate Monthly Pledged State Increment. Each quarter LDR will inform the Treasurer's Office as to the requirement for the Depository Bank to transfer the prior quarter's aggregate Monthly Pledged State Increment to the District.

Section 4.3 Calculations. (A) LDR, the City and the District hereby agree that the Monthly Pledged State Increment shall be calculated at least quarterly for each Month during the term of this Agreement. Such calculations shall be made by LDR and the calculation shall be provided to the City and the District. A re-calculation of the Monthly Pledged State Increment for any Month or Months shall be made at any time upon reasonable notice upon the request of the City or the District. Collections of State Sales and Use Tax by LDR from within the geographic area comprising the District shall be attributed to the Month for which such collections are actually made and included in the corresponding Monthly Pledged State Increment, regardless of which such State Sales and Use Taxes are deemed due and owing; provided that collections of State Sales and Use Taxes paid under protest shall be set aside in accordance with LDR's normal procedures and shall not be included in the Monthly Pledged State Increment unless and until a final judicial determination is made by a court of competent jurisdiction that such State Sales and Use Taxes have been legally collected.

(B) If it is determined that for any period of time fewer monies have been transferred to the District than were due, or more funds have been transferred than were due, for whatever reason, LDR shall direct an adjustment in the Monthly Pledged State Increment paid to the District in order that the shortfall or overcollection for any prior period is eliminated as soon as practicable and in any event no more than ninety (90) days subsequent to the recalculation giving rise to the need for the adjustment.

Section 4.4 Effective Date of Monthly Pledged State Increment. The Monthly Pledged State Increment shall be pledged effective the Commencement Date. LDR shall direct the Treasurer's Office and the Depository Bank to pay all Monthly Pledged State Increment collected on and after the Commencement Date to the District for deposit to the Trust Funds as provided herein.

Section 4.5 Collection Process. To the extent it is not in conflict with the provisions of this Agreement, LDR is hereby authorized and directed and agrees to continue the collection processes currently utilized and is directed and agrees to audit, assess or take other action necessary to assure the enforcement and collection of State Sales and Use Tax in the geographic area comprising the District in the same manner as State Sales and Use Taxes are currently being collected or authorized to be collected as of the Commencement Date.

Section 4.6 LDR Collection Fees. LDR is hereby authorized and directed to withhold from the State Sales and Use Tax collected by LDR each Month within the geographical boundaries of the District, as compensation for the performance of LDR's obligations hereunder, an amount equal to one percent (1%) of such State Sales and Use Tax collected, not to exceed in the aggregate of ten thousand dollars (\$10,000) within any Fiscal Year (the "*LDR Collection Commission*"). At such point in the Fiscal Year that the LDR Collection Commission reaches an aggregate total of ten thousand dollars collected for previous Months, LDR shall not withhold any further LDR Collection Commission for that Fiscal Year.

Section 4.7 Rescission or Amendment. In no event shall any rescission or amendment to this Agreement be effective without the prior execution and delivery thereof by all parties hereto.

Section 4.8 Accounting. Not later than March 1 of each Year LDR shall provide a written accounting to the District of all Annual Pledged State Increment collected on behalf of the State and the District in the previous Year. In addition, LDR shall provide current collection information to the District upon request thereby. It is not the intention of this Agreement to violate La. R.S. 47:1508 or R.S. 47:1508.1, and the parties hereto shall comply with such provisions.

Section 4.9 Indemnification. The District agrees to indemnify and hold LDR and its members, officers, employees and agents harmless against any claim, loss, liability, damage or expense (including reasonable attorneys' fees) whatsoever incurred by the LDR arising from or in connection with any claim relating to the performance of its obligations hereunder except to the extent such claim, loss, liability or expense is finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of LDR. LDR shall be entitled to appear in any action or proceeding to defend itself against such claims, and all costs reasonably incurred by LDR in connection with such defense, including reasonable attorneys' fees, shall be paid by the District to LDR except to the extent such claim, loss, liability, or expense is finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of LDR.

ARTICLE 5 TERM

Section 5.1 Term of this Agreement. This Agreement shall be effective upon execution by all parties hereto and shall terminate thirty (30) years following the Commencement Date.

ARTICLE 6 DEFAULT

Section 6.1 Events of Default. The following occurrences or acts shall constitute "Events of Default" under this Agreement if not cured within the applicable cure period:

(a) Any party hereunder shall fail to make payment when due of any sum payable by it hereunder; or

(b) Any party hereunder shall fail to observe or perform any other obligation required hereunder; and

if such event shall continue for ninety (90) days after the non-defaulting party shall have given the defaulting party notice specifying such failure and demanding that the same be cured. If, by reason of the nature thereof, such failure cannot with due diligence be wholly cured within such ninety (90) day period, such cure period may be extended for such period as may be necessary to complete the curing of the same with the agreement of the other party.

Section 6.2 Remedies. Upon a default under Section 6.1 above, each party may proceed to protect and enforce its rights by suits in equity or at law, whether for the specific performance of any obligation, covenant or agreement contained in this Agreement or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable remedy, as it shall deem most effectual to protect and enforce the obligations of the other hereunder, except for consequential damages, including, but not limited to, loss of sales, income or profit, which shall not be recoverable by a party from the others.

ARTICLE 7 MISCELLANEOUS

Section 7.1 Accuracy of Base Collections. LDR hereby covenants and represents that State Sales and Use Taxes in the amount of Two Hundred Forty Thousand, Three Hundred Thirty-Three Dollars (\$240,333.00) were collected in the geographic area comprising the Enterprise Boulevard EDD in the Base Year.

Section 7.2 Audit. The Legislative Auditor of the State may audit any and all books and records of the District related to this Agreement and the District shall make such books and records available for

such purpose upon reasonable notice during reasonable business hours.

Section 7.3 Entire Agreement. This Agreement and the appendices hereto shall constitute the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions, and preliminary agreements. There is no representation or warranty of any kind made in connection with the transactions contemplated hereby that is not expressly contained in this Agreement.

Section 7.4 Notices. All reports, statements or notices required or advisable to be given hereunder shall be deemed to be given if sent to the following parties at the following addresses:

TO ENTERPRISE BOULEVARD ECONOMIC DEVELOPMENT DISTRICT:

Enterprise Boulevard Economic Development District
c/o City of Lake Charles
326 Pujo Street
Lake Charles, Louisiana 70601
Attention: Clerk of Council

TO LDR:

Department of Revenue
P.O. Box 44098
Baton Rouge, Louisiana 70804
Attention: Director, Policy Services Division

Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be either hand-delivered or mailed, postage prepaid by first-class mail, registered or certified, return receipt requested, or by private, commercial carrier, express mail, such as Federal Express, or sent by telex, telegram, telecopy or other similar form of rapid transmission confirmed by written confirmation mailed (postage prepaid by first-class mail, registered or certified, return receipt requested or private, commercial carrier, express mail, such as Federal Express) at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the address or numbers set forth above, or as to each party at such other address or numbers as shall be designated by such party in a written notice to the other party.

Section 7.5 Further Assurances. From time to time hereafter, the parties hereto shall execute and deliver such additional instruments, certificates or documents, and take all such actions as each party hereto may reasonably request for the purpose of fulfilling its obligations hereunder.

Section 7.6 Amendments, Supplements, and Modifications. This Agreement may not be amended, supplemented, or modified, except in writing and executed by the parties hereto.

Section 7.7 Venue. Any suit brought by any party hereto arising out of or by reason of this Agreement shall be brought in the Fourteenth Judicial District Court, Calcasieu Parish, Louisiana or such federal court as may have jurisdiction over any matter. However, if any suit brought is against LDR, venue shall be appropriate and suit shall be brought in the Nineteenth Judicial District Court, East Baton Rouge Parish, State of Louisiana.

Section 7.8 Severance. To the fullest extent possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or a portion of any provision of this Agreement shall be prohibited or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such

provision or the remaining provisions of this Agreement.

Section 7.9 No Personal Liability. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any member, official, trustee, officer, agent or employee of the District or the State in his individual capacity, and neither the officers thereof nor any official executing this Agreement shall be liable personally with respect hereto or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement.

Section 7.10 Rights and Remedies. All rights and remedies of the parties under this Agreement shall be exclusive and limited to those remedies set forth in Article 4 hereof. In the event of a dispute hereunder, the party hereto who shall prevail in such dispute resolution shall be entitled to restitution for all reasonable fees and expenses, including legal fees, incurred in such dispute resolution from the other adversarial party or parties.

Section 7.11 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or extent of any of the provisions of this Agreement.

Section 7.12 Counterparts. This Agreement may be executed in several counterparts, each which shall be an original and all of which when taken together shall be deemed one and the same Agreement.

Section 7.13 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Louisiana.

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Thus done and signed this ____ day of _____, 2020, at _____, Louisiana.

CITY OF LAKE CHARLES

By: _____
Nicholas E. Hunter, Mayor

LOUISIANA DEPARTMENT OF REVENUE

By: _____
Kimberly Lewis Robinson
Secretary, Louisiana Department of Revenue
State of Louisiana

ENTERPRISE BOULEVARD ECONOMIC DEVELOPMENT DISTRICT

By: _____
Mark Eckard, Chairman

EXHIBIT A

BOUNDARIES AND MAP OF ENTERPRISE BOULEVARD ECONOMIC DEVELOPMENT DISTRICT OF THE CITY OF LAKE CHARLES, STATE OF LOUISIANA

The District shall consist of the area in the City bounded by the centerlines of: Pryce St. on the north, 1st Ave. on the east, 2nd St. on the south, and Banks St. on the west, as shown on the following map:

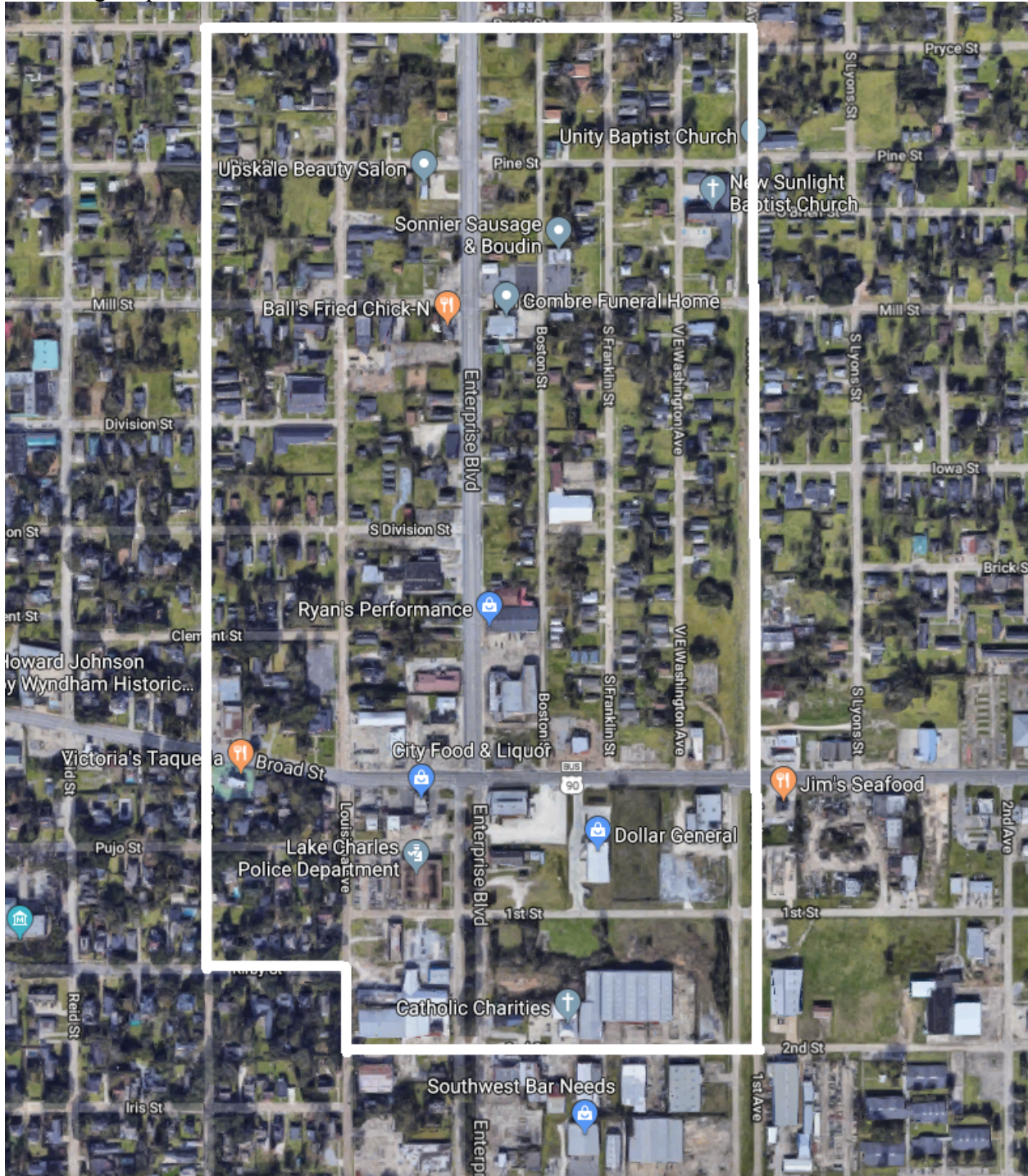


EXHIBIT B

ENTERPRISE BOULEVARD EDD BASE YEAR TAX COLLECTIONS

EDD/TIF DISTRICT	ENTERPRISE BLVD
State Annual Base (Gross Tax Reported less V.C.)	\$240,333.00
State Monthly Base (Annual State Base divided by 12)	\$20,027.75

COOPERATIVE ENDEAVOR AGREEMENT

by and among

LAKEFRONT ECONOMIC DEVELOPMENT DISTRICT

and

CITY OF LAKE CHARLES

and

THE STATE OF LOUISIANA,
through the Louisiana Department of Revenue

Dated as of _____, 2020

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EXHIBIT A – BOUNDARY DESCRIPTION OF THE ECONOMIC DEVELOPMENT DISTRICT

EXHIBIT B – LAKEFRONT EDD BASE YEAR TAX COLLECTIONS

COOPERATIVE ENDEAVOR AGREEMENT

This COOPERATIVE ENDEAVOR AGREEMENT (the “*Agreement*”), dated as of _____, 2020 but effective upon execution by all parties hereto, is made by and among the LAKEFRONT ECONOMIC DEVELOPMENT DISTRICT, City of Lake Charles (the “*Lakefront EDD*” or the “*District*”), the CITY OF LAKE CHARLES, State of Louisiana (the “*City*”), and the STATE OF LOUISIANA, acting by and through the Louisiana Department of Revenue (“*LDR*”).

W I T N E S S E T H:

WHEREAS, the District is an economic development district duly created under and pursuant to the provisions of Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:9038.31 to 9038.42, inclusive) (the “*Economic Development Act*”) and Ordinance No. 18188 adopted on June 20, 2018, by the City Council of the City of Lake Charles, and other constitutional and statutory authority;

WHEREAS, Article VII, Section 14(C) of the Louisiana Constitution of 1974, as amended (the “*Constitution*”), provides that for a public purpose, the State may engage in cooperative endeavors with political subdivisions, private associations, corporations, or individuals;

WHEREAS, pursuant to the Economic Development Act, a sales tax increment consists of that portion of sales tax revenues for any or all tax recipient entities collected each year on the sale at retail, the use, the lease or rental, the consumption and storage for use or consumption of tangible personal property and on sales of services, all as defined in La. R.S. 47:301 *et seq.*, or any other appropriate provision of law, as amended, from taxpayers located within an economic development district, which exceeds the sales tax revenues that were collected for such taxing authority in the year immediately prior to the year in which such area was designated as an economic development district;

WHEREAS, the District encompasses the land located in the City within the boundaries set forth in Exhibit A hereto;

WHEREAS, pursuant to the Act, the District and the City have requested that LDR enter into this Agreement on behalf of the State to authorize the use by the District of two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of the sales tax increment collected by LDR for the State within the boundaries of the District (the “*State Sales Tax Revenues*”) to finance the cost of additions, acquisitions, repairs and/or expansions needed to reduce blight and maintain works of public improvement within the boundaries of the District (the “*Project*”);

WHEREAS, the construction of the Project is expected to result in significant economic benefits to the City, the District, and the State, including the improvement of certain public works and other infrastructure improvements, the creation of construction jobs and other new non-construction jobs, the reduction of blight, increases to the tax base for *ad valorem* taxation, significant increases in sales and use tax collections, mitigation of the condition of unemployment or underemployment in the surrounding geographical area, and the attraction of additional businesses, as well as other ancillary financial and economic development benefits, as well as further intangible benefits to the City, the District, the surrounding areas, and the State (collectively, the “*Economic Benefits*”);

WHEREAS, pursuant to this Agreement the State has pledged and dedicated and will irrevocably pledge and dedicate an amount of Annual Pledged State Increment (as hereinafter defined) to pay the costs of the Project, including the debt service on Bonds (as hereinafter defined) issued to finance the Project;

WHEREAS, the District and the City anticipate entering into a separate cooperative endeavor agreement (the “*Local Cooperative Endeavor Agreement*”) pursuant to which the City will agree to use

incremental increases in its undedicated taxes collected within the boundaries of the District (the “*City Tax Revenues*”) to support economic development projects within the District; and

WHEREAS, pursuant to the Local Cooperative Endeavor Agreement, the Lakefront EDD will agree to use the revenues generated by a one percent (1.0%) sales tax levied by the Lakefront EDD to induce economic development within the boundaries of the Lakefront EDD (the “*Lakefront EDD Tax Revenues*” and, together with the City Tax Revenues, the “*Local Tax Revenues*”).

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto hereby covenant and agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. The following terms shall, for purposes of this Agreement, have the following meanings:

“*Act*” shall mean, collectively, Section 14(C) of Article VII of the Louisiana Constitution of 1974, as amended and the Economic Development Act, Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority.

“*Agreement*” shall mean this Cooperative Endeavor Agreement, dated as of _____, 2020 by and among the City, the State through LDR, and the District, and any amendments or modifications hereto.

“*Annual Pledged State Increment*” shall mean a sum of two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of the Annual State Increment collected from taxpayers within the geographic area comprising the District attributable to any Year during the Term.

“*Annual State Base*” shall mean Thirty-Eight Thousand, Nine Hundred Sixty-Four Dollars (\$38,964.00).

“*Annual State Increment*” shall mean the amount by which the State Sales and Use Tax levied by the State and collected from taxpayers within the geographic area comprising the District attributable to any Year during the Term exceeds the Annual State Base.

“*Base Year*” shall mean the Fiscal Year for the State ending June 30, 2018.

“*Bonds*” shall mean the revenue bonds, if any, issued by the City or the District to finance all or a portion of the Project.

“*Business Day*” shall mean a day which is not (a) a Saturday or Sunday, (b) a legal holiday, or (c) a day on which banking institutions are authorized by law to close in the State of Louisiana.

“*City*” shall mean the City of Lake Charles, State of Louisiana.

“*City Tax Revenues*” means the incremental increases in the City’s undedicated taxes collected within the boundaries of the District.

“*Commencement Date*” shall mean **[July 1, 2020]**.

“*Constitution*” means Article VII, Section 14(C) of the Louisiana Constitution of 1974, as amended.

“*Depository Bank*” shall mean the bank into which LDR deposits State Sales and Use Tax receipts of the State.

“*District*” shall mean the Lakefront EDD.

“*Economic Benefits*” shall mean the impact on the economy of the City, the District, and the State as a result of the Project proposed pursuant to this Agreement and resulting from the ongoing fulfillment of the contract obligations hereunder, including the improvement of certain public works and other infrastructure improvements, the creation of construction jobs and other new non-construction jobs, the reduction of blight, increases to the tax base for *ad valorem* taxation, significant increases in sales and use tax collections, mitigation of the condition of unemployment or underemployment in the surrounding geographical area, and the attraction of additional businesses, as well as other ancillary financial and economic development benefits.

“*Economic Development Act*” shall mean Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended.

“*Fiscal Year*” shall mean the twelve-month period beginning on July 1 and ending June 30 of each year.

“*Lakefront EDD*” shall mean that certain economic development district created pursuant to Ordinance No. 18188 on June 20, 2018, as the same may be amended from time to time, and within the boundaries of the area set forth in Exhibit A hereto.

“*Lakefront EDD Tax Revenues*” means the revenues generated by a one percent (1.0%) sales tax levied by the Lakefront EDD.

“*Lakefront EDD Trust Fund*” shall mean that certain fund established under Ordinance No. 18188 on June 20, 2018 by the City, as the same may be amended from time to time, for the purposes of receipt of the Monthly Pledged State Increment and paying costs in connection with economic development projects as defined in La. R.S. 33:9038.34(M) and La. R.S. 33:9038.36.

“*LDR*” shall mean the Louisiana Department of Revenue, the Sales and Use Tax collection agent of the State.

“*Local Cooperative Endeavor Agreement*” shall mean that cooperative endeavor agreement between the City and the District by which the City and the District will pledge the Local Tax Revenues to contribute to the funding of the Project to induce economic development within the boundaries of the District.

“*Local Tax Revenues*” shall mean, collectively, the City Tax Revenues and the Lakefront EDD Tax Revenues.

“*Month*” shall mean a calendar month.

“*Monthly Pledged State Increment*” shall mean a sum equal to two percent (2.0%) of the four and forty-five hundredths of one percent (4.45%) of the Monthly State Increment collected from taxpayers within the geographic area comprising the Lakefront EDD attributable to any Month during the Term.

“*Monthly State Base*” shall mean one-twelfth of the Annual State Base.

“*Monthly State Collection*” shall mean the total State Sales and Use Tax collected within the geographic area comprising the District attributable to any Month during the Term.

“*Monthly State Increment*” shall mean the amount by which the State Sales and Use Tax levied by the State and collected from taxpayers within the geographic area comprising the District attributable to any Month during the Term exceeds the Monthly State Base.

“*Parish*” shall mean the Parish of Calcasieu, State of Louisiana.

“*Project*” shall mean the cost of additions, acquisitions, repairs and/or expansions needed to maintain publicly owned works of public improvement and other public infrastructure improvements related thereto, including the Public Improvements.

“*Public Improvements*” shall mean, collectively, (i) the construction, acquisition, extension, expansion, improvement, maintenance and operation of public roads, bridges and related road drainage within the District and the acquisition of equipment related thereto, (ii) financing the cost of additions, acquisitions, repairs and/or expansions needed to maintain publicly owned works and to reduce blight within the District, and (iii) the general public infrastructure improvements in the District, including but not limited to, water distribution and transmission, sewerage lines and facilities, publicly owned gas service lines and facilities and other public infrastructure improvements related thereto.

“*Sales and Use Tax*” shall mean that net sales and use tax pledged hereunder and levied and collected in the District by the State, exclusive of rebates issued under contract through the Enterprise Zone Program administered by the Department of Economic Development, the .03% sales tax levied under La. R.S. 51:1286 by the Louisiana Tourism and Promotion District, and any dedicated hotel motel sales tax, on the sale at retail, the use, the lease or rental, the consumption and storage for use or consumption of tangible personal property, and on sales and services, all as defined in Section 301 *et seq.* of Title 47 of the Louisiana Revised Statutes of 1950, as amended, or any other appropriate provisions of law as amended.

“*State*” shall mean, for the purposes of this Agreement, the State of Louisiana, acting through LDR.

“*Tax Collector*” shall mean LDR.

“*Term*” shall mean the term of this Agreement as set forth in Article VIII hereto.

“*Treasurer’s Office*” shall mean the Louisiana Department of the Treasury.

“*Trust Fund*” shall mean the Lakefront EDD Trust Fund.

“*Year*” shall mean any consecutive twelve (12) month period.

Section 1.2 Use of Defined Terms. Terms defined in this Agreement shall have their defined meanings when used herein and in any document, certificate, report or agreement furnished from time to time in connection with this Agreement unless the context otherwise requires.

Section 1.3 Rules of Interpretation. Unless the context clearly indicates to the contrary, the following rules shall apply to the interpretation and construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) All references herein to particular articles or sections are references to articles or sections of this Agreement.

(c) The captions and headings herein are solely for convenience of references and shall not constitute part of this Agreement, nor shall they affect its meaning, construction or effect.

(d) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereinbelow,” “hereunder,” or any similar terms as used in this Agreement refer to the Agreement in its entirety and not the particular article or section of this Agreement in which they appear, and the term “hereafter” means after and the term “heretofore” means before the date of execution of this Agreement

ARTICLE 2 STATE’S REPRESENTATIONS AND OBLIGATIONS

Section 2.1 Authority of State. The State, through LDR, is granted the authority, pursuant to the Act, the Budget Committee Approval and approval of the Louisiana State Bond Commission, and other constitutional and statutory authority, to enter into this Agreement and makes the following representations and undertakes the following obligations.

Section 2.2 Scope of Authorized Agreement. As provided by the Act, the State may enter into cooperative endeavor agreements with local government subdivisions that may provide for the use of Sales and Use Tax receipts of the State for economic development projects, such as the Project, upon Budget Committee Approval, which approval was granted on _____, 2020, and upon approval of the Louisiana State Bond Commission, which approval was granted on _____, 2020, and to dedicate the Annual Pledged State Increment to the payment of debt service on the Bonds.

Section 2.3 Collections. The State hereby represents that current law and the current internal collection processes and systems of LDR are adequate for the purpose of collecting, classifying, reconciling, calculating and remitting the Annual Pledged State Increment on a quarterly basis, provided that with the prior written consent of the District such systems may be changed by LDR as they pertain to their respective collection processes relative to this Agreement. Not later than the twentieth (20th) day of the second Month of each calendar quarter, LDR shall direct the State Treasurer’s Office to transfer to the Trust Funds, using wiring instructions provided by the District, the aggregate Monthly Pledged State Increment for the prior quarter.

Section 2.4 Ownership of Monthly Pledged State Increment; Rebate to State. The State hereby represents and agrees that: (i) the Monthly Pledged State Increment, by virtue of the Act, does not constitute State funds and requires no appropriation by the Louisiana Legislature for the Depository Bank to forward such funds to the Trust Funds; and (ii) pending classification as Monthly Pledged State Increment, such funds, although collected by the State, are not part of the State treasury but are held in trust pending classification as Monthly Pledged State Increment and disbursement to the District.

Section 2.5 Public Purpose. The District hereby represent that there is a reasonable expectation that the Project will serve a public purpose and result in economic development within the State that will exceed the value of the obligations of the State, as described herein.

Section 2.6 No Litigation. Except as may be otherwise disclosed in writing to the parties to this Agreement, there is no action, suit, investigation or proceeding pending, or to its best knowledge, threatened, against the State, before any court, arbitrator, or administrative or governmental body, or insurance underwriting agency that might result in a material adverse change in the financial condition or operations of the State or that might adversely affect the ability of the State to comply with their obligations hereunder or in connection with the transactions contemplated hereby, relative to this Agreement.

ARTICLE 3
CITY'S AND DISTRICT' REPRESENTATIONS AND OBLIGATIONS

Section 3.1 Scope of Project. The Project is within the scope of the Act and the City and the District will use the Annual Pledged State Increment solely to pay for the costs of the Project, including the debt service on the Bonds, in order to induce economic development and reduce blight within the boundaries of the District.

Section 3.2 Public Hearing. The formation of the District is valid and the approval and execution of this Agreement have been the subject of public meetings and hearings held in accordance with the Act.

Section 3.3 District Authority. The City and the District have all requisite power pursuant to the Act to enter into this Agreement and the authorization, execution and delivery hereof and compliance with the provisions hereof do not conflict with or constitute on the part of the City or the District a violation of, breach of, or default under: (i) any provision of any indenture, mortgage, deed of trust, loan agreement or other contract or instrument to which the City or the District are a party or by which it is bound; (ii) any order, injunction or decree of any court or governmental authority; or (iii) the provisions of its charter, as amended, or by-laws, as amended.

Section 3.4 Public Purpose. The City and the District anticipate that the Project will result in the creation of jobs, stimulate economic development, and increase sales and use tax receipts within the geographic area comprising the District, serving an integral public purpose.

Section 3.5 Validity of District Obligation. The City and the District have taken or caused to be taken all necessary and proper action to authorize the execution, issuance, and delivery of and the performance of their respective obligations under this Agreement and any and all instruments and documents required to be executed or delivered pursuant hereto or in connection herewith. This Agreement constitutes a valid and legally binding obligation of the City and the District.

Section 3.6 No Litigation. Except as may be otherwise disclosed in writing to the parties to this Agreement, there is no action, suit, investigation or proceeding pending, or to its best knowledge, threatened, against the City or the District, before any court, arbitrator, or administrative or governmental body, or insurance underwriting agency that might result in a material adverse change in the financial condition or operations of the City and the District or that might adversely affect the ability of the City and the District to comply with their obligations hereunder or in connection with the transactions contemplated hereby, relative to this Agreement.

Section 3.7 Use of Local Resources. In connection with the Project, the City and the District hereby agree to use their reasonable best efforts to purchase materials and equipment from businesses and individuals located in the Parish, and to employ residents of the Parish, for construction jobs and permanent jobs.

ARTICLE 4
COLLECTION AND TRANSFER

Section 4.1 Department. The State hereby agrees to act as agent of the District commencing the Commencement Date, for the sole purpose of collecting the Monthly Pledged State Increment. The District shall provide the State with the name, address and transfer information relative to the Trust Fund. Such agency shall continue from the Commencement Date until the last day of the Term of this Agreement, or as otherwise provided by amendment or addendum to this Agreement. The State hereby further agrees that it shall additionally take all reasonable and customary enforcement procedures necessary in connection with the collection of the Monthly Pledged State Increment.

Section 4.2 Transfer of Funds. It is understood that the Monthly Pledged State Increment collected by LDR is the property of the District and thus the payment thereof to the District does not require legislative appropriation by the State Legislature. However, as a means of facilitating the collection of the Monthly Pledged State Increment, it shall be the continuing duty of LDR during the Term to send data to the Treasurer's Office and request deposit by the Treasurer's Office of the Monthly Pledged State Increment on a quarterly basis with the Depository Bank. LDR shall classify and reconcile State Sales and Use Tax receipts from within the geographic area comprising the District as promptly as practicable, and shall inform the Treasurer's Office and the District, as soon as practicable, as to the amount of receipts on deposit with the Depository Bank that constitute the Monthly Pledged State Increment. LDR shall work with the Treasurer's Office regarding which receipts must be transferred by the Depository Bank to the District for deposit to the Trust Fund, as defined herein, and the date for such transfer, which shall be no later than the twentieth (20th) day of the second Month of each calendar quarter for transfer of the prior quarter's aggregate Monthly Pledged State Increment. Each quarter LDR will inform the Treasurer's Office as to the requirement for the Depository Bank to transfer the prior quarter's aggregate Monthly Pledged State Increment to the District.

Section 4.3 Calculations. (A) LDR, the City and the District hereby agree that the Monthly Pledged State Increment shall be calculated at least quarterly for each Month during the term of this Agreement. Such calculations shall be made by LDR and the calculation shall be provided to the City and the District. A re-calculation of the Monthly Pledged State Increment for any Month or Months shall be made at any time upon reasonable notice upon the request of the City or the District. Collections of State Sales and Use Tax by LDR from within the geographic area comprising the District shall be attributed to the Month for which such collections are actually made and included in the corresponding Monthly Pledged State Increment, regardless of which such State Sales and Use Taxes are deemed due and owing; provided that collections of State Sales and Use Taxes paid under protest shall be set aside in accordance with LDR's normal procedures and shall not be included in the Monthly Pledged State Increment unless and until a final judicial determination is made by a court of competent jurisdiction that such State Sales and Use Taxes have been legally collected.

(B) If it is determined that for any period of time fewer monies have been transferred to the District than were due, or more funds have been transferred than were due, for whatever reason, LDR shall direct an adjustment in the Monthly Pledged State Increment paid to the District in order that the shortfall or overcollection for any prior period is eliminated as soon as practicable and in any event no more than ninety (90) days subsequent to the recalculation giving rise to the need for the adjustment.

Section 4.4 Effective Date of Monthly Pledged State Increment. The Monthly Pledged State Increment shall be pledged effective the Commencement Date. LDR shall direct the Treasurer's Office and the Depository Bank to pay all Monthly Pledged State Increment collected on and after the Commencement Date to the District for deposit to the Trust Funds as provided herein.

Section 4.5 Collection Process. To the extent it is not in conflict with the provisions of this Agreement, LDR is hereby authorized and directed and agrees to continue the collection processes currently utilized and is directed and agrees to audit, assess or take other action necessary to assure the enforcement and collection of State Sales and Use Tax in the geographic area comprising the District in the same manner as State Sales and Use Taxes are currently being collected or authorized to be collected as of the Commencement Date.

Section 4.6 LDR Collection Fees. LDR is hereby authorized and directed to withhold from the State Sales and Use Tax collected by LDR each Month within the geographical boundaries of the District, as compensation for the performance of LDR's obligations hereunder, an amount equal to one percent (1%) of such State Sales and Use Tax collected, not to exceed in the aggregate of ten thousand dollars (\$10,000) within any Fiscal Year (the "*LDR Collection Commission*"). At such point in the Fiscal Year that the LDR

Collection Commission reaches an aggregate total of ten thousand dollars collected for previous Months, LDR shall not withhold any further LDR Collection Commission for that Fiscal Year.

Section 4.7 Rescission or Amendment. In no event shall any rescission or amendment to this Agreement be effective without the prior execution and delivery thereof by all parties hereto.

Section 4.8 Accounting. Not later than March 1 of each Year LDR shall provide a written accounting to the District of all Annual Pledged State Increment collected on behalf of the State and the District in the previous Year. In addition, LDR shall provide current collection information to the District upon request thereby. It is not the intention of this Agreement to violate La. R.S. 47:1508 or R.S. 47:1508.1, and the parties hereto shall comply with such provisions.

Section 4.9 Indemnification. The District agrees to indemnify and hold LDR and its members, officers, employees and agents harmless against any claim, loss, liability, damage or expense (including reasonable attorneys' fees) whatsoever incurred by the LDR arising from or in connection with any claim relating to the performance of its obligations hereunder except to the extent such claim, loss, liability or expense is finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of LDR. LDR shall be entitled to appear in any action or proceeding to defend itself against such claims, and all costs reasonably incurred by LDR in connection with such defense, including reasonable attorneys' fees, shall be paid by the District to LDR except to the extent such claim, loss, liability, or expense is finally determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of LDR.

ARTICLE 5 TERM

Section 5.1 Term of this Agreement. This Agreement shall be effective upon execution by all parties hereto and shall terminate thirty (30) years following the Commencement Date.

ARTICLE 6 DEFAULT

Section 6.1 Events of Default. The following occurrences or acts shall constitute "Events of Default" under this Agreement if not cured within the applicable cure period:

(a) Any party hereunder shall fail to make payment when due of any sum payable by it hereunder; or

(b) Any party hereunder shall fail to observe or perform any other obligation required hereunder; and

if such event shall continue for ninety (90) days after the non-defaulting party shall have given the defaulting party notice specifying such failure and demanding that the same be cured. If, by reason of the nature thereof, such failure cannot with due diligence be wholly cured within such ninety (90) day period, such cure period may be extended for such period as may be necessary to complete the curing of the same with the agreement of the other party.

Section 6.2 Remedies. Upon a default under Section 6.1 above, each party may proceed to protect and enforce its rights by suits in equity or at law, whether for the specific performance of any obligation, covenant or agreement contained in this Agreement or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable remedy, as it shall deem most effectual to protect and enforce the obligations of the other hereunder, except for consequential

damages, including, but not limited to, loss of sales, income or profit, which shall not be recoverable by a party from the others.

ARTICLE 7 MISCELLANEOUS

Section 7.1 Accuracy of Base Collections. LDR hereby covenants and represents that Sales and Use Taxes in the amount of Thirty-Eight Thousand, Nine Hundred Sixty-Four Dollars (\$38,964.00) were collected in the geographic area comprising the Lakefront EDD in the Base Year.

Section 7.2 Audit. The Legislative Auditor of the State may audit any and all books and records of the District related to this Agreement and the District shall make such books and records available for such purpose upon reasonable notice during reasonable business hours.

Section 7.3 Entire Agreement. This Agreement and the appendices hereto shall constitute the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions, and preliminary agreements. There is no representation or warranty of any kind made in connection with the transactions contemplated hereby that is not expressly contained in this Agreement.

Section 7.4 Notices. All reports, statements or notices required or advisable to be given hereunder shall be deemed to be given if sent to the following parties at the following addresses:

TO LAKEFRONT ECONOMIC DEVELOPMENT DISTRICT:

Lakefront Economic Development District
c/o City of Lake Charles
326 Pujo Street
Lake Charles, Louisiana 70601
Attention: Clerk of Council

TO LDR:

Department of Revenue
P.O. Box 44098
Baton Rouge, Louisiana 70804
Attention: Director, Policy Services Division

Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be either hand-delivered or mailed, postage prepaid by first-class mail, registered or certified, return receipt requested, or by private, commercial carrier, express mail, such as Federal Express, or sent by telex, telegram, telecopy or other similar form of rapid transmission confirmed by written confirmation mailed (postage prepaid by first-class mail, registered or certified, return receipt requested or private, commercial carrier, express mail, such as Federal Express) at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the address or numbers set forth above, or as to each party at such other address or numbers as shall be designated by such party in a written notice to the other party.

Section 7.5 Further Assurances. From time to time hereafter, the parties hereto shall execute and deliver such additional instruments, certificates or documents, and take all such actions as each party hereto may reasonably request for the purpose of fulfilling its obligations hereunder.

Section 7.6 Amendments, Supplements, and Modifications. This Agreement may not be amended, supplemented, or modified, except in writing and executed by the parties hereto.

Section 7.7 Venue. Any suit brought by any party hereto arising out of or by reason of this Agreement shall be brought in the Fourteenth Judicial District Court, Calcasieu Parish, Louisiana or such federal court as may have jurisdiction over any matter. However, if any suit brought is against LDR, venue shall be appropriate and suit shall be brought in the Nineteenth Judicial District Court, East Baton Rouge Parish, State of Louisiana.

Section 7.8 Severance. To the fullest extent possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or a portion of any provision of this Agreement shall be prohibited or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 7.9 No Personal Liability. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any member, official, trustee, officer, agent or employee of the District or the State in his individual capacity, and neither the officers thereof nor any official executing this Agreement shall be liable personally with respect hereto or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement.

Section 7.10 Rights and Remedies. All rights and remedies of the parties under this Agreement shall be exclusive and limited to those remedies set forth in Article 4 hereof. In the event of a dispute hereunder, the party hereto who shall prevail in such dispute resolution shall be entitled to restitution for all reasonable fees and expenses, including legal fees, incurred in such dispute resolution from the other adversarial party or parties.

Section 7.11 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or extent of any of the provisions of this Agreement.

Section 7.12 Counterparts. This Agreement may be executed in several counterparts, each which shall be an original and all of which when taken together shall be deemed one and the same Agreement.

Section 7.13 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Louisiana.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Thus done and signed this ____ day of _____, 2020, at _____, Louisiana.

CITY OF LAKE CHARLES

By: _____
Nicholas E. Hunter, Mayor

LOUISIANA DEPARTMENT OF REVENUE

By: _____
Kimberly Lewis Robinson
Secretary, Louisiana Department of Revenue
State of Louisiana

LAKEFRONT ECONOMIC DEVELOPMENT DISTRICT

By: _____
Mark Eckard, Chairman

EXHIBIT A

BOUNDARY DESCRIPTION AND MAP OF THE LAKE CHARLES LAKEFRONT ECONOMIC DEVELOPMENT DISTRICT

Commencing at the point where eastbound I-10 crosses the shoreline immediately north and east of the Lake Charles Yacht Club, proceed due east to the centerline of the I-10 Service Rd. and continuing (south of I-10) east along said centerline to the intersection of Veterans Memorial Blvd/N. Lakeshore Dr., then following the centerline of the southbound side of Veterans Memorial Blvd/N. Lakeshore Dr. to the intersection of Lakeshore Dr., then following the centerline of the southbound side of Lakeshore Dr. to the shoreline of the drainage canal/coulee immediately south of Clarence St., then following the shoreline of Lake Charles west and north around Millennium Park and the Lake Charles Civic Center, and continuing along said shoreline north and west to the Lake Charles Yacht Club, then following said shoreline around the west and north sides of the Lake Charles Yacht Club to the point of beginning.



EXHIBIT B

LAKEFRONT EDD BASE YEAR TAX COLLECTIONS

EDD/TIF DISTRICT	LAKEFRONT
State Annual Base (Gross Tax Reported less V.C.)	\$38,964.00
State Monthly Base (Annual State Base divided by 12)	\$3,247.00

CITY OF LAKE CHARLES
Economic Development Corridor Projects

Project Name	Estimated Cost	EDD District	Purpose
New Park in Nellie Lutcher Cultural District	\$ 500,000	Enterprise Blvd	Parks
Enterprise Blvd Corridor improvements - streetscape	5,000,000	Enterprise Blvd	Quality of Life
Fire Station Rehab and Expansion - Enterprise Blvd	1,200,000	Enterprise Blvd	Public Safety
SEED Center Satellite Office	225,000	Enterprise Blvd	Economics
Enterprise Blvd rebuild: Broad Street - 3rd Street	3,000,000	Enterprise Blvd	Roadwork
Broad Street & Enterprise Blvd intersection improvements	1,500,000	Enterprise Blvd	Roadwork
Parcel assembly for economic development	5,000,000	Enterprise Blvd	Economics
Interstate Corridor improvements	6,000,000	Interstate Corridor	Quality of Life
Ryan Street north of Interstate I-10 sewer line	1,500,000	Interstate Corridor	Utilities
Plant A Wastewater Treatment Plant rebuild	45,000,000	Interstate Corridor	Utilities
GW Water Treatment Plant improvements	3,000,000	Interstate Corridor	Utilities
Technology Upgrades - Wi-Fi downtown areas	1,000,000	Interstate Corridor & Lakefront	Economics
Port Wonder	3,500,000	Lakefront	Quality of Life
Parking Garage renovations	2,500,000	Lakefront	Economics
Baseline flood elevation	1,500,000	Lakefront	Site Infrastructure
Shoreline stabilization	3,000,000	Lakefront	Site Infrastructure
Lakefront water & sewer line currently ongoing	455,000	Lakefront	Utilities
Lakefront boardwalk & pedestrian access	6,000,000	Lakefront	Quality of Life
North Beach improvements	2,000,000	Lakefront	Parks
Veteran's Memorial Park	500,000	Lakefront	Parks
Tract One A: South Civic Center Dr & Kirby Street connector	1,500,000	Lakefront	Roadwork
Board du Lac Drive reconfigure	1,500,000	Lakefront	Roadwork
Harbor / Marina	2,000,000	Lakefront	Quality of Life



SENATORS
DAN "BLADE" MORRISH
JOHN R. SMITH
RONNIE JOHNS

**SOUTHWEST LOUISIANA
LEGISLATIVE DELEGATION**

REPRESENTATIVES
A.B. FRANKLIN
JOHN E. "JOHNNY" GUINN
DOROTHY SUE HILL
MARK ABRAHAM
STEPHEN DWIGHT
STUART MOSS
RYAN BOURRIQUE

December 5, 2019

Mr. Don Pierson, Secretary
Louisiana Economic Development
617 North Third Street
Baton Rouge, LA 70802

Representative Cameron Henry, Chairman
Joint Legislative Committee on the Budget
P.O. Box 44294
Baton Rouge, LA 70804

Gentlemen:

Southwest Louisiana and the City of Lake Charles (City) have experienced significant growth in recent years; however, certain areas of the City remain underdeveloped and blighted. To combat this problem and promote some of these areas for investment and revitalization, the City recently created three economic development districts. The districts are named the Lakefront, Enterprise Boulevard and I-10 Corridor Economic Development Districts.

It is important to note that the EDDs are all located along State roadways and Interstate 10. Anyone driving through Lake Charles heading east or west can easily see the underdeveloped and blighted nature of these areas. Anyone can also see the enormous potential these areas have which would benefit the City, Southwest Louisiana and the State as a whole, not only in sales tax dollars but also in the inviting nature of the area, if improved. Because of economic incentives being offered, the City has already begun this important revitalization effort as it negotiates cooperative endeavor agreements for the construction of a science and education center/museum (in conjunction with the Louisiana Department of Wildlife & Fisheries), a restaurant and three other business ventures in the EDDs. With development comes the need to improve and expand existing infrastructure. This is where the State of Louisiana can help.

The City has requested that the State of Louisiana participate in this task by committing the incremental increases of two percent (2.0%) of the State's four and forty-five hundredths of one percent (4.45%) sales tax collected within the EDDs to fund certain public infrastructure needs to support projects within the EDDs.

We, the Southwest Louisiana Delegation, write today to offer our full support for this cooperative initiative between the City of Lake Charles and the State of Louisiana.

Sincerely,

Dan W. Morrish

Dan W. Morrish
State Senator

R. Johns

Ronnie Johns
State Senator

Mark Abraham

Mark Abraham
State Representative

Stephen Dwight

Stephen Dwight
State Representative

Stuart Moss

Stuart Moss
State Representative



July 24, 2019

Mr. Don Pierson
Secretary, Louisiana Economic Development
617 North Third Street
Baton Rouge, LA 70802-5239

Mr. Pierson,

I write today to support the creation of a Tax Increment District (TID) along the lakefront in Lake Charles, LA. This would allow the city of Lake Charles to capture 2 pennies of the state sales tax for the purpose of public infrastructure needs for a period of 20 years.

This area of our town might be the most desirable yet under-developed real estate in the state of Louisiana. It has visibility and direct access to Interstate 10, it is located adjacent to a revitalized downtown Lake Charles and has beautiful waterfront for the entirety of the area. Mayor Hunter has been a catalyst in getting development started on the lakefront. In partnership with LDWF, the city of Lake Charles has plans in place for an iconic museum, Port Wonder, adjacent to the parking garage that will receive a badly needed facelift. The Lake Charles/SWLA CVB contributed \$1 million to the project along with many other local governmental entities and private businesses. However, this is just the first step of many needed to achieve the potential economic impact of the lakefront.

Over the course of the past several years, our destination has lost many meetings and conventions to other locations, some within Louisiana but some in Texas and Mississippi. The business and economic impact to our community was lost due to not having a convention hotel attached to the meeting space at the Lake Charles Civic Center. We are very fortunate to have meeting space at our three resort casinos but there are many corporate meetings that refuse to meet at a casino property due to the optics for their shareholders. We believe that a new hotel with a refurbished convention center will bring additional business and more importantly, additional tax dollars to Louisiana and Lake Charles. The TID would be very beneficial in the solicitation of the right development partner for this project.

Tourism is big business in Calcasieu Parish and especially in the city of Lake Charles. Continued development of businesses and attractions on the lakefront will only enhance the product that

we sell, increase the number of visitors from Texas as well as other states and countries, and increase the amount of sales tax revenue generated by tourism to the general fund for the state of Louisiana and for the general fund for the city of Lake Charles.

The Lake Charles/SWLA Convention and Visitors Bureau Board of Directors voted unanimously at the July 11, 2019 meeting to support the TID for the lakefront of Lake Charles. Please let me know how the board or I can be of assistance during the economic analysis.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kyle Edmiston". The signature is fluid and cursive, with the first name "Kyle" and last name "Edmiston" clearly distinguishable.

Kyle Edmiston, CDME
President/CEO

**CITY OF LAKE CHARLES, STATE OF LOUISIANA
LAKEFRONT ECONOMIC DEVELOPMENT DISTRICT**

ORDINANCE NO. 18188

An ordinance creating Lakefront Economic Development District of the City of Lake Charles, State of Louisiana; defining the boundaries thereof from which the incremental increase in existing sales taxes of the City will be used to finance economic development projects in accordance with and as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and providing for other matters in connection with the foregoing.

WHEREAS, Part II, Chapter 27, Title 33 of the Louisiana Revised Statutes of 1950, as amended (*La.R.S. 33:9038.31, et seq.*) (the "EDD Act") authorizes municipalities, parishes and certain other local governmental subdivisions to create economic development districts to carry out the purposes of the EDD Act, which economic development districts are political subdivisions of the State of Louisiana and possess such power and authority and have such duties as provided by the Act and other law; and

WHEREAS, *La.R.S. 33:9038.34(O)* provides that this governing authority may create a special trust fund for the furtherance of economic development projects, as defined in the EDD Act, into which the incremental increases in sales taxes and hotel occupancy taxes shall be deposited and loaned, granted, donated, or pledged in furtherance of economic development projects as defined in the EDD Act; and

WHEREAS, the City of Lake Charles, State of Louisiana (the "City"), acting through this City Council as its governing authority, desires to avail itself of the EDD Act to create an economic development district to be called the "Lakefront Economic Development District of the City of Lake Charles, State of Louisiana" (the "District"), in accordance with *La.R.S. 33:9038.32*, from which District local and State sales tax increments and local hotel occupancy tax increments are expected to be determined and used to fund I-10 Corridor Economic Development District Trust Fund; and

WHEREAS, in accordance with the Act, particularly *La.R.S. 33:9038.32(B)*, the following ordinance (i) was introduced on June 6, 2018; (ii) Notice of Introduction was published in the City's official journal on June 13, 2018, as required by Section 2-15 of the Lake Charles City Charter; (iii) Notice of Intention to Create the District, including a map showing the boundaries of the District, was published twice in the City's official journal, on June 11 and June 18, 2018, as required by *La.R.S. 33:9038.32(C)*, and (iv) a public hearing was held on June 20, 2018, at which no objections were received with respect to the ordinance or the creation of the proposed district.

WHEREAS, on this date, prior to the adoption of this ordinance, this governing authority did hold a public hearing pursuant to the aforesaid notice of intention, at which public hearing no objections were received with respect to the creation of the District;

NOW THEREFORE, BE IT ORDAINED by the Lake Charles City Council, acting as the governing authority of the City of Lake Charles, State of Louisiana, in regular session convened, that:

SECTION 1. All of the above "Whereas" clauses are adopted as part of this ordinance.

SECTION 2. Creation of District. Under the authority of *La.R.S. 33:9038.32* there is hereby created an economic development district within the City, to be named "Lakefront Economic Development District of the City of Lake Charles, State of Louisiana" having the geographical boundaries set forth in Exhibit A attached hereto, which Exhibit A is hereby incorporated into and made a part of this Ordinance, all pursuant to the Act. As provided by the Act, the governing body of the District shall be this City Council. As provided by the Act, the District shall be a political subdivision of the State of Louisiana and shall possess such powers and authority and have such duties as provided in the Act and other law.

The District, in cooperation with the executive branch of the City, shall develop and formulate economic development plans to be presented to the District for approval. Such economic development plans may include financial incentives to public or private entities for projects in the District that utilize (i) revenues of sales taxes and/or hotel occupancy taxes levied by the District, (ii) lawfully available sales tax revenues provided by the City of Lake Charles, and (iii) any other funds, whether public or private, that may be available for such purposes.

SECTION 3. Creation of Trust Fund. Under the authority of *La.R.S. 33:9038.34(O)*, there is hereby created a special trust fund, to be named the "Lakefront Economic Development District Trust Fund" (the "Trust Fund") for the purpose of paying costs in connection with economic development projects as defined in *La.R.S. 33:9038.34(M)* and *La.R.S. 33:9038.36*. The Trust Fund shall be established by the Chief Financial Officer of the City and maintained as a separate fund, apart from other funds and accounts of the City or other entities, and shall be used strictly for the purposes set forth herein and in the Act.

SECTION 4. Authorization of Officers. The Mayor, Council President, and Clerk of the Council are hereby authorized, empowered and directed to do any and all things necessary and incidental to carry out the provisions of this ordinance.

SECTION 5. Employment of Special Counsel. This governing authority has previously found and determined that a real necessity exists for the employment of special counsel in connection with the creation of the District, and accordingly the employment of Adams and Reese, LLP, of New Orleans, Louisiana, as special counsel to the City in connection with the foregoing is hereby ratified and confirmed, as required by Sections 4-09 and 2-12 of the Lake Charles City Charter (the "Charter"). Said special counsel shall prepare and submit to this governing authority for adoption all of the proceedings incidental to the foregoing, and shall counsel and advise the City, the District and this governing authority in connection with the foregoing. The fee of special counsel in connection with the foregoing shall be negotiated between the Mayor and special counsel. The Mayor shall be authorized to enter into a written contract with special council, with regard to the foregoing employment and fees therefor, as required by Section 4-09 of the Charter, in such form as the Mayor and City Attorney shall determine.

SECTION 6. Severability. If any provision of this ordinance shall be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this ordinance, but this ordinance shall be construed and enforced as if such illegal or invalid provisions had not been contained herein. Any constitutional or statutory provision enacted after the date of this ordinance which validates or makes legal any provision of this ordinance which would not otherwise be valid or legal, shall be deemed to apply to this ordinance.

SECTION 7. Repealer. All ordinances or resolutions, or parts thereof, in conflict herewith are hereby repealed.

SECTION 8. Publication; Effective Date. This ordinance shall be published one time in the official journal of the City, and as provided by Section 2-18 of the Charter shall become effective immediately upon approval by the Mayor.

This Ordinance, having been submitted to a vote of the City Council, the vote thereon was as follows:

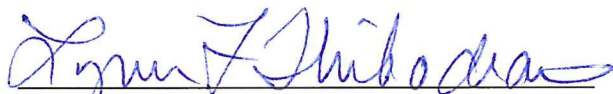
YEAS: John Ieyoub, Johnnie Thibodeaux, Luvertha August, Rodney Geyen and Stuart Weatherford

NAYS: None

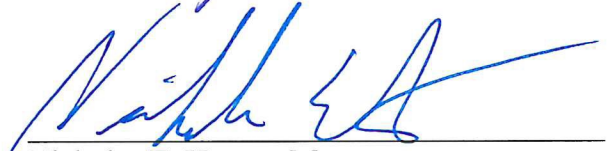
ABSENT: Mark Eckard and Mary Morris

NOT VOTING: None

THUS DONE, APPROVED AND ADOPTED by the City Council, at a meeting of said public body duly held and conducted on June 20, 2018 in the City Council Chambers at 326 Pujoe Street in the City of Lake Charles.


Lynn F. Thibodeaux, Clerk of the Council


John Ieyoub, Council President


Nicholas E. Hunter, Mayor
City of Lake Charles, Louisiana

**BOUNDARIES AND MAP OF
LAKEFRONT ECONOMIC DEVELOPMENT DISTRICT
OF THE
CITY OF LAKE CHARLES, STATE OF LOUISIANA**

Commencing at the point where eastbound I-10 crosses the shoreline immediately north and east of the Lake Charles Yacht Club, proceed due east to the centerline of the I-10 Service Rd. and continuing (south of I-10) east along said centerline to the intersection of Veterans Memorial Blvd/N. Lakeshore Dr., then following the centerline of the southbound side of Veterans Memorial Blvd/N. Lakeshore Dr. to the intersection of Lakeshore Dr., then following the centerline of the southbound side of Lakeshore Dr. to the shoreline of the drainage canal/coulee immediately south of Clarence St., then following the shoreline of Lake Charles west and north around Millennium Park and the Lake Charles Civic Center, and continuing along said shoreline north and west to the Lake Charles Yacht Club, then following said shoreline around the west and north sides of the Lake Charles Yacht Club to the point of beginning.



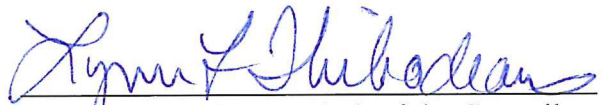
STATE OF LOUISIANA

PARISH OF CALCASIEU

I, the undersigned Clerk of the Council do hereby certify that the foregoing ordinance number 18188 (4) pages constitute a true and correct copy of an ordinance adopted by the Lake Charles City Council on June 20, 2018, creating "Lakefront Economic Development District of the City of Lake Charles, State of Louisiana;" defining the boundaries thereof from which the incremental increase in existing sales taxes of the City will be used to finance economic development projects in accordance with and as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended; and providing for other matters in connection with the foregoing.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said City on this the 20th day of June, 2018.

(SEAL)


Lynn F. Thibodeaux, Clerk of the Council

**CITY OF LAKE CHARLES, STATE OF LOUISIANA
I-10 CORRIDOR ECONOMIC DEVELOPMENT DISTRICT**

ORDINANCE NO. 18350

An ordinance authorizing the expansion of the geographical boundaries of the I-10 Corridor Economic Development District of the City of Lake Charles, State of Louisiana, all in accordance with and as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and providing for other matters in connection with the foregoing.

WHEREAS, Part II, Chapter 27, Title 33 of the Louisiana Revised Statutes of 1950, as amended (*La.R.S. 33:9038.31, et seq.*) (the "EDD Act") authorizes municipalities, parishes and certain other local governmental subdivisions to create economic development districts to carry out the purposes of the EDD Act, which economic development districts are political subdivisions of the State of Louisiana and possess such power and authority and have such duties as provided by the EDD Act and other law; and

WHEREAS, the City of Lake Charles, State of Louisiana (the "City"), acting through this City Council as its governing authority, availed itself of the EDD Act and adopted Ordinance No. 18187 on June 20, 2018, creating the "I-10 Corridor Economic Development District of the City of Lake Charles, State of Louisiana" (the "District"), in accordance with *La.R.S. 33:9038.32*; and

WHEREAS, the City, acting through its City Council as its governing authority, has found and determined that it would be advisable and beneficial to expand the geographical boundaries of the District to include an additional parcel of land, as set forth in Exhibit A attached hereto; and

WHEREAS, in accordance with the Act, particularly *La.R.S. 33:9038.32(B)*, the following ordinance (i) was introduced on January 16, 2019; (ii) Notice of Introduction was published in the City's official journal on January 23, 2019, as required by Section 2-15 of the Lake Charles City Charter; (iii) Notice of Intention to Expand the Boundaries of the District, including a map showing the expanded boundaries of the District, was published twice in the City's official journal, on January 22, 2019 and January 28, 2019, as required by *La.R.S. 33:9038.32(C)*, and (iv) a public hearing was held on February 6, 2019, at which no objections were received with respect to the ordinance or the expansion of the boundaries of the District; and

WHEREAS, on this date, prior to the adoption of this ordinance, this governing authority did hold a public hearing pursuant to the aforesaid notice of intention, at which public hearing no objections were received with respect to the expansion of the boundaries of the District;

NOW THEREFORE, BE IT ORDAINED by the Lake Charles City Council, acting as the governing authority of the City of Lake Charles, State of Louisiana, in regular session convened, that:

SECTION 1. All of the above "Whereas" clauses are adopted as part of this ordinance.

SECTION 2. Expansion of the Geographical Boundaries of the District. Under the authority of *La. R.S. 33:9038.32*, the geographical boundaries of the I-10 Corridor Economic Development District are hereby expanded as set forth in Exhibit A attached hereto, which Exhibit A is hereby incorporated into and made a part of this Ordinance, all pursuant to the Act.

SECTION 3. Severability. If any provision of this ordinance shall be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this ordinance, but this ordinance shall be construed and enforced as if such illegal or invalid provisions had not been contained herein. Any constitutional or statutory provision enacted after the date of this ordinance which validates or makes legal any provision of this ordinance which would not otherwise be valid or legal, shall be deemed to apply to this ordinance.

SECTION 4. Repealer. All ordinances or resolutions, or parts thereof, in conflict herewith are hereby repealed.

SECTION 5. Publication; Effective Date. This ordinance shall be published one time in the official journal of the City, and as provided by Section 2-18 of the Charter shall become effective immediately upon approval by the Mayor.

This Ordinance, having been submitted to a vote of the City Council, the vote thereon was as follows:

YEAS: Rodney Geyen, John Ieyoub, Luvertha August, Mark Eckard, Mary Morris,
Johnnie Thibodeaux, Stuart Weatherford

NAYS: None

ABSENT: None

NOT VOTING: None

THUS DONE, APPROVED AND ADOPTED by the City Council, at a meeting of said public body duly held and conducted on February 6, 2019 in the City Council Chambers at 326 Pujoe Street in the City of Lake Charles.


Lynn F. Thibodeaux, Clerk of the Council


Mark Eckard, Council President

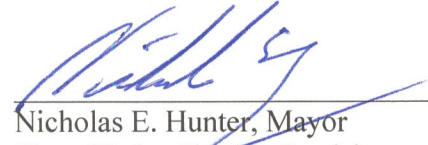

Nicholas E. Hunter, Mayor
City of Lake Charles, Louisiana

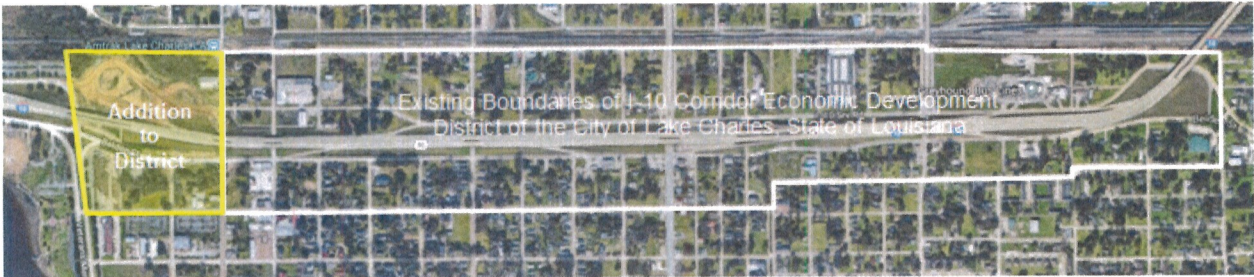
EXHIBIT A
to Expansion Ordinance

**BOUNDARIES AND MAP OF
I-10 CORRIDOR ECONOMIC DEVELOPMENT DISTRICT
OF THE
CITY OF LAKE CHARLES, STATE OF LOUISIANA**

The District shall consist of the area in the City bounded by the following: the intersection of the centerline of Enterprise Boulevard with the centerline of Pryce Street, thence easterly along the centerline of Pryce Street to the center of 1st Avenue; thence proceed northerly along the centerline of 1st Avenue to the intersection of the centerline of 1st Avenue with the centerline of Winterhalter Street; thence proceed easterly along the centerline of Winterhalter Street to the intersection of the centerline of Winterhalter Street with the centerline of Prater Street; thence proceed northerly along the centerline of Prater Street to the intersection of the centerline of Prater Street with the centerline of Winterhalter Street; thence proceed easterly along the centerline of Winterhalter Street to the intersection of the centerline of Winterhalter Street with the centerline of Albert Street; thence proceed northerly along the centerline of Albert Street and continue along the northerly trajectory of Albert Street north of Fruge Street and continue along the centerline trajectory of Albert Street to the easterly trajectory of South Railroad Avenue; thence westerly along the eastern trajectory of South Railroad Avenue crossing Interstate 10 and following the centerline of South Railroad Avenue or its trajectory westerly to the intersection of the centerline of Ryan Street and continuing westerly 1350 feet, more or less; thence southerly to the centerline of Veteran’s Memorial Parkway and continuing southerly to the intersection of the centerline of Veteran’s Memorial Parkway with the centerline of West Pryce Street; thence easterly along the centerline of West Pryce Street to the point of commencement.

**MAP OF
I-10 CORRIDOR ECONOMIC DEVELOPMENT DISTRICT
OF THE
CITY OF LAKE CHARLES, STATE OF LOUISIANA**

(showing addition to District on western end)

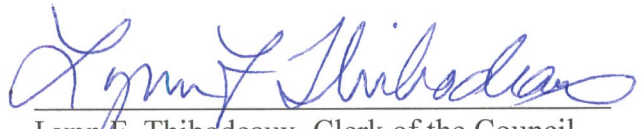


STATE OF LOUISIANA
PARISH OF CALCASIEU

I, the undersigned Clerk of the Council do hereby certify that the foregoing ordinance number 18350 (3) pages constitute a true and correct copy of an ordinance adopted by the Lake Charles City Council on February 6, 2019, expanding the geographical boundaries of the I-10 Corridor Economic Development District of the City of Lake Charles, State of Louisiana, all in accordance with and as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended; and providing for other matters in connection with the foregoing.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said City on this the 6th day of February, 2019.

(SEAL)


Lynn F. Thibodeaux, Clerk of the Council

**CITY OF LAKE CHARLES, STATE OF LOUISIANA
I-10 CORRIDOR ECONOMIC DEVELOPMENT DISTRICT**

ORDINANCE NO. 18187

An ordinance creating I-10 Corridor Economic Development District of the City of Lake Charles, State of Louisiana; defining the boundaries thereof from which the incremental increase in existing sales taxes of the City will be used to finance economic development projects in accordance with and as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and providing for other matters in connection with the foregoing.

WHEREAS, Part II, Chapter 27, Title 33 of the Louisiana Revised Statutes of 1950, as amended (*La.R.S. 33:9038.31, et seq.*) (the "EDD Act") authorizes municipalities, parishes and certain other local governmental subdivisions to create economic development districts to carry out the purposes of the EDD Act, which economic development districts are political subdivisions of the State of Louisiana and possess such power and authority and have such duties as provided by the Act and other law; and

WHEREAS, *La.R.S. 33:9038.34(O)* provides that this governing authority may create a special trust fund for the furtherance of economic development projects, as defined in the EDD Act, into which the incremental increases in sales taxes and hotel occupancy taxes shall be deposited and loaned, granted, donated, or pledged in furtherance of economic development projects as defined in the EDD Act; and

WHEREAS, the City of Lake Charles, State of Louisiana (the "City"), acting through this City Council as its governing authority, desires to avail itself of the EDD Act to create an economic development district to be called the "I-10 Corridor Economic Development District of the City of Lake Charles, State of Louisiana" (the "District"), in accordance with *La.R.S. 33:9038.32*, from which District local and State sales tax increments and local hotel occupancy tax increments are expected to be determined and used to fund I-10 Corridor Economic Development District Trust Fund; and

WHEREAS, in accordance with the Act, particularly *La.R.S. 33:9038.32(B)*, the following ordinance (i) was introduced on June 6, 2018; (ii) Notice of Introduction was published in the City's official journal on June 13, 2018, as required by Section 2-15 of the Lake Charles City Charter; (iii) Notice of Intention to Create the District, including a map showing the boundaries of the District, was published twice in the City's official journal, on June 11 and June 18, 2018, as required by *La.R.S. 33:9038.32(C)*, and (iv) a public hearing was held on June 20, 2018, at which no objections were received with respect to the ordinance or the creation of the proposed district.

WHEREAS, on this date, prior to the adoption of this ordinance, this governing authority did hold a public hearing pursuant to the aforesaid notice of intention, at which public hearing no objections were received with respect to the creation of the District;

NOW THEREFORE, BE IT ORDAINED by the Lake Charles City Council, acting as the governing authority of the City of Lake Charles, State of Louisiana, in regular session convened, that:

SECTION 1. All of the above "Whereas" clauses are adopted as part of this ordinance.

SECTION 2. Creation of District. Under the authority of *La. R.S. 33:9038.32* there is hereby created an economic development district within the City, to be named "I-10 Corridor Economic Development District of the City of Lake Charles, State of Louisiana" having the geographical boundaries set forth in Exhibit A attached hereto, which Exhibit A is hereby incorporated into and made a part of this Ordinance, all pursuant to the Act. As provided by the Act, the governing body of the District shall be this City Council. As provided by the Act, the District shall be a political subdivision of the State of Louisiana and shall possess such powers and authority and have such duties as provided in the Act and other law.

The District, in cooperation with the executive branch of the City, shall develop and formulate economic development plans to be presented to the District for approval. Such economic development plans may include financial incentives to public or private entities for projects in the District that utilize (i) revenues of sales taxes and/or hotel occupancy taxes levied by the District, (ii) lawfully available sales tax revenues provided by the City of Lake Charles, and (iii) any other funds, whether public or private, that may be available for such purposes.

SECTION 3. Creation of Trust Fund. Under the authority of *La. R.S. 33:9038.34(O)*, there is hereby created a special trust fund, to be named the "I-10 Corridor Economic Development District Trust Fund" (the "Trust Fund") for the purpose of paying costs in connection with economic development projects as defined in *La. R.S. 33:9038.34(M)* and *La. R.S. 33:9038.36*. The Trust Fund shall be established by the Chief Financial Officer of the City and maintained as a separate fund, apart from other funds and accounts of the City or other entities, and shall be used strictly for the purposes set forth herein and in the Act.

SECTION 4. Authorization of Officers. The Mayor, Council President, and Clerk of the Council are hereby authorized, empowered and directed to do any and all things necessary and incidental to carry out the provisions of this ordinance.

SECTION 5. Employment of Special Counsel. This governing authority has previously found and determined that a real necessity exists for the employment of special counsel in connection with the creation of the District, and accordingly the employment of Adams and Reese LLP, of New Orleans, Louisiana, as special counsel to the City in connection with the foregoing is hereby ratified and confirmed, as required by Sections 4-09 and 2-12 of the Lake Charles City Charter (the "Charter"). Said special counsel shall prepare and submit to this governing authority for adoption all of the proceedings incidental to the foregoing, and shall counsel and advise the City, the District and this governing authority in connection with the foregoing. The fee of special counsel in connection with the foregoing shall be negotiated between the Mayor and special counsel. The Mayor shall be authorized to enter into a written contract with special council, with regard to the foregoing employment and fees therefor, as required by Section 4-09 of the Charter, in such form as the Mayor and City Attorney shall determine.

SECTION 6. Severability. If any provision of this ordinance shall be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this ordinance, but this ordinance shall be construed and enforced as if such illegal or invalid provisions had not been contained herein. Any constitutional or statutory provision enacted after the date of this ordinance which validates or makes legal any provision of this ordinance which would not otherwise be valid or legal, shall be deemed to apply to this ordinance.

SECTION 7. Repealer. All ordinances or resolutions, or parts thereof, in conflict herewith are hereby repealed.

SECTION 8. Publication; Effective Date. This ordinance shall be published one time in the official journal of the City, and as provided by Section 2-18 of the Charter shall become effective immediately upon approval by the Mayor.

This Ordinance, having been submitted to a vote of the City Council, the vote thereon was as follows:

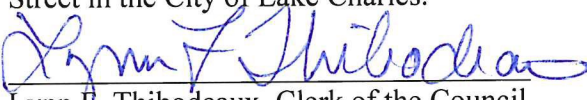
YEAS: John Ieyoub, Johnnie Thibodeaux, Luvertha August, Rodney Geyen and Stuart Weatherford

NAYS: None

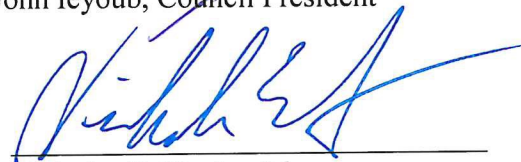
ABSENT: Mark Eckard and Mary Morris

NOT VOTING: None

THUS DONE, APPROVED AND ADOPTED by the City Council, at a meeting of said public body duly held and conducted on June 20, 2018 in the City Council Chambers at 326 Pujoe Street in the City of Lake Charles.


Lynn F. Thibodeaux, Clerk of the Council

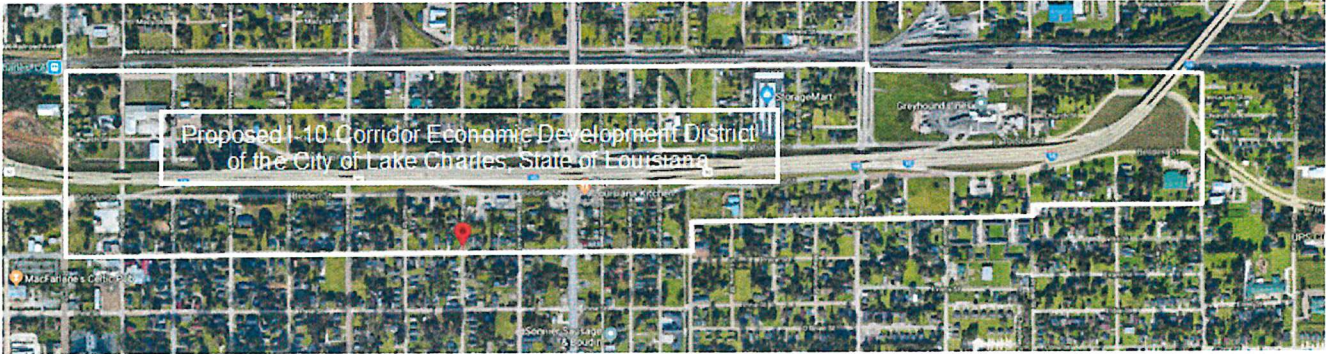

John Ieyoub, Council President


Nicholas E. Hunter, Mayor
City of Lake Charles, Louisiana

**BOUNDARIES AND MAP OF
I-10CORRIDOR ECONOMIC DEVELOPMENT DISTRICT
OF THE
CITY OF LAKE CHARLES, STATE OF LOUISIANA**

The District shall consist of the area in the City, all as shown on the following map, bounded by the following: the intersection of the centerline of Enterprise Boulevard with the centerline of Pryce Street, thence easterly along the centerline of Pryce Street to the center of 1st Avenue; thence proceed northerly along the centerline of 1st Avenue to the intersection of the centerline of 1st Avenue with the centerline of Winterhalter Street; thence proceed easterly along the centerline of Winterhalter Street to the intersection of the centerline of Winterhalter Street with the centerline of Prater Street; thence proceed northerly along the centerline of Prater Street to the intersection of the centerline of Prater Street with the centerline of Winterhalter Street; thence proceed easterly along the centerline of Winterhalter Street to the intersection of the centerline of Winterhalter Street with the centerline of Albert Street; thence proceed northerly along the centerline of Albert Street and continue along the northerly trajectory of Albert Street north of Fruge Street and continue along the centerline trajectory of Albert Street to the easterly trajectory of South Railroad Avenue; thence westerly along the eastern trajectory of South Railroad Avenue crossing Interstate 10 and following the centerline of South Railroad Avenue or its trajectory westerly to the intersection of the centerline of Ryan Street; thence southerly along the centerline of Ryan Street to the intersection of the centerline of Pryce Street; thence easterly along the centerline of Pryce Street to the point of commencement.

**MAP OF
I-10CORRIDOR ECONOMIC DEVELOPMENT DISTRICT
OF THE
CITY OF LAKE CHARLES, STATE OF LOUISIANA**

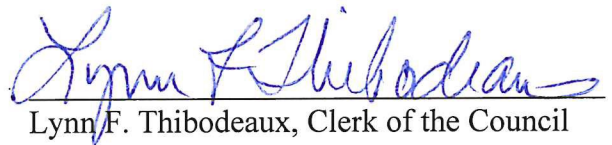


STATE OF LOUISIANA
PARISH OF CALCASIEU

I, the undersigned Clerk of the Council do hereby certify that the foregoing ordinance number 18187 (4) pages constitute a true and correct copy of an ordinance adopted by the Lake Charles City Council on June 20, 2018, creating "I-10 Corridor Economic Development District of the City of Lake Charles, State of Louisiana;" defining the boundaries thereof from which the incremental increase in existing sales taxes of the City will be used to finance economic development projects in accordance with and as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended; and providing for other matters in connection with the foregoing.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said City on this the 20th day of June, 2018.

(SEAL)


Lynn F. Thibodeaux, Clerk of the Council

Ordinance No. 18187

**CITY OF LAKE CHARLES, STATE OF LOUISIANA
ENTERPRISE BOULEVARD ECONOMIC DEVELOPMENT DISTRICT**

ORDINANCE NO. 18189

An ordinance creating Enterprise Boulevard Economic Development District of the City of Lake Charles, State of Louisiana; defining the boundaries thereof from which the incremental increase in existing sales taxes of the City will be used to finance economic development projects in accordance with and as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and providing for other matters in connection with the foregoing.

WHEREAS, Part II, Chapter 27, Title 33 of the Louisiana Revised Statutes of 1950, as amended (*La.R.S. 33:9038.31, et seq.*) (the "EDD Act") authorizes municipalities, parishes and certain other local governmental subdivisions to create economic development districts to carry out the purposes of the EDD Act, which economic development districts are political subdivisions of the State of Louisiana and possess such power and authority and have such duties as provided by the Act and other law; and

WHEREAS, *La.R.S. 33:9038.34(O)* provides that this governing authority may create a special trust fund for the furtherance of economic development projects, as defined in the EDD Act, into which the incremental increases in sales taxes and hotel occupancy taxes shall be deposited and loaned, granted, donated, or pledged in furtherance of economic development projects as defined in the EDD Act; and

WHEREAS, the City of Lake Charles, State of Louisiana (the "City"), acting through this City Council as its governing authority, desires to avail itself of the EDD Act to create an economic development district to be called the "Enterprise Boulevard Economic Development District of the City of Lake Charles, State of Louisiana" (the "District"), in accordance with *La.R.S. 33:9038.32*, from which District local and State sales tax increments and local hotel occupancy tax increments are expected to be determined and used to fund Enterprise Boulevard Economic Development District Trust Fund; and

WHEREAS, in accordance with the Act, particularly *La.R.S. 33:9038.32(B)*, the following ordinance (i) was introduced on June 6, 2018; (ii) Notice of Introduction was published in the City's official journal on June 13, 2018, as required by Section 2-15 of the Lake Charles City Charter; (iii) Notice of Intention to Create the District, including a map showing the boundaries of the District, was published twice in the City's official journal, on June 11 and June 18, 2018, as required by *La.R.S. 33:9038.32(C)*, and (iv) a public hearing was held on June 20, 2018, at which no objections were received with respect to the ordinance or the creation of the proposed district.

WHEREAS, on this date, prior to the adoption of this ordinance, this governing authority did hold a public hearing pursuant to the aforesaid notice of intention, at which public hearing no objections were received with respect to the creation of the District;

NOW THEREFORE, BE IT ORDAINED by the Lake Charles City Council, acting as the governing authority of the City of Lake Charles, State of Louisiana, in regular session convened, that:

SECTION 1. All of the above "Whereas" clauses are adopted as part of this ordinance.

SECTION 2. Creation of District. Under the authority of *La. R.S. 33:9038.32* there is hereby created an economic development district within the City, to be named "Enterprise Boulevard Economic Development District of the City of Lake Charles, State of Louisiana" having the geographical boundaries set forth in Exhibit A attached hereto, which Exhibit A is hereby incorporated into and made a part of this Ordinance, all pursuant to the Act. As provided by the Act, the governing body of the District shall be this City Council. As provided by the Act, the District shall be a political subdivision of the State of Louisiana and shall possess such powers and authority and have such duties as provided in the Act and other law.

The District, in cooperation with the executive branch of the City, shall develop and formulate economic development plans to be presented to the District for approval. Such economic development plans may include financial incentives to public or private entities for projects in the District that utilize (i) revenues of sales taxes and/or hotel occupancy taxes levied by the District, (ii) lawfully available sales tax revenues provided by the City of Lake Charles, and (iii) any other funds, whether public or private, that may be available for such purposes.

SECTION 3. Creation of Trust Fund. Under the authority of *La. R.S. 33:9038.34(O)*, there is hereby created a special trust fund, to be named the "Enterprise Boulevard Economic Development District Trust Fund" (the "Trust Fund") for the purpose of paying costs in connection with economic development projects as defined in *La. R.S. 33:9038.34(M)* and *La. R.S. 33:9038.36*. The Trust Fund shall be established by the Chief Financial Officer of the City and maintained as a separate fund, apart from other funds and accounts of the City or other entities, and shall be used strictly for the purposes set forth herein and in the Act.

SECTION 4. Authorization of Officers. The Mayor, Council President, and Clerk of the Council are hereby authorized, empowered and directed to do any and all things necessary and incidental to carry out the provisions of this ordinance.

SECTION 5. Employment of Special Counsel. This governing authority has previously found and determined that a real necessity exists for the employment of special counsel in connection with the creation of the District, and accordingly the employment of Adams and Reese LLP, of New Orleans, Louisiana, as special counsel to the City in connection with the foregoing is hereby ratified and confirmed, as required by Sections 4-09 and 2-12 of the Lake Charles City Charter (the "Charter"). Said special counsel shall prepare and submit to this governing authority for adoption all of the proceedings incidental to the foregoing, and shall counsel and advise the City, the District and this governing authority in connection with the foregoing. The fee of special counsel in connection with the foregoing shall be negotiated between the Mayor and special counsel. The Mayor shall be authorized to enter into a written contract with special council, with regard to the foregoing employment and fees therefor, as required by Section 4-09 of the Charter, in such form as the Mayor and City Attorney shall determine.

SECTION 6. Severability. If any provision of this ordinance shall be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this ordinance, but this ordinance shall be construed and enforced as if such illegal or invalid provisions had not been contained herein. Any constitutional or statutory provision enacted after the date of this ordinance which validates or makes legal any provision of this ordinance which would not otherwise be valid or legal, shall be deemed to apply to this ordinance.

SECTION 7. Repealer. All ordinances or resolutions, or parts thereof, in conflict herewith are hereby repealed.

SECTION 8. Publication; Effective Date. This ordinance shall be published one time in the official journal of the City, and as provided by Section 2-18 of the Charter shall become effective immediately upon approval by the Mayor.

This Ordinance, having been submitted to a vote of the City Council, the vote thereon was as follows:

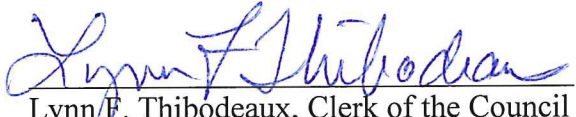
YEAS: John Ieyoub, Johnnie Thibodeaux, Luvertha August, Rodney Geyen and Stuart Weatherford


NAYS: None


ABSENT: Mark Eckard and Mary Morris

NOT VOTING: None

THUS DONE, APPROVED, AND ADOPTED by the City Council, at a meeting of said public body duly held and conducted on June 20, 2018 in the City Council Chambers at 326 Pujoe Street in the City of Lake Charles.

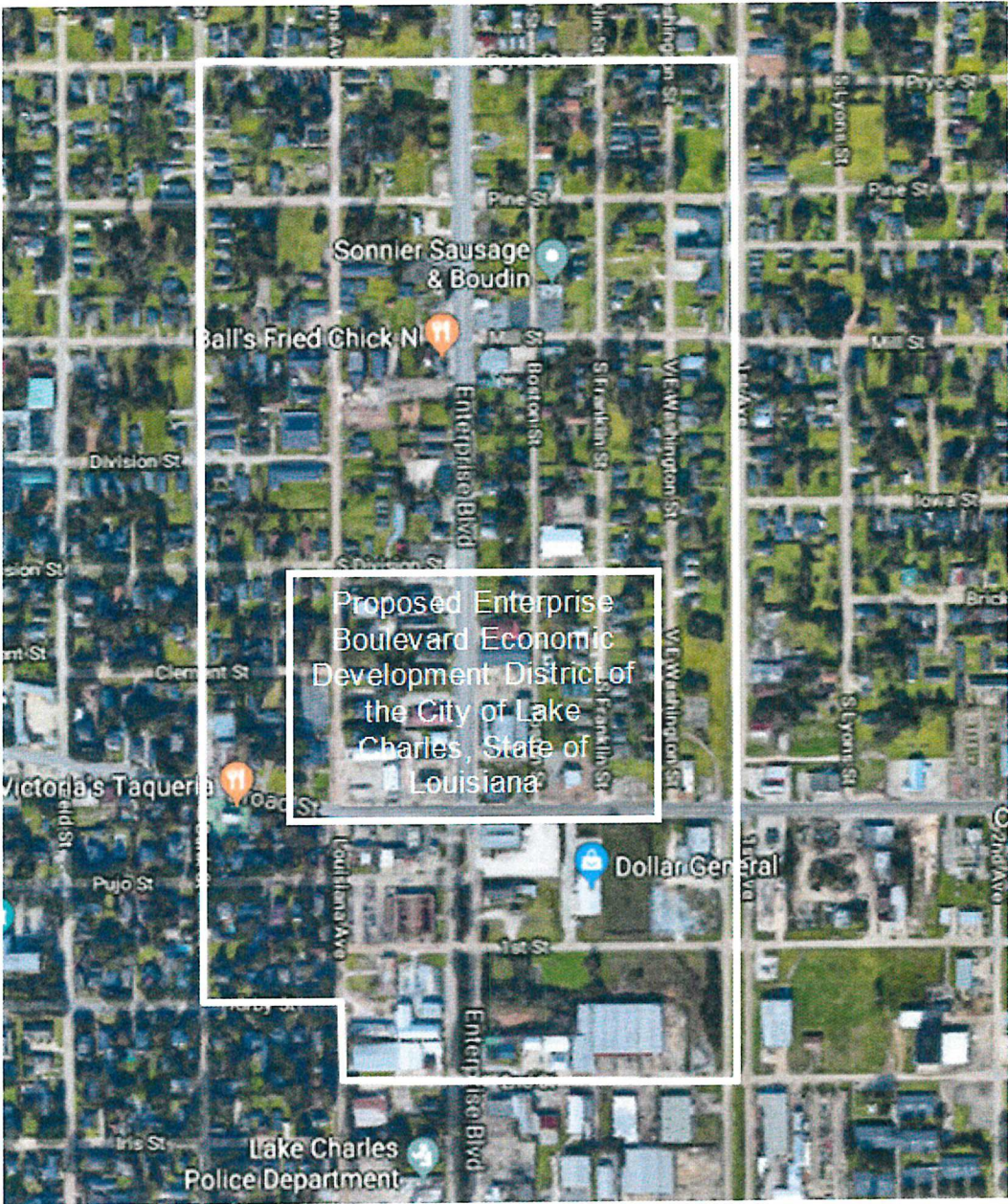

Lynn F. Thibodeaux, Clerk of the Council


John Ieyoub, Council President


Nicholas E. Hunter, Mayor
City of Lake Charles, Louisiana

**BOUNDARIES AND MAP OF
ENTERPRISE BOULEVARD ECONOMIC DEVELOPMENT DISTRICT
OF THE
CITY OF LAKE CHARLES, STATE OF LOUISIANA**

The District shall consist of the area in the City bounded by the centerlines of: Pryce St. on the north, 1st Ave. on the east, 2nd St. on the south, and Banks St. on the west, as shown on the following map:



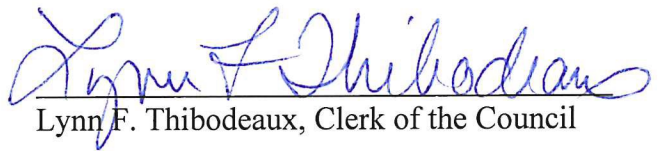
STATE OF LOUISIANA

PARISH OF CALCASIEU

I, the undersigned Clerk of the Council do hereby certify that the foregoing Ordinance No. 18189 (4) pages constitute a true and correct copy of an ordinance adopted by the Lake Charles City Council on June 20, 2018, creating "Enterprise Boulevard Economic Development District of the City of Lake Charles, State of Louisiana;" defining the boundaries thereof from which the incremental increase in existing sales taxes of the City will be used to finance economic development projects in accordance with and as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended; and providing for other matters in connection with the foregoing.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said City on this the 20th day of June, 2018.

(SEAL)


Lynn F. Thibodeaux, Clerk of the Council



Economic Incentives

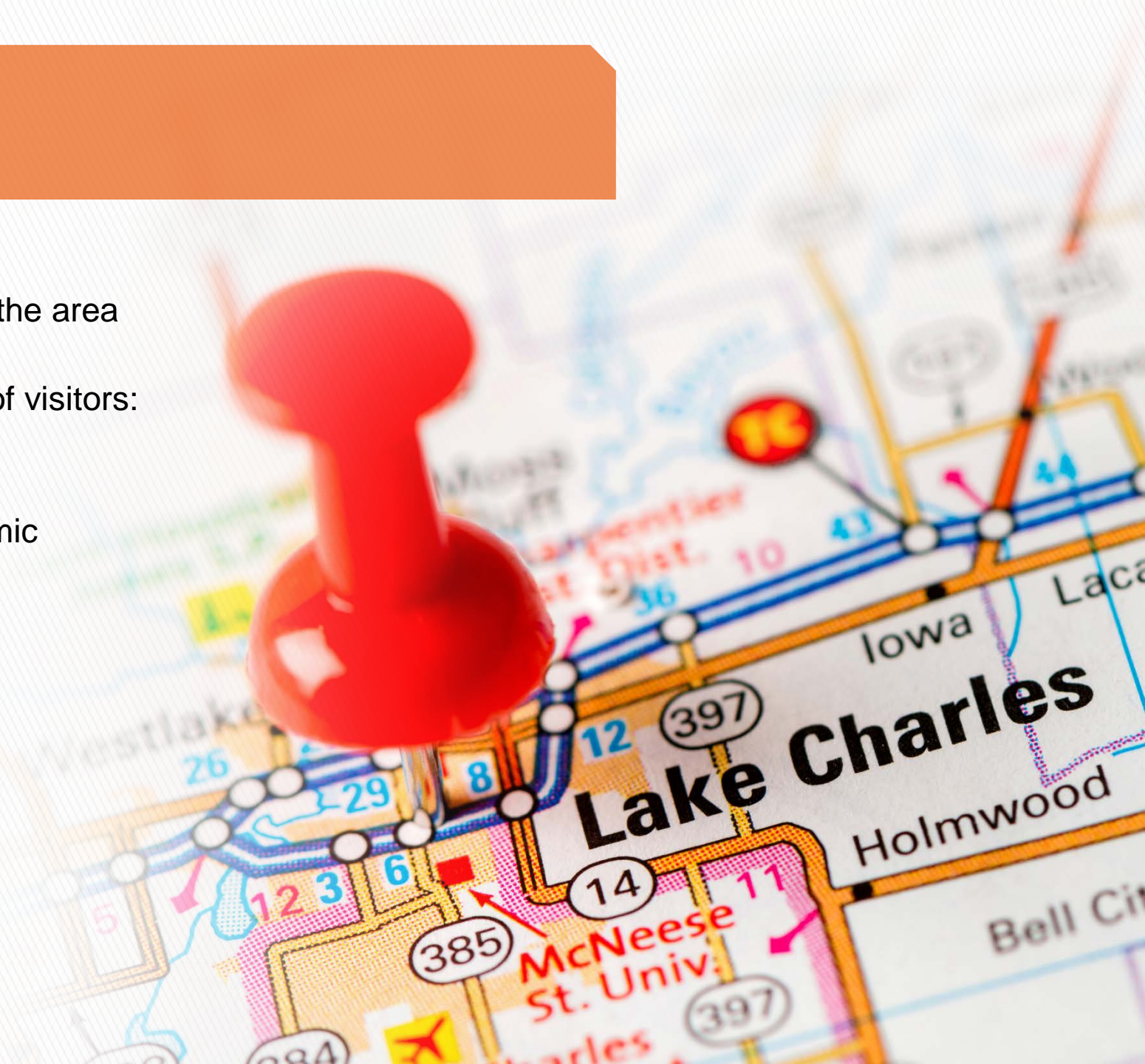
ENHANCING OUR TOOLBOX

Mayor Nic Hunter | City of Lake Charles



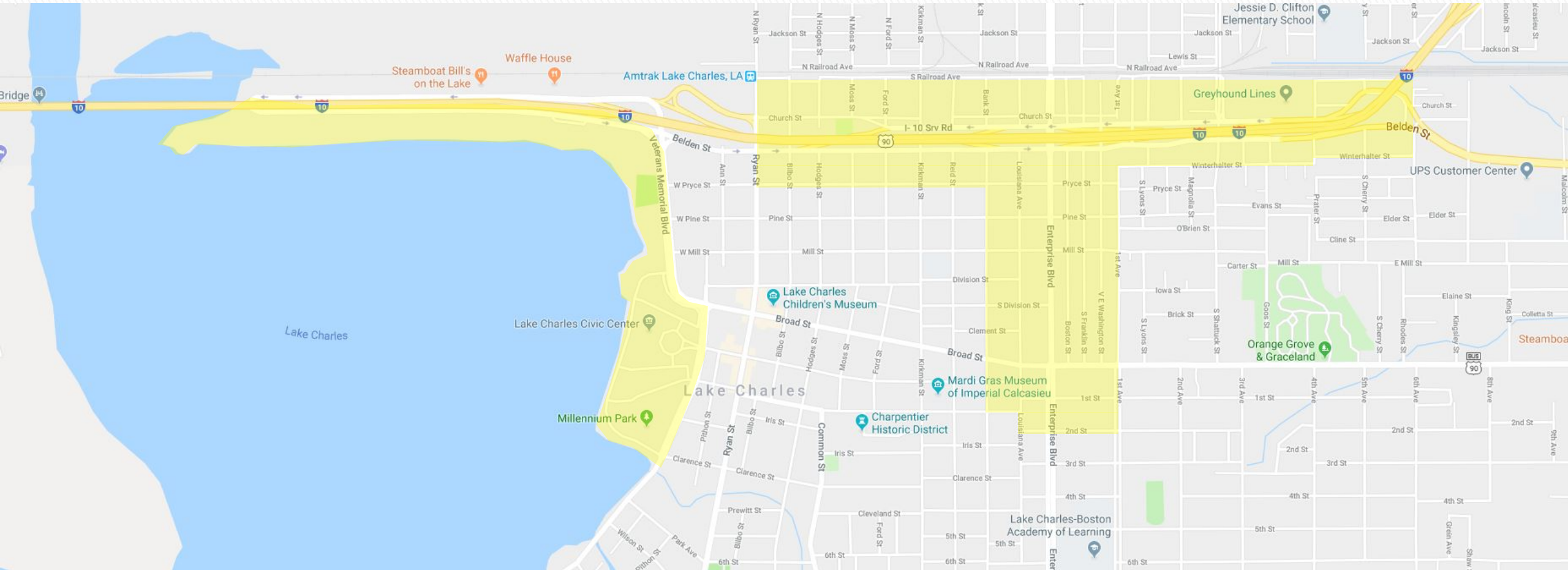
City Objectives:

- Entice more business and consumers to the area
- Take advantage of our greatest pipeline of visitors:
I-10 Traffic (80,000+ cars per day)
- Encourage additional investment, economic diversity, and redevelopment in the city
- Job creation and retention
- Create more revenue for infrastructure
- Focus on growing the tax base, not raising taxes



Economic Incentives...

The Big Picture



Highlighted Areas Represent Economic Development Districts

Lake Charles Lakefront

The Big Picture



- **Lakefront inviting entrance into Lake Charles & “Welcome Sign” to the rest of the world**
- **Only Lake on I-10 in between Houston and Baton Rouge**
 - 80,000+ Vehicle per day on I-10
- **Proximity to Downtown Lake Charles Business District**
 - 3,000+ in CBD during business hours
- **Walking distance from the Lake Charles Civic Center: 350,000+ visitors a year**
- **The City of Lake Charles owns 120+ acres of lakefront property**



The Lakefront...

What are We Adding to the Toolbox?

- Economic Development District (EDD)
 - 2% Sales Tax Available for Economic Development Purposes
 - 6 mills Property Tax Available for Economic Development Purposes
- One-Time Construction Fee Waivers
- City is investing \$10+ Million in Lakefront Infrastructure over near future
- \$20+ Million Port Wonder Slated for Lakefront

Port Wonder

State of the Art Children's Museum & Science/Nature Center



**Opening
in Mid
2021**

***Feasibility Study
Estimates 125k+
visitors a Year***

Crying Eagle

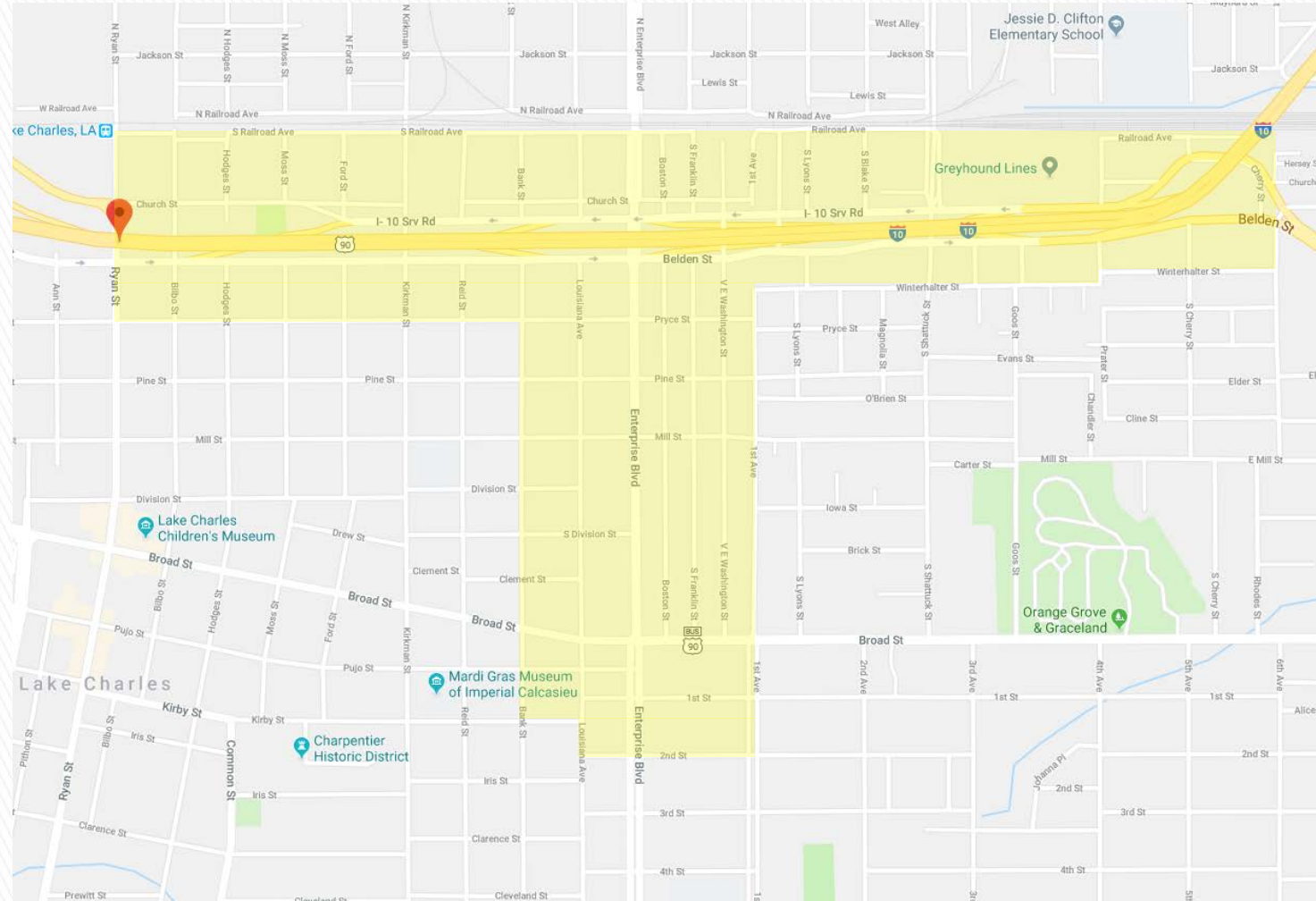
Full Service Restaurant and Microbrewery



**Opening
in Mid
2021**

I-10 & Enterprise Boulevard

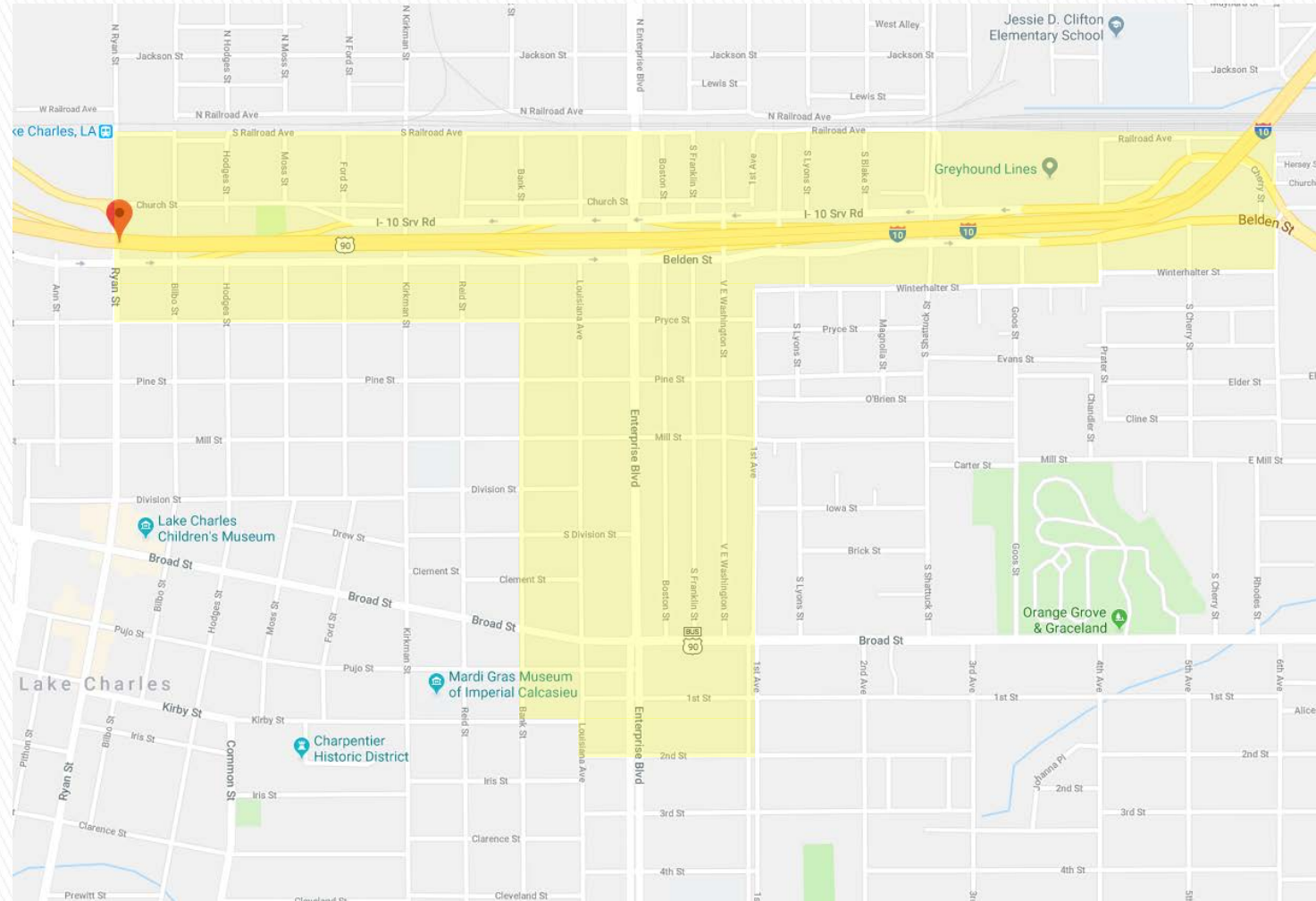
- Enterprise Boulevard has a rich cultural history that can be showcased with business growth and new opportunities that will draw visitors off I-10
- Other cities have developed more along their major interstate corridors
- Powered by a mix of community engagement and enhanced investment, Enterprise Boulevard can once again be a thriving economic & cultural corridor
- Honoring the legacy of Nellie Lutchter through the Cultural District, Enterprise Boulevard should be an anchor of unique history, attracting residents and visitors



I-10 & Enterprise...

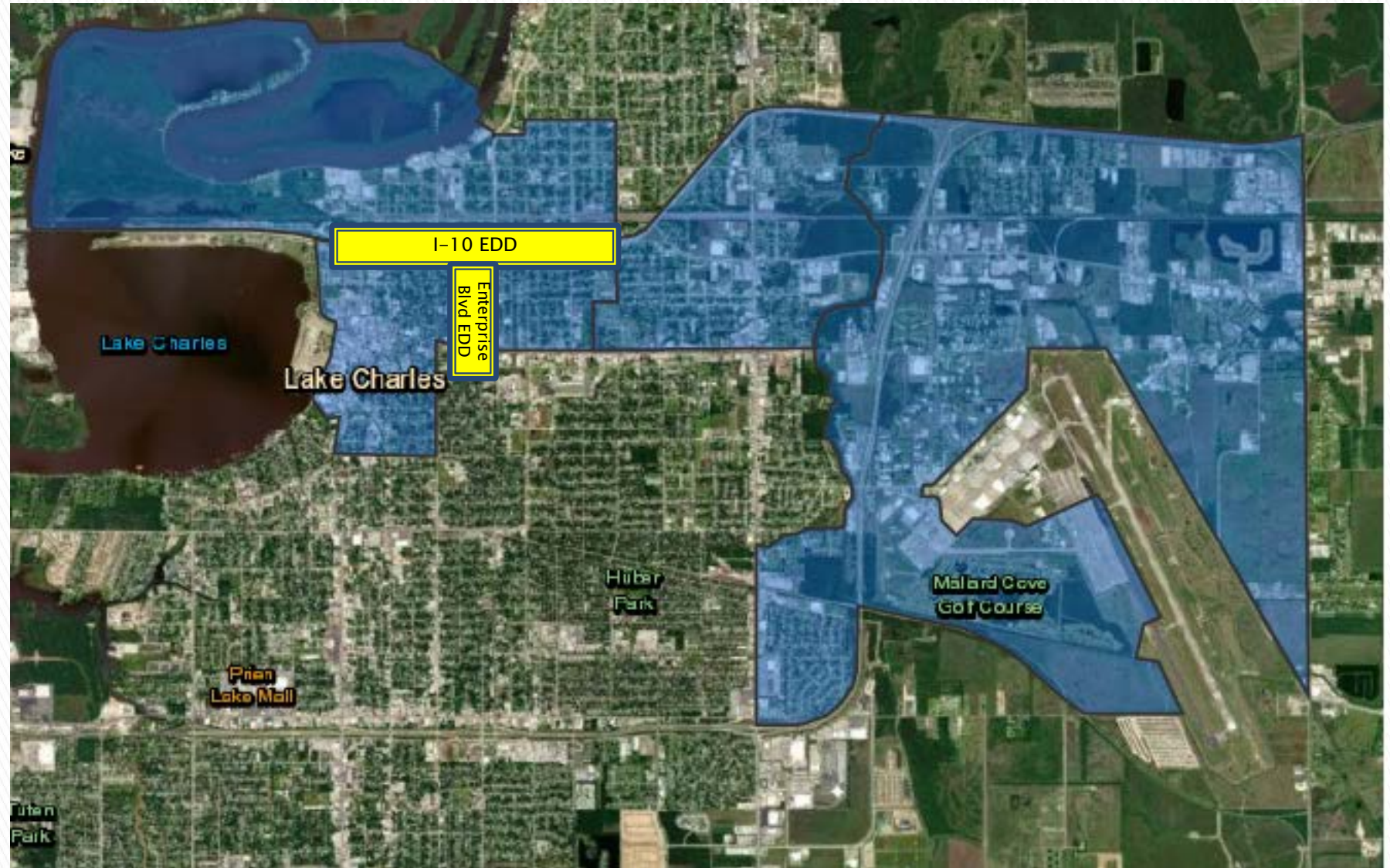
What are We Adding to the Toolbox?

- Economic Development District (EDD)
 - 1% Sales Tax Available for Economic Development Purposes
 - 6 mills Property Tax Available for Economic Development Purposes
- One-Time Construction Fee Waivers
- Area Lies within Opportunity Zones created by HB 1
- Historic Tax Credits Available through Nellie Luther Cultural District
- PROP Loan
 - Low Interest Loan for Areas Affected by Hurricane Rita/Katrina
- CDBG Funds Available



Layers of Incentives

Blue Shaded Area
Represents Federally
Certified Opportunity
Zones in Lake Charles



Office of the Commissioner
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
GOVERNOR



JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

December 12, 2019

John A. Harman
Vice Chancellor for Administration and Finance
433 Bolivar Street
Suite 811
New Orleans, LA 70115

Re: LSU Health New Orleans
Student Housing Project Lease Documents

Dear Mr. Harman:

The Board of Supervisors for the University of Louisiana System's (the "Board") proposed CEA and Lease Agreement (the "Lease") with the LSU Health Foundation, New Orleans Agreement regarding the acquisition, development, design, construction, demolition, and equipping of additional student housing and related infrastructure ("Facilities") adjacent to the LSUHSC-NO campus were recently submitted to my office for review. The proposed transaction involves the donation of a site adjacent to the LSUHSC-NO campus from the LSU Health Foundation to the LSU Board of Supervisors. LSU and the Foundation would then execute a CEA and Lease Agreement by which the LSU Board would lease the property back to the Foundation. The Foundation would then enter into a sublease with Provident Group-HSC ("Provident") for the construction of the housing facility. A Provident-related entity would then lease the rooms directly to tenants and will operate and maintain the facility.

According to La. R.S: 39:366.11 leases that 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 requires that the lease agreement be reported to the Joint Legislative Committee on the Budget (the "JLCB") after I have made a determination that the parties to the Lease Agreements are sufficiently far enough along in negotiations that the essential elements of the proposed Lease Agreements have been worked out and can be explained to JLCB.


I have reviewed the LSU Cooperative Endeavor and Lease Agreement and related documents and, subject to the approval of the LSU Board of Supervisors, authorize you to proceed to JLCB with your submission.

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.

Please submit the proposed CEA and Lease Agreement not less than thirty (30) calendar days prior to the next regular meeting of the JLCB.

Sincerely,



Jay Dardenne
Commissioner of Administration



Office of the Vice Chancellor for Administration and Finance

December 13, 2019

Patrick Goldsmith
Fiscal Division Director
Louisiana House of Representatives
900 North Third Street
11th Floor State Capital
Baton Rouge, LA 70802

Re: Louisiana State University Health Science Center- New Orleans
Student Housing Project Lease Documents

Dear Mr. Goldsmith:

As provided for in the attached authorization letter from Commissioner Jay Dardenne, LSU Health Sciences Center- New Orleans (LSUHSC-NO) is submitting the attached documents for consideration at the January 17th meeting of the Joint Legislative Committee on Budget. The documents pertain to a proposed new student housing project to be built at the LSU HSC-NO campus on property recently donated for this purpose. We are looking forward to having modern housing options available for our students within the next few years, once the project is completed.

The Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College (LSU Board) will consider this item for approval at their January 10th Board meeting. Project planning has been ongoing for several months and based on recent discussions we have no reason to believe the Board will withhold approval of the resolution as written.

In accordance with Board of Regents' Facilities Policies, we also submitted the same documents asking that the Board of Regents consider the item at its January 9th meeting, and provide its support and approval, contingent upon the subsequent approval of the LSU Board.

The public purpose sought to be accomplished by the Cooperative Endeavor Agreement is to provide for new modern student housing on the LSUHSC-NO campus. This new housing will support our campus for years to come.

The reason the Cooperative Endeavor Agreement 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, is that the

John A. Harman, MBA, CPA, CGMA, CMPE
Vice Chancellor for Administration and Finance
LSU Health Science Center- New Orleans
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evolving model for new student housing across the nation for the past twenty years has been public-private partnerships and alternatively financed models. States have found that these models provide an excellent opportunity to achieve new student housing without the normal associated debt burden to the University or the state. As a result, states can focus their capital investment funding priorities for higher education on building new research and education buildings.

The LSU Board will receive a donation of property adjacent to the campus appraised at \$2.7 million and will enter into a 50 year CEA and ground lease of the property to the LSU Health Foundation (Foundation). The Foundation will enter into a sub-lease with the builder who will construct the student housing on the leased property. Once the tax-exempt bonds are retired after 40 years, the student housing complex will be donated to the LSU Board of Supervisors free of debt or at the sole discretion of the Board demolished and replaced with a green space.

The attached documents package has been already been forwarded to the Board of Supervisors and the Board of Regents. Please let me know if you have any questions.

Best regards;



John A. Harman

Vice Chancellor for Administration and Finance

Enclosures

cc: Daniel Waguespack, Budget Analyst
Larry H. Hollier, MD, Chancellor- LSUHSC-NO
Wendy Simoneaux, Associate Vice Chancellor for Administration and Finance- LSUHSC-NO
John Ball, Associate Vice Chancellor for Property and Facilities
Dr. King Alexander, President- LSU
Dr. Daniel Layzell, Vice President for Administration and Finance- LSU
Tom Skinner, JD, General Counsel- LSU



**Request from LSU Health Sciences Center- New Orleans for
Authorization to Enter into a Multi-Year Cooperative Endeavor
and Lease Agreement with the LSU Health Foundation to Develop
New Student Housing**

To: Members of the Board of Supervisors

Date: January 10, 2020

Pursuant to Article VII, Section 1 of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a significant board matter.

General Rule. Any matter having a significant or long term impact, directly or indirectly, on the finances or the academic, educational, research, and service missions of the University or any of its campuses.

LSU Health Science Center-New Orleans (LSUHSC-NO) seeks approval by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU Board) to enter into a 50 year Cooperative Endeavor and Lease Agreement (CEA) with the LSU Health Foundation (Foundation) who will partner with Provident Group- HSC Properties (Provident), a not-for-profit corporation headquartered in Baton Rouge, Louisiana for construction of a new 579 bed student housing facility. The facility will be built on property donated to the LSU Board for the benefit of LSUHSC-NO by the Foundation.

1. Summary of the Matter

On June 29, 2018, LSUHSC-NO presented the attached Board Resolution and supporting documents to the LSU Board for consideration and approval (**Attachment I**). The essence of the Resolution was to request approval for the Board to enter into a Joint Agreement along with the Foundation and Provident related to building new student housing adjacent to the downtown LSUHSC-NO campus and to authorize acceptable University purpose for the Foundation. The LSU Board approved the resolution.

The parties worked to finalize the elements of the Joint Agreement, but changing market conditions including cost of capital, materials, labor and some difficulty in acquiring property prompted the parties to revise the scope of the project in order for it to remain financially viable. The project was reduced from 900 beds to approximately 600 beds. This reduction in scope was to allow the developer to keep student room rates competitive, while working within capital constraints, thus insuring the financial viability of the project. To further reduce operational costs, the Foundation agreed to develop an adjacent property for non-LSU students, faculty and staff parking and to use the Foundation logo. As a result, LSUHSC-NO would not need a role in the partnership.

On February 27, 2019, LSUHSC-NO returned to the LSU Board and presented the attached Board resolution and supporting documentation requesting authorization to withdraw as a partner from the previously approved draft Joint Agreement, leaving only two partners, the Foundation and Provident (**Attachment II**). The Board approved the resolution.

The Foundation and Provident continued to work together to optimize the student housing project and have recently finalized the building design and Provident is positioned to issue \$98.2 million in tax exempt bonds to construct the student housing project on property to be donated by the Foundation to the LSU Board for the benefit of LSUHSC-NO (**Attachment III**).

The Foundation is an “Affiliate” of the LSU Board, pursuant to the terms and conditions of the Uniform Affiliation Agreement dated July 1, 2009 between the Foundation and the LSU Board, which describes the Affiliate’s purpose and status including the Foundation’s obligation to support one or more programs, facilities, research or educational opportunities offered by LSUHSC-NO.

Once the CEA and lease of the ground are in place with LSUHSC-NO, the Foundation would then enter into a multi-year sub-lease with Provident of the parcels donated to LSUHSC-NO by the Foundation. Provident would construct the housing facility on the sub-leased land. The donated property is bounded by Johnson Street, Perdido Street, Poydras Street, and Galvez Street in New Orleans, Louisiana (**Attachment IV**).

2. Review of Business Plan

LSUHSC-NO will receive land donations with a cumulative estimated value of \$2.7 million from the Foundation. It is proposed that the LSU Board and the Foundation enter into a 50 year CEA which includes the ground lease (**see Attachment V**) where a new student housing facility will be built. The Foundation will pay \$1000 per year in ground lease payments to LSUHSC-NO in return for the Foundation’s partnering with Provident who will development and operate a 579 bed student housing facility at no expense to the LSU Board for the benefit of LSUHSC-NO.

LSUHSC-NO will continue to operate its existing student housing facilities. It is anticipated that a number of students in these facilities will transfer to the new student housing, but it is expected that a greater number will relocate from various off-campus locations to the new housing facility. Project construction would begin in the spring of 2020 and would require 18- 24 months to complete. Total development costs are estimated at \$99.3 million.

3. Fiscal Impact

LSUHSC-NO will not receive cash-flows from the CEA, but will receive new student housing at no cost to the University in addition to combined property donations valued at an estimated \$2.7 million. Once the 40 year tax-exempt bonds are retired, and at the sole option of the LSU Board, the building will be either transferred to the LSU Board or demolished and disposed of by the Foundation and replaced with a green space at no expense to the LSU Board.

Revenues from existing LSUHSC-NO student housing along with all additional auxiliary revenues are pledged to the debt service on the outstanding Series 2013 Revenue Bonds, set to be retired in 2031. The annual debt service on the bonds is \$1.17 million in FY 2019-20. The remaining balance at FYE 2019 was \$10.7 million and the bonds will be retired in 2031. The LSUHSC-NO has no other outstanding bonds.

As part of its due diligence, LSUHSC-NO sought the opinion of bond counsel Stokes McConnell of Breazeale, Sachse & Wilson, LLP, regarding whether the revised student housing model would be deemed a violation of the existing bond covenants. Mr. McConnell has provided a written opinion (**see Attachment VI**) that these changes, as described in the letter to him and contingent upon conditions outlined in the opinion, will not result in a violation of the covenants and agreements as set forth in the Bond Resolution.

4. Description of Competitive Process

Not applicable.

5. Review of Legal Documents

A draft of the CEA is attached hereto, and the final CEA will be reviewed by the Office of General Counsel prior to execution.

6. Parties of Interest

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, LSU Health Foundation and Provident Group- HSC Properties.

7. Related Transactions

None.

8. Conflicts of Interest

None known.

ATTACHMENTS

- I.** Board Resolution and related documents approved June 29, 2018
- II.** Board Resolution and related documents approved February 27, 2019
- III.** Provident Student Housing Project Investor Presentation
- IV.** Property to be Donated- Map
- V.** Draft Cooperative Endeavor and Lease Agreement
- VI.** Letter from Bond Counsel
- VII.** Campus Map
- VIII.** Letter from Chancellor Larry Hollier, MD

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 and Lease Agreement with LSU Health Foundation, New Orleans.

BE IT FURTHER RESOLVED that F. King Alexander, President of Louisiana State University, or his designee, is authorized to (1) execute such other consents, approvals, amendments and agreements as are necessary to effectuate said Cooperative Endeavor and Lease Agreement, (2) to include in said Agreement and in such other consents, approvals, amendments and agreements those terms and conditions as he deems to be in the best interest of the Board of Supervisors of LSU and (3) to participate in the submission of said Agreement for consideration by the Louisiana State Bond Commission.

BE IT FURTHER RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, pursuant to the Uniform Affiliation Agreement by and between the LSU Board of Supervisors and the LSU Health Foundation, New Orleans finds an Acceptable University Purpose for the LSU Health Foundation, New Orleans to be party to the Cooperative Endeavor and Lease Agreement with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College.



**Request from LSU Health Sciences Center-New Orleans
to Approve a Joint Agreement to develop residential
housing with Provident Group-HSC Properties, Inc. and
LSU Health Foundation-New Orleans and Approval of
Acceptable University Purpose**

To: Members of the Board of Supervisors

Date: June 29, 2018

Pursuant to Article VII, Section 9 of the Bylaws of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, this matter is a significant board matter.

This matter is a “significant board matter” pursuant to Art. VII, Section 9 of the Bylaws:

A.1 General Rule. Any matter having a significant or long term impact, directly or indirectly, on the finances or the academic, educational, research, and service missions of the University or any of its campuses.

LSU Health Science Center-New Orleans seeks the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approval for the Joint Agreement.

In addition, in accordance with Section 6.3 of the Uniform Affiliation Agreement between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Board and the LSU Health Foundation, New Orleans Foundation, this matter is presented to the Board to determine if the proposal by the Foundation to enter into the Joint Agreement and to accept an onerous donation of land from Provident Group- HSC Properties, Inc. constitute an Acceptable University Purpose.

1. Summary of the Matter

LSUHSC-NO has two residence halls, each constructed more than fifty years ago. Periodic renovations have been completed through the years, but due to the overall design and advanced age of these facilities, further renovations are not cost-effective. While students prefer housing on or adjacent to campus for convenience, increasingly they are opting for modern off-campus solutions. Competitive campus-based student housing is essential to a vibrant and engaging academic community and enriches the student experience.

The prospect for receiving capital outlay for new resident housing through the conventional state process is dismal and in recent years higher education institutions have gone away from conventional bond financing and have turned to private-public affiliations to provide convenient and affordable housing for students. This approach eliminates the need for institutions to incur debt in order to provide modern competitive student housing on or adjacent to campus.

The LSU Health Sciences Center-New Orleans (LSUHSC-NO) was approached by Provident Resources Group, Inc. (“PRG”) with a proposal that PRG would create a non-profit Louisiana corporation named Provident Group- HSC Properties, Inc. (Provident), whose only member would be PRG. Provident would purchase property proximate to the Health Sciences Center-New Orleans Campus (see Attachment I) and through an interested developer will construct enhanced housing on the property consisting of a 900-bed residential living-learning community and related amenities (the “Facility”) that would be available for students registered in a professional academic health program at LSUHSC-NO, regular, full time and part time faculty and staff of LSUHSC-NO, visiting faculty serving at LSUHSC-NO on a temporary basis, persons participating in any LSUHSC-NO sponsored activity or program, and, to the extent beds are available after giving first choice to the above individuals, to physicians, medical residents

and the staff of University Medical Center and to full time students attending other accredited public institutions of higher education within the City of New Orleans. These resident standards will sustain a professional and educational campus environment. Provident expects to finance the acquisition of the land and the development and construction of the Facility through the issuance of tax-exempt bonds.

It is anticipated that the Foundation would directly purchase two smaller parcels (see Attachment II) needed by Provident for the project. Provident intends to purchase the bulk of the property needed for the construction, donate the property at closing to the Foundation, and then lease from the Foundation the donated property and the two parcels that the Foundation itself acquires for the construction of the Facility. The Foundation plans to finance its acquisition of those two smaller parcels and to utilize rental from Provident of those two parcels to satisfy the Foundation's debt service. In addition, Provident has asked for a license from LSUHSC-NO for a limited non-exclusive use of LSUHSC-NO's name, marks and logo in conjunction with the promotion of the new residential facility and will also enter into a long term lease for parking (between 400 and 500 spaces) with LSUHSC-NO (see Attachment III).

The Foundation is an "Affiliate" of the LSU Board of Supervisors, pursuant to the terms and conditions of the Uniform Affiliation Agreement dated July 1, 2009 between the Foundation and the LSU Board of Supervisors, which describes the Affiliate's purpose and status including the Foundation's obligation to support one or more programs, facilities, research or educational opportunities offered by LSUHSC-NO. Pursuant to the Uniform Affiliation Agreement, Chancellor Hollier recommends approval to the LSU Board based on his determination that LSUHSC-NO would benefit from the development of enhanced housing proximate to the University and from the involvement of the Foundation as a party to that transaction. Furthermore, upon the conclusion of the payment of the debt incurred by Provident, the facility constructed by Provident on the land would become owned by the Foundation. Prior to closing, the Foundation will have purchased the two additional smaller parcels at an estimated combined cost of \$450,000. The Foundation will become the owner of the land donated to it by Provident (estimated value between \$2.0-2.5 million) at the initial closing of Provident's financing, Foundation will then lease all of the parcels back to Provident and Provident will construct the housing facility on the leased land. The plan envisions that the housing will be constructed on property bounded by Johnson Street, Perdido Street, Poydras Street, and Galvez Street in New Orleans, Louisiana. This property is adjacent to the Health Sciences Center- New Orleans Campus. LSUHSC agrees not to build new competing housing on the main campus bounded by Claiborne, Galvez, Poydras and Canal Streets (see Attachment IV). This restriction however excludes the portion of campus east of Claiborne and the Dental School campus.

On June 26, 2017, the Board of Directors of the Foundation approved the participation of the Foundation in this project subject to the approval of the LSU Board of Supervisors.

2. Review of Business Plan

It is proposed that Provident, the Foundation and the LSU Board of Supervisors enter into the Joint Agreement. The Joint Agreement will provide that LSU would receive an annual licensing royalty payment for the limited non-exclusive use of LSUHSC-NO's name, marks and logo in connection with the promotion of the residential housing. LSU would receive 80% of the net available annual surplus cash flow from the housing facility up to the amount each year currently due on the University's previously issued and outstanding bonds. In 2000, the LSU Board of Supervisors issued auxiliary revenue bonds in the amount of \$15,910,000 for the benefit of LSUHSC-NO. Those bonds were refunded in 2013, and the outstanding balance, including unamortized interest, is \$15.2 million as of June 30, 2018 (see Attachment V). The proceeds from the 2000 issuance were used to construct/renovate housing on the Campus of LSUHSC-NO. Once the bonds are retired, LSUHSC-NO will receive 50% of the net available annual surplus thereafter. Under no circumstance will LSUHSC-NO be paid less than \$200,000 in any one year. The Foundation's portion is paid to Foundation as rent for the parcels of land owned by the Foundation including the land donated to the Foundation by Provident at closing.

LSUHSC-NO will continue to operate its existing student housing facilities. It is anticipated that a number of students in these facilities will transfer to the new housing, but it is expected that a greater number will relocate from various off-campus locations to the new residence hall. The revenues from existing LSUHSC-NO student housing along with all additional auxiliary revenues are pledged to the debt service on the LSU Board's bonds. Auxiliary revenues totaled \$9.4 million in FY 2016-17. The annual debt service is \$1.17 million per year and will be retired in 2031.

Project construction would begin in the fall of 2018 and would require about 18 months to complete. Total development costs are estimated at \$115 million (see Attachment VI).

3. Fiscal Impact

LSUHSC-NO will receive net cash flows as royalty payments from the Joint Agreement related to its share of the annual operating surplus as well as from a long-term Lease Agreement with Provident for parking related to the facility as referenced above. Table-1 below shows new revenue projections over the first six years of the project based on the Project Financial Proforma (see Attachment VII).

Table-1						
Projected New Revenue from Joint Agreement and other Supporting Agreements						
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Parking	\$ 250,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00
Trademark Licensing Fee	593,448.80	781,053.60	974,286.40	1,173,316.00	1,378,316.00	1,589,466.40
Projected Cash Flow	\$ 843,448.80	\$ 1,081,053.60	\$ 1,274,286.40	\$ 1,473,316.00	\$ 1,678,316.00	\$ 1,889,466.40

Revenues to LSUHSC-NO from the Parking Lease Agreement are expected to range between \$250,000 and \$300,000 annually, based on an estimated prevailing local monthly market rate of \$50 per space and the need for up to 500 spaces.

Existing LSUHSC-NO student housing generates just over \$2 million in revenue annually and covers operating and allocated overhead expenses. Table-2 below shows the trend in revenue and expenditures during the past four years.

Table-2					
Existing Student Housing Financial Summary					
		Estimated			
Facility		FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Staislaus/Residence Hall	Revenue	\$ 2,191,152	\$ 2,132,219	\$ 2,249,234	\$ 2,044,132
Staislaus/Residence Hall	Expenses	2,127,878	1,997,770	2,144,939	1,926,786
Net Income		\$ 63,274	\$ 134,449	\$ 104,295	\$ 117,346

LSUHSC-NO student housing has averaged 70% occupancy in recent years, see Table-3 below. On average monthly rental costs for a one bed unfurnished unit are just over \$700, while the proposed student housing will average \$1060 for a one bed unit, but will feature upgraded and modern accommodations. Multi-bed units have similar prorated pricing structures.

Table- 3**Existing Student Housing Capacity vs. Occupancy**

Facility	Units	Rented	Rented	Rented	Rented
		FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Dorm Rooms (Stanislaus)	154	79	89	106	96
Dorm Rooms (Res Hall)	37	33	31	30	28
1 Bedroom Apt (Res Hall)	64	62	62	60	55
2 Bedroom Apt (Res Hall)	88	68	69	66	63
3 Bedroom Apt (Res Hall)	14	9	12	9	8
Total	357	251	263	271	250
Occupancy		70%	74%	76%	70%

While LSUHSC-NO stands to lose some revenue from existing students who decide to transfer to the newer student housing project, the additional revenue from trademark licensing and the parking lease are anticipated to offset any net loss in cash-flows. Bond counsel has affirmed his opinion that LSUHSC-NO will not violate its existing covenants on outstanding bonds by entering into the Joint Agreement (see Attachment VIII).

4. Description of Competitive Process

Not applicable.

5. Review of Legal Documents

A draft of the Joint Agreement is attached hereto, and the final Joint Agreement will be reviewed by the Office of General Counsel prior to execution (see Attachment IX).

6. Parties of Interest

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, LSU Health Foundation, New Orleans, Provident Resources Group, Inc. and Provident Group- HSC Properties, Inc.

7. Related Transactions

None.

8. Conflicts of Interest

None known.

ATTACHMENTS

- I.** Property to be Donated- Map
- II.** Downtown Housing Location- Map
- III.** Proposed Leased Parking
- IV.** Campus Map
- V.** Bond Debt Service Schedule
- VI.** Estimated Development Cost Summary
- VII.** Project Financial Proforma
- VIII.** Letter from Bond Counsel
- IX.** Draft Joint Agreement
- X.** Letter from Chancellor Larry Hollier, MD

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 Joint Agreement among Board of Supervisors of LSU, LSU Health Foundation, New Orleans and Provident Group- HSC Properties, Inc.

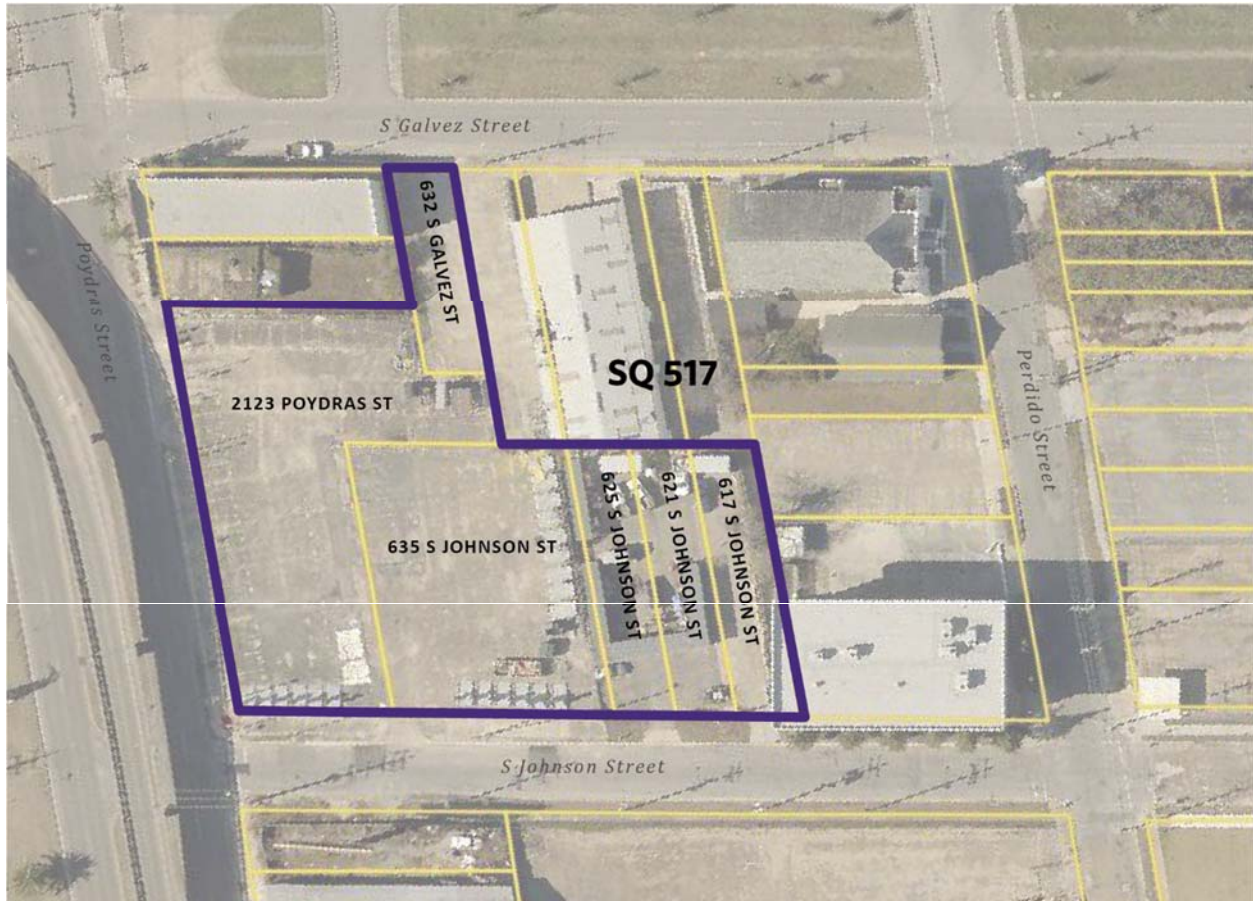
BE IT FURTHER RESOLVED that F. King Alexander, President of Louisiana State University, or his designee, is authorized to execute such other consents, approvals, amendments and agreements as are necessary to effectuate said Joint Agreement and to include in the Joint Agreement and in such other consents, approvals, amendments and agreements those terms and conditions as he deems to be in the best interest of the Board of Supervisors of LSU.

BE IT FURTHER RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, pursuant to the Uniform Affiliation Agreement by and between the LSU Board of Supervisors and the LSU Health Foundation, New Orleans finds an Acceptable University Purpose for the LSU Health Foundation, New Orleans to be party to the Joint Agreement and to accept a donation of immovable property as a part of the overall transaction with Provident Group- HSC Properties, Inc.

ATTACHMENT I

PROPERTY TO BE DONATED

Figure 1. Properties to be Donated are Located on SQ 517 in New Orleans, Louisiana



The property to be donated consists of 6 parcels on SQ 517 in City of New Orleans, Parish of Orleans, State of Louisiana. Two of these parcels have been formed by combining 2 or more lots. This legal description is composed of the legal descriptions of each parcel which are identified by the location address recognized by the City of New Orleans.

1. Location Address: 2123 POYDRAS ST is located on SQ 517 and consists of LOT 6; 31'9" x 120'; LOT 5; 34'5" x 149'; LOT 28; 132' x 74'; in entirety.
2. Location Address: 632 S GALVEZ ST is located on SQ 517 LOT 23; 29'3" x 97' in entirety.
3. Location Address: 635 S JOHNSON ST is located on SQ 517 LOT 5 and PT LOT 6; 52'3" x 132'3"; PT LOT 6 and LOT 7; 52'3" x 132'3".
4. Location Address: 625 S JOHNSON ST is located on SQ 517 LOT 8; 29'3" x 123'3" in entirety.
5. Location Address: 621 S JOHNSON ST is located on SQ 517 LOT9; 29'3" x 132'3" in entirety.
6. Location Address: 617 S JOHNSON ST is located on SQ 517 LOT 10; 29'3" x 132'3" in entirety.

ATTACHMENT II

DOWNTOWN HOUSING LOCATION



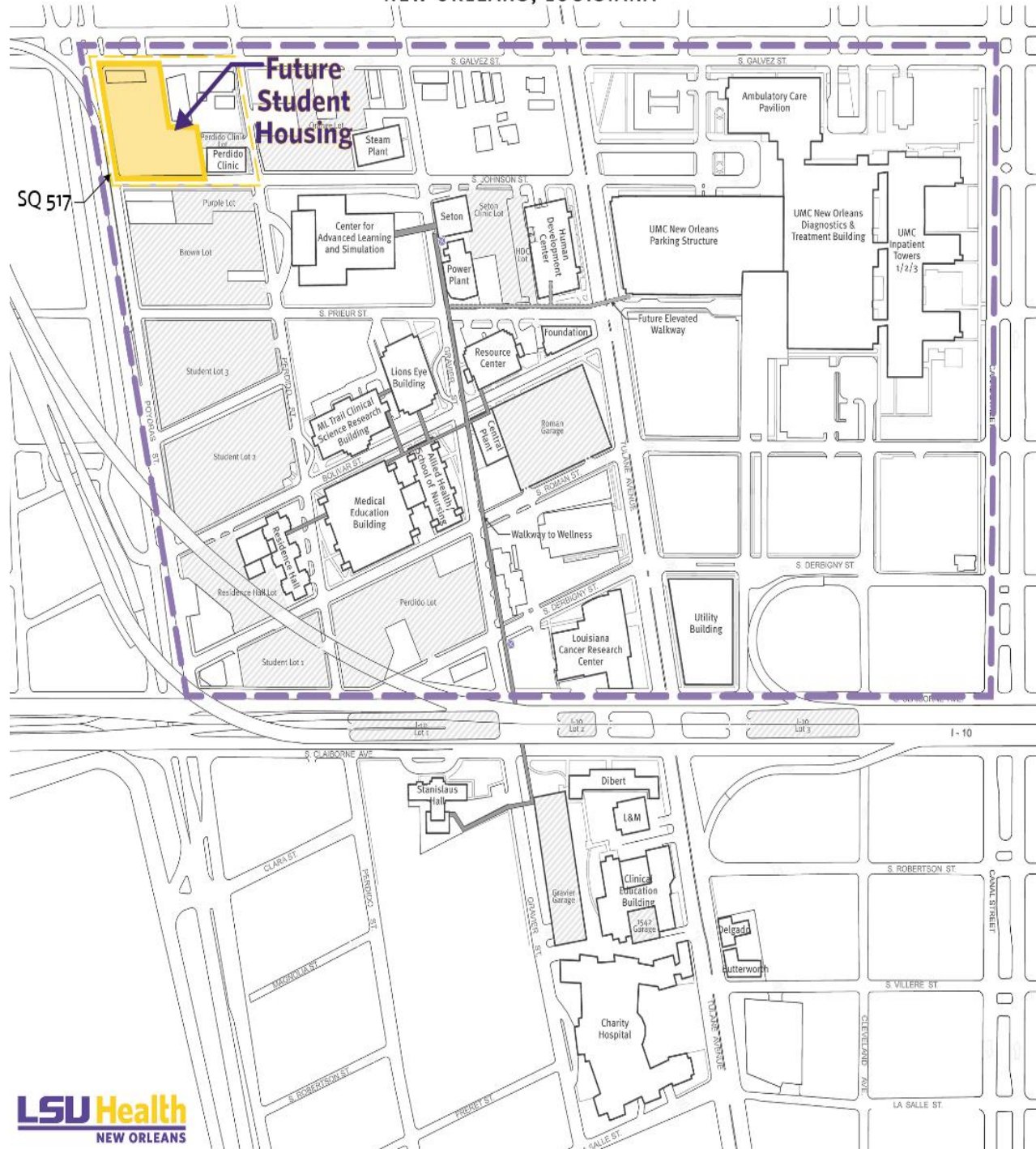
ATTACHMENT III

PROPOSED LEASED PARKING



ATTACHMENT IV DOWNTOWN HOUSING LOCATION

LSU HEALTH DOWNTOWN CAMPUS MAP NEW ORLEANS, LOUISIANA



JOINT AGREEMENT

THIS JOINT AGREEMENT (this “**Agreement**”) is dated _____, 2018 (the “**Effective Date**”), by and among [PROVIDENT GROUP – HSC PROPERTIES INC.] (“**Provident**”), a Louisiana nonprofit corporation, the sole member of which is Provident Resources Group Inc., a Georgia nonprofit corporation (“**PRG**”), Board of Supervisors of Louisiana State University and Agricultural and Mechanical College herein acting for the benefit of LSU HEALTH SCIENCES CENTER NEW ORLEANS (“**LSUHSC-NO**”), and LSU HEALTH FOUNDATION, NEW ORLEANS, a Louisiana nonprofit corporation (the “**Foundation**”), acting by and through the undersigned duly authorized representatives. Provident, LSUHSC-NO and Foundation are referred to herein collectively as the “**Parties**” and individually as a “**Party**.”

WHEREAS, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College is a public constitutional corporation created under the constitution and laws of the State of Louisiana with supervision and management over LSUHSC-NO, which is a public comprehensive academic health sciences center located in New Orleans, Louisiana, enrolling approximately Two Thousand Eight Hundred (2,800) students and employing more than Two Thousand Three Hundred (2,300) faculty and staff throughout its six (6) professional health schools;

WHEREAS, Foundation is an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (as amended, the “**Code**”) as an affiliated supporting organization to LSUHSC-NO and its mission of education, patient care, research, and community outreach;

WHEREAS, the Parties acknowledge that there is a desire for enhanced housing near or adjacent to the LSUHSC-NO campus for Eligible Tenants, as hereinafter defined;

WHEREAS, Provident is a supporting organization of PRG, an organization exempt from federal income tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code;

WHEREAS, Provident is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Code, including the advancement of education and lessening the burdens of government;

WHEREAS, Provident desires to address the need for enhanced housing by developing, financing, constructing, furnishing, equipping and operating an approximately Nine Hundred (900) bed residential living-learning community and related amenities (the “**Facility**”) for Eligible Tenants, which Facility will be located adjacent to the LSUHSC-NO campus on property owned by Foundation and situated within a parcel of real property bounded by Perdido Street, South Johnson Street, Poydras Street and South Galvez Street in New Orleans, Louisiana (the “**Land**,” and together with the **Facility**, the “**Property**” or the “**Project**”);

WHEREAS, Provident expects to finance the acquisition of the Land and the development, construction, furnishing and equipping of the Facility through the issuance by the

Louisiana Public Facilities Authority (the “**Authority**”) of one or more series of its tax-exempt and, if necessary taxable, Revenue Bonds (the “**Bonds**” and such transaction referred to as the “**Financing**”), pursuant to one or more Trust Indentures (the “**Trust Indenture**”), by and between the Authority and a national banking association or state banking association, as Trustee, and such other documents, agreements and instruments executed by Provident in connection with the issuance of the Bonds (the “**Bond Documents**”);

WHEREAS, LSUHSC-NO and Foundation will benefit from the development and operation of the Facility, as herein described, which Facility will contribute importantly to the overall educational and cultural function of LSUHSC-NO and the Foundation by fostering interaction among faculty, staff and students in various educational programs at LSUHSC-NO and meeting the desire for additional upgraded housing facilities for students, faculty and staff of LSUHSC-NO; and

WHEREAS, as an inducement for Provident to undertake the development, financing and operation of the Facility LSUHSC-NO and Foundation are each willing to agree to the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and subject only to the consummation of the Financing, the Parties agree as follows:

1. Nonprofit Ownership Structure.

a. Provident. Provident has been formed as a Louisiana non-profit corporation of which PRG is the sole member in accordance with applicable federal tax regulations. Provident has been organized as a supporting organization for PRG, exclusively to further the stated charitable purposes of PRG and specifically for the purpose of planning, developing, financing, equipping, operating and maintaining the Facility in furtherance of the mission of LSUHSC-NO and Foundation, all in accordance with this Agreement. Provident’s principal roles in the Project will be as owner of the Facility and borrower under the Financing.

b. Board of Directors. The management of the business and affairs of Provident shall be vested in a Board of Directors (“**Board of Directors**”) which shall consist of up to seven (7) individuals (“**Directors**”) to be appointed by the Governing Board of PRG. The Board of Directors shall include: two (2) Directors selected from a list of candidates submitted by LSUHSC-NO; and one (1) Director selected from a list of candidates submitted by Foundation, each of which has demonstrated a high level of experience and competence in the area of university housing and governance of higher education institutions, and/or community involvement in the New Orleans community (“**LSU Representatives**”). LSUHSC-NO and Foundation agree to submit a list of candidates for these positions upon request of PRG. PRG shall not unreasonably withhold, delay or condition the appointment of the recommended LSU Representatives. The remaining four (4) Directors should have competency in university housing or similar facilities and shall be appointed at the discretion of PRG and may include board members and/or officers of PRG or other members from the New Orleans Community. Specific provisions relating to the terms, duties, responsibilities, meetings and actions of the Board of Directors shall be addressed in the By-laws of Provident, a copy of which shall be provided to LSUHSC-NO and Foundation, including without limitation, the requirement that the Board of Directors approve the annual operating and

capital budgets for the Facility and any material revisions to the annual operating and capital budgets for the Facility that may be submitted to the Board of Directors by the Operations Committee, provided such approval in either case includes the affirmative vote by at least one LSU Representative, such approval not to be unreasonably withheld, delayed or conditioned.

2. Donation of Land; Ground Lease; Compensation.

a. Commensurate with the closing of the Financing, Provident will acquire the Land with proceeds from the Financing and donate the Land to Foundation (the “**Donation**”), subject to approval of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College for “acceptable University purpose.” Prior to donation, Provident will provide good and merchantable title to the Land and will obtain and provide a Phase 1 environmental survey, both of which must be acceptable to LSUHSC-NO and the Foundation. Upon execution of this Agreement, the Parties agree to work in good faith and use their respective best efforts to negotiate and enter into definitive documents to carry out the Donation with customary terms and conditions for a transaction such as this.

b. Immediately after consummation of the Donation, Foundation, as lessor, will enter into a long-term ground lease of the Land to Provident, as lessee (the “**Ground Lease**”). Upon execution of this Agreement, the Foundation, and Provident agree to work in good faith and use their respective best efforts to negotiate a Ground Lease with terms consistent with this Agreement as well as additional customary terms and conditions for a transaction such as this, including the following:

- i.** Provident will assume responsibility for developing, designing, financing, constructing, owning, managing and operating the Project on terms acceptable to LSUHSC-NO and Foundation.
- ii.** The term of the Ground Lease shall be for a term consistent with the term of the Financing, not to exceed forty (40) years without the prior written approval of Foundation, and the Ground Lease shall terminate at the earlier of: (1) forty (40) years, or (2) when the Financing has been paid in full, or (3) the termination of this Agreement as provided in Section 8.
- iii.** Upon termination of the Ground Lease and satisfaction of all obligations of Provident under the Financing, the title to the Facility shall automatically transfer to and be the property of the Foundation and Provident will execute any and all documents to effectuate the transfer.

c. Royalty Payments to LSUHSC-NO and Rental Payments to Foundation. In consideration of the respective promises and covenants made by LSUHSC-NO pursuant to the Trademark License Agreement, hereinafter defined, to be separately negotiated and entered into with Provident, and in consideration of the obligations of Foundation under the Ground Lease, as applicable, Provident shall make the following royalty payments to LSUHSC-NO and rental payments to Foundation commencing 180 days after the end of each calendar year beginning the first full calendar year following the year substantial completion of the Facility is obtained:

i. To LSUHSC-NO, an amount equal to eighty percent (80%) of the net available annual surplus cash flow from the Facility as an annual licensing royalty payment (“**Cash Flow Payment**”), but in no event will the annual Cash Flow Payment to LSUHSC-NO: (i) be less than TWO HUNDRED THOUSAND (\$200,000) DOLLARS, which amount shall increase each year by an annual escalator of one and one half (1.5%) percent (the annually increasing amount shall be referred to herein as, the “**Annual Minimum**”) or (ii) exceed an amount equal to one hundred percent (100%) of the annual escalating debt service on the \$15,166,227 Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Revenue Refunding Bonds, including unamortized bond interest (Louisiana State University Health Sciences Center Project), Series 2013 (the “**LSUHSC-NO Bonds**”), with any Cash Flow Payment in excess of such amount reverting to Foundation as a “**Supplemental Payment**”, until such time as the debt on the LSUHSC-NO Bonds is paid in full. Following payment in full of the LSUHSC-NO Bonds, the greater of: the Annual Minimum (as such amount has increased annually to that point) or (ii) fifty percent (50%) of the net available annual surplus cash flow from the Facility shall be paid to LSUHSC-NO as the Annual Cash Flow Payment.

ii. To Foundation, subject to the Annual Minimum, an amount equal to the remaining twenty percent (20%) of the net available annual surplus cash flow from the Facility as a ground lease rental payment under the Ground Lease plus the Supplemental Payment, if applicable, until such time as the LSUHSC-NO Bonds are paid-in-full, and thereafter fifty percent (50%) of the net available annual surplus cash flow from the Facility shall be paid to Foundation as a ground lease payment.

iii. The calculation and payment of net available annual surplus cash flow from the Facility shall be determined in accordance with the Bond Documents and as approved by the Parties, with the general intent and understanding being that net available annual surplus cash flow means, for each annual period, the excess of gross revenues derived from the operation of the Facility over the sum of (i) all reasonable and customary expenses related to the Facility, (ii) debt service and administrative expenses on the Bonds, and (iii) reasonable and customary reserves.

iv. The Trust Indenture shall establish a fund designated as the “Surplus Fund” to hold all amounts consisting of net available annual surplus cash flow. Failure to pay the Annual Minimum due to insufficient funds being available in the Surplus Fund to make such payment or any portion thereof shall not be deemed a breach or default of this Agreement or the Trademark License Agreement, provided that any amount unpaid shall accrue and continue to be payable subject to the availability of funds in the Surplus Fund.

3. Development and Construction of the Facility.

a. Development of the Property. Provident agrees to design, acquire, construct, furnish, and equip the Facility to provide affordable, high quality, housing only for Eligible Tenants consistent with the Plans and Specifications (defined below). For purposes of this Agreement, “**Eligible Tenants**” means, in order of priority, students registered in a professional academic health program at LSUHSC-NO; regular full-time and part-time faculty and staff of LSUHSC-NO, visiting faculty serving at LSUHSC-NO on a temporary basis; persons participating in any LSUHSC-NO sponsored activity or program; and lastly, but only to the extent Facility beds are available, first, to physicians, medical residents and staff of University Medical Center, and

second to full-time students attending other accredited public institutions of higher education within the City of New Orleans. Any use of the Facility by persons other than Eligible Tenants is subject to the prior written approval of Provident and the Operations Committee, hereinafter defined, and the receipt by Provident of an opinion of Bond Counsel (as defined in the Bond Documents) that such use will not adversely affect the tax-exempt status of the Financing.

b. Development Parties. Provident will use best practices to select and engage the services of a developer (“Developer”) pursuant to a Development Agreement (the “**Development Agreement**”) to oversee and supervise the design, development, construction and completion of the Facility in accordance with detailed building plans and specifications as approved by Provident, LSUHSC-NO and Foundation (“**Plans and Specifications**”). LSUHSC-NO will have no responsibility or liability with regard to plans or specifications. Pursuant to the Development Agreement, the Developer will engage Architects to design the Facility and a General Contractor to construct, furnish and equip the Facility in accordance with the Plans and Specifications (the “**General Contractor**”). Prior to the closing of the Financing, Provident will cause the Developer to perform certain customary due diligence activities, including a student housing market analysis, environmental site analysis, title and survey reports, and financial feasibility analysis. Provident will share any such reports with LSUHSC-NO and Foundation. Pre-development costs and expenses shall be paid by the Developer and reimbursed from the proceeds of the Financing. Neither Provident, LSUHSC-NO nor Foundation shall have any personal liability for the payment of pre-development costs and expenses.

c. University and Foundation Participation. LSUHSC-NO and Foundation shall have the right to review and approve the final Plans and Specifications and to have a representative present at weekly, or other periodic progress meetings of the Developer and General Contractor. Provident shall inform LSUHSC-NO and Foundation of any modifications to the Plans and Specifications that will materially affect the design of the Facility or any major building components of the Facility, and any such modifications shall be subject to the prior written approval of each of LSUHSC-NO and the Foundation

4. Operation and Management of the Facility.

a. Student Housing Facility. Provident agrees to operate and maintain the Facility for the exclusive use and benefit of the Eligible Tenants. The Facility shall be operated consistent with standards adopted and published from time-to-time by Provident and approved by LSUHSC-NO and Foundation.

b. Facility Manager. Provident agrees to engage the Developer and Provident Resources Management LLC, a wholly owned subsidiary of PRG, as the initial property managers (collectively referred to as the “**Manager**”) to undertake and be responsible for the management and operational activities of the Facility pursuant to the terms and conditions of a written management agreement subject to the prior written approval of LSUHSC-NO and Foundation (the “**Management Agreement**”). The Management Agreement shall require the Manager to operate and maintain the Facility in accordance with the terms of this Agreement and in accordance with the standards adopted and published from time-to-time by Provident and approved by LSUHSC-NO and Foundation. Provident agrees that it will give prior written notice to LSUHSC-NO and Foundation in the event the appointment of any replacement or substitution of the Manager is

deemed necessary by Provident or is otherwise required under the terms of the Bond Documents, and any such replacement or substitution shall be subject to the prior written consent of each of LSUHSC-NO and Foundation. Such contract shall comply with IRS Regulations with respect to qualified management agreements relating to tax exempt bond financed facilities.

c. Project Operations Committee. In addition to the oversight provided by the Board of Directors, Provident shall cause to be established a project operations committee (the “**Operations Committee**”) to provide advice and consultation to Provident and the Manager with respect to the management and operations of the Facility. Specifically, the Operations Committee shall provide advice and consultation to Provident and the Manager on the setting of rental rates at the Facility and shall participate in the development of annual operating budgets and capital plans for the Facility, and any material revisions thereto, for submission to the Board of Directors for final approval as set forth in Section 1(b). The Operations Committee shall be composed of: (a) two members recommended by LSUHSC-NO, (b) one member recommended by Foundation, and (c) two members recommended by PRG.

5. Facility Identification.

a. Marketing. LSUHSC-NO agrees to provide information concerning the Facility to the same extent that LSUHSC-NO provides information with respect to its own residence halls, as an associated housing option for students, faculty and staff of LSUHSC-NO. In fulfillment of this obligation, LSUHSC-NO will identify the Facility as a residential housing option in any mail-outs, catalogues, informational brochures and other literature that LSUHSC-NO uses to identify student housing options, as well as on its official web site. In addition, LSUHSC-NO will include a web-link to the Facility’s website on its web page. Provident shall cause Manager to advertise the Facility subject to any applicable requirements of the Trademark License Agreement hereinafter defined. LSUHSC-NO also agrees to advise its students of available financial aid provided to students to pay eligible housing expenses in the same manner as LSUHSC-NO does for its own housing.

b. Transportation. LSUHSC-NO agrees to publicize available public transportation options between the Facility and LSUHSC-NO campus for the benefit of the Facility’s Eligible Tenants to the same extent as for its existing student housing facilities.

c. Parking. LSUHSC-NO agrees to enter into a long-term lease, at prevailing market rates, with Provident for parking in support of the Facility. To the extent reasonably available, leased parking will be adjacent or close to the Property. Provident may charge residences of the Facility as necessary and will be responsible for parking management, controlling and issuing related resident permits. LSUHSC-NO agrees to provide Provident with any information related to such parking as may be necessary for Provident to evidence its compliance with any zoning or land use requirements.

d. Use of Name. LSUHSC-NO and Provident agree to the limited non-exclusive use of “Louisiana State University Health Sciences Center New Orleans” or “LSU Health Sciences Center New Orleans” or related LSU Health logo in association with promotional materials, signage and general marketing presence, for the sole purpose of appropriately identifying the Facility’s association with LSUHSC-NO. The exact wording and usage shall be determined

through good faith discussions between LSUHSC-NO and Provident and will be limited to those permitted expressly in writing.

e. Data. Provident and LSUHSC-NO agree to cooperate to optimize access by LSUHSC-NO residents of the Facility to networks similarly accessed by LSUHSC-NO residents of facilities located on the campus of LSUHSC-NO.

f. Additional Parcels. Subject to approval by Foundation's Board of Directors, Foundation will use commercially reasonable efforts to acquire two parcels of property immediately adjacent to the property purchased by Provident in association with the Project. The municipal address of the parcels are 2127 Poydras Street and 2133 Poydras Street and are located at the corner of Poydras Street and South Galvez Street. Provident will enter into a long-term ground lease agreement with Foundation for these two additional parcels in order to amalgamate the properties and to support the development of the Project.

6. Covenants of LSUHSC-NO and Foundation.

a. Acknowledgment. LSUHSC-NO and Foundation acknowledge that each shall directly and substantially benefit from the development, operation and management of the Facility by Provident in accordance with this Agreement, and that the Facility will provide a much needed enhancement to the housing supply available to this segment of LSUHSC-NO student body, as well as further LSUHSC-NO's educational purposes and objectives. Each of LSUHSC-NO and Foundation respectively agree that it shall exercise all reasonable efforts to uphold and preserve its cooperation with Provident and association with the Facility as described herein, subject to the terms and conditions of this Agreement.

b. Competing Projects. During the Term of this Agreement, neither LSUHSC-NO nor Foundation shall undertake to construct or operate any New Competing Student Housing Facilities until such time as the Facility has achieved and sustained residential occupancy of not less than Ninety-Five Percent (95%) and a debt service coverage ratio of not less than 1.20 to 1.00 for two (2) consecutive years, as verified by an independent auditor acceptable to Provident, LSUHSC-NO and Foundation. **"New Competing Student Housing Facility"** as used herein means new residential student housing the commencement of construction of which occurred subsequent to the closing of the Financing and located within the grid bordered by Claiborne, Galvez, Poydras and Canal Streets and marketed primarily to students of LSUHSC-NO, but excludes housing outside of said grid, including but not limited to LSUHSC-NO's Dental School campus, and excludes the upkeep, maintenance, and renovation of any LSUHSC-NO residence halls existing as of the Effective Date of this Agreement, regardless of the location.

c. Disclaimer of Endorsement. Nothing contained in this Agreement authorizes Provident or PRG to represent in any oral or written form or in any communication medium that any of products or services of Provident or PRG have been endorsed, selected or approved by LSU or LSUHSC-NO, or any officer, employee or agent of LSU, or LSUHSC-NO and Provident and PRG are hereby specifically prohibited from doing so without the prior written consent of LSU. Any permission granted hereunder to use any name or other mark of LSU or LSUHSC-NO does not expressly, or by implication, connote that LSU or LSUHSC-NO, or any officer, employee or agent of LSU or LSUHSC-NO has made any inquiry to ascertain, by use of standards or other

criteria, the relative merits of any Provident or PRG products or services in comparison with competitive products or services.

7. Covenants of Provident.

a. Financing of the Facility. Provident intends to obtain permanent financing required for acquiring the Land and paying the costs associated with the design, acquisition, development, construction, furnishing and equipping of the Facility, including reimbursement of pre-development costs and expenses and the costs of obtaining such financing, through the issuance of the Financing. The proceeds of the Financing shall be used solely to pay for the costs of the Project and to pay for such other costs and the establishment of such reserve funds as may be contemplated under the Bond Documents and the costs of issuance of the Financing. The documents evidencing the Financing shall contain provisions for reserve accounts to be set up to fund capital improvements, repairs and maintenance of the Facility and the replacement of furniture and furnishings used in the operation of the Facility.

b. No University Liability for Financing. None of LSUHSC-NO, Foundation or any of their affiliated entities shall have any obligation with respect to the payment of the Financing. The Trust Indenture and other Bond Documents shall provide for no recourse for the payment of the principal of, or premium, if any, or the interest on, the Financing, or for any claim based thereon or any agreement supplemental or collateral thereto, against LSUHSC-NO or Foundation, any affiliated entity, or any trustee, member, director, officer or employee, past, present or future, thereof, or of any predecessor or successor corporation.

c. Transfer of Legal Ownership of the Property. Upon termination of the Ground Lease, the Facility shall be transferred to and be owned by Foundation, and Provident shall confirm and ratify that all right, title, and interest in and to the Facility has been conveyed from Provident to Foundation or at Foundation's option, subject to approval of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, to another similarly situated charitable organization or entity exempt from the payment of federal income tax under Section 501(a) of the Code, as an entity organized under Section 501(c)(3) of the Code, organized and operated exclusively for charitable, educational, or scientific purposes, selected or designated by Foundation (a "**Designated Transferee**"). Nevertheless, if Provident fails to execute the above act of transfer, Foundation or its Designated Transferee, as applicable, shall be the sole and absolute owner of the Property, free of any right, title, interest or estate of Provident, without the execution of any further instrument and without payment of any money or other consideration therefor.

d. Insurance. Provident shall deliver to LSUHSC-NO and Foundation certificates evidencing Provident's insurance, or those providing insurance on behalf of Provident, each with limits of liability as currently maintained by Provident in accordance with the requirements of the Bond Documents and naming LSUHSC-NO and Foundation as additional insureds. Said insurance coverage shall include but not be limited to extended property damage insurance for not less than full replacement value of the cost of the Facility, Commercial General Liability with limits of no less than \$1 million each occurrence, \$2 million general aggregate, and Umbrella Liability with limits of no less than \$10 million, which insurance shall state that it is the primary insurance carried by any other party.

8. Term.

The term of this Agreement (the “**Term**”) shall commence on the Effective Date and continue until and terminate upon the earlier of: (a) issuance of a written notice of termination by any Party if the Financing has not been consummated by the two (2) year anniversary of the Effective Date; or (b) the date the Property has been conveyed to Foundation or a Designated Transferee pursuant to Section 7 above, provided however, that notwithstanding anything to the contrary set forth herein, LSUHSC-NO at its sole option, may terminate this Agreement when the Project Bonds have been paid in full or when the Project Financing has been paid in full.

9. Notices.

All notices and other communications required hereunder shall be in writing. Each such written communication shall be deemed to have been received: (i) upon personal delivery; (ii) on the second business day after its deposit for overnight delivery with a recognized overnight delivery service; (iii) if mailed, three (3) business days after such mailing, or upon actual receipt if sent by registered or certified or U.S. Express mail, with return receipt requested, addressed to the other Party’s address below, with a copy sent by email:

a. If to **Provident to:**

Provident Resources Group Inc.
5565 Bankers Avenue
Baton Rouge, LA 70808
Attn: President/Chief Executive Officer

If to **LSU Board or LSUHSC-NO to:**

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College
Louisiana State University
3810 West Lakeshore Drive
Baton Rouge, LA 70808
Email: _____
Attn: F. King Alexander, President

With a copy to:

LSU Health Sciences Center New Orleans
433 Bolivar Street
New Orleans, LA 70112
Email: jharman@lsuhsc.edu
Attn: John Harman, Vice Chancellor

b. If to **Foundation to:**

LSU Health Foundation, New Orleans
2000 Tulane Avenue, Fourth Floor
New Orleans, LA 70112
Email: _____
Attn: Matthew Altier President/Chief Executive Officer

With a copy to:

Email:

Attn: _____

10. Trademarks.

Provident acknowledges that the names, logos, service marks, trademarks and trade names, whether or not registered, owned by or licensed to LSUHSC-NO (collectively the “**University Marks**”) are proprietary to LSUHSC-NO, and Provident, PRG and the Manager shall not use University Marks for any purpose except as expressly permitted in writing by LSUHSC-NO and pursuant to a Trademark License Agreement (herein “Trademark License Agreement”) to be entered into among LSUHSC-NO, and Provident. LSUHSC-NO acknowledges that the names, logos, service marks, trademarks and trade names, whether or not registered, owned by or licensed to Provident or PRG (collectively the “**Provident Marks**”) are proprietary to Provident or PRG, as applicable, and LSUHSC-NO shall not use the Provident Marks for any purpose except as expressly permitted in writing by Provident or PRG, as applicable.

11. Relationship of Parties.

Nothing herein shall be construed to characterize either Party as a partner, agent, affiliate, or joint venturer of the other.

12. Preservation of Tax Exemption.

No Party shall take any action with respect to the Property, and this Agreement shall not be construed nor amended, in either case in a manner that would adversely affect the tax-exempt status of Provident, PRG, or the Bonds or that would otherwise result in a breach of any representation, condition or covenant of Provident or PRG, as applicable, as set forth in the Bond Documents.

13. Specific Performance.

The Parties and Provident recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any Party who may be injured (in addition to any other remedies which may be available to that Party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach. Notwithstanding anything in this Agreement to the contrary, no Party shall have the right to terminate this Agreement, except as expressly provided in Section 8 above.

14. Indemnification and Hold Harmless.

Provident agrees to protect, defend, indemnify, save, and hold harmless, the State of Louisiana, all State Departments, Agencies, Boards and Commissions, its officers, agents, servants, employees, and volunteers, from and against any and all claims, damages, expenses, and liability arising out of injury or death to any person or the damage, loss or destruction of any property which may occur, or in any way grow out of, any act or omission of Provident, its agents, servants, and employees, or any and all costs, expenses and/or attorney fees incurred by Provident as a result of any claims, demands, suits or causes of action, except those claims, demands, suits, or causes of action arising out of the negligence of the State of Louisiana, all State Departments, Agencies, Boards, Commissions, its officers, agents, servants, employees and volunteers.

Provident agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands, suits, or causes of action at its sole expense and agrees to bear all other costs and expenses related thereto, even if the claims, demands, suits, or causes of action are groundless, false or fraudulent.

Provided however, that Contractor and LSU may amend this provision if in the future Contractor provides appropriate and sufficient protection for LSU and acceptable to LSU by other means, persons, or assets.

15. University Liability.

Notwithstanding anything contained herein or in any agreement executed and delivered in connection with the issuance of the Bonds, neither LSUHSC-NO nor Foundation will have any obligation with respect to the payment of the Bonds or the Financing. None of Provident, PRG, the Managers, the owners of the Bonds, nor the Trustee, on behalf of the owners of the Bonds, will have any recourse against any revenues or other assets of the LSUHSC-NO or Foundation or against the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the members of said LSU Board of Supervisors, or any officers, employees and/or agents of any of the above, and of LSUHSC-NO's request, Provident shall cause Manager to acknowledge same.

16. Assignment.

No party may transfer, assign, pledge or hypothecate this Agreement or its rights, duties and obligations under this Agreement without the prior written approval of all other Parties,. Any transfer, assignment, or pledge made in violation of the forgoing shall be null and void. Subject to the foregoing, this Agreement shall be binding upon the Parties and their permitted successors and assigns.

17. Headings.

The headings used in this Agreement are for convenience only and are not to be considered in connection with the interpretation or construction of this Agreement.

18. Severability.

If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstance other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

19. Approvals.

For any item or action requiring the consent or approval of a Party under this Agreement, each Party agrees that it will not unreasonably withhold, delay or condition such approval or consent. Any such consent or approval shall be in writing, signed manually or electronically by the party giving such consent or approval.

20. Governing Law; Venue.

This Agreement shall be governed by and construed, enforced and interpreted in accordance with the laws of the State of Louisiana. Any legal suit, action or proceeding against the Parties arising out of or relating to this Agreement shall be instituted in the state or federal courts located in Baton Rouge, Louisiana and each Party waives any objections which it may now or hereafter have based on venue and/or forum non conveniens of any such suit, action or proceeding, and the Parties hereby irrevocably submit to the exclusive jurisdiction of such court in any suit, action or proceeding.

21. Exculpation.

The officers, directors, members, managers, shareholders, governors, trustees and employees of each of Provident, LSU Board of Supervisors and Agricultural and Mechanical College, LSUHSC-NO Foundation, as applicable, shall have no personal liability for the performance of any of such respective Party's obligations contained in this Agreement.

22. Counterparts.

This Agreement may be executed on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

23. Right to Audit.

The books, accounts and records of Provident, which pertain directly to this Agreement and operations of the Facilities shall be maintained at the principal office of Provident. LSUHSC-NO may at its option and at its own expense during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of Provident to the extent necessary to verify compliance with this Agreement or insofar as said books, bank accounts, records and accounts directly relate to Provident's performance of its obligations under this Agreement and/or to verify the correctness of the royalty amounts payable to LSUHSC-NO and to Foundation, to verify the net available annual surplus cash flow. Audits may be made on either a continuous or periodic basis or both and may be conducted by employees of LSUHSC-NO, by independent auditors retained by LSUHSC-NO to conduct such audit, or by the Louisiana Legislative Auditor,

but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs of Provident.

24. LSUHSC-NO Outstanding Bonds.

The Parties hereto recognize that the LSUHSC-NO Bonds are outstanding as of the Effective Date of this Agreement and that nothing in this Agreement is intended to violate LSUHSC-NO's bond covenants or other obligations related to such LSUHSC-NO Bonds.

[Remainder of page intentionally left blank.]

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have each caused this Joint Agreement to be duly executed on its behalf and delivered to the other Parties as of the Effective Date.

**[PROVIDENT GROUP – HSC PROPERTIES
INC.]**

By: _____
Name: Steve E. Hicks
Title: Chief Executive Officer

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

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

**LSU HEALTH FOUNDATION, NEW
ORLEANS**

By: _____
Name: Matthew Altier
Title: President and Chief Executive Officer

Attachment V

**LSU HEALTH SCIENCE CENTER NEW ORLEANS
REVENUE BONDS, SERIES 2013
DEBT SERVICE SCHEDULE
DATE OF ISSUE: SEPTEMBER 4, 2014**

<u>DATE</u>	<u>BEGINNING</u>	<u>PRINCIPAL</u>	<u>COUPON</u>	<u>INTEREST</u>	<u>ENDING</u>	<u>TOTAL P+I</u>
6/30/2014	12,830,000.00	-	0.00%	334,108.29	12,830,000.00	334,108.29
6/30/2015	12,830,000.00	-	0.00%	507,506.26	12,830,000.00	507,506.26
6/30/2016	12,830,000.00	50,000.00	2.00%	507,506.26	12,780,000.00	557,506.26
6/30/2017	12,780,000.00	665,000.00	3.00%	506,506.26	12,115,000.00	1,171,506.26
6/30/2018	12,115,000.00	680,000.00	3.00%	486,556.26	11,435,000.00	1,166,556.26
6/30/2019	11,435,000.00	705,000.00	3.00%	466,156.26	10,730,000.00	1,171,156.26
6/30/2020	10,730,000.00	720,000.00	3.00%	445,006.26	10,010,000.00	1,165,006.26
6/30/2021	10,010,000.00	740,000.00	3.00%	423,406.26	9,270,000.00	1,163,406.26
6/30/2022	9,270,000.00	770,000.00	4.00%	401,206.26	8,500,000.00	1,171,206.26
6/30/2023	8,500,000.00	800,000.00	3.63%	370,406.26	7,700,000.00	1,170,406.26
6/30/2024	7,700,000.00	830,000.00	4.00%	341,406.26	6,870,000.00	1,171,406.26
6/30/2025	6,870,000.00	860,000.00	4.00%	308,206.26	6,010,000.00	1,168,206.26
6/30/2026	6,010,000.00	890,000.00	4.25%	273,806.26	5,120,000.00	1,163,806.26
6/30/2027	5,120,000.00	935,000.00	4.38%	235,981.26	4,185,000.00	1,170,981.26
6/30/2028	4,185,000.00	975,000.00	4.50%	195,075.00	3,210,000.00	1,170,075.00
6/30/2029	3,210,000.00	1,020,000.00	4.63%	151,200.00	2,190,000.00	1,171,200.00
6/30/2030	2,190,000.00	1,070,000.00	4.75%	104,025.00	1,120,000.00	1,174,025.00
6/30/2031	1,120,000.00	1,120,000.00	4.75%	53,200.00	-	1,173,200.00
Total		12,830,000.00	4.267%	6,111,264.67		18,941,264.67
Premium/(Discount)		(52,413.85)		-		(52,413.85)
Total Bonds Payable		12,777,586.15		6,111,264.67		18,888,850.82

ATTACHMENT VI

ESTIMATED DEVELOPMENT COST SUMMARY - TAX EXEMPT BONDS



LSU - Health Sciences

Estimated Development Cost Summary - Tax Exempt Bonds

S Galvez St & S Jonson St

	Total \$	Percentage	Per Unit	Per Bed	Per RSF	Per Gross SQFT
Totals			619	918	354,782	425,670
Land Acquisition Cost	2,500,000.00	2.2%	\$4,039	\$2,723	\$7.05	\$5.87
Total Building Hard Cost	72,000,000.00	62.3%	116,316.64	78,431.37	202.94	169.15
Developer Soft Costs						
Total Municipal Costs:	2,520,000.00	2.2%	4,071.08	2,745.10	7.10	5.92
Total Land Carry Costs:	-	0.0%	-	-	-	-
Total Architecture & Engineering:	2,880,000.00	2.5%	4,652.67	3,137.25	8.12	6.77
Total Testing / Surveys / Consultants:	315,000.00	0.3%	508.89	343.14	0.89	0.74
Total Inspection Fees:	44,000.00	0.0%	71.08	47.93	0.12	0.10
Total Insurance:	600,000.00	0.5%	969.31	653.59	1.69	1.41
Total Broker Fees:	-	0.0%	-	-	-	-
Total Legal Costs:	591,000.00	0.5%	954.77	643.79	1.67	1.39
Total Furniture & Equipment:	2,194,260.00	1.9%	3,544.85	2,390.26	6.18	5.15
Total Marketing / Start-Up Costs:	804,000.00	0.7%	1,298.87	875.82	2.27	1.89
Total Miscellaneous:	375,000.00	0.3%	605.82	408.50	1.06	0.88
Total Contingency:	4,241,000.00	3.7%	6,851.37	4,619.83	11.95	9.96
Total Developer Soft Costs:	14,564,260.00	12.6%	23,528.69	15,865.21	41.05	34.21
Total Project Costs:	89,064,260.00	77.1%	143,884.10	97,019.89	251.04	209.23
Total Developer Fees:	5,173,000.00	4.5%	8,357.03	5,635.08	14.58	12.15
Debt Service Reserve	7,090,047.90	6.1%	11,454.04	7,723.36	19.98	16.66
Cost of Issuance	2,034,780.00	1.8%	3,287.21	2,216.54	5.74	4.78
Capitalized Interest	12,126,345.00	10.5%	19,590.22	13,209.53	34.18	28.49
Additional Proceeds	-	0.0%	-	-	-	-
Total Financing Cost:	21,251,172.90	18.4%	34,331.46	23,149.43	59.90	49.92
Total Development Cost	115,488,432.90	100.0%	186,572.59	125,804.39	325.52	271.31
Total Development Cost - Rounded	115,489,000.00		186,573.51	125,805.01	325.52	271.31

ATTACHMENT VII

FINANCIAL PROFORMA



LSU - Health Sciences Operating Pro-forma - Tax Exempt Bonds

S Galvez St & S Jonson St

Operations Year #	Per Bed	Per Unit	Percentage	1 August-19 July-20	2 August-20 July-21	3 August-21 July-22	4 August-22 July-23	5 August-23 July-24	6 August-24 July-25	7 August-25 July-26	8 August-26 July-27	9 August-27 July-28	10 August-28 July-29
POTENTIAL GROSS REVENUE													
Residential Gross Potential Rent (GPR)	\$ 13,057	\$ 19,365	100.00%	\$ 11,986,728	\$ 12,346,330 3.00%	\$ 12,716,720 3.00%	\$ 13,098,221 3.00%	\$ 13,491,168 3.00%	\$ 13,895,903 3.00%	\$ 14,312,780 3.00%	\$ 14,742,163 3.00%	\$ 15,184,428 3.00%	\$ 15,639,961 3.00%
GPR Increase:													
Residential Vacancy & Credit Loss	\$ (653)	\$ (968)	-5.00%	\$ (599,336) 5.00%	\$ (617,316) 5.00%	\$ (635,836) 5.00%	\$ (654,911) 5.00%	\$ (674,558) 5.00%	\$ (694,795) 5.00%	\$ (715,639) 5.00%	\$ (737,108) 5.00%	\$ (759,221) 5.00%	\$ (781,998) 5.00%
Vacancy Percentage of GPR													
Residential Net Rental Revenue (NRR)	\$ 12,405	\$ 18,396	98.52%	\$ 11,387,392	\$ 11,729,013	\$ 12,080,884	\$ 12,443,310	\$ 12,816,610	\$ 13,201,108	\$ 13,597,141	\$ 14,005,055	\$ 14,425,207	\$ 14,857,963
Other Income @ 1.5%	\$ 186	\$ 277	1.48%	\$ 171,154	\$ 176,289	\$ 181,578	\$ 187,025	\$ 192,636	\$ 198,415	\$ 204,367	\$ 210,498	\$ 216,813	\$ 223,318
Total Other Income	\$ 186	\$ 277	1.48%	\$ 171,154	\$ 176,289	\$ 181,578	\$ 187,025	\$ 192,636	\$ 198,415	\$ 204,367	\$ 210,498	\$ 216,813	\$ 223,318
Residential Effective Gross Revenue			100.00%	\$ 11,558,546	\$ 11,905,302	\$ 12,262,461	\$ 12,630,335	\$ 13,009,245	\$ 13,399,523	\$ 13,801,508	\$ 14,215,554	\$ 14,642,020	\$ 15,081,281
Commercial Gross Rent				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacancy Rate				5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy (5% of GPR)	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial Effective Gross Revenue				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project Effective Gross Revenue (EGR)	\$ 12,591	\$ 18,673	100.00%	\$ 11,558,546	\$ 11,905,302	\$ 12,262,461	\$ 12,630,335	\$ 13,009,245	\$ 13,399,523	\$ 13,801,508	\$ 14,215,554	\$ 14,642,020	\$ 15,081,281
OPERATING EXPENSES													
Administration / Residence Life	\$ 175	\$ 260	1.39%	\$ 160,650	\$ 165,470	\$ 170,434	\$ 175,547	\$ 180,813	\$ 186,237	\$ 191,825	\$ 197,579	\$ 203,507	\$ 209,612
Leasing & Marketing	\$ 175	\$ 260	1.39%	\$ 160,650	\$ 165,470	\$ 170,434	\$ 175,547	\$ 180,813	\$ 186,237	\$ 191,825	\$ 197,579	\$ 203,507	\$ 209,612
Employee Expenses	\$ 966	\$ 1,432	7.67%	\$ 886,600	\$ 913,198	\$ 940,594	\$ 968,812	\$ 997,876	\$ 1,027,812	\$ 1,058,647	\$ 1,090,406	\$ 1,123,118	\$ 1,156,812
Repairs & Maintenance	\$ 150	\$ 222	1.19%	\$ 137,700	\$ 141,831	\$ 146,086	\$ 150,469	\$ 154,983	\$ 159,632	\$ 164,421	\$ 169,354	\$ 174,434	\$ 179,667
Grounds & Landscape Expense	\$ 33	\$ 48	0.26%	\$ 30,000	\$ 30,900	\$ 31,827	\$ 32,782	\$ 33,765	\$ 34,778	\$ 35,822	\$ 36,896	\$ 38,003	\$ 39,143
Common Area Expense	\$ 120	\$ 178	0.95%	\$ 110,000	\$ 113,300	\$ 116,699	\$ 120,200	\$ 123,806	\$ 127,520	\$ 131,346	\$ 135,286	\$ 139,345	\$ 143,525
Turnover Expense	\$ 175	\$ 260	1.39%	\$ 160,650	\$ 165,470	\$ 170,434	\$ 175,547	\$ 180,813	\$ 186,237	\$ 191,825	\$ 197,579	\$ 203,507	\$ 209,612
Controllable Residential Expenses			14.24%	\$ 1,646,250	\$ 1,695,638	\$ 1,746,507	\$ 1,798,902	\$ 1,852,869	\$ 1,908,455	\$ 1,965,709	\$ 2,024,680	\$ 2,085,420	\$ 2,147,983
Management Fee	\$ 441	\$ 654	3.50%	\$ 404,549	\$ 416,686	\$ 429,186	\$ 442,062	\$ 455,324	\$ 468,983	\$ 483,053	\$ 497,544	\$ 512,471	\$ 527,845
Utility Expense	\$ 1,141	\$ 1,692	9.06%	\$ 1,047,120	\$ 1,078,534	\$ 1,110,890	\$ 1,144,216	\$ 1,178,543	\$ 1,213,899	\$ 1,250,316	\$ 1,287,826	\$ 1,326,460	\$ 1,366,254
501c3 Ownership Fee	\$ 189	\$ 280	1.50%	\$ 173,378	\$ 178,580	\$ 183,937	\$ 189,455	\$ 195,139	\$ 200,993	\$ 207,023	\$ 213,233	\$ 219,630	\$ 226,219
Cable & Internet	\$ 322	\$ 478	2.56%	\$ 295,860	\$ 304,736	\$ 313,878	\$ 323,294	\$ 332,993	\$ 342,983	\$ 353,272	\$ 363,870	\$ 374,787	\$ 386,030
Insurance	\$ 206	\$ 305	1.63%	\$ 188,828	\$ 194,493	\$ 200,328	\$ 206,337	\$ 212,527	\$ 218,903	\$ 225,470	\$ 232,234	\$ 239,202	\$ 246,378
Bond Related Expenses	\$ 35	\$ 53	0.28%	\$ 32,500	\$ 33,475	\$ 34,479	\$ 35,514	\$ 36,579	\$ 37,676	\$ 38,807	\$ 39,971	\$ 41,170	\$ 42,405
Subordinate Operating Expenses	\$ (727)	\$ (1,077)	-5.77%	\$ (666,940)	\$ (666,940)	\$ (431,706)	\$ (189,416)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Controllable Residential Expenses			12.76%	\$ 1,475,296	\$ 1,539,563	\$ 1,640,991	\$ 2,151,463	\$ 2,411,105	\$ 2,483,438	\$ 2,557,941	\$ 2,634,679	\$ 2,713,719	\$ 2,795,131
Total Operating Expenses	\$ 3,400	\$ 5,043	27.01%	\$ 3,121,546	\$ 3,235,200	\$ 3,587,498	\$ 3,950,364	\$ 4,263,973	\$ 4,391,893	\$ 4,523,649	\$ 4,659,359	\$ 4,799,140	\$ 4,943,114
Total Operating Expenses Per Unit	\$5,043	\$5,226		\$5,043	\$5,226	\$5,796	\$6,382	\$6,888	\$7,095	\$7,308	\$7,527	\$7,753	\$7,986
Operating Expenses Per Bed	\$3,400	\$3,524		\$3,400	\$3,524	\$3,908	\$4,303	\$4,645	\$4,784	\$4,928	\$5,076	\$5,228	\$5,385
Operating Expenses Per GSF	\$7.33	\$7.60		\$7.33	\$7.60	\$8.43	\$9.28	\$10.02	\$10.32	\$10.63	\$10.95	\$11.27	\$11.61
Controllable Expenses Per Bed	\$1,793	\$1,847		\$1,793	\$1,847	\$1,903	\$1,960	\$2,018	\$2,079	\$2,141	\$2,206	\$2,272	\$2,340
Non-Controllable Expenses Per Bed	\$1,607	\$1,677		\$1,607	\$1,677	\$2,005	\$2,344	\$2,626	\$2,705	\$2,786	\$2,870	\$2,956	\$3,045
Expense Ratio	27.01%	27.17%		27.01%	27.17%	29.26%	31.28%	32.78%	32.78%	32.78%	32.78%	32.78%	32.78%
NOI, Before Reserves	\$ 9,191	\$ 13,630		\$ 8,437,000	\$ 8,670,102	\$ 8,674,964	\$ 8,679,971	\$ 8,745,272	\$ 9,007,630	\$ 9,277,859	\$ 9,556,195	\$ 9,842,880	\$ 10,138,167
Less: Reserve For Replacement	\$ 175	\$ 254		\$ 157,325	\$ 162,045	\$ 166,906	\$ 171,913	\$ 177,071	\$ 182,383	\$ 187,854	\$ 193,490	\$ 199,295	\$ 205,273
Reserves Per Unit	\$254	\$262		\$254	\$262	\$270	\$278	\$286	\$293	\$303	\$313	\$322	\$332
Reserves Per Bed	\$171	\$177		\$171	\$177	\$182	\$187	\$193	\$199	\$205	\$211	\$217	\$224
NOI After Reserves	\$ 9,019	\$ 13,376		\$ 8,279,675	\$ 8,508,057	\$ 8,508,057	\$ 8,508,057	\$ 8,568,201	\$ 8,825,247	\$ 9,090,005	\$ 9,362,705	\$ 9,643,586	\$ 9,932,893
NON-OPERATING INCOME													
Earnings DSRF				\$6,211	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005
Total Non-Operating Income				\$6,211	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005	\$15,005
Cash Flow Before Debt Service				\$ 8,285,886	\$ 8,523,063	\$ 8,523,063	\$ 8,523,063	\$ 8,583,206	\$ 8,840,252	\$ 9,105,010	\$ 9,377,710	\$ 9,658,591	\$ 9,947,899
DEBT SERVICE													
Interest (6 Mo. Capitalized Interest Offset In Yr1)				\$ 2,598,503	\$ 5,197,005	\$ 5,111,818	\$ 5,022,798	\$ 4,929,771	\$ 4,832,559	\$ 4,730,972	\$ 4,624,814	\$ 4,513,878	\$ 4,397,950
Principal				\$ -	\$ 1,893,043	\$ 1,978,230	\$ 2,067,250	\$ 2,160,276	\$ 2,257,489	\$ 2,359,076	\$ 2,465,234	\$ 2,576,170	\$ 2,692,097
Total Debt Service	\$ 2,598,503	\$ 7,090,048		\$ 2,598,503	\$ 7,090,048	\$ 7,090,048	\$ 7,090,048	\$ 7,090,048	\$ 7,090,048	\$ 7,090,048	\$ 7,090,048	\$ 7,090,048	\$ 7,090,048
DSCR w/ Subordinated Expenses	3.19x	1.20x		3.19x	1.20x	1.20x	1.20x	1.21x	1.25x	1.28x	1.32x	1.36x	1.40x
NET CASH FLOW with NO Subordinate Expense	\$ 5,687,383	\$ 1,433,015		\$ 5,687,383	\$ 1,433,015	\$ 1,433,015	\$ 1,433,015	\$ 1,493,158	\$ 1,750,205	\$ 2,014,962	\$ 2,287,662	\$ 2,568,543	\$ 2,857,851
Subordinate Expenses - Operating Reserve	\$ 808,800	\$ 24,264		\$ 808,800	\$ 24,264	\$ 25,742	\$ 26,514	\$ 26,514	\$ 27,309	\$ 28,129	\$ 28,972	\$ 29,842	\$ 30,737
Subordinate Operating Expenses	\$ 666,940	\$ 666,940		\$ 666,940	\$ 666,940	\$ 431,706	\$ 189,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Subordinate Expenses	\$ 1,475,740	\$ 691,204		\$ 1,475,740	\$ 691,204	\$ 456,698	\$ 215,157	\$ 26,514	\$ 27,309	\$ 28,129	\$ 28,972	\$ 29,842	\$ 30,737
Surplus Cash Flow	\$ 4,211,643	\$ 741,811		\$ 4,211,643	\$ 741,811	\$ 976,317	\$ 1,217,858	\$ 1,466,645	\$ 1,722,895	\$ 1,986,833	\$ 2,258,690	\$ 2,538,702	\$ 2,827,114
DSCR				2.62x	1.10x	1.14x	1.17x	1.21x	1.24x	1.28x	1.32x	1.36x	1.40x

ATTACHMENT VIII
LETTER FROM BOND COUNSEL



BREAZEALE, SACHSE & WILSON, L.L.P. | ATTORNEYS AT LAW

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June 18, 2018

Board of Supervisors of Louisiana State University
Agricultural and Mechanical College
204 Thomas Boyd Hall
Baton Rouge, Louisiana 70803

RE: \$12,830,000 Board of Supervisors of Louisiana State University
Agricultural and Mechanical College Revenue Refunding Bonds
(Louisiana State University Health Sciences Center Projects) Series 2013
(the "Series 2013 Bonds")

Ladies and Gentlemen:

We have been requested to render certain advice to the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (the "Board") in connection with the referenced Series 2013 Bonds issued by the Board on September 4, 2013. The Series 2013 Bonds were issued to refund the Board's \$15,910,000 Revenue Bonds (Louisiana Health Sciences Center Projects) Series 2000 (the "Series 2000 Bonds"). The Series 2000 Bonds were issued primarily for the purposes of (a) financing the planning, renovating, constructing of the old Charity Hospital School of Nursing Building for use as a daycare center, wellness center and student dormitory facility and (b) the acquisition of land for use as parking (collectively, the "2000 Project").

In connection with this matter we have reviewed:

- (i) the General Bond Resolution of the Board adopted January 21, 2000 (the "General Bond Resolution"), as supplemented by the First Supplemental Bond Resolution adopted January 21, 2000 (the "First Supplemental Bond Resolution"), and as further supplemented by the Second Supplemental Bond Resolution adopted July 26, 2013 (the "Second Supplemental Resolution") pursuant to which the Series 2013 Bonds were issued. The General Bond Resolution, the First Supplemental Resolution and the Second Supplemental Resolution are collectively referred to herein as the "Bond Resolution."

- (ii) a draft dated June 17, 2018 of a document entitled “The Joint Agreement”, a copy of which is attached hereto and made a part hereof as Exhibit A (herein the “Joint Agreement”) by and among Provident Group – HSC Properties Inc. (“Provident”) the Board, acting on behalf of LSU Health Sciences Center New Orleans (“LSUHSC-NO” or “University”) and LSU Health Foundation, New Orleans (the “Foundation”); and
- (iii) such other documents, instruments and certificates we have deemed necessary for the purpose of this opinion.

The Joint Agreement, as drafted, evidences the intention of the parties thereto to pursue enhanced housing near the campus of the University by developing, financing, constructing, furnishing, equipping and operating an approximately nine hundred (900) bed residential living-learning community and related amenities on a site to be acquired by Provident (the “Project”). We are advised that the site of the Project is not on the campus of the University, but is near the 2000 Project and other facilities located on the campus of the University. It is expected that the University and its students, faculty and staff, as well as the Foundation, will benefit from the development and operation of the Project, which will provide upscale housing and amenities near the University’s campus. The Joint Agreement provides that Provident will purchase the site and donate the site to the Foundation, which will then lease the site to Provident under a long-term ground lease. Provident is expected to then develop, design, construct, own, manage and operate the Project with input from LSUHSC-NO and the Foundation as provided in the Joint Agreement. The Project is expected to be financed through the issuance of revenue bonds (the “Financing”) by or on behalf of Provident, which will be solely responsible for the debt service thereon. The Joint Agreement provides upon that termination of the Financing and payment in full of the revenue bonds, title to the Project will revert to the Foundation.

The Joint Agreement also provides for, among other terms, (i) input by LSUHSC-NO and the Foundation as to the makeup of the board of directors of Provident, (ii) royalty and/or rental payments by Provident to the Foundation and/or LSUHSC-NO, (iii) input and assistance from LSUHSC-NO and the Foundation with the development, marketing, operation and management of the Project; (iv) LSUHSC-NO leasing certain existing surface parking areas to Provident to support the Project; (v) LSUHSC-NO permitting the promotion of the Project to be identified and associated with LSUHSC-NO; and (vi) LSUHSC-NO and the Foundation agreeing not to undertake to construct or operate New Competing Student Housing Facilities, (as defined in the Joint Agreement) until and unless certain occupancy levels and debt service ratios are maintained with respect to the Project within certain designated grids described therein.

Based upon our review of the Bond Resolution and Joint Agreement, solely as it exists in the draft form attached hereto as Exhibit A, we are of the opinion that the execution and delivery of the Joint Agreement and compliance with the provisions thereof by LSUHSC-NO, will not result in a violation of the covenants and agreements of LSUHSC-NO set forth in the Bond Resolution.

June 18, 2018

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This opinion is strictly limited to the provisions of the draft Joint Agreement attached hereto and cannot be relied upon with respect to the Joint Agreement as the same may be revised in the future. No one other than the addressee hereof is entitled to rely on this opinion without our express written consent. This opinion is not offered, and shall not be construed, as a guaranty or warranty.

Respectfully submitted,

BREAZEALE, SACHSE & WILSON, L.L.P.



C. Stokes McConnell, Jr.

JOINT AGREEMENT

THIS JOINT AGREEMENT (this “**Agreement**”) is dated _____, 2018 (the “**Effective Date**”), by and among [PROVIDENT GROUP – HSC PROPERTIES INC.] (“**Provident**”),] a Louisiana nonprofit corporation, the sole member of which is Provident Resources Group Inc., a Georgia nonprofit corporation (“**PRG**”), Board of Supervisors of Louisiana State University and Agricultural and Mechanical College herein acting for the benefit of LSU HEALTH SCIENCES CENTER NEW ORLEANS (“**LSUHSC-NO**”), and LSU HEALTH FOUNDATION, NEW ORLEANS, a Louisiana nonprofit corporation (the “**Foundation**”), acting by and through the undersigned duly authorized representatives. Provident, LSUHSC-NO and Foundation are referred to herein collectively as the “**Parties**” and individually as a “**Party**.”

WHEREAS, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College is a public constitutional corporation created under the constitution and laws of the State of Louisiana with supervision and management over LSUHSC-NO, which is a public comprehensive academic health sciences center located in New Orleans, Louisiana, enrolling approximately Two Thousand Eight Hundred (2,800) students and employing more than Two Thousand Three Hundred (2,300) faculty and staff throughout its six (6) professional health schools;

WHEREAS, Foundation is an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (as amended, the “**Code**”) as an affiliated supporting organization to LSUHSC-NO and its mission of education, patient care, research, and community outreach;

WHEREAS, the Parties acknowledge that there is a desire for enhanced housing near or adjacent to the LSUHSC-NO campus for Eligible Tenants, as hereinafter defined;

WHEREAS, Provident is a supporting organization of PRG, an organization exempt from federal income tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code;

WHEREAS, Provident is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Code, including the advancement of education and lessening the burdens of government;

WHEREAS, Provident desires to address the need for enhanced housing by developing, financing, constructing, furnishing, equipping and operating an approximately Nine Hundred (900) bed residential living-learning community and related amenities (the “**Facility**”) for Eligible Tenants, which Facility will be located adjacent to the LSUHSC-NO campus on property owned by Foundation and situated within a parcel of real property bounded by Perdido Street, South Johnson Street, Poydras Street and South Galvez Street in New Orleans, Louisiana (the “**Land**,” and together with the **Facility**, the “**Property**” or the “**Project**”);

WHEREAS, Provident expects to finance the acquisition of the Land and the development, construction, furnishing and equipping of the Facility through the issuance by the

Louisiana Public Facilities Authority (the “**Authority**”) of one or more series of its tax-exempt and, if necessary taxable, Revenue Bonds (the “**Bonds**” and such transaction referred to as the “**Financing**”), pursuant to one or more Trust Indentures (the “**Trust Indenture**”), by and between the Authority and a national banking association or state banking association, as Trustee, and such other documents, agreements and instruments executed by Provident in connection with the issuance of the Bonds (the “**Bond Documents**”);

WHEREAS, LSUHSC-NO and Foundation will benefit from the development and operation of the Facility, as herein described, which Facility will contribute importantly to the overall educational and cultural function of LSUHSC-NO and the Foundation by fostering interaction among faculty, staff and students in various educational programs at LSUHSC-NO and meeting the desire for additional upgraded housing facilities for students, faculty and staff of LSUHSC-NO; and

WHEREAS, as an inducement for Provident to undertake the development, financing and operation of the Facility LSUHSC-NO and Foundation are each willing to agree to the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and subject only to the consummation of the Financing, the Parties agree as follows:

1. Nonprofit Ownership Structure.

a. Provident. Provident has been formed as a Louisiana non-profit corporation of which PRG is the sole member in accordance with applicable federal tax regulations. Provident has been organized as a supporting organization for PRG, exclusively to further the stated charitable purposes of PRG and specifically for the purpose of planning, developing, financing, equipping, operating and maintaining the Facility in furtherance of the mission of LSUHSC-NO and Foundation, all in accordance with this Agreement. Provident’s principal roles in the Project will be as owner of the Facility and borrower under the Financing.

b. Board of Directors. The management of the business and affairs of Provident shall be vested in a Board of Directors (“**Board of Directors**”) which shall consist of up to seven (7) individuals (“**Directors**”) to be appointed by the Governing Board of PRG. The Board of Directors shall include: two (2) Directors selected from a list of candidates submitted by LSUHSC-NO; and one (1) Director selected from a list of candidates submitted by Foundation, each of which has demonstrated a high level of experience and competence in the area of university housing and governance of higher education institutions, and/or community involvement in the New Orleans community (“**LSU Representatives**”). LSUHSC-NO and Foundation agree to submit a list of candidates for these positions upon request of PRG. PRG shall not unreasonably withhold, delay or condition the appointment of the recommended LSU Representatives. The remaining four (4) Directors should have competency in university housing or similar facilities and shall be appointed at the discretion of PRG and may include board members and/or officers of PRG or other members from the New Orleans Community. Specific provisions relating to the terms, duties, responsibilities, meetings and actions of the Board of Directors shall be addressed in the By-laws of Provident, a copy of which shall be provided to LSUHSC-NO and Foundation, including without limitation, the requirement that the Board of

Directors approve the annual operating and capital budgets for the Facility and any material revisions to the annual operating and capital budgets for the Facility that may be submitted to the Board of Directors by the Operations Committee, provided such approval in either case includes the affirmative vote by at least one LSU Representative, such approval not to be unreasonably withheld, delayed or conditioned.

2. Donation of Land; Ground Lease; Compensation.

a. Commensurate with the closing of the Financing, Provident will acquire the Land with proceeds from the Financing and donate the Land to Foundation (the “**Donation**”), subject to approval of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College for “acceptable University purpose.” Prior to donation, Provident will provide good and merchantable title to the Land and will obtain and provide a Phase 1 environmental survey, both of which must be acceptable to LSUHSC-NO and the Foundation. Upon execution of this Agreement, the Parties agree to work in good faith and use their respective best efforts to negotiate and enter into definitive documents to carry out the Donation with customary terms and conditions for a transaction such as this.

b. Immediately after consummation of the Donation, Foundation, as lessor, will enter into a long-term ground lease of the Land to Provident, as lessee (the “**Ground Lease**”). Upon execution of this Agreement, the Foundation, and Provident agree to work in good faith and use their respective best efforts to negotiate a Ground Lease with terms consistent with this Agreement as well as additional customary terms and conditions for a transaction such as this, including the following:

- i. Provident will assume responsibility for developing, designing, financing, constructing, owning, managing and operating the Project on terms acceptable to LSUHSC-NO and Foundation.
- ii. The term of the Ground Lease shall be for a term consistent with the term of the Financing, not to exceed forty (40) years without the prior written approval of Foundation, and the Ground Lease shall terminate at the earlier of: (1) forty (40) years, or (2) when the Financing has been paid in full, or (3) the termination of this Agreement as provided in Section 8.
- iii. Upon termination of the Ground Lease and satisfaction of all obligations of Provident under the Financing, the title to the Facility shall automatically transfer to and be the property of the Foundation and Provident will execute any and all documents to effectuate the transfer.

c. Royalty Payments to LSUHSC-NO and Rental Payments to Foundation. In consideration of the respective promises and covenants made by LSUHSC-NO pursuant to the Trademark License Agreement, hereinafter defined, to be separately negotiated and entered into with Provident, and in consideration of the obligations of Foundation under the Ground Lease, as applicable, Provident shall make the following royalty payments to LSUHSC-NO and rental payments to Foundation commencing 180 days after the end of each calendar year beginning the first full calendar year following the year substantial completion of the Facility is obtained:

i. To LSUHSC-NO, an amount equal to eighty percent (80%) of the net available annual surplus cash flow from the Facility as an annual licensing royalty payment (“**Cash Flow Payment**”), but in no event will the annual Cash Flow Payment to LSUHSC-NO: (i) be less than TWO HUNDRED THOUSAND (\$200,000) DOLLARS, which amount shall increase each year by an annual escalator of one and one half (1.5%) percent (the annually increasing amount shall be referred to herein as, the “**Annual Minimum**”) or (ii) exceed an amount equal to one hundred percent (100%) of the annual escalating debt service on the \$15,166,227 Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Revenue Refunding Bonds, including unamortized bond interest (Louisiana State University Health Sciences Center Project), Series 2013 (the “**LSUHSC-NO Bonds**”), with any Cash Flow Payment in excess of such amount reverting to Foundation as a “**Supplemental Payment**”, until such time as the debt on the LSUHSC-NO Bonds is paid in full. Following payment in full of the LSUHSC-NO Bonds, the greater of: the Annual Minimum (as such amount has increased annually to that point) or (ii) fifty percent (50%) of the net available annual surplus cash flow from the Facility shall be paid to LSUHSC-NO as the Annual Cash Flow Payment.

ii. To Foundation, subject to the Annual Minimum, an amount equal to the remaining twenty percent (20%) of the net available annual surplus cash flow from the Facility as a ground lease rental payment under the Ground Lease plus the Supplemental Payment, if applicable, until such time as the LSUHSC-NO Bonds are paid-in-full, and thereafter fifty percent (50%) of the net available annual surplus cash flow from the Facility shall be paid to Foundation as a ground lease payment.

iii. The calculation and payment of net available annual surplus cash flow from the Facility shall be determined in accordance with the Bond Documents and as approved by the Parties, with the general intent and understanding being that net available annual surplus cash flow means, for each annual period, the excess of gross revenues derived from the operation of the Facility over the sum of (i) all reasonable and customary expenses related to the Facility, (ii) debt service and administrative expenses on the Bonds, and (iii) reasonable and customary reserves.

iv. The Trust Indenture shall establish a fund designated as the “Surplus Fund” to hold all amounts consisting of net available annual surplus cash flow. Failure to pay the Annual Minimum due to insufficient funds being available in the Surplus Fund to make such payment or any portion thereof shall not be deemed a breach or default of this Agreement or the Trademark License Agreement, provided that any amount unpaid shall accrue and continue to be payable subject to the availability of funds in the Surplus Fund.

3. Development and Construction of the Facility.

a. Development of the Property. Provident agrees to design, acquire, construct, furnish, and equip the Facility to provide affordable, high quality, housing only for Eligible Tenants consistent with the Plans and Specifications (defined below). For purposes of this Agreement, “**Eligible Tenants**” means, in order of priority, students registered in a professional academic health program at LSUHSC-NO; regular full-time and part-time faculty and staff of LSUHSC-NO, visiting faculty serving at LSUHSC-NO on a temporary basis; persons

participating in any LSUHSC-NO sponsored activity or program; and lastly, but only to the extent Facility beds are available, first, to physicians, medical residents and staff of University Medical Center, and second to full-time students attending other accredited public institutions of higher education within the City of New Orleans. Any use of the Facility by persons other than Eligible Tenants is subject to the prior written approval of Provident and the Operations Committee, hereinafter defined, and the receipt by Provident of an opinion of Bond Counsel (as defined in the Bond Documents) that such use will not adversely affect the tax-exempt status of the Financing.

b. Development Parties. Provident will use best practices to select and engage the services of a developer ("Developer") pursuant to a Development Agreement (the "**Development Agreement**") to oversee and supervise the design, development, construction and completion of the Facility in accordance with detailed building plans and specifications as approved by Provident, LSUHSC-NO and Foundation ("**Plans and Specifications**"). LSUHSC-NO will have no responsibility or liability with regard to plans or specifications. Pursuant to the Development Agreement, the Developer will engage Architects to design the Facility and a General Contractor to construct, furnish and equip the Facility in accordance with the Plans and Specifications (the "**General Contractor**"). Prior to the closing of the Financing, Provident will cause the Developer to perform certain customary due diligence activities, including a student housing market analysis, environmental site analysis, title and survey reports, and financial feasibility analysis. Provident will share any such reports with LSUHSC-NO and Foundation. Pre-development costs and expenses shall be paid by the Developer and reimbursed from the proceeds of the Financing. Neither Provident, LSUHSC-NO nor Foundation shall have any personal liability for the payment of pre-development costs and expenses.

c. University and Foundation Participation. LSUHSC-NO and Foundation shall have the right to review and approve the final Plans and Specifications and to have a representative present at weekly, or other periodic progress meetings of the Developer and General Contractor. Provident shall inform LSUHSC-NO and Foundation of any modifications to the Plans and Specifications that will materially affect the design of the Facility or any major building components of the Facility, and any such modifications shall be subject to the prior written approval of each of LSUHSC-NO and the Foundation

4. Operation and Management of the Facility.

a. Student Housing Facility. Provident agrees to operate and maintain the Facility for the exclusive use and benefit of the Eligible Tenants. The Facility shall be operated consistent with standards adopted and published from time-to-time by Provident and approved by LSUHSC-NO and Foundation.

b. Facility Manager. Provident agrees to engage the Developer and Provident Resources Management LLC, a wholly owned subsidiary of PRG, as the initial property managers (collectively referred to as the "**Manager**") to undertake and be responsible for the management and operational activities of the Facility pursuant to the terms and conditions of a written management agreement subject to the prior written approval of LSUHSC-NO and Foundation (the "**Management Agreement**"). The Management Agreement shall require the Manager to operate and maintain the Facility in accordance with the terms of this Agreement and

in accordance with the standards adopted and published from time-to-time by Provident and approved by LSUHSC-NO and Foundation. Provident agrees that it will give prior written notice to LSUHSC-NO and Foundation in the event the appointment of any replacement or substitution of the Manager is deemed necessary by Provident or is otherwise required under the terms of the Bond Documents, and any such replacement or substitution shall be subject to the prior written consent of each of LSUHSC-NO and Foundation. Such contract shall comply with IRS Regulations with respect to qualified management agreements relating to tax exempt bond financed facilities.

c. Project Operations Committee. In addition to the oversight provided by the Board of Directors, Provident shall cause to be established a project operations committee (the “**Operations Committee**”) to provide advice and consultation to Provident and the Manager with respect to the management and operations of the Facility. Specifically, the Operations Committee shall provide advice and consultation to Provident and the Manager on the setting of rental rates at the Facility and shall participate in the development of annual operating budgets and capital plans for the Facility, and any material revisions thereto, for submission to the Board of Directors for final approval as set forth in Section 1(b). The Operations Committee shall be composed of: (a) two members recommended by LSUHSC-NO, (b) one member recommended by Foundation, and (c) two members recommended by PRG.

5. Facility Identification.

a. Marketing. LSUHSC-NO agrees to provide information concerning the Facility to the same extent that LSUHSC-NO provides information with respect to its own residence halls, as an associated housing option for students, faculty and staff of LSUHSC-NO. In fulfillment of this obligation, LSUHSC-NO will identify the Facility as a residential housing option in any mail-outs, catalogues, informational brochures and other literature that LSUHSC-NO uses to identify student housing options, as well as on its official web site. In addition, LSUHSC-NO will include a web-link to the Facility’s website on its web page. Provident shall cause Manager to advertise the Facility subject to any applicable requirements of the Trademark License Agreement hereinafter defined. LSUHSC-NO also agrees to advise its students of available financial aid provided to students to pay eligible housing expenses in the same manner as LSUHSC-NO does for its own housing.

b. Transportation. LSUHSC-NO agrees to publicize available public transportation options between the Facility and LSUHSC-NO campus for the benefit of the Facility’s Eligible Tenants to the same extent as for its existing student housing facilities.

c. Parking. LSUHSC-NO agrees to enter into a long-term lease, at prevailing market rates, with Provident for parking in support of the Facility. To the extent reasonably available, leased parking will be adjacent or close to the Property. Provident may charge residences of the Facility as necessary and will be responsible for parking management, controlling and issuing related resident permits. LSUHSC-NO agrees to provide Provident with any information related to such parking as may be necessary for Provident to evidence its compliance with any zoning or land use requirements.

d. Use of Name. LSUHSC-NO and Provident agree to the limited non-exclusive use of “Louisiana State University Health Sciences Center New Orleans” or “LSU Health Sciences Center New Orleans” or related LSU Health logo in association with promotional materials, signage and general marketing presence, for the sole purpose of appropriately identifying the Facility’s association with LSUHSC-NO. The exact wording and usage shall be determined through good faith discussions between LSUHSC-NO and Provident and will be limited to those permitted expressly in writing.

e. Data. Provident and LSUHSC-NO agree to cooperate to optimize access by LSUHSC-NO residents of the Facility to networks similarly accessed by LSUHSC-NO residents of facilities located on the campus of LSUHSC-NO.

f. Additional Parcels. Subject to approval by Foundation’s Board of Directors, Foundation will use commercially reasonable efforts to acquire two parcels of property immediately adjacent to the property purchased by Provident in association with the Project. The municipal address of the parcels are 2127 Poydras Street and 2133 Poydras Street and are located at the corner of Poydras Street and South Galvez Street. Provident will enter into a long-term ground lease agreement with Foundation for these two additional parcels in order to amalgamate the properties and to support the development of the Project.

6. Covenants of LSUHSC-NO and Foundation.

a. Acknowledgment. LSUHSC-NO and Foundation acknowledge that each shall directly and substantially benefit from the development, operation and management of the Facility by Provident in accordance with this Agreement, and that the Facility will provide a much needed enhancement to the housing supply available to this segment of LSUHSC-NO student body, as well as further LSUHSC-NO’s educational purposes and objectives. Each of LSUHSC-NO and Foundation respectively agree that it shall exercise all reasonable efforts to uphold and preserve its cooperation with Provident and association with the Facility as described herein, subject to the terms and conditions of this Agreement.

b. Competing Projects. During the Term of this Agreement, neither LSUHSC-NO nor Foundation shall undertake to construct or operate any New Competing Student Housing Facilities until such time as the Facility has achieved and sustained residential occupancy of not less than Ninety-Five Percent (95%) and a debt service coverage ratio of not less than 1.20 to 1.00 for two (2) consecutive years, as verified by an independent auditor acceptable to Provident, LSUHSC-NO and Foundation. **“New Competing Student Housing Facility”** as used herein means new residential student housing the commencement of construction of which occurred subsequent to the closing of the Financing and located within the grid bordered by Claiborne, Galvez, Poydras and Canal Streets and marketed primarily to students of LSUHSC-NO, but excludes housing outside of said grid, including but not limited to LSUHSC-NO’s Dental School campus, and excludes the upkeep, maintenance, and renovation of any LSUHSC-NO residence halls existing as of the Effective Date of this Agreement, regardless of the location.

c. Disclaimer of Endorsement. Nothing contained in this Agreement authorizes Provident or PRG to represent in any oral or written form or in any communication medium that any of products or services of Provident or PRG have been endorsed, selected or approved by

LSU or LSUHSC-NO, or any officer, employee or agent of LSU, or LSUHSC-NO and Provident and PRG are hereby specifically prohibited from doing so without the prior written consent of LSU. Any permission granted hereunder to use any name or other mark of LSU or LSUHSC-NO does not expressly, or by implication, connote that LSU or LSUHSC-NO, or any officer, employee or agent of LSU or LSUHSC-NO has made any inquiry to ascertain, by use of standards or other criteria, the relative merits of any Provident or PRG products or services in comparison with competitive products or services.

7. Covenants of Provident.

a. Financing of the Facility. Provident intends to obtain permanent financing required for acquiring the Land and paying the costs associated with the design, acquisition, development, construction, furnishing and equipping of the Facility, including reimbursement of pre-development costs and expenses and the costs of obtaining such financing, through the issuance of the Financing. The proceeds of the Financing shall be used solely to pay for the costs of the Project and to pay for such other costs and the establishment of such reserve funds as may be contemplated under the Bond Documents and the costs of issuance of the Financing. The documents evidencing the Financing shall contain provisions for reserve accounts to be set up to fund capital improvements, repairs and maintenance of the Facility and the replacement of furniture and furnishings used in the operation of the Facility.

b. No University Liability for Financing. None of LSUHSC-NO, Foundation or any of their affiliated entities shall have any obligation with respect to the payment of the Financing. The Trust Indenture and other Bond Documents shall provide for no recourse for the payment of the principal of, or premium, if any, or the interest on, the Financing, or for any claim based thereon or any agreement supplemental or collateral thereto, against LSUHSC-NO or Foundation, any affiliated entity, or any trustee, member, director, officer or employee, past, present or future, thereof, or of any predecessor or successor corporation.

c. Transfer of Legal Ownership of the Property. Upon termination of the Ground Lease, the Facility shall be transferred to and be owned by Foundation, and Provident shall confirm and ratify that all right, title, and interest in and to the Facility has been conveyed from Provident to Foundation or at Foundation's option, subject to approval of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, to another similarly situated charitable organization or entity exempt from the payment of federal income tax under Section 501(a) of the Code, as an entity organized under Section 501(c)(3) of the Code, organized and operated exclusively for charitable, educational, or scientific purposes, selected or designated by Foundation (a **"Designated Transferee"**). Nevertheless, if Provident fails to execute the above act of transfer, Foundation or its Designated Transferee, as applicable, shall be the sole and absolute owner of the Property, free of any right, title, interest or estate of Provident, without the execution of any further instrument and without payment of any money or other consideration therefor.

d. Insurance. Provident shall deliver to LSUHSC-NO and Foundation certificates evidencing Provident's insurance, or those providing insurance on behalf of Provident, each with limits of liability as currently maintained by Provident in accordance with the requirements of the Bond Documents and naming LSUHSC-NO and Foundation as additional insureds. Said

insurance coverage shall include but not be limited to extended property damage insurance for not less than full replacement value of the cost of the Facility, Commercial General Liability with limits of no less than \$1 million each occurrence, \$2 million general aggregate, and Umbrella Liability with limits of no less than \$10 million, which insurance shall state that it is the primary insurance carried by any other party.

8. Term.

The term of this Agreement (the “**Term**”) shall commence on the Effective Date and continue until and terminate upon the earlier of: (a) issuance of a written notice of termination by any Party if the Financing has not been consummated by the two (2) year anniversary of the Effective Date; or (b) the date the Property has been conveyed to Foundation or a Designated Transferee pursuant to Section 7 above, provided however, that notwithstanding anything to the contrary set forth herein, LSUHSC-NO at its sole option, may terminate this Agreement when the Project Bonds have been paid in full or when the Project Financing has been paid in full.

9. Notices.

All notices and other communications required hereunder shall be in writing. Each such written communication shall be deemed to have been received: (i) upon personal delivery; (ii) on the second business day after its deposit for overnight delivery with a recognized overnight delivery service; (iii) if mailed, three (3) business days after such mailing, or upon actual receipt if sent by registered or certified or U.S. Express mail, with return receipt requested, addressed to the other Party’s address below, with a copy sent by email:

a. If to **Provident to:**

Provident Resources Group Inc.
5565 Bankers Avenue
Baton Rouge, LA 70808
Attn: President/Chief Executive Officer

If to **LSU Board or LSUHSC-NO to:**

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College
Louisiana State University
3810 West Lakeshore Drive
Baton Rouge, LA 70808
Email: _____
Attn: F. King Alexander, President

With a copy to:

LSU Health Sciences Center New Orleans
433 Bolivar Street
New Orleans, LA 70112
Email: jharman@lsuhsc.edu
Attn: John Harman, Vice Chancellor

b. If to **Foundation to:**

LSU Health Foundation, New Orleans
2000 Tulane Avenue, Fourth Floor
New Orleans, LA 70112
Email: _____
Attn: Matthew Altier President/Chief Executive Officer

With a copy to:

Email: _____
Attn: _____

10. Trademarks.

Provident acknowledges that the names, logos, service marks, trademarks and trade names, whether or not registered, owned by or licensed to LSUHSC-NO (collectively the “**University Marks**”) are proprietary to LSUHSC-NO, and Provident, PRG and the Manager shall not use University Marks for any purpose except as expressly permitted in writing by LSUHSC-NO and pursuant to a Trademark License Agreement (herein “Trademark License Agreement”) to be entered into among LSUHSC-NO, and Provident. LSUHSC-NO acknowledges that the names, logos, service marks, trademarks and trade names, whether or not registered, owned by or licensed to Provident or PRG (collectively the “**Provident Marks**”) are proprietary to Provident or PRG, as applicable, and LSUHSC-NO shall not use the Provident Marks for any purpose except as expressly permitted in writing by Provident or PRG, as applicable.

11. Relationship of Parties.

Nothing herein shall be construed to characterize either Party as a partner, agent, affiliate, or joint venturer of the other.

12. Preservation of Tax Exemption.

No Party shall take any action with respect to the Property, and this Agreement shall not be construed nor amended, in either case in a manner that would adversely affect the tax-exempt status of Provident, PRG, or the Bonds or that would otherwise result in a breach of any representation, condition or covenant of Provident or PRG, as applicable, as set forth in the Bond Documents.

13. Specific Performance.

The Parties and Provident recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any Party who may be injured (in addition to any other remedies which may be available to that Party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach or (ii) compelling

the performance of any obligation which, if not performed, would constitute a breach. Notwithstanding anything in this Agreement to the contrary, no Party shall have the right to terminate this Agreement, except as expressly provided in Section 8 above.

14. Indemnification and Hold Harmless.

Provident agrees to protect, defend, indemnify, save, and hold harmless, the State of Louisiana, all State Departments, Agencies, Boards and Commissions, its officers, agents, servants, employees, and volunteers, from and against any and all claims, damages, expenses, and liability arising out of injury or death to any person or the damage, loss or destruction of any property which may occur, or in any way grow out of, any act or omission of Provident, its agents, servants, and employees, or any and all costs, expenses and/or attorney fees incurred by Provident as a result of any claims, demands, suits or causes of action, except those claims, demands, suits, or causes of action arising out of the negligence of the State of Louisiana, all State Departments, Agencies, Boards, Commissions, its officers, agents, servants, employees and volunteers.

Provident agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands, suits, or causes of action at its sole expense and agrees to bear all other costs and expenses related thereto, even if the claims, demands, suits, or causes of action are groundless, false or fraudulent.

Provided however, that Contractor and LSU may amend this provision if in the future Contractor provides appropriate and sufficient protection for LSU and acceptable to LSU by other means, persons, or assets.

15. University Liability.

Notwithstanding anything contained herein or in any agreement executed and delivered in connection with the issuance of the Bonds, neither LSUHSC-NO nor Foundation will have any obligation with respect to the payment of the Bonds or the Financing. None of Provident, PRG, the Managers, the owners of the Bonds, nor the Trustee, on behalf of the owners of the Bonds, will have any recourse against any revenues or other assets of the LSUHSC-NO or Foundation or against the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the members of said LSU Board of Supervisors, or any officers, employees and/or agents of any of the above, and of LSUHSC-NO's request, Provident shall cause Manager to acknowledge same.

16. Assignment.

No party may transfer, assign, pledge or hypothecate this Agreement or its rights, duties and obligations under this Agreement without the prior written approval of all other Parties,. Any transfer, assignment, or pledge made in violation of the foregoing shall be null and void. Subject

to the foregoing, this Agreement shall be binding upon the Parties and their permitted successors and assigns.

17. Headings.

The headings used in this Agreement are for convenience only and are not to be considered in connection with the interpretation or construction of this Agreement.

18. Severability.

If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstance other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

19. Approvals.

For any item or action requiring the consent or approval of a Party under this Agreement, each Party agrees that it will not unreasonably withhold, delay or condition such approval or consent. Any such consent or approval shall be in writing, signed manually or electronically by the party giving such consent or approval.

20. Governing Law; Venue.

This Agreement shall be governed by and construed, enforced and interpreted in accordance with the laws of the State of Louisiana. Any legal suit, action or proceeding against the Parties arising out of or relating to this Agreement shall be instituted in the state or federal courts located in Baton Rouge, Louisiana and each Party waives any objections which it may now or hereafter have based on venue and/or forum non conveniens of any such suit, action or proceeding, and the Parties hereby irrevocably submit to the exclusive jurisdiction of such court in any suit, action or proceeding.

21. Exculpation.

The officers, directors, members, managers, shareholders, governors, trustees and employees of each of Provident, LSU Board of Supervisors and Agricultural and Mechanical College, LSUHSC-NO Foundation, as applicable, shall have no personal liability for the performance of any of such respective Party's obligations contained in this Agreement.

22. Counterparts.

This Agreement may be executed on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

23. Right to Audit.

The books, accounts and records of Provident, which pertain directly to this Agreement and operations of the Facilities shall be maintained at the principal office of Provident. LSUHSC-NO may at its option and at its own expense during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of Provident to the extent necessary to verify compliance with this Agreement or insofar as said books, bank accounts, records and accounts directly relate to Provident's performance of its obligations under this Agreement and/or to verify the correctness of the royalty amounts payable to LSUHSC-NO and to Foundation, to verify the net available annual surplus cash flow. Audits may be made on either a continuous or periodic basis or both and may be conducted by employees of LSUHSC-NO, by independent auditors retained by LSUHSC-NO to conduct such audit, or by the Louisiana Legislative Auditor, but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs of Provident.

24. LSUHSC-NO Outstanding Bonds.

The Parties hereto recognize that the LSUHSC-NO Bonds are outstanding as of the Effective Date of this Agreement and that nothing in this Agreement is intended to violate LSUHSC-NO's bond covenants or other obligations related to such LSUHSC-NO Bonds.

[Remainder of page intentionally left blank.]

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have each caused this Joint Agreement to be duly executed on its behalf and delivered to the other Parties as of the Effective Date.

**[PROVIDENT GROUP – HSC PROPERTIES
INC.]**

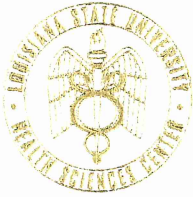
By: _____
Name: Steve E. Hicks
Title: Chief Executive Officer

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

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

**LSU HEALTH FOUNDATION, NEW
ORLEANS**

By: _____
Name: Matthew Altier
Title: President and Chief Executive Officer



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

June 6, 2018

Dr. F. King Alexander
LSU President
3810 West Lakeshore Drive
Baton Rouge, LA 70808

RE: Request from LSU Health Sciences Center-New Orleans to Approve a Joint Agreement to develop residential housing with Provident Group-HSC Properties, Inc. and LSU Health Foundation-New Orleans and Approval of Acceptable University Purpose

LSU Health Sciences Center- New Orleans is requesting approval from the Board of Supervisors to enter into a Joint Agreement to develop residential housing with Provident Group- HSC Properties, Inc. and LSU Health Foundation- NO and approval of Acceptable University Purpose for LSU Health Foundation- NO.

It is requested that the resolution and the accompanying documents be forwarded to the Board of Supervisors for placement on their June 29, 2018 meeting agenda.

Please do not hesitate to contact me should you require any additional information.

Sincerely,

A handwritten signature in blue ink that reads "Larry Hollier, M.D.".

Larry, Hollier, M.D.
Chancellor



**Request from LSU Health Sciences Center-New Orleans
to Revise Prior Approval of a Joint Agreement to Develop
Residential Housing with Provident Group-HSC
Properties, Inc. and LSU Health Foundation-New Orleans
and Determination of Acceptable University Purpose**

To: Members of the Board of Supervisors

Date: February 27, 2019

This matter is a significant board matter pursuant to the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (Board) Bylaws Art. VII, Section 1:

- A. General Rule.** Any matter having a significant or long term impact, directly or indirectly, on the finances or the academic, educational, research, and service missions of the University or any of its campuses; and

Under the Uniform Affiliation Agreement between the Board and its affiliate, the LSU Health Foundation (Foundation), Article 6, Disbursements and Other Transactions:

6.3 In light of the purpose of the Affiliate to be in support of the University, and University's responsibility to determine if a significant transactions of the Affiliate affecting or potentially affecting it are in support of University... require a determination of acceptable University purpose by the Board of Supervisors (unless delegated to the President).

LSU Health Science Center-New Orleans (LSUHSCNO) seeks approval to remove LSUHSC-NO as a party to the Joint Agreement previously approved by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College in its June 2018 meeting.

1. Summary of the Matter

On June 29, 2018, LSUHSCNO presented the attached Board Resolution and supporting documents to the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (Board) for consideration and approval. The essence of the Resolution was to request approval for Board to enter into a Joint Agreement along with LSU Health Foundation (Foundation) and Provident Group-HSC Properties related to building new student housing adjacent to the downtown LSUHSC-NO campus. The Board approved the resolution.

Since June, the parties have continued to work in finalizing the elements of the Joint Agreement. Due to changing market conditions including cost of capital, materials, labor and some difficulty in acquiring property, the parties recognize that the scope of the project requires some revision to remain financially viable. In speaking with the President of the Foundation, the size and scope of the project is being reduced from 900 beds to 600 beds. This reduction in scope will allow the developer to keep student room rates competitive and work within the capital constraints, thus insuring the financial viability of the project. We have received a revised project financial proforma reflecting these changes.

To further reduce operational costs, the Foundation has agreed to purchase a lot for non-LSU student, faculty and staff parking and pursue the usage of the Foundation logo. As a result of these proposed changes, LSUHSCNO does not need to have a role in the partnership and wishes to revise the draft Joint Agreement to withdraw LSUHSCNO as a partner, leaving only two partners, the Foundation and Provident Group-HSC Properties.

Under this approach LSUHSCNO would not receive the projected \$250,000-\$300,000 in parking lease revenues or the 50-80% of annual net annual surplus cash-flow for Trademark licensing fees

estimated to be between \$600,000 and \$1.6 million under the original model.

LSUHSCNO has pledged its annual gross Auxiliary Enterprise revenues, which in FY 2017-18 totaled more than \$8 million (\$2.1 million from student housing fees), in support of the Series 2013 Revenue Bonds set to be retired in 2031. The LSUHSCNO has no other outstanding bonds and the balance of the Series 2013 Revenue Bonds as of June 30, 2018, was \$12.1 million. Since the bonds were refunded in 2013, LSUHSC-NO total revenues have grown by 38.3 percent to \$612 million in FY 2017-18.

The Foundation will receive revenue over the term of the developer's financing during the 30 year term (Term) from surplus cash flow and will receive the building as a donation at the end of the Term. The Foundation projects \$106 million in revenue during the 30 year Term and will receive the building with a projected value of \$100 million at the end of 30 years.

As part of the due diligence, LSUHSCNO sought the opinion of bond counsel Stokes McConnell of Breazeale, Sachse & Wilson, LLP, regarding whether the revised student housing model would be deemed a violation of the existing bond covenants pertaining to the LSUHSCNO outstanding Series 2013 Revenue Bonds. Mr. McConnell has provided a written opinion (attached) that these changes as described in the letter to him, and contingent upon conditions outlined in the opinion, will not result in a violation of the covenants and agreements as set forth in the Bond Resolution.

In view of this, we are requesting approval to move forward with the revised approach whereby only LSU Health Foundation and Provident Group-HSC Properties will enter into a revised Agreement to build and operate the student housing project adjacent to campus. The LSU Board of Supervisors will not be a party to the new Agreement.

2. Review of Business Plan

Not applicable

3. Fiscal Impact

Under this approach LSUHSC-NO would not receive the projected \$250,000-\$300,000 in parking lease revenues or the 50-80% of annual net annual surplus cash-flow for Trademark licensing fees estimated to be between \$600,000 and \$1.6 million under the original model.

LSUHSC-NO has pledged its annual gross Auxiliary Enterprise revenues, which in FY 2017-18 totaled more than \$8 million (\$2.1 million from student housing fees), in support of the Series 2013 Revenue Bonds set to be retired in 2031. The LSUHSC-NO has no other outstanding bonds and the balance of the Series 2013 Revenue Bonds as of June 30, 2018, was \$12.1 million. Since the bonds were refunded in 2013, LSUHSC-NO total revenues have grown by 38.3 percent to \$612 million in FY 2017-18.

4. Description of Competitive Process

Not applicable.

5. Review of Legal Documents

Not applicable

6. Parties of Interest

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, LSU Health Foundation, New Orleans, Provident Resources Group, Inc. and Provident Group- HSC Properties, Inc.

7. Related Transactions

None.

8. Conflicts of Interest

None known.

ATTACHMENTS

- I. Board Resolution of June 29, 2018
- II. Opinion of bond counsel Stokes McConnell of Breazeale, Sachse & Wilson, LLP
- III. Letter from Chancellor Larry Hollier, MD

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize removal of the LSU Health Sciences Center – New Orleans from the previously approved Joint Agreement among the Board of Supervisors of LSU, LSU Health Foundation New Orleans, and Provident Group- HSC Properties, Inc.



**Request from LSU Health Sciences Center-New Orleans
to Approve a Joint Agreement to develop residential
housing with Provident Group-HSC Properties, Inc. and
LSU Health Foundation-New Orleans and Approval of
Acceptable University Purpose**

To: Members of the Board of Supervisors

Date: June 29, 2018

This matter is a significant board matter pursuant to the Board's Bylaws Art. VII, Section 9:

A.1 General Rule. Any matter having a significant or long term impact, directly or indirectly, on the finances or the academic, educational, research, and service missions of the University or any of its campuses.

LSU Health Science Center-New Orleans seeks the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approval for the Joint Agreement.

In addition, in accordance with Section 6.3 of the Uniform Affiliation Agreement between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Board and the LSU Health Foundation, New Orleans Foundation, this matter is presented to the Board to determine if the proposal by the Foundation to enter into the Joint Agreement and to accept an onerous donation of land from Provident Group- HSC Properties, Inc. constitute an Acceptable University Purpose.

1. Summary of the Matter

LSUHSC-NO has two residence halls, each constructed more than fifty years ago. Periodic renovations have been completed through the years, but due to the overall design and advanced age of these facilities, further renovations are not cost-effective. While students prefer housing on or adjacent to campus for convenience, increasingly they are opting for modern off-campus solutions. Competitive campus-based student housing is essential to a vibrant and engaging academic community and enriches the student experience.

The prospect for receiving capital outlay for new resident housing through the conventional state process is dismal and in recent years higher education institutions have gone away from conventional bond financing and have turned to private-public affiliations to provide convenient and affordable housing for students. This approach eliminates the need for institutions to incur debt in order to provide modern competitive student housing on or adjacent to campus.

The LSU Health Sciences Center-New Orleans (LSUHSC-NO) was approached by Provident Resources Group, Inc. ("PRG") with a proposal that PRG would create a non-profit Louisiana corporation named Provident Group- HSC Properties, Inc. (Provident), whose only member would be PRG. Provident would purchase property proximate to the Health Sciences Center-New Orleans Campus (see Attachment I) and through an interested developer will construct enhanced housing on the property consisting of a 900-bed residential living-learning community and related amenities (the "Facility") that would be available for students registered in a professional academic health program at LSUHSC-NO, regular, full time and part time faculty and staff of LSUHSC-NO, visiting faculty serving at LSUHSC-NO on a temporary basis, persons participating in any LSUHSC-NO sponsored activity or program, and, to the extent beds are available after giving first choice to the above individuals, to physicians, medical residents and the staff of University Medical Center and to full time students attending other accredited public institutions of higher education within the City of New Orleans. These resident standards will sustain a

professional and educational campus environment. Provident expects to finance the acquisition of the land and the development and construction of the Facility through the issuance of tax-exempt bonds.

It is anticipated that the Foundation would directly purchase two smaller parcels (see Attachment II) needed by Provident for the project. Provident intends to purchase the bulk of the property needed for the construction, donate the property at closing to the Foundation, and then lease from the Foundation the donated property and the two parcels that the Foundation itself acquires for the construction of the Facility. The Foundation plans to finance its acquisition of those two smaller parcels and to utilize rental from Provident of those two parcels to satisfy the Foundation's debt service. In addition, Provident has asked for a license from LSUHSC-NO for a limited non-exclusive use of LSUHSC-NO's name, marks and logo in conjunction with the promotion of the new residential facility and will also enter into a long term lease for parking (between 400 and 500 spaces) with LSUHSC-NO (see Attachment III).

The Foundation is an "Affiliate" of the LSU Board of Supervisors, pursuant to the terms and conditions of the Uniform Affiliation Agreement dated July 1, 2009 between the Foundation and the LSU Board of Supervisors, which describes the Affiliate's purpose and status including the Foundation's obligation to support one or more programs, facilities, research or educational opportunities offered by LSUHSC-NO. Pursuant to the Uniform Affiliation Agreement, Chancellor Hollier recommends approval to the LSU Board based on his determination that LSUHSC-NO would benefit from the development of enhanced housing proximate to the University and from the involvement of the Foundation as a party to that transaction. Furthermore, upon the conclusion of the payment of the debt incurred by Provident, the facility constructed by Provident on the land would become owned by the Foundation. Prior to closing, the Foundation will have purchased the two additional smaller parcels at an estimated combined cost of \$450,000. The Foundation will become the owner of the land donated to it by Provident (estimated value between \$2.0-2.5 million) at the initial closing of Provident's financing, Foundation will then lease all of the parcels back to Provident and Provident will construct the housing facility on the leased land. The plan envisions that the housing will be constructed on property bounded by Johnson Street, Perdido Street, Poydras Street, and Galvez Street in New Orleans, Louisiana. This property is adjacent to the Health Sciences Center- New Orleans Campus. LSUHSC agrees not to build new competing housing on the main campus bounded by Claiborne, Galvez, Poydras and Canal Streets (see Attachment IV). This restriction however excludes the portion of campus east of Claiborne and the Dental School campus.

On June 26, 2017, the Board of Directors of the Foundation approved the participation of the Foundation in this project subject to the approval of the LSU Board of Supervisors.

2. Review of Business Plan

It is proposed that Provident, the Foundation and the LSU Board of Supervisors enter into the Joint Agreement. The Joint Agreement will provide that LSU would receive an annual licensing royalty payment for the limited non-exclusive use of LSUHSC-NO's name, marks and logo in connection with the promotion of the residential housing. LSU would receive 80% of the net available annual surplus cash flow from the housing facility up to the amount each year currently due on the University's previously issued and outstanding bonds. In 2000, the LSU Board of Supervisors issued auxiliary revenue bonds in the amount of \$15,910,000 for the benefit of LSUHSC-NO. Those bonds were refunded in 2013, and the outstanding balance, including unamortized interest, is \$15.2 million as of June 30, 2018 (see Attachment V). The proceeds from the 2000 issuance were used to construct/renovate housing on the Campus of LSUHSC-NO. Once the bonds are retired, LSUHSC-NO will receive 50% of the net available annual surplus thereafter. Under no circumstance will LSUHSC-NO be paid less than \$200,000 in any one year. The Foundation's portion is paid to Foundation as rent for the parcels of land owned by the Foundation including the land donated to the Foundation by Provident at closing.

LSUHSC-NO will continue to operate its existing student housing facilities. It is anticipated that a number of students in these facilities will transfer to the new housing, but it is expected that a greater

number will relocate from various off-campus locations to the new residence hall. The revenues from existing LSUHSC-NO student housing along with all additional auxiliary revenues are pledged to the debt service on the LSU Board's bonds. Auxiliary revenues totaled \$9.4 million in FY 2016-17. The annual debt service is \$1.17 million per year and will be retired in 2031.

Project construction would begin in the fall of 2018 and would require about 18 months to complete. Total development costs are estimated at \$115 million (see Attachment VI).

3. Fiscal Impact

LSUHSC-NO will receive net cash flows as royalty payments from the Joint Agreement related to its share of the annual operating surplus as well as from a long-term Lease Agreement with Provident for parking related to the facility as referenced above. Table-1 below shows new revenue projections over the first six years of the project based on the Project Financial Proforma (see Attachment VII).

Projected New Revenue from Joint Agreement and other Supporting Agreements						
	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
Parking	\$ 250,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00
Trademark Licensing Fee	593,448.80	781,053.60	974,286.40	1,173,316.00	1,378,316.00	1,589,466.40
Projected Cash Flow	\$ 843,448.80	\$ 1,081,053.60	\$ 1,274,286.40	\$ 1,473,316.00	\$ 1,678,316.00	\$ 1,889,466.40

Revenues to LSUHSC-NO from the Parking Lease Agreement are expected to range between \$250,000 and \$300,000 annually, based on an estimated prevailing local monthly market rate of \$50 per space and the need for up to 500 spaces.

Existing LSUHSC-NO student housing generates just over \$2 million in revenue annually and covers operating and allocated overhead expenses. Table-2 below shows the trend in revenue and expenditures during the past four years.

		Existing Student Housing Financial Summary			
		Estimated			
Facility		<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>FY 2014-15</u>
Staislaus/Residence Hall	Revenue	\$ 2,191,152	\$ 2,132,219	\$ 2,249,234	\$ 2,044,132
Staislaus/Residence Hall	Expenses	2,127,878	1,997,770	2,144,939	1,926,786
Net Income		\$ 63,274	\$ 134,449	\$ 104,295	\$ 117,346

LSUHSC-NO student housing has averaged 70% occupancy in recent years, see Table-3 below. On average monthly rental costs for a one bed unfurnished unit are just over \$700, while the proposed student housing will average \$1060 for a one bed unit, but will feature upgraded and modern accommodations. Multi-bed units have similar prorated pricing structures.

Table - 3**Existing Student Housing Capacity vs. Occupancy**

Facility	Units	Rented	Rented	Rented	Rented
		FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Dorm Rooms (Stanislaus)	154	79	89	106	96
Dorm Rooms (Res Hall)	37	33	31	30	28
1 Bedroom Apt (Res Hall)	64	62	62	60	55
2 Bedroom Apt (Res Hall)	88	68	69	66	63
3 Bedroom Apt (Res Hall)	14	9	12	9	8
Total	357	251	263	271	250
Occupancy		70%	74%	76%	70%

While LSUHSC-NO stands to lose some revenue from existing students who decide to transfer to the newer student housing project, the additional revenue from trademark licensing and the parking lease are anticipated to offset any net loss in cash-flows. Bond counsel has affirmed his opinion that LSUHSC-NO will not violate its existing covenants on outstanding bonds by entering into the Joint Agreement (see Attachment VIII).

4. Description of Competitive Process

Not applicable.

5. Review of Legal Documents

A draft of the Joint Agreement is attached hereto, and the final Joint Agreement will be reviewed by the Office of General Counsel prior to execution (see Attachment IX).

6. Parties of Interest

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, LSU Health Foundation, New Orleans, Provident Resources Group, Inc. and Provident Group- HSC Properties, Inc.

7. Related Transactions

None.

8. Conflicts of Interest

None known.

ATTACHMENTS

- I. Property to be Donated- Map
- II. Downtown Housing Location – Map
- III. Proposed Leased Parking
- IV. Campus Map
- V. Bond Debt Service Schedule
- VI. Estimated Development Cost Summary
- VII. Project Financial Proforma
- VIII. Letter from Bond Counsel
- IX. Draft Joint Agreement

X. Letter from Chancellor Larry Hollier, MD

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 Joint Agreement among Board of Supervisors of LSU, LSU Health Foundation, New Orleans and Provident Group- HSC Properties, Inc.

BE IT FURTHER RESOLVED that F. King Alexander, President of Louisiana State University, or his designee, is authorized to execute such other consents, approvals, amendments and agreements as are necessary to effectuate said Joint Agreement and to include in the Joint Agreement and in such other consents, approvals, amendments and agreements those terms and conditions as he deems to be in the best interest of the Board of Supervisors of LSU.

BE IT FURTHER RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, pursuant to the Uniform Affiliation Agreement by and between the LSU Board of Supervisors and the LSU Health Foundation, New Orleans finds an Acceptable University Purpose for the LSU Health Foundation, New Orleans to be party to the Joint Agreement and to accept a donation of immovable property as a part of the overall transaction with Provident Group- HSC Properties, Inc.



C. STOKES MCCONNELL

Partner

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January 16, 2019

Board of Supervisors of Louisiana State University
Agricultural and Mechanical College
204 Thomas Boyd Hall
Baton Rouge, Louisiana 70803

RE: \$12,830,000 Board of Supervisors of Louisiana State University
Agricultural and Mechanical College Revenue Refunding Bonds
(Louisiana State University Health Sciences Center Projects) Series 2013
(the "Series 2013 Bonds")

Ladies and Gentlemen:

We have been requested to render additional advice to the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (the "Board") in connection with the referenced Series 2013 Bonds issued by the Board on September 4, 2013. The Series 2013 Bonds were issued to refund the Board's \$15,910,000 Revenue Bonds (Louisiana Health Sciences Center Projects) Series 2000 (the "Series 2000 Bonds"). The Series 2000 Bonds were issued primarily for the purposes of (a) financing the planning, renovating, constructing of the old Charity Hospital School of Nursing Building for use as a daycare center, wellness center and student dormitory facility and (b) the acquisition of land for use as parking (collectively, the "2000 Project").

Certain terms used herein and not otherwise defined shall have the meanings assigned thereto in our letter of June 18, 2018, addressed to the Board regarding the 2000 Project (attached hereto as **Exhibit A**) and the Bond Resolution, hereinafter defined.

In connection with this matter we have reviewed:

- (i) the General Bond Resolution of the Board adopted January 21, 2000 (the "General Bond Resolution"), as supplemented by the First Supplemental Bond Resolution adopted January 21, 2000 (the "First Supplemental Bond Resolution"), and as further supplemented by the Second Supplemental Bond Resolution adopted July 26, 2013 (the "Second Supplemental Resolution" and, together with

the General Bond Resolution and the First Supplemental Resolution, the "Bond Resolution") pursuant to which the Series 2013 Bonds were issued.

- (ii) a letter dated January 14, 2019, from John A. Harmon, Vice Chancellor for Administration and Finance at LSUHSC-NO (the "Letter") regarding the current terms relating to the construction and operation of the proposed Project, hereinafter defined, and the revised obligations of LSUHSC-NO, the Board and the Foundation, if any, related thereto; and
- (iii) such other documents, instruments and certificates we have deemed necessary for the purpose of this opinion.

The Letter addresses the intention of Provident (or a special purpose affiliate thereof, referred to herein also as "Provident") and the Foundation to pursue enhanced housing near the campus of the University by developing, financing, constructing, furnishing, equipping and operating an approximately six hundred (600) bed residential living-learning community and related amenities on a site to be acquired by Provident (the "Project") without the involvement of LSUHSC-NO. To summarize our understanding of the present proposal, we are advised that the site of the Project is not located on the campus of the University, but is located near the 2000 Project and other facilities located on the campus of the University. It is expected that the University and its students, faculty and staff, as well as the Foundation, will benefit from the development and operation of the Project, which will provide upscale housing and amenities near the University's campus. We are advised that Provident will purchase the site and donate the site to the Foundation, which will then lease the site to Provident under a long-term ground lease. Provident is expected to then develop, design, construct, own, manage and operate the Project with input from the Foundation which will grant Provident the use of name of the Foundation for marketing purposes with respect to the Project and its operation. The Board will be asked to approve the limited role of the Foundation in the Project. The Project is expected to be financed through the issuance of revenue bonds (the "Financing") by or on behalf of Provident, which will be solely responsible for the debt service thereon. We are advised that, upon that termination of the Financing and payment in full of the revenue bonds, title to the Project will revert to the Foundation.

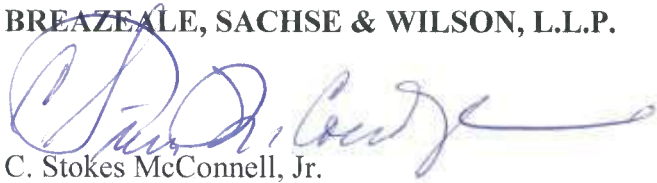
We assume that the agreement between Provident and the Foundation for the development of the Project will continue to provide for, among other terms, (i) input by the Foundation as to the makeup of the board of directors of Provident, (ii) royalty and/or rental payments by Provident to the Foundation, (iii) input and assistance from the Foundation with the development, marketing, operation and management of the Project; (iv) permitting the promotion of the Project to be identified and associated with the Foundation; and (v) the Foundation agreeing not to undertake to construct or operate new competing student housing facilities, until and unless certain occupancy levels and debt service ratios are maintained with respect to the Project within certain designated grids described therein. The Letter advises that LSUHSC-NO will have no obligations with respect to the development, ownership or operation of the Project or the payment of debt service with respect to the Financing.

Based upon our review of the Bond Resolution, the Letter, solely as it exists in the form attached hereto as **Exhibit B**, and the assumptions noted herein, we are of the opinion that the Board's approval of the Foundation's role and obligations with respect to the Project will not result in a violation of the covenants and agreements of LSUHSC-NO set forth in the Bond Resolution.

This opinion is strictly limited to the provisions of the Letter attached hereto and the assumptions set forth hereinabove, and cannot be relied upon with respect to any future material change or revision to the terms of the agreement between Provident and the Foundation with respect to the development, financing, operation and ownership of the Project. No one other than the addressee hereof is entitled to rely on this opinion without our express written consent. This opinion is not offered, and shall not be construed, as a guaranty or warranty.

Respectfully submitted,

BREAZEALE, SACHSE & WILSON, L.L.P.



C. Stokes McConnell, Jr.

CSM,jr:mld
Attachments



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 27, 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 matter is a significant board matter pursuant to the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (Board) Bylaws Art. VII, Section 1:

- A. General Rule.** Any matter having a significant or long term impact, directly or indirectly, on the finances or the academic, educational, research, and service missions of the University or any of its campuses; and

Under the Uniform Affiliation Agreement between the Board and its affiliate, the LSU Health Foundation (Foundation), Article 6, Disbursements and Other Transactions:

6.3 In light of the purpose of the Affiliate to be in support of the University, and University's responsibility to determine if a significant transactions of the Affiliate affecting or potentially affecting it are in support of University... require a determination of acceptable University purpose by the Board of Supervisors (unless delegated to the President).

LSU Health Science Center-New Orleans (LSUHSCNO) seeks approval to remove LSUHSC-NO as a party to the Joint Agreement previously approved by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College in its June 2018 meeting.

On June 29, 2018, LSUHSCNO presented the attached Board Resolution and supporting documents to the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (Board) for consideration and approval. The essence of the Resolution was to request approval for Board to enter into a Joint Agreement along with LSU Health Foundation (Foundation) and Provident Group-HSC Properties related to building new student housing adjacent to the downtown LSUHSC-NO campus. The Board approved the resolution.

Since June, the parties have continued to work in finalizing the elements of the Joint Agreement. Due to changing market conditions including cost of capital, materials, labor and some difficulty in acquiring property, the parties recognize that the scope of the project requires some revision to remain financially viable. In speaking with the President of the Foundation, the size and scope of the project is being reduced from 900 beds to 600 beds. This reduction in scope will allow the developer to keep student room rates competitive and work within the capital constraints, thus insuring the financial viability of the project. We have received a revised project financial proforma reflecting these changes.

To further reduce operational costs, the Foundation has agreed to purchase a lot for non-LSU student, faculty and staff parking and pursue the usage of the Foundation logo. As a result of these proposed changes, LSUHSCNO does not need to have a role in the partnership and I wish to revise the draft Joint Agreement to withdraw LSUHSCNO as a partner, leaving only two partners, the Foundation and Provident Group-HSC Properties.

Under this approach LSUHSCNO would not receive the projected \$250,000-\$300,000 in parking lease revenues or the 50-80% of annual net annual surplus cash-flow for Trademark licensing fees, estimated to be between \$600,000 and \$1.6 million anticipated under the original model.

LSUHSCNO has pledged its annual gross Auxiliary Enterprise revenues, which in FY 2017-18 totaled more than \$8 million (\$2.1 million from student housing fees), in support of the Series 2013 Revenue Bonds set to be retired in 2031. The LSUHSCNO has no other outstanding bonds and the balance of the Series 2013 Revenue Bonds as of June 30, 2018, was \$12.1 million. Since the bonds were refunded in 2013, LSUHSC-NO total revenues have grown by 38.3 percent to \$612 million in FY 2017-18.

The Foundation will receive revenue over the term of the developer's financing during the 30 year term (Term) from surplus cash flow and will receive the building as a donation at the end of the Term. The Foundation projects the receipt of \$106,000,000 in cash revenue during the 30 year Term and a building value of approximately \$100,000,000 at the end of 30 years.

As part of our due diligence, LSUHSCNO sought the opinion of bond counsel Stokes McConnell of Breazeale, Sachse & Wilson, LLP, regarding whether the revised student housing model would be deemed a violation of the existing bond covenants pertaining to the LSUHSCNO outstanding Series 2013 Revenue Bonds. Mr. McConnell has provided a written opinion (attached) that these changes as described in the letter to him, and contingent upon conditions outlined in the opinion, will not result in a violation of the covenants and agreements as set forth in the Bond Resolution.

The Health Sciences Center is therefore respectfully requesting your approval to move forward with the revised approach whereby only LSU Health Foundation and Provident Group-HSC Properties will enter into a revised Agreement to build and operate the student housing project adjacent to campus. The LSU Board of Directors will not be a party to the new Agreement.

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,



Larry Hollier, MD
Chancellor

Enclosures

**Louisiana Public Facilities Authority
Student Housing Revenue Bonds
(Provident Group – HSC Properties Inc. –
Louisiana Health Sciences Center New Orleans Project)
Series 2019A & Taxable Series 2019B**

Investor Conference Call

December 10, 2019

STRICTLY PRIVATE AND CONFIDENTIAL



DISCLAIMER

This Investor Presentation was prepared exclusively for the benefit of and internal use by the recipient for the purpose of considering the transaction or transactions contemplated herein.

This Investor Presentation is not an offer to sell or a solicitation of an offer to buy the Bonds and does not purport to be a complete statement of all material facts relating to the Bonds. The offering is made only by means of the Official Statement.

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The material contained herein is not a product of any research department of the Underwriter or any of its affiliates. Nothing herein constitutes a recommendation of any security regarding any issuer, nor is it intended to provide information sufficient to make an investment decision.

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To the fullest extent permitted by law, the Underwriters, any of their affiliates, or any other person, accept no liability whatsoever for any direct or consequential loss arising from any use of this communication or the information contained herein.

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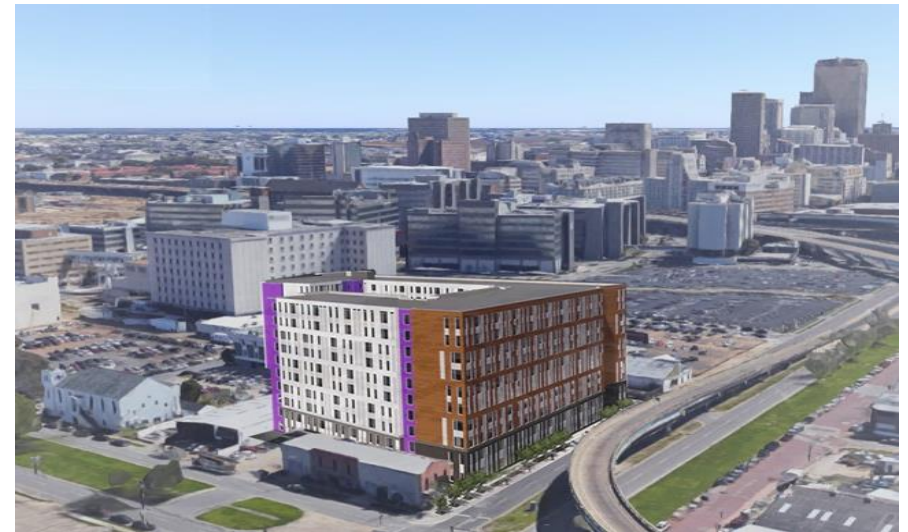
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Section I

Introduction

INTRODUCTION

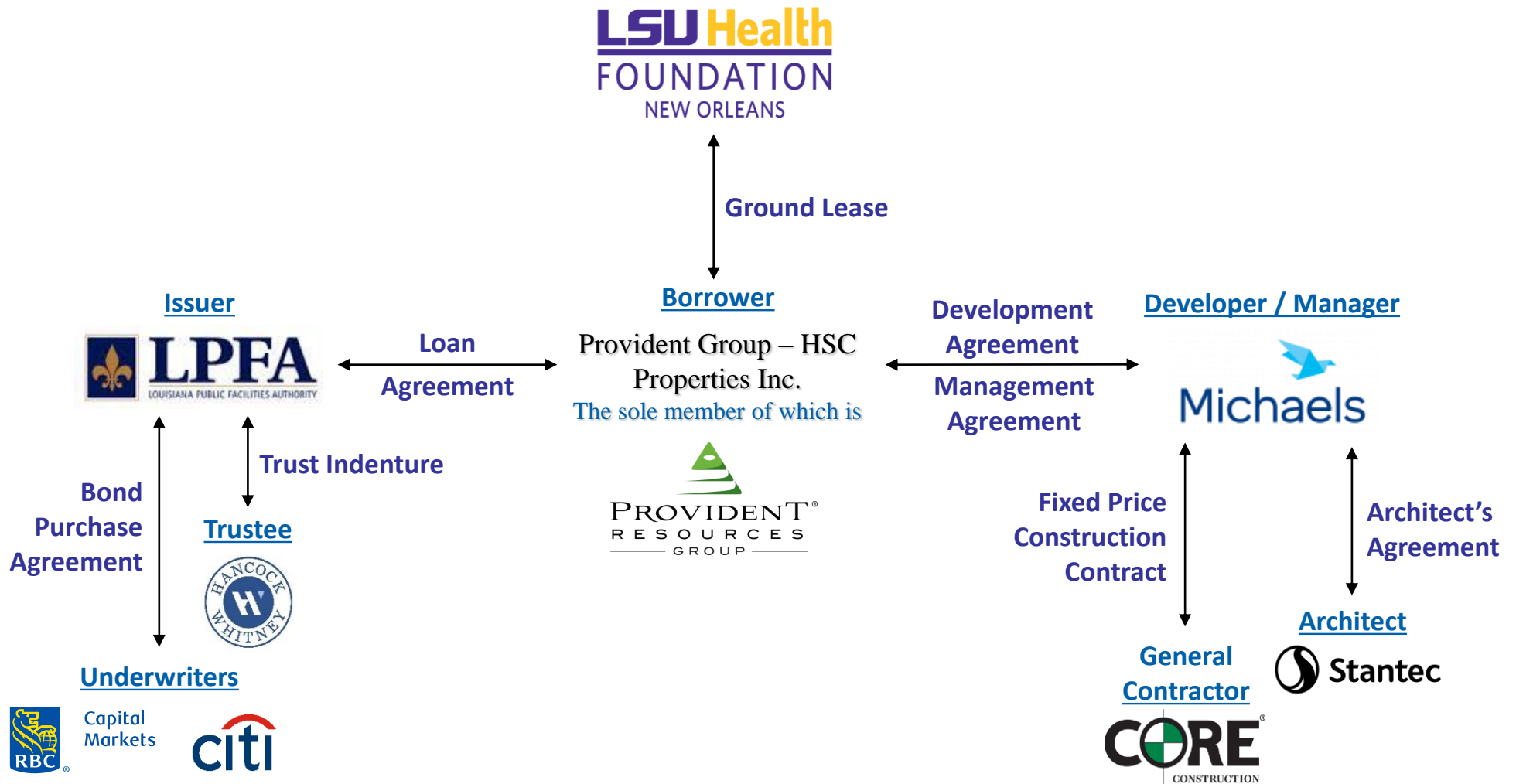
- Pursuant to its mission to help meet the needs of the LSU Health Sciences Center - New Orleans (“LSU Health”), the LSU Health Foundation (the “Foundation”) has entered into a public-private partnership to develop a new, 579-bed housing facility (the “Project”) to serve students, faculty and staff of LSU Health and the Delgado Community College of Nursing (“Delgado”), as well as nurses, residents and other staff of University Medical Center New Orleans (“UMC”) and Tulane Medical Center (“Tulane Medical”) after giving priority to LSU Health and Delgado.
- Louisiana Public Facilities Authority (“LPFA”) plans to issue \$97.5 million* of tax-exempt and taxable bonds, the proceeds of which will be loaned to Provident Group – HSC Properties Inc. (the “Borrower”) to (i) finance the costs of acquiring a parcel of land located in downtown New Orleans adjacent to LSU Health, (ii) finance the development costs of the Project, (iii) fund capitalized interest (iv) fund working capital, start-up, and marketing costs, (v) fund a debt service reserve fund and (vi) pay costs of issuance.
 - The Bonds will be secured solely by Project revenues and assets.
- The Borrower, a supporting organization of Provident Resources Group Inc. (“PRG”), will lease the land for the Project from the Foundation for a term extending beyond the term of the financing and will enter into contracts with the Michaels Organization (the “Developer”) to design, development, construction, and operation of the facilities.
- LSU Health has provided a letter to the Foundation pledging its support for the Project, including treating the Project as an addition to its housing facilities by assisting with the marketing efforts for the Project, providing Project residents the same or similar services and access it provides to those in its own housing facilities, and taking the Project into consideration in planning for any future projects.
- Upon the repayment of all obligations related to the Project, the ground lease will terminate and the facilities will revert to the Foundation.



* Preliminary, subject to change

INTRODUCTION

Financing Structure



Source: RBC Capital Markets

Section II

LSU Health Community



LSU HEALTH COMMUNITY

The Foundation



The Foundation is an institutionally-related 501(c)(3) organization that supports LSU Health and its mission of education, patient care, research, and community outreach. The Foundation was formed in 1988 and organized as a nonprofit, tax-exempt, public charity to support and promote the charitable, scientific and educational mission of LSU Health.

- The Foundation is governed by an elected Board of Directors comprised of members of the community representing different professions. The mission of LSU Health is to provide education, research and public services through direct patient care and community outreach. LSU Health educational programs prepare students for careers as health care professionals and scientists.
- The Foundation transitioned to become a support organization for LSU Health and executed a uniform affiliation agreement with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the "LSU Board") which supervises and controls LSU Health, in 1999 defining its role as a recognized LSU affiliated organization.



LSU HEALTH COMMUNITY

LSU Health Sciences Center – New Orleans



LSU Health was founded in 1931 and is a public university focused on the health sciences. LSU Health is home to six schools (including one of two LSU medical schools), twelve (12) Centers of Excellence, and patient care clinics. LSU Health is one of nine institutions managed and supervised by the LSU Board. LSU Health includes educational institutions known as the Schools of Medicine, Dentistry, Nursing, Allied Health Professions, Public Health and Graduate Studies each based in New Orleans, Louisiana. LSU Health is accredited by the Commission of Colleges of the Southern Association of Colleges and Schools.

- LSU Health offers more than 40 degree and certificate programs ranging from associate through doctoral and postdoctoral. The School of Nursing at LSU Health is the only nursing school in Louisiana with an academic health sciences center. The LSU Health School of Dentistry is the only dental school in the nation offering degrees in dentistry, dental hygiene and dental laboratory technology. In total, there are approximately 2,800 students enrolled at LSU Health among its six professional health schools.
- LSU Health employs approximately 2,200 people in full-time positions, with about 900 faculty currently teaching in the LSU Health schools. LSU Health faculty are in the vanguard of biosciences research in a number of areas including cancer, substance abuse, neuroscience and neurodegenerative diseases, eye disorders, genetics, diabetes, hypertension, angiogenesis, cardiovascular disease, epilepsy, asthma and respiratory diseases, infectious diseases, vaccine technology, obesity and weight management, and children's health.



LSU HEALTH COMMUNITY

LSU Health Enrollment

- LSU Health's total headcount enrollment for the fall of 2018 of 2,808 is comprised of 914 (33%) undergraduate students and 1,894 (67%) graduate and professional students.
- For fall of 2019, LSU Health's total headcount enrollment of 2,804 is comprised of 921 (33%) undergraduate students and 1,883 (67%) graduate and professional students.
- Provided in the chart below is a summary of LSU Health's enrollment since fall 2014.

LSU Health Sciences Center Enrollment by Level

Level	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Undergraduate	916	879	874	921	914
Graduate/Professional	1,912	1,912	1,884	1,856	1,894
Total	2,828	2,791	2,758	2,777	2,808

LSU Health Sciences Center Enrollment by Classification

Classification	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Freshman	0	0	0	0	0
Sophomore	268	266	284	293	299
Junior	336	293	264	296	284
Senior	307	318	325	332	331
Other Undergraduate	5	2	1	0	0
Professional	1,032	1,060	1,064	1,055	1,061
Masters	461	385	347	324	314
Doctoral	407	454	462	464	511
Specialist	0	0	0	0	0
Other Graduate	12	13	11	13	8
Total	2,828	2,791	2,758	2,777	2,808

Source: Preliminary Official Statement

LSU HEALTH COMMUNITY

Existing Housing

- LSU Health owns two residence halls located near campus that house LSU Health single students and married couples, Perdido Place Residence Hall and Stanislaus Hall.
- Perdido Place Residence Hall has 208 apartment-style and traditional-style units. One, two, and three-bedroom apartments have full kitchens; single-occupancy traditional rooms share a community kitchen, living room and bathroom.
- Stanislaus Hall has 154 single-bedroom semi-suites with community kitchens and study lounges.
- The most recent LSU Health Master Plan does not indicate any plan to refurbish the two residence halls.
- Provided in the adjacent chart is a summary of the fall 2018 housing rates per month. Additionally, provided below is a summary of the existing student housing occupancy for LSU Health.



LSU Health Sciences Center Fall 2018 Housing Rates⁽¹⁾

	Unit Type	Cost per Mo. Per Unit
Stanislaus Hall	Furnished Single Room	\$622
Perdido Place	Furnished Single Room	\$363
Perdido Place	One BR Unfurnished Apt	\$706
Perdido Place	Two BR Unfurnished Apt	\$968
Perdido Place	Three BR Unfurnished Apt	\$1,053

LSU Health Sciences Center Existing Student Housing Capacity vs. Occupancy⁽²⁾

	Units	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Stanislaus Hall	154	96	106	89	79	68
Perdido Place - Single	37	28	30	31	33	32
Perdido Place - One Bedroom	58	55	60	62	62	50
Perdido Place - Two Bedroom	82	63	66	69	68	70
Perdido Place - Three Bedroom	9	8	9	12	9	9
Total	340	250	271	263	251	229
Occupancy (%)		74%	80%	77%	74%	67%

Source: Preliminary Official Statement as well as (1) Housing Market Study prepared by MGT Consulting Group dated May, 2019 and

(2) <https://www.lsu.edu/bos/docs/agendas/2018/lsu-board-meeting-notice-2018-06-29.pdf> & <https://www.lsuhs.edu/administration/ae/docs/Resident%20Life%20Housing%20Brochure%20June%202016%20WEB.pdf>

Other Supported Institutions



Delgado Community College is a community college in Louisiana with campuses throughout the New Orleans, which includes the Charity School of Nursing, located adjacent to the LSU Health campus. The mission of the Nursing School is to prepare students of varied backgrounds in a learning centered environment through face-to-face and distance education to provide caring and competent nursing in entry level positions to meet the healthcare needs of a diverse community. The program enrolled over 800 students in the fall of 2019.



University Medical Center New Orleans a Level I trauma center and teaching hospital in New Orleans, Louisiana that gives students a springboard to an ever-widening array of health-related professions. UMC hosts learners from partner institutions, including LSU Health, who are enrolled in a variety of medical training programs, including residencies, internships and fellowships. Through a culture of integrity and academic excellence, trainees emerge with world-class clinical knowledge and experience, prepared to provide exceptional patient-centric care and pursue their professional mission.



Tulane Medical Center is an award-winning hospital and ER in New Orleans and offers advanced medical care in the Jefferson and Orleans parishes. The New Orleans hospital provides expert medical care for children and adults. Its doctors specialize in the routine care of infants, children, adolescents, and adults, providing a wide range of family care services.

Section III

The Borrower

THE BORROWER



- Provident Group – HSC Properties Inc. (“Borrower”) is a Louisiana nonprofit corporation and supporting organization of Provident Resources Group Inc. (“PRG”), a Georgia nonprofit corporation.
- The Borrower is exempt from Federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as an organization described in Section 501(c)(3) of the Code.
- The Borrower is organized for the purpose of advancing and supporting the education and health care mission and functions of the Foundation and LSU Health through planning, developing, financing, equipping, operating and maintaining the facilities for the benefit of the Foundation and LSU Health.
- Organized in 1999, PRG is committed to making a positive impact in communities across the country through the development, ownership and operation of state-of-the-art educational, health care, senior living, and multi-family housing facilities and services.
- Over the past 19 years, PRG has served its missions in 20 states, as well as the District of Columbia, and has accessed approximately \$4.3 billion in capital from the private and public markets.



Source: Preliminary Official Statement and <http://www.provident.org/>

Section IV

Project Overview

PROJECT OVERVIEW

- The Project includes approximately 473 apartment units (579 beds).
- The units will consist of a mix of studio, 1 bedroom, 2 bedroom, and 3 bedroom apartments.

Proposed Unit Mix

Unit Type	# of Units	# of Beds	Unit Size (Sq Ft)*	2021-22 Rent/Bed	
				Monthly	Annual
Studio	80	80	345	\$1,180	\$14,157
Studio B/C	66	66	433	\$1,311	\$15,735
1 BR / 1 BA	240	240	531	\$1,421	\$17,047
2 BR / 2 BA	68	136	814	\$1,159	\$13,902
3 BR / 3 BA	19	57	1,068	\$890	\$10,681
Total Project Units/Beds	473	579			

**Approximate square footages are shown.*

- Plans call for community spaces, lounge, fitness room, study/meeting rooms throughout the building, outdoor BBQ area, an in-ground pool and in-unit laundry.
- The units will be offered unfurnished; however, the Manager will provide information to prospective residents regarding furniture rental packages available from unrelated providers.
- Pursuant to a Parking Support Letter, LSU Health has offered to allocate existing parking spaces located within 300 feet of the Project in excess of the number of spaces expected to be required by City ordinances.

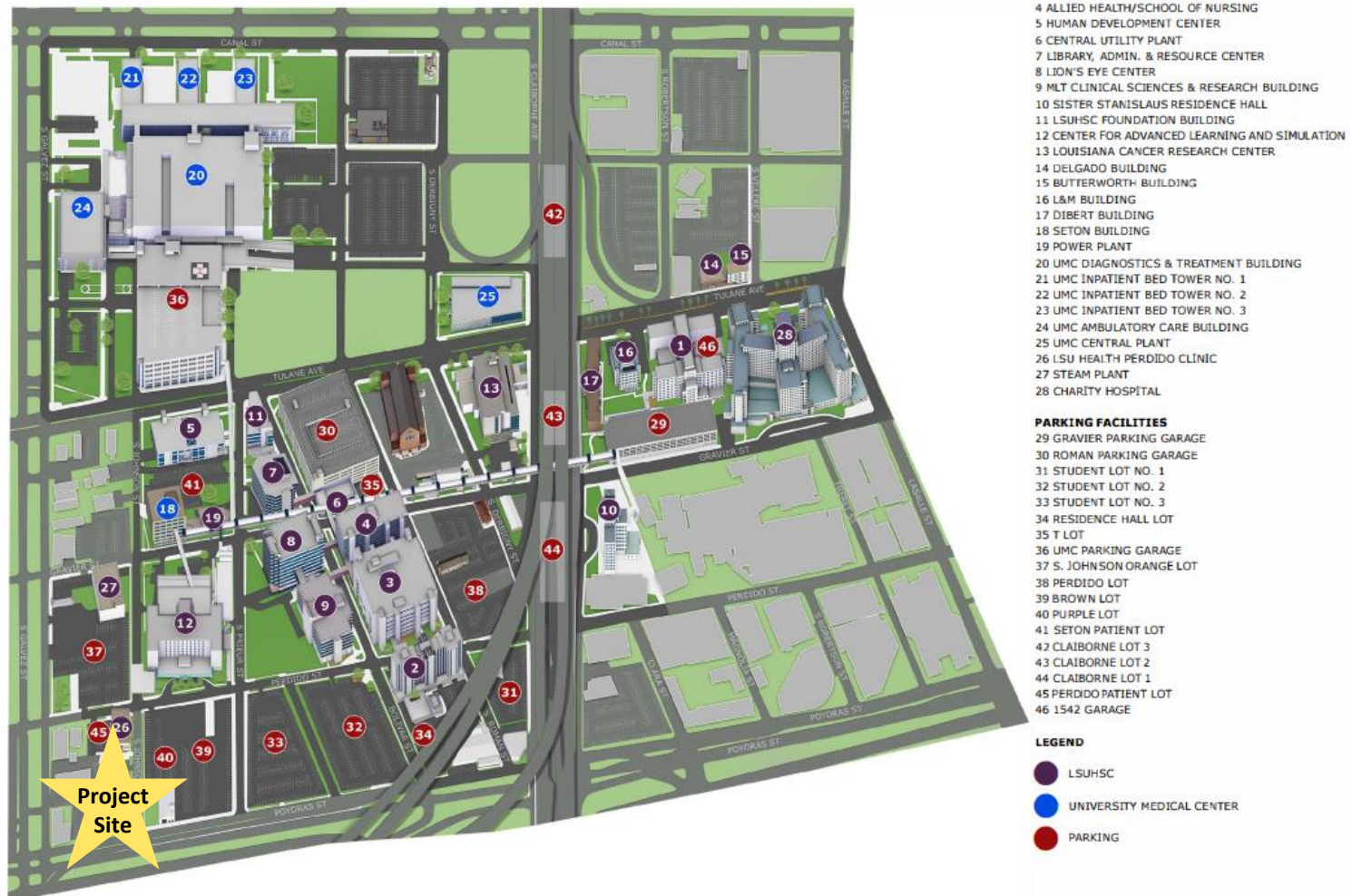


PROJECT OVERVIEW

- The Project will be located in downtown New Orleans, adjacent to LSU Health at Poydras and S. Johnson Streets.



LSUHSC DOWNTOWN CAMPUS MAP NEW ORLEANS, LOUISIANA



Source: Preliminary Official Statement and the Developer

PROJECT OVERVIEW

Studio Apartment



One-Bedroom Apartment



Two-Bedroom Apartment



Three-Bedroom Apartment



Source: the Developer

PROJECT OVERVIEW

Development Team



The Michaels Organization (Developer and Manager)

- The Michaels Organization (“Michaels”) is a privately-held family of independent but integrated companies dedicated to excellence in affordable, military, student and conventional multifamily housing.
- Serving more than 140,000 residents in 380 communities across 35 states, the District of Columbia, and the U.S. Virgin Islands, The Michaels Organization is a national leader in the residential real estate industry, with full service capabilities in development, property and asset management, construction, and mortgage finance and tax credit syndication.
- Michaels has completed student housing projects for institutions across the county, including University of West Florida, Rowan University, and the University of California Davis, among others.



Source: Preliminary Official Statement and <https://tmo.com/>

PROJECT OVERVIEW

Development Team



CORE Construction Group, Ltd. (General Contractor)

- CORE Construction Group, Ltd. ("Core") was founded in 1937 and is based in Morton, Illinois. Core operates as a commercial building contractor.
- The company offers pre-construction, construction, post-construction, safety, virtual construction, and sustainability services, as well as delivery methods, such as design-bid-build, design build, construction manager at-risk, and job order contracting services.
- The company serves renewable energy, civil, commercial, education, health care, public/institutional, residential, and sports/special event industries in Arizona, Federal, Florida, Illinois, Louisiana, Missouri, Nevada, and Texas.
- Core has completed student housing projects for institutions including Arizona State University and University of Nevada-Reno, in addition to the LSU Human Development Center on LSU Health's New Orleans campus.



Source: Preliminary Official Statement and <http://www.coreconstruction.com/>

PROJECT OVERVIEW

Development Team



Stantec Inc. (Architect)

- Stantec Inc. ("Stantec") was founded in 1954 in Edmonton, Alberta and operates as an international professional services company in the design and consulting industry.
- Stantec provides professional consulting services in planning, engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics for infrastructure and facilities projects.
- The Company provides services on projects around the world through over 22,000 employees in more than 400 locations in North America and across offices in 6 continents.
- The company's multi-disciplinary education design team delivers on education buildings that serve as creative places where students eat, meet, study, socialize, and continue their learning outside of the classroom. Stantec has institutions across the globe including LSU Health, Texas A&M University and the University of Florida, among others.



Source: Preliminary Official Statement and <https://www.stantec.com/en>

Section V

Market Study

THE MARKET STUDY

Demand Summary

- PRG retained MGT Consulting Group (“MGT”) to conduct a student housing market study for a proposed housing project in partnership with the LSU Health Foundation. MGT’s engagement encompassed two separate phases:
 - Phase I: MGT was contracted from August 2018 to February 2019 to conduct a student housing market study. MGT interviewed key stakeholders, moderated a student focus group, conducted an off-campus market analysis, administered a housing survey, and completed a demand analysis. The report for this initial phase was completed in November 2018.
 - Phase II: In May 2019, MGT administered three additional surveys to LSU Health’s School of Dentistry, Delgado School of Nursing, and to Medical Center Staff to further support MGT’s initial demand analysis.
- The Market Study identified that the combined demand analyses show a total demand for the Project of 721 beds.
 - Phase I: Sufficient demand from full-time students and medical residents to support the Project for LSU Health.
 - Phase II: Additional demand for 147 beds from Delgado, UMC and LSU Health’s School of Dentistry

Total Demand

Unit Type	Phase I		Phase II		Combined Total	
	Total Number of Units	Total Number of Beds	Total Number of Units	Total Number of Beds	Total Number of Units	Total Number of Beds
Studio	79	79	25	25	104	104
1 BR - Apartment	184	184	33	33	217	217
2 BR - Apartment	53	106	15	31	68	137
3 BR - Apartment	68	206	9	28	77	234
4 BR - Apartment	0	0	8	31	8	31
Total	385	574	65	147	450	721

THE MARKET STUDY

Off-Campus Market

- The Market Study identified that New Orleans has a high percentage of renters.
 - New Orleans was considered affordable before 2005 but has become more expensive, especially for renters. By 2007, rents had increased 45% and have been increasing 3% to 4% annually in recent years.
 - Demand is high, with the apartment properties in the MGT sample reporting median occupancy of 99%.
- Student currently rent housing all over the metropolitan area.
 - 82% of survey respondents live off campus, of which 53% are renters
 - 90% rent an unfurnished unit
- MGT collected rent data from apartments in Orleans and Jefferson Parishes. ***(The Project is located in the Orleans Parish)***
 - Apartment rents range broadly with Orleans Parish commanding higher rents and Jefferson Parish offering more affordable options. Median rents are \$907 for a studio, \$1,400 for a one-bedroom, \$1,740 for a two-bedroom, and \$1,943 for a three-bedroom apartment.
 - All properties offer a 12-month lease, but 16 offer other leases between three and 18 months. Half of the properties include water/sewer in the rent, and only one includes electricity and gas. Two properties include internet and one includes cable.

Off-Campus Rental Rates

	Orleans Parish				Jefferson Parish			
	Studio	1 BR	2 BR	3 BR	Studio	1 BR	2 BR	3 BR
Low	\$825	\$700	\$895	\$1,640	\$670	\$700	\$925	\$1,625
Median	\$1,079	\$1,458	\$1,893	\$2,140	\$688	\$940	\$1,245	\$1,700
High	\$1,733	\$2,400	\$3,400	\$2,560	\$1,030	\$2,345	\$2,365	\$1,755

- Multifamily permits for 2018 are on the rise after a dip in previous years.
 - MGT anticipates further development along the Canal Street corridor, which is a priority of the mayor.

Section VI

Financing Summary

FINANCING SUMMARY

Par Amount	\$97,455,000*
Issuer	Louisiana Public Facilities Authority
Borrower	Provident Group – HSC Properties Inc.
Structure	Fully amortizing, tax-exempt and taxable revenue bonds with a 35-year term
Ground Lease	Long-term ground lease for a term extending beyond the final maturity of the bonds
Payment Dates	Interest: Semi-annually on January and July 1 st Principal: Annually on January 1 st
Optional Redemption	On or after July 1, 2029 at a redemption price of par, plus any accrued interest
Security for the Bonds	Security interest in Project revenues & assets, Leasehold mortgage, Capitalized interest during construction and stabilization, Debt Service Reserve Fund funded at maximum annual debt service

Total Sources and Uses*

	Tax-Exempt Series 2019A	Taxable Series 2019B	Total
Sources:			
Par Amount	\$96,245,000.00	\$1,210,000.00	\$97,455,000.00
Net Original Issue Premium (Discount)	1,924,024.30	0.00	\$1,924,024.30
Total Sources:	\$98,169,024.30	\$1,210,000.00	\$99,379,024.30
Uses:			
Deposit to Construction Fund ^{1,2}	\$79,270,142.60	\$0.00	\$79,270,142.60
Deposit to the Capitalized Interest Account ^{2,3}	11,326,766.61	138,702.09	\$11,465,468.70
Deposit to Debt Service Reserve Fund	5,664,475.00	629,275.00	\$6,293,750.00
Deposit to Issuance Cost Fund	1,907,640.09	442,022.91	\$2,349,663.00
Total Uses:	\$98,169,024.30	\$1,210,000.00	\$99,379,024.30

*Preliminary, subject to change.

1 The development budget is shown net of \$1,000,000 of deferred development fee.

2 The Construction Fund and Capitalized Interest Account deposits are net of estimated interest earnings assumed at 1.50%.

3 Represents approximately 30 months of capitalized interest.

Source: Preliminary Official Statement

FINANCING SUMMARY

Cash Flow Forecast

Fiscal Year Ending December 31,	2022	2023	2024	2025	2026
Gross Annual Rental Revenue	\$8,871,193	\$9,137,329	\$9,411,448	\$9,693,792	\$9,984,606
LESS: Vacancies	(3,767,016)	(456,866)	(470,572)	(484,690)	(499,230)
Net Annual Rental Revenue	5,104,177	8,680,462	8,940,876	9,209,102	9,485,375
Other Income	25,521	43,402	44,704	46,046	47,427
Debt Service Reserve Earnings ⁽¹⁾	47,203	94,406	94,406	94,406	94,406
Total Revenues	\$5,176,901	\$8,818,271	\$9,079,987	\$9,349,554	\$9,627,209
Administration	\$73,279	\$75,478	\$77,742	\$80,074	\$82,476
Leasing & Marketing	60,750	62,572	64,449	66,383	68,374
Employee Expenses	571,907	589,064	606,736	624,938	643,686
Repairs & Maintenance	87,935	90,573	93,290	96,089	98,972
Grounds & Landscape Expense	30,375	31,286	32,225	33,191	34,187
Common Area Expense	91,124	93,858	96,674	99,574	102,561
Turnover Expense	111,384	114,726	118,168	121,713	125,364
Utility Expense	601,336	619,376	637,957	657,096	676,809
Cable & Internet	228,090	234,933	241,981	249,241	256,718
Insurance	269,143	277,217	285,533	294,099	302,922
Senior Management Fee	89,770	152,668	157,248	161,965	166,824
Senior Asset Manager Fee	99,957	102,955	106,044	109,225	112,502
Bond Related Fees / Asset Manager Expenses	73,130	75,324	77,584	79,911	82,308
Total Operating Expenses	\$2,388,179	\$2,520,030	\$2,595,630	\$2,673,499	\$2,753,704
Net Operating Income	\$2,788,721	\$6,298,241	\$6,484,356	\$6,676,055	\$6,873,504
Annual Debt Service	2,015,833	5,243,000	5,400,725	5,553,550	5,714,450
Fixed Charges Coverage Ratio	1.38	1.20	1.20	1.20	1.20
Break-Even Occupancy	48.82%	83.45%	83.49%	83.42%	83.39%
Deposit to Repair and Replacement Fund	229,602	236,491	243,585	250,893	258,420
Retainage in Operations Contingency Fund	351,912	345,144	20,912	21,539	22,185
Transfer to the Surplus Fund	191,373	473,606	819,134	850,073	878,449
Deferred Development Fee	0	220,000	560,000	310,000	0
Subordinated Management Fee	89,770	152,668	157,248	161,965	166,824
Subordinated Asset Manager Fee	33,319	34,318	35,348	36,408	37,501
Ground Lease Payment	\$68,285	\$66,620	\$66,539	\$341,699	\$674,125

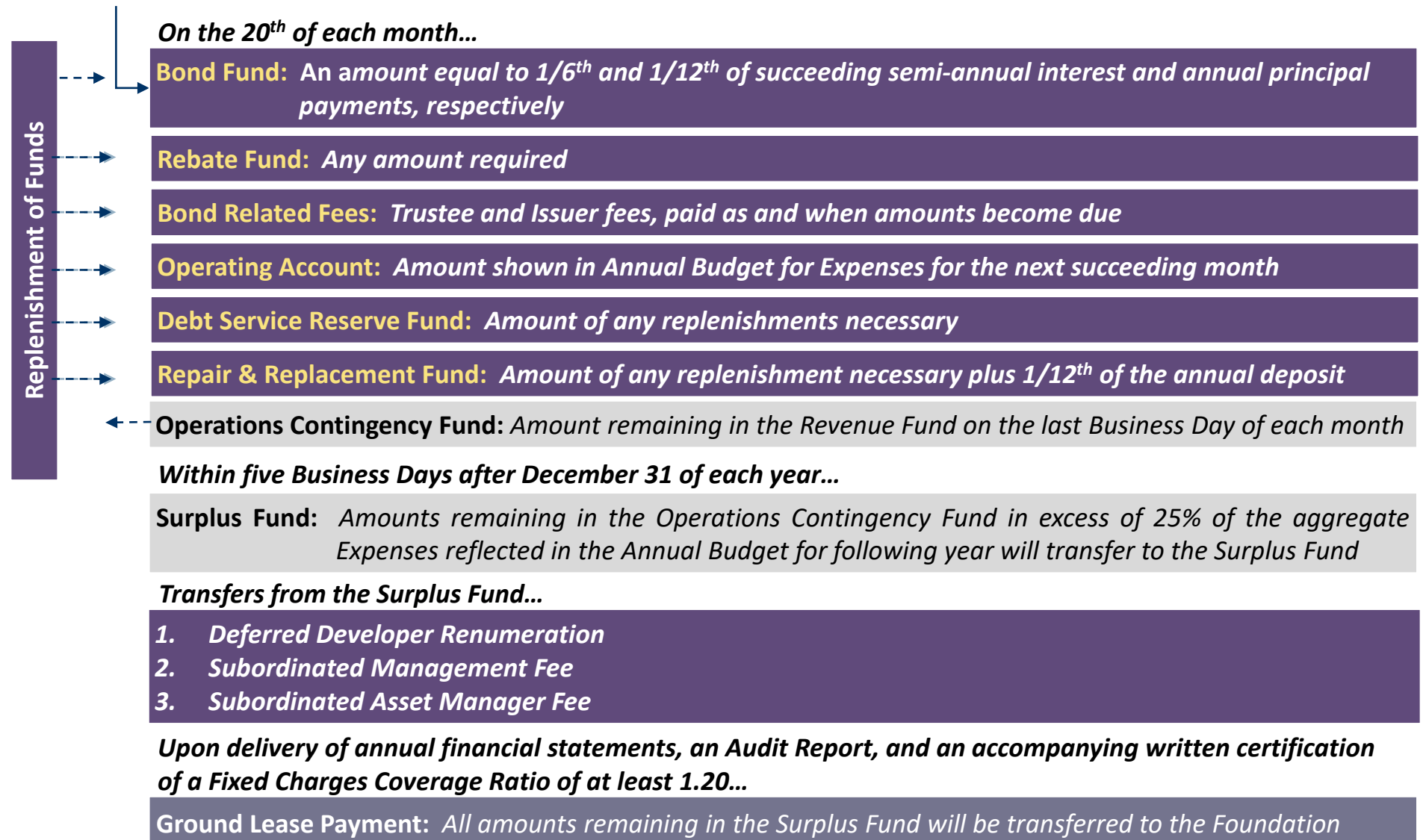
(1) Interest earnings assumed at 1.50% per year.

Source: Preliminary Official Statement

FLOW OF FUNDS

General Revenues *Collected by the Manager and deposited with the Trustee in the Revenue Fund*

→ **Revenue Fund** *The Trustee will make transfers or payments from the Revenue Fund as follows*



Section VII

Conclusion

CONCLUSION

Highlights of the Transaction



CONCLUSION

Financing Schedule

February 2020						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

Bond Pricing

- February 4, 2020

Bond Closing

- February 12, 2020

For additional information, please contact:



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LSU Health
FOUNDATION
NEW ORLEANS

ATTACHMENT IV

SITE PLAN

PROPERTY TO BE DONATED

Figure 1. SQ 517 is in the LSUHSC Master Plan Focus Area for Acquisitions

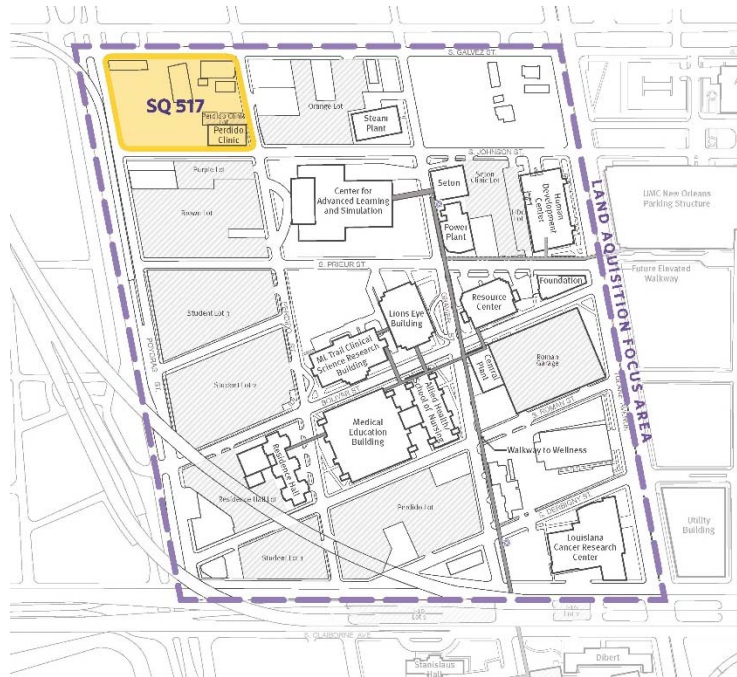


Figure 2. Property to be donated includes Lot 25, Square 517



The property to be donated consists of a single parcel on SQ 517 in the First Municipal District of the City of New Orleans, Parish of Orleans, State of Louisiana. Lot 25 is recognized by the location

The property to be donated consists of several parcels on SQ 517 in the First Municipal District of the City of New Orleans, Parish of Orleans, State of Louisiana. The total area is 46,297SF or 1.06 acres. This legal description is composed of the legal descriptions of each parcel which are identified by the location address recognized by the City of New Orleans.

[illegible]

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, LOUISIANA, in SQUARE 517, bounded by Poydras, S Galvez, Perdido and S Johnson Streets, designated as Lot "A" on a survey by Adloe Orr, Surveyor, dated July 30, 1938 annexed to an act passed before William J Guste, Notary Public, dated September 19, 1938, according to which survey said portion of ground forms the corner of Poydras Street and South Johnson Street and measures as follows: Commencing at the corner of Poydras and South Johnson Streets, said property measures a distance of 74 feet front on South Johnson Street in the direction of Perdido Street; thence on a line parallel with Poydras Street in the direction of South Galvez Street a distance of 132 feet, 3 inches and 5 lines; thence on a line parallel with South Johnson Street in the direction of Perdido Street, a distance of 75 feet; thence on a line parallel with Poydras Street in the direction of South Galvez Street, a distance of 34 feet 5 inches; thence on a line parallel with South Johnson Street in the direction of Poydras Street, a distance of 29 feet along the rear line of Lot 9; thence on a line parallel with Poydras Street in the direction of South Galvez Street, a distance of 31 feet, 9 inches; thence on a line parallel with South Johnson Street in the direction of Poydras Street, a distance of 120 feet to the property line of Poydras Street, thence along the property line of Poydras Street, a distance of 198 feet, 5 inches, 5 lines to the corner of South Johnson Street, which is the Point of Beginning. According to said survey by Adloe Orr, dated July 30, 1938, said Lot A is composed of original lots 26, 27 and 28.

According to a plan of survey by Gilbert & Kelly, Surveyors dated September 25, 1945 a copy of which is annexed to a sale by Thomas J. Flanagan, Jr to Crescent Tractor Tractor & Implement Company, passed before Alexis Brian, Notary Public, dated September 26, 1945, said Lot "A" bears the same dimensions and is similarly situated as aforesaid and according to said survey said Lot A is composed of the front portion of Lots 1,2,3 and 4 and the whole of Lots 5 and 6 of Square 517, First District New Orleans, La.

3.2 Location Address: 632 S GALVEZ ST is located on SQ 517 LOT 23; 29'3" x 97' in entirety.

THAT PORTION OF GROUND, situated in the FIRST DISTRICT OF NEW ORLEANS, LOUISIANA, in SQUARE 517, bounded by Poydras, S Galvez, Perdido and S. Johnson Streets, designated as Lot 9, which said lot, according to a survey by Gilbert & Kelly, Surveyors, dated February 24, 1945, a copy of which is annexed to an act passed before Malcolm deLahoussaye, Notary Public, dated March 15, 1945, commences at a distance of 120 feet from the corner of South Galvez and Poydras Streets and measures thence 29 feet, 3 inches 1 line front of South Galvez Street, same width in the rear, by a depth of 97 feet, 10 inches between equal and parallel lines.

The above description is in accordance with the survey by Errol E. Kelly, Surveyor, dated June 9, 1966, a copy of which is annexed to an act passed before Curtis Allen Hennessy, Notary Public, dated June 14, 1976, with the exception of the particular measurement along the rear of Lot 9, on which survey measurements appears as 29 foot (title) and 29 feet, 3 inches, 1 line (actual)

3.3 Location Address: 635 S JOHNSON ST is located on SQ 517 LOT 5 and PT LOT 6; 52'3" x 132'3"; PT LOT 6 and LOT 7; 52'3" x 132'3".

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO. 517, bounded by Poydras, S Galvez, Perdido and S Johnson Streets, designated as Lot 26—B on the survey by Gilbert & Kelly, Surveyors, dated May 28, 1949, a copy of which is annexed to an act passed before Frank Moran, Notary Public, dated July 8, 1949, which is annexed to an act 1949, which lot measures 52 feet, 3 inch and 2 lines actual and plan measurement, feet, (52 feet 3 inches and 5 lines, title measurement) front of South Johnson Street; 52 feet 3 inches and 2 lines in width in the rear, by a depth between equal and parallel lines of 132 feet, 3 inches and 5 lines. Said portion of ground commences at a distance of 74 feet from the corner of South Johnson and Poydras Streets and is composed of the rear of Lots Nos 1, 2, 3, and 4 and the adjoining 6 feet, 3 inches and 2 lines of Lot No 26.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO 517, bounded by Poydras, S. Galvez, Perdido and S. Johnson Streets, designated as Lot 25-A on the survey by Gilbert & Kelly, Surveyors, dated May 28, 1949, a copy of which is annexed to an act passed before Frank Moran, Notary Public, dated July 8, 1949, which lot measures 52 feet, 3 inches and 2 lines actual and plan measurement (52 feet 3 inches and 5 lines, title measurement) front on South Johnson Street, same width in the rear, by 132 feet 3 inches and 5 lines in depth between equal and parallel lines, lying at a distance of 126 feet, 3 inches and 2 lines from the corner of Poydras and South Johnson Streets and 207 feet 9 inches and 3 lines from the corner of Perdido and South Johnson Streets, and is composed of parts of Lot No 26 and the whole of Lot No 25 on a sketch annexed to an act passed before Fred Diebel, Notary Public, in this City on July 25, 1898.

The above descriptions and measurements are also in accordance with the survey by Errol E. Kelly, Surveyor, dated June 9, 1966, a copy of which is annexed to an act passed before Curtis Allen Hennessy, Notary Public, dated June 14, 1976.

3.4 Location Address: 625 S JOHNSON ST is located on SQ 517 LOT 8; 29'3" x 123'3" in entirety.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, designated by the NO. 24 in SQUARE NO. 517, bounded by Poydras, Galvez, Perdido and Johnson Streets, on a plan by L. Bringer, dated April 20, 1839, and deposited in the office of D.L. McCay,

late notary, which said lot measures 29 feet, 3 inches, 1 line on South Johnson Street, by a depth between parallel lines of 132 feet, 3 inches 5 lines, according to survey of Gilbert & Kelly, Surveyors, dated July 29, 1943, said property hereinabove described is situated in the said District and Square, designated by the same lot number and is bounded by Poydras, South Galvez, Perdido and South Johnson Streets, and has the same measurements as hereinabove set forth, said LOT No. 24 commencing at a distance of 178 feet, 6 inches 2 lines from the corner of S. Johnson and Perdido Streets.

3.5 Location Address: 621 S JOHNSON ST is located on SQ 517 LOT9; 29'3" x 132'3" in entirety.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO 517, bounded by Poydras, S. Galvez, Perdido and S Johnson Streets, designated as LOT NO. 23 on a plan of L. Bringer, dated April 20, 1839, and deposited in the office of D.L. McCay, late notary, which said lot measures 29 feet, 3 inches, 1 line on South Johnson Street, by 132 feet, 3 inches, 5 lines in depth according to survey of Gilbert & Kelly, Surveyors, dated May 8, 1934, redated August 5, 1944, wherein said property has the same measurements and designations and commences 149 feet, 3 inches, 1 line from the corner of Perdido and South Johnson Streets.

3.6 Location Address: 617 S JOHNSON ST is located on SQ 517 LOT 10; 29'3" x 132'3" in entirety.

That portion of ground, situated in the First Municipal District of the City of New Orleans, State of Louisiana, in SQUARE 517, according to which said lot commences at a distance of 120 feet from the corner of S. Johnson and Perdido Streets, and measures thence 29 feet 3 inches 1 line front on S. Johnson Street, the same in width in the rear by a depth of 132 feet 3 inches 5 lines between equal and parallel lines.

Attachment V.

DRAFT - 12/12/2019 10:50 AM

COOPERATIVE ENDEAVOR AND LEASE AGREEMENT

dated as of _____, 2020

By and Between

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

and

LSU HEALTH FOUNDATION, NEW ORLEANS

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COOPERATIVE ENDEAVOR AND LEASE AGREEMENT

This Cooperative Endeavor and Lease Agreement (“Agreement”) is made and entered into as of the Effective Date (as defined herein) by and between

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE (“LSU” or “Board”), herein represented by F. King Alexander, the duly authorized President of LSU, and

LSU HEALTH FOUNDATION, NEW ORLEANS, a nonprofit corporation which is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as an organization described in Section 501(c)(3) of the Code organized and existing under the laws of the State of Louisiana (“Foundation”), herein represented by _____, the duly authorized _____ of the Foundation.

The Board and the Foundation are sometimes referred to individually as a Party and collectively as the Parties.

WITNESSETH

WHEREAS, LSU is a public constitutional corporation organized and existing under the laws of the State of Louisiana (“State”);

WHEREAS, the Louisiana State University Health Sciences Center – New Orleans (“LSUHSC-NO”) is a public institution of higher education under the supervision and management of LSU located in New Orleans, Louisiana;

WHEREAS, the Foundation is a private Louisiana Tax-Exempt Organization (as defined herein) and an LSU-affiliated organization, the charitable purposes of which include: (i) improving and promoting the resources, services, development, and operation of LSUHSC-NO; and (ii) establishing and operating on or near the campus of LSUHSC-NO in downtown New Orleans, Louisiana (“Campus”), student and staff residential housing, retail, office, research, business and real estate services as would aid, assist or supplement the educational and community mission of LSUHSC-NO;

WHEREAS, Article VII, § 14(c) of the Louisiana Constitution of 1974 (La. Const. Art. VII, §14(c)) provides that, for a public purpose, the state and its political subdivisions or political corporations may engage in cooperative endeavors with each other, with the United States or its agencies, or with any public or provide association, corporation or individuals;

WHEREAS, LSU is the owner of certain real property (“Property”), which is a part of its Campus, as more particularly described in **Exhibit A** attached hereto, incorporated in and by reference made a part hereof, which property was donated to LSU for the purposes set forth herein;

WHEREAS, pursuant to Louisiana Revised Statutes 17:3361, *et seq.*, and the above

referenced constitutional provision, LSU is authorized to enter into agreements with a nonprofit corporation such as the Foundation to lease any portion of the grounds or campus of any college or university or other immovable property under its supervision and management, under the conditions set forth herein;

WHEREAS, Louisiana Revised Statutes 17:3361, *et seq.*, expressly authorizes, under certain circumstances, agreements to allow for demolition, construction and renovation of buildings, other structures and improvements by a nonprofit corporation on that portion of the grounds or campus of LSUHSC-NO which is the subject of a lease;

WHEREAS, LSUHSC-NO's current on-campus housing program consists solely of two facilities built in the 1960s;

WHEREAS, in order to further the educational mission of LSUHSC-NO and to assist LSUHSC-NO in supplementing its existing housing program, the Foundation desires to lease the Property from LSU and sublease the Property to Provident Group – HSC Properties Inc. (“Provident Group-HSC”), a Louisiana nonprofit corporation and a Tax-Exempt Organization, for the purpose of allowing Provident Group-HSC to acquire, design, develop, construct, furnish, install and equip an approximately 579-bed housing facility and related infrastructure (“Facilities”) on the Property (“Series 2020 Project”) for the benefit of the Foundation and the students, staff and faculty of LSUHSC-NO and other Eligible Residents (as hereinafter defined), and will meet other academic needs of LSUHSC-NO;

WHEREAS, such new Facilities will be of great benefit to LSUHSC-NO and to LSU because such Facilities will attract students to LSUHSC-NO, will provide students of LSUHSC-NO and other Eligible Residents with up-to-date convenient residential housing on Campus, and will allow LSUHSC-NO to utilize the current resident halls for other purposes that will generate additional revenues for LSUHSC-NO;

WHEREAS, LSUHSC-NO will treat the new Facilities as an important and exciting addition to its residential housing program made available to the Eligible Residents by including the Facilities in information and marketing materials regarding available housing that is provided to existing and prospective students of LSUHSC-NO. LSUHSC-NO will also allow the Facilities to be advertised on its website;

WHEREAS, to further facilitate and promote the Facilities, LSUHSC-NO will allow the members of the LSUHSC-NO community residing at the Facilities access to the same or similar services and access it provides to those in its own housing facilities, including, access to parking through its existing vehicle registration process as well as any current future student life programs.

WHEREAS, the Foundation now desires to lease the Property from LSU and sublease the Property to Provident Group-HSC for the purpose of acquiring, designing, developing, constructing, furnishing, installing, equipping, and operating the Facilities thereon solely for the

use and benefit of the Eligible Residents (as defined herein) and in furtherance of the Foundation's mission to support LSUHSC-NO, and will meet other academic needs of the Campus; and

WHEREAS, the costs of the acquisition, design, development, construction, equipping, furnishing, and installing of the Series 2020 Project is to be financed with the proceeds of: (i) approximately \$97.3 million aggregate principal amount of Louisiana Public Facilities Authority Revenue Bonds (Provident Group – HSC Properties Inc. – LSU Health Foundation, New Orleans Project) Series 2020A (“Series 2020A Bonds”) and the (ii) approximately \$1.2 million aggregate principal amount of Louisiana Public Facilities Authority Taxable Revenue Bonds (Provident Group – HSC Properties Inc. – LSU Health Foundation, New Orleans Project) Series 2020B (“Series 2020B Bonds” and, together with the Series 2020A Bonds, the “Series 2020 Bonds”) pursuant to a Trust Indenture dated as of _____ 1, 2020 (“Indenture”) between the Louisiana Public Facilities Authority, as the issuer (“Authority”), and Hancock Whitney Bank, as trustee (“Trustee”), the proceeds of the sale of such Series 2020 Bonds to be loaned by the Authority to Provident Group-HSC pursuant to a Loan Agreement dated as of _____ 1, 2020 (“Loan Agreement”).

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1. DEFINITIONS. In addition to such other defined terms as may be set forth in this Agreement, the following terms shall have the following meanings:

“Additional Bonds” - as defined in the Indenture, to the extent the same are issued in accordance with the terms of the Indenture.

“Annual Rent” - as defined in Section 4.1.

“Architect” - the Facilities’ architect(s) of record selected by the Developer.

“Architect’s Agreement” - the agreement(s) between the Architect and the Developer (pursuant to the Development Agreement) for the Design and Development of the Facilities, and any and all amendments, modifications and supplements thereto.

“Authority” - the Louisiana Public Facilities Authority, a public trust and public corporation of the State of Louisiana, or any agency, board, commission, body, department or office succeeding to the purpose or functions of the Authority, or to whom the power conferred upon the Authority shall be given by Governmental Regulations.

“Award” - payment or other compensation received or receivable as a consequence of a Taking from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

“Board” - the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and its successors and assigns.

“Bond Counsel” – as defined in the Indenture.

“Bond Documents” - collectively, the Bonds and the related Bond Purchase Agreement, Indenture, Loan Agreement, any and all promissory notes provided under or in connection with the Indenture or Loan Agreement, the Mortgage, the Collateral Assignment of Contract Documents, the Tax Regulatory Agreement (as each of such documents, to the extent not defined herein, are defined in the Indenture) and all other instruments or agreements executed by the Authority, Trustee and/or Provident Group-HSC in connection with the issuance, purchase and delivery of the Bonds, and evidencing, governing or securing payment of the Bonds, together with the collateral assignment of any Bond Document by the Authority to the Trustee, and all amendments, modifications and supplements to each such Bond Document in accordance with their terms and the Ground Sublease.

“Bondholder” - as defined in the Indenture.

“Bonds” - collectively, the Series 2020 Bonds and any Additional Bonds.

“Budget” - as defined in the Management Agreement.

“Business Day” or **“business day”** - a day excluding Saturday, Sunday, and any Holiday.

“Campus” - means the LSUHSC-NO campus, located in New Orleans, Orleans Parish, Louisiana.

“Change Order” - as defined in the Development Agreement.

“Code” - the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

“Collateral Assignment of Contract Documents” - any collateral assignments, pledge or other instrument, dated on or about the date of the Agreement, given to the Authority, the Trustee or Provident Group-HSC, as applicable, for the benefit of the Bondholders, that collaterally assigns or pledges the right, title and interest of Provident Group-HSC, the Developer, the Manager or the Authority in and to any or all of the Contract Documents as security for the payment of the Bonds by Provident Group-HSC, the Developer or the Manager, including, without limitation, any such assignments or pledges set forth in the Mortgage.

“Commencement Date” - the Effective Date.

“Construct,” “Constructed,” or “Construction” - to Develop, improve, renovate, expand, install, construct, demolish, renew, restore, or perform any other work of similar nature in

connection with locating, relocating, placing, replacing, restoring, and installing the improvements, equipment, or furnishings comprising the Facilities.

“Construction Contract” - as defined the Development Agreement.

“Consultant” - as defined in the Development Agreement.

“Contract Documents” - collectively, the Development Agreement, the Management Agreement, the Construction Contract, the Architect’s Agreement, the Construction Documents and any and all contracts entered into by the Developer or Provident Group-HSC for the engagement of contractors, materialmen, and laborers from time to time in connection with the performance of the Series 2020 Project or the provision of materials or labor in respect thereto, and all other contracts and/or agreements from any person or firm rendering services or supplying material in connection with the performance of the Series 2020 Project, as such Contract Documents may be amended, modified or supplemented from time to time. All terms, conditions, and provisions of the Contract Documents require the prior written approval of LSU.

“Construction Documents” - collectively, the Plans and Specifications, Construction drawings and Change Orders prepared by the Developer, the Architect or other Consultants for the performance of the Series 2020 Project and any changes, modifications, or supplements to them, all as approved by Provident Group-HSC, the Foundation and LSU. The Construction Documents, as such may be amended, modified or supplemented from time to time, are attached as Exhibits to the Development Agreement and set forth the Developer’s exclusive Construction obligations relative to the performance of the Series 2020 Project.

“Contractor” - as defined in the Development Agreement.

“Default Rate” - a per annum rate of interest equal to the sum of the Prime Rate plus four (4%) percent.

“Design” - any and all design, planning, architectural, or engineering activity required in connection with and for the performance of the Series 2020 Project.

“Developer” - Michaels Student Living, LLC, Marlton, New Jersey, and its permitted successors and assigns under the Development Agreement or such other entity approved by the Foundation.

“Development” or **“Develop”** - any acts necessary and appropriate to: (a) obtain any required land use, zoning, environmental, building, or other approvals and permits for the Design, acquisition, Construction, operation and use of the Facilities, (b) obtain any required extension of public and private Utility Services for the Facilities, (c) obtain any required vehicular or pedestrian rights of way and access from or to the Facilities (including such rights granted herein), and (d) satisfy the legal requirements and insurance requirements in connection with the performance of the Series 2020 Project.

“Development Agreement” - that certain Development Agreement dated as of _____ 1, 2020, between Provident Group-HSC and the Developer, with the Trustee, the Foundation, LSUHSC-NO, and LSU as intended third party beneficiaries, regarding the performance of the Series 2020 Project, and any amendments, modifications and supplements thereto. LSU must consent to any and all provisions that are contained within the Development Agreement.

“Development Costs” - as defined in and determined consistently with the Development Agreement.

“Effective Date” - the date of issuance of the Series 2020 Bonds, which is January __, 2020.

“Eligible Residents” - in order of priority: (i) students registered in a professional academic health program at LSUHSC-NO, including the LSU School of Dentistry; (ii) full-time students registered at the Delgado Charity School of Nursing, (iii) visiting faculty serving at LSUHSC-NO on a temporary basis; (iv) persons participating in any LSUHSC-NO sponsored activity or program; (v) regular full-time faculty and staff of LSUHSC-NO; and (vi) lastly, but only to the extent beds are available: (A) first, to physicians and staff of University Medical Center New Orleans, and (B) second, to full-time students attending other accredited academic health institutions within the City of New Orleans, including Tulane Medical Center.

“Environmental Laws” - all federal, State and local laws and ordinances and common law principles relating to the protection of the environment or the keeping, use, abatement, remediation, disposal, human health or natural resources or the generation, transportation, treatment, storage, disposal, recycling, keeping, use, or disposition of Hazardous Materials, substances, or wastes, presently in effect or adopted after the Effective Date, including, without limitation, all amendments to Environmental Laws and all rules and regulations under any Environmental Laws.

“Equipment” – as defined in the Indenture.

“Event of Default” - any matter identified as an Event of Default under Sections 12.1 or 13.1.

“Expense” - as defined in the Indenture and the Management Agreement.

“Expiration Date” - the date on which this Agreement terminates in accordance with its terms.

“Facilities” - as defined in the Recitals of this Agreement.

“Federal Bankruptcy Code” - 11 U.S.C. §101, *et seq.*, as the same may be amended from time to time.

“Final Completion”, **“Finally Complete”** or **“Finally Completed”** - as defined in the Development Agreement.

“Final Completion Date” - as defined in the Development Agreement.

“Fiscal Year” – the period commencing on July 1 of any calendar year and ending on June 30 of the following calendar year, or such other period for twelve consecutive calendar months as shall be specified by LSU.

“Force Majeure” – any (a) act of God, landslide, lightning, earthquake, named storm, flood, tornado, blizzard, fire, explosion, act of a public enemy, war, rebellion, terror, insurrection, acts of civil or military authorities, riot, or civil disturbance or disorders; (b) labor dispute or lockouts; or (c) order or final non-appealable judgment of any Governmental Authority other than LSU, if not the result of willful or negligence action of the Foundation.

“Foundation” - the LSU Health Foundation, New Orleans, a Louisiana nonprofit corporation and a Tax-Exempt Organization, and its successors and assigns.

“Foundation Representative” - the Person or Persons designated in writing by the Foundation to serve as the Foundation’s representative(s) in connection with this Agreement, initially _____, who is authorized to represent the Foundation, and any other person(s) designated in writing by the Foundation to LSU from time to time as person(s) who is(are) authorized to act on behalf of the Foundation under this Agreement.

“General Contractor” – as defined in the Development Agreement.

“Governmental Authority” - any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

“Governmental Regulations” - any and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, case precedents, decrees, writs, injunctions, rules, regulations, restrictions, permits, plans, approvals, authorizations, concessions, investigations, reports, guidelines and requirements or accreditation standards of any Governmental Authority having jurisdiction over LSU, the Foundation, the Property, the Facilities or affecting the Property, the Facilities, and any lease or sublease of the Property and/or the Facilities, including, without limitation, all applicable Environmental Laws, the Americans with Disabilities Act of 1990 and the Occupational Safety and Health Standards of the State and the United States, each as amended; provided, however, that this definition shall not be interpreted as waiving protections granted to any party against future laws impairing the obligations of contracts between the parties and/or third parties.

“Ground Rent” - as defined in Section 3(a) of the Ground Sublease.

“Ground Sublease” - the Ground Sublease Agreement dated as of _____ 1, 2020, by and between the Foundation and Provident Group-HSC, as amended, modified and supplemented from time to time.

“Guaranteed Maximum Price” - as defined in the Development Agreement.

“Hazardous Materials” - pollutants, contaminants, flammables, explosives, radioactive materials, hazardous wastes, substances, chemicals or materials, toxic wastes, substances, chemicals, or materials or other similar substances, petroleum products or derivatives, or any substance subject to regulation by or under Environmental Laws, including asbestos, asbestos-containing materials, materials presumed by law to contain asbestos, polychlorinated biphenyls (“PCBs”), petroleum, petroleum byproducts (including but not limited to, crude oil, diesel, oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas products, infectious wastes, radioactive materials, and/or any hazardous or toxic substance, chemical or material, or any other environmentally regulated substance or material, waste, pollutant or contaminant, defined as such or regulated by any Environmental Laws.

“Holiday” - any day which shall be a legal holiday in the State of Louisiana or for the federal government, or a day on which banking institutions in the State of Louisiana are authorized or required by law to be closed, a day on which LSU or LSUHSC-NO is required by law to close, or a day on which LSU or LSUHSC-NO is authorized to close or is closed.

“Indenture” - as defined in the Recitals of this Agreement.

“Independent Engineer” - a reputable civil engineering firm qualified to transact business in the State and experienced in facilities similar to the Facilities.

“Lien” - as defined in Section 6.1(h).

“Loan Agreement” - as defined in the Recitals of this Agreement.

“LSU” - the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, and its successors or assigns.

“LSU Construction Monitor” - one or more persons designated and authorized in writing from time to time by the LSU Representative or his or her designee to monitor the Developer’s Construction progress during the Construction phase of the Facilities, if any.

“LSU Representative” - one or more of the persons designated and authorized in writing from time to time by LSU to represent LSU in exercising its rights and performing LSU’s obligations under this Agreement. From the Effective Date until the Final Completion Date, the LSU Representative shall be the President or the Vice President for Finance or their respective designee(s); thereafter the LSU Representative shall be the Vice President for Finance or his designee(s).

“LSU’s Interest” - the fee simple title to the Property, subject to the Foundation’s rights under this Agreement.

“LSUHSC-NO” means the LSU Health Sciences Center – New Orleans, a campus and academic center of LSU located in New Orleans, Louisiana, focused on health sciences, and housing the LSU School of Medicine, LSU School of Allied Health Professionals, LSU School of Dentistry, the LSU School of Graduate Studies, the LSU School of Nursing, and the School of Public Health.

“Management Agreement” - the Property Management Agreement dated as of _____ 1, 2020 by and among Provident Group-HSC and the Manager regarding the management of the Facilities, and any and all modifications, amendments and supplements thereto. Any and all of the provisions contained within the Management Agreement require the prior written approval of LSU.

“Manager” – a person designated by Provident Group-HSC (and not an employee of the Authority) that is a professional management company having a favorable national reputation for skill and experience in managing facilities similar to the Facilities to be retained by Provident Group-HSC for management of the Facilities. The initial Manager is Michaels Student Living Management, LLC, a company of The Michaels Organization, Camden, New Jersey.

“Mortgage” - that certain Multiple Indebtedness Mortgage, Leasehold Mortgage, Pledge of Leases and Rents and Security Agreement dated the date of issuance of the Series 2020 Bonds by Provident Group-HSC in favor of the Mortgagee, for the benefit of the owners of the Bonds, as amended, modified and supplemented from time to time.

“Mortgagee” - the Trustee, as mortgagee under the Mortgage.

“Net Condemnation Proceeds” - the proceeds received by the Foundation, Provident Group-HSC or the Mortgagee, as applicable, in the event of a Taking of the Property, in whole or in part, from the condemning Governmental Authority, less all reasonable and necessary costs and expenses issued in the connection with the settlement of the claims arising out of the Taking and the Award granted by the condemning Governmental Authority, including reasonable fees and expenses of counsel.

“Net Insurance Proceeds” - the proceeds received by the Foundation, Provident Group-HSC or the Mortgagee, as applicable, in the event of a casualty, damage or destruction to the Property, or any portion thereof, under and pursuant to the insurance policies maintained by Provident Group-HSC with respect to the Property, less all reasonable and necessary costs and expenses insured in connection with the settlement of any insurance claim relative to such proceeds, and the deductible, including reasonable fees and expenses of counsel.

“OFPC” - the Office of Facility Planning and Control, Division of Administration of the State of Louisiana.

“Performance Bond and Payment Bond” - the performance bond and payment bond required by the Development Agreement, the forms of which (AIA Documents A312) are attached thereto.

“Permitted Encumbrances” - as of any particular time, (i) liens for ad valorem taxes, special assessments, and other charges not then delinquent or for taxes, assessments, and other charges being contested in accordance with the terms of this Agreement or the Ground Sublease, (ii) the Bond Documents, (iii) the memoranda of lease related to each of this Agreement and the Ground Sublease, (iv) utility, access, and other easements and rights of way, restrictions, and exceptions, (v) any mechanics’ and materialmen’s liens which have been bonded or insured over (to the Foundation’s benefit) in accordance with the provisions of this Agreement or the Ground Sublease, (vi) this Agreement, (vii) the Ground Sublease, (viii) statutory restrictions imposed on the improvement or use of the Property, (ix) the effects of any and all laws, ordinances, permits and Governmental Regulations, including zoning, land use, and Construction, with respect to which Foundation, Provident Groups HSC, and Developer, as applicable, have complied and/or will comply, (x) the Mortgage, (xi) those exceptions to title to the Property more fully described in the Title Insurance Policy, and (xii) any additional exceptions or encumbrances created or consented to in writing by LSU.

“Person” - an individual, a trust, an estate or a Governmental Authority, or a partnership, joint venture, corporation, limited liability company, firm or any other legal entity.

“Plans and Specifications” - the plans and specifications for the performance of the Series 2020 Project as implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the Facilities, all in accordance with the Loan Agreement, the Development Agreement, the Ground Sublease and this Agreement, to be approved by the Foundation, Provident Group-HSC and the LSU Representative, as may be amended from time to time as permitted in the Ground Sublease and in the Development Agreement.

“President” - the President of LSU and shall include any permanent or interim officer or any successor office.

“Prime Rate” - the rate designated as the “prime rate” as published each business day in the Wall Street Journal, or, if at any time the Wall Street Journal shall cease to be published, the rate announced from time to time by the largest commercial bank with branches in New York City (as reasonably identified by LSU) as its “prime,” “base” or “reference” rate.

“Project Advisory Committee” - that certain committee established by Provident Group-HSC, which committee shall at all times be composed of six (6) members, with three (3) representatives appointed from names of candidates submitted by the Foundation, two of which must be representatives of LSUHSC-NO appointed by the Chancellor, and three (3) representatives appointed from names of candidates submitted by Provident Group-HSC. Any and all decisions and determinations of the Project Advisory Committee shall be by majority vote of the members, and any such representative may assign his right to vote to another representative by written proxy.

“Project Schedule” - the construction schedule(s) for Substantial Completion of the Facilities and defined as the “Project Schedule” and set forth in the Development Agreement.

“Property” - as defined in the Recitals of this Agreement and more particularly described in **Exhibit A** hereto.

“Provident Group-HSC” - Provident Group – HSC Properties Inc., a Louisiana nonprofit corporation and a Tax-Exempt Organization, whose sole member is Provident Resources, and its permitted successors and assigns.

“Provident Resources” - Provident Resources Group Inc., a non-profit corporation duly organized and existing under the laws of the State of Georgia and a Tax-Exempt Organization, and its permitted successors and assigns.

“Redemption Fund” - as defined in the Indenture.

“Remediation” - includes, but is not limited, to any response, remedial, removal, or corrective action; any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Material; any actions to prevent, cure or mitigate any release of any Hazardous Material; any action to comply with any Environmental Laws or with any permits issued pursuant thereto; any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or evaluation relating to any Hazardous Materials.

“Resident” - a tenant of the Facilities.

“Series 2020 Bonds” - collectively, the Series 2020A Bonds and the Series 2020B Bonds.

“Series 2020A Bonds” - the revenue bonds designated “Louisiana Public Facilities Authority Revenue Bonds (Provident Group-HSC Properties Inc. – LSU Health Foundation, New Orleans Project) Series 2020A” in the aggregate principal amount of \$_____ to be issued pursuant to the Indenture.

“Series 2020B Bonds” - the revenue bonds designated “Louisiana Public Facilities Authority Taxable Revenue Bonds (Provident Group-HSC Properties Inc. – LSU Health Foundation, New Orleans Project) Series 2020B” in the aggregate principal amount of \$_____ to be issued pursuant to the Indenture.

“Series 2020 Project” - as defined in the Recitals of this Agreement.

“State” - the State of Louisiana.

“Subcontractor” - as defined in the Development Agreement.

“Subordinate Collateral Assignment of Contract Documents” - the Subordinate Assignment of Contract Documents, dated as of _____, 2020, by Provident Group-HSC, as assignor, in favor of the Foundation, as amended, modified or supplemented from time to time.

“Substantial Completion,” “Substantially Complete,” and “Substantially Completed” - as defined in the Development Agreement.

“Substantial Completion Date” - the date set forth in (and as so defined in) the Development Agreement, being the date by which the Developer is committed under the Development Agreement to deliver the Facilities to Provident Group-HSC, Substantially Complete and otherwise in the condition described in the Development Agreement, subject to extension of such date if and to the extent such extension becomes effective pursuant to the express terms of the Development Agreement.

“Taking” - the actual or constructive condemnation, expropriation or the actual or constructive acquisition by condemnation, expropriation, eminent domain or similar proceeding by or at the direction of any Governmental Authority or other Person with the power of eminent domain.

“Tax-Exempt Organization” - (a) a State or local governmental unit, including a public institution of higher learning organized under the laws of the State, or (b) an entity organized under the laws of the United States of America or any state thereof (i) that is an organization described in §501(c)(3) of the Code, (ii) that is exempt from federal income taxes under §501(a) of the Code, and (iii) that is not a “private foundation” within the meaning of §509(a) of the Code.

“Term” - the time period during which this Agreement shall remain in full force and effect as set forth in Section 3.1 hereof.

“Title Company” - First American Title Insurance Company of Louisiana, and its successors and assigns.

“Title Insurance Policy” - an ALTA Loan Policy of Title Insurance in form and substance satisfactory to the Mortgagee issued by the Title Company in the amount of the title commitment insuring the Mortgage as a first priority lien on the Mortgaged Property and the Improvements (each as defined in the Mortgage), containing such endorsements and with such re-insurance as the Mortgagee may request, excepting only such items as shall be acceptable to Mortgagee.

“Trustee” - Hancock Whitney Bank, a Mississippi state banking corporation, and its successors and assigns, as the trustee under the Indenture.

“Vice Chancellor for Administration and Finance” - the Vice Chancellor for Administration and Finance and CFO of LSUHSC-NO and shall include any permanent or interim officer or any successor office.

ARTICLE II

LEASE OF LAND AND STUDENT HOUSING

Section 2.1. LEASE OF LAND. LSU covenants that, for and in consideration of the Annual Rent to be paid by the Foundation hereunder and other good and valuable consideration, including, without limitation, the obligation of the Foundation to cause Provident Group-HSC to perform or cause to be performed the Series 2020 Project, and of the performance and observance by the Foundation of the covenants, obligations, conditions and stipulations herein expressed on the part of the Foundation to be performed and observed, the receipt and sufficiency of which is hereby acknowledged, LSU does hereby lease unto the Foundation, and the Foundation does hereby lease from LSU, the Property for the duration of the Term under the terms and conditions hereinafter set forth, together with the right of uninterrupted nonexclusive utilities, access, ingress, egress, parking, and passage during the Term to and from all streets, roads, and parking areas now or hereafter adjoining the Property, including vehicular and pedestrian ingress and egress. The Foundation, by execution of this Agreement, accepts the leasehold estate in the Property herein demised. The Foundation acknowledges that it has inspected the Property and agrees to accept the Property in its present condition without warranty, and no repairs, replacements, additions, alterations, improvements, reconstruction or remodeling of any kind or nature shall be due by LSU, on or with respect to the Property.

Section 2.2. SERVITUDES. LSU hereby grants to the Foundation the rights to perform or cause to be performed the Series 2020 Project on the Property and such other areas of Campus as shall be approved in writing by an LSU Representative, and hereby grants to the Foundation for the Term a nonexclusive servitude over, across, and upon that portion of the Campus as is necessary and as is set forth in this Agreement, the Development Agreement and Plans and Specifications, if approved by the LSU Representative, in order to perform the Series 2020 Project in accordance with this Agreement and the Development Agreement. LSU shall grant to the Foundation, Provident Group-HSC and the Developer and its Consultants temporary rights of passage and use over such other areas including “lay down” and “staging” areas as may be reasonably required to perform the Series 2020 Project, the use of which by the Foundation, Provident Group-HSC and the Developer and its Consultants shall require the prior written consent of the LSU Representative. Such rights of passage and use as to the Consultants shall terminate upon Final Completion. None of the rights granted in this Section 2.2 shall be transferred, assigned or encumbered without the prior written consent of the LSU Representative.

Section 2.3. SUBLEASE OF PROPERTY TO PROVIDENT GROUP-HSC. Subject to the requirements of this Agreement, LSU consents to the Foundation’s sublease of the Property to Provident Group-HSC.

Section 2.4. RIGHT OF ACCESS. During the Term, LSU hereby grants to the Foundation the right to access on, over, upon, and across that portion of the Campus as is reasonably necessary or required for the Foundation’s use of such areas. LSU agrees it will not materially or unreasonably interfere with such access during the Term. The Foundation agrees not to materially and adversely interfere with LSU's use of the Campus with respect to the

Foundation's use of the Property or the Campus, where applicable. LSU consents to the Foundation's assignment of rights of access to Provident Group-HSC on, over, upon, and across that portion of the Campus as is necessary or required for Provident Group-HSC's use of such areas, except as specifically set forth herein. None of the rights granted in this Section 2.4 shall be transferred, assigned or encumbered without the prior written consent of the LSU Representative.

ARTICLE III TERM

Section 3.1. AGREEMENT TERM. The Term shall commence on the Effective Date and shall continue and remain in full force and effect a total term of fifty (50) years.

Section 3.2. RESERVED.

Section 3.3. RESERVED.

Section 3.4. EFFECTIVE DATE. This Agreement shall not be effective until the Effective Date.

Section 3.5. PAYMENT OR DEFEASANCE OF BONDS. Notwithstanding anything herein to the contrary, the Parties agree not to terminate this Agreement prior to the time the Bonds are paid in full or legally defeased and all obligations under the Bond Documents are fully discharged, as applicable.

ARTICLE IV RENT

Section 4.1. FOUNDATION RENT. Commencing on the Effective Date and continuing throughout the Term and in addition to other consideration set forth herein, the Foundation shall pay to LSU, at such place as LSU may designate from time to time in writing, as Annual Rent for the Property the sum of One Thousand and 00/100 Dollars (\$1,000.00) (the "Annual Rent"). Annual Rent shall be due and payable annually in advance, with the first such payment of Annual Rent being due on the Effective Date hereof and a like installment due on each anniversary of the Effective Date thereafter during the Term.

ARTICLE V USE OF LAND AND HOUSING FACILITIES

Section 5.1. PURPOSE OF COOPERATIVE ENDEAVOR AND LEASE AGREEMENT. As further consideration for the lease of the Property by LSU to the Foundation, Foundation enters into this Cooperative Endeavor and Lease Agreement for the purpose, and shall have the continuing obligation, of causing Provident Group-HSC to perform (i) the Series 2020 Project in accordance with the Plans and Specifications approved by LSU and as more specifically set forth in the Development Agreement and (ii) the maintenance, operation, management and

replacement of the Facilities, as more particularly set forth in the Management Agreement, both of which agreements require the prior written approval of LSU. The Foundation shall use and operate, or cause the use and operation of (i) the Property for the sole and exclusive purpose of performing the Series 2020 Project and (ii) the Facilities for the sole and exclusive purpose of the maintenance, operation, management and replacement of the Facilities as required under this Agreement and the Management Agreement, with a sublease of the Property to Provident Group-HSC for use by the Eligible Residents, all of which use and operation shall be for the support of the educational, research and public service missions of LSUHSC-NO and to support LSUHSC-NO's faculty and students primarily through the provision of quality housing conveniently located on the Campus.

Section 5.2. TITLE TO FACILITIES. During the Term, title to the Facilities shall be vested in Provident Group-HSC until the expiration date of the Ground Sublease at which time title will transfer to LSU as set forth in Sections 6.1(k) and 14.1(b) hereof. Notwithstanding anything to the contrary contained in this Agreement, LSU does not waive and/or relinquish its lien or claim for lien, whether granted by constitution, statute, rule of law, contract, or otherwise relating to the Equipment, whether located in or about the Property or otherwise, for the purpose of securing the Foundation's obligation to pay Annual Rent; provided, however, until the Bonds have been paid in full or legally defeased, as applicable, and all obligations under the Bond Documents are fully discharged, LSU agrees not to exercise its rights with respect to any such lien or claim.

Section 5.3. COMPLIANCE WITH STATUTORY REQUIREMENTS. Louisiana Revised Statutes 17:3361, *et seq.* prescribes rules and regulations for leases of any portion of the Campus by a college or university. By execution of this Agreement, LSU represents that it has complied with the applicable statutory requirements of Louisiana Revised Statutes 17:3361, *et seq.* by effectuating hereby the following with respect to the Facilities, including, without limitation:

(a) the waiver by written consent of the formulation and adoption of rules, regulations and requirements by LSU relative to the performance of the Series 2020 Project referenced in Louisiana Revised Statute 17:3362A, other than those set forth in this Agreement or specifically referenced in this Agreement;

(b) the waiver by written consent of LSU's right to require removal of the Facilities referenced in Louisiana Revised Statute 17:3362B, except as otherwise set forth in this Agreement, but LSU reserves the right to enforce any and all other remedies allowed by this Agreement in the event of the Foundation's failure or refusal to comply with this Agreement or any rules, regulations or requirements set forth herein; and

(c) the waiver by written consent of LSU's right to immediately terminate this Agreement and cause removal of the Facilities for the Foundation's failure to conform to rules and regulations as referenced in Louisiana Revised Statute 17:3364, except as otherwise set forth in this Agreement, but LSU reserves the right to enforce any and all other remedies allowed by this Agreement for such default.

Section 5.4. COMPLIANCE WITH GOVERNMENTAL REGULATIONS.

Furthermore, Foundation shall comply with all Governmental Regulations and shall obtain any and all applicable approvals and consents as required in order for Foundation to fulfill its obligations as set forth in this Agreement.**NO MERGER OF OBLIGATIONS** No obligation herein between LSU or the Foundation, as obligor, and the Foundation or LSU, as obligee, shall be deemed to be terminated by the doctrine of confusion.

**ARTICLE VI
CONSTRUCTION**

Section 6.1. CONSTRUCTION AND RELATED OBLIGATIONS.

(a) **The Foundation's and LSU's Approval Required for All Construction.**

The Ground Sublease shall provide that: (i) Provident Group-HSC shall not make capital improvements upon the Property necessary to perform the Series 2020 Project, including, but not limited to, the Construction, alteration, repair, abatement, renovation or demolition of any future improvement upon the Property, without the prior written approval of the Foundation, which shall obtain the prior written approval of LSU; (ii) the Foundation shall cause Provident Group-HSC to submit complete Construction Documents, which shall include Plans and Specifications, regarding any work referenced in the preceding sentence to the Foundation and the LSU Representative for review and approval prior to commencement of Construction and in accordance with the Development Agreement; (iii) LSU's approval of Construction Documents is for LSU's own benefit, cannot be relied upon by any Person other than Provident Group-HSC and the Foundation, and does not change the standard of care as to the preparer of the Construction Documents and (iv) the Foundation shall cause Provident Group-HSC to acknowledge and agree in the Ground Sublease that the Construction Documents for the Facilities shall be approved by LSU in accordance with the Development Agreement.

LSU hereby acknowledges that full performance by Provident Group-HSC of all its obligations and duties under the Development Agreement and delivery of the Facilities as Finally Complete pursuant to and in accordance with the terms and provisions of the Development Agreement shall be deemed the satisfaction of Provident Group-HSC's obligations to perform the Series 2020 Project.

(b) **LSU's Approval of Development Agreement.**

The Ground Sublease shall provide that Provident Group-HSC shall cause (x) the Developer to achieve Substantial Completion of the Facilities no later than the Substantial Completion Date, and (y) the Final Completion of the Facilities no later than the Final Completion Date, in both cases (x) and (y) in compliance with the Construction Documents and all applicable Governmental Regulations and in accordance with and pursuant to the Development Agreement. The Ground Sublease shall further provide that, in addition, and without limitation to the generality of the foregoing:

(i) Provident Group-HSC shall covenant to the Foundation that Provident Group-HSC shall fully and timely pay and perform, or cause to be paid and performed, all the covenants, indemnities, liabilities, and obligations of Provident Group-HSC under the Development Agreement and all other Contract Documents if any, in which Provident Group-HSC is a party.

(ii) Provident Group-HSC shall represent, warrant and covenant, and Provident Group-HSC shall cause the Developer to represent, warrant and covenant, that all representations, warranties, and covenants made by Provident Group-HSC and the Developer, respectively, under the Development Agreement and the other Contract Documents are true, correct and complete in all material respects as of the respective dates thereof and shall remain true, correct and complete in all material respects to the extent (if any) required pursuant to the Development Agreement or such other Contract Documents.

(iii) Provident Group-HSC shall timely and diligently exercise and enforce all of its rights and remedies under the Development Agreement and the other Contract Documents, and Provident Group-HSC shall cause the Developer to diligently exercise and enforce all its rights and remedies under the Development Agreement and the other Contract Documents (i) so as to require the Developer and all other parties thereto to fully and timely pay and perform all the covenants, indemnities, liabilities and obligations of the Developer or such other parties thereunder, or (ii) in connection with any breach by the Developer or any parties thereunder. The Ground Sublease shall further provide that Provident Group-HSC shall not, without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance, (A) waive, forgive or agree to forbear, or allow the Developer to forgive or agree to forebear, from exercising or enforcing any such rights and remedies, (B) consent to the continuation of any such breach, or (C) release the Developer or any party to such Contract Documents from any of the Developer's or such party's obligations under the Development Agreement or any such other Contract Documents, as applicable.

(iv) The Ground Sublease shall provide that Provident Group-HSC shall: (A) agree that it shall not, without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance: (1) assign, transfer, terminate or suspend the Development Agreement or any Contract Document or any of Provident Group-HSC's rights thereunder, (2) extend any time periods or deadlines set forth therein (except only as required by the express terms thereof), (3) modify or permit the modification of the Development Agreement or any other Contract Document or (4) change the Guaranteed Maximum Price for performance of the Series 2020 Project or reduce the retainage held by Provident Group-HSC under the Development Agreement without prior written approval by the Foundation after having obtained the prior written consent of LSU; and (B) in addition, the Foundation shall cause Provident Group-HSC to agree that it shall not,

without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance, consent to any assignment or transfer by the Developer or any other party to the Contract Documents of all or any part of the Developer's or such party's right, title or interest in or to the Development Agreement or any Contract Document or the proceeds thereof (whether directly or indirectly via an assignment or transfer of any direct or indirect ownership or management interest in the Developer, the Manager or such party), to the extent Provident Group-HSC's consent is required therefor.

(v) Notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement (including the provisions of this Section 6.1(b)) shall be deemed to require LSU to pay or perform any of the covenants, indemnities, liabilities and obligations of Provident Group-HSC under the Development Agreement or of Provident Group-HSC (if any) or the Developer under the Development Agreement or other Contract Documents or under any Bond Documents.

(vi) The Ground Sublease shall provide that Provident Group-HSC shall agree to provide or cause other Persons to provide to the Foundation, and the Foundation shall in turn provide to LSU, copies of each notice, correspondence, report or other information received or given by Provident Group-HSC, or the Developer under each of the Contract Documents, Bond Documents or Governmental Regulations: (A) within three (3) Business Days after each receipt of same and (B) simultaneously with each giving of same.

(vii) The Ground Sublease shall provide that: (A) if, before Final Completion of the Facilities, the Development Agreement is terminated or the Developer is dismissed or suspended or withdraws from its capacity as the developer under the Development Agreement, whether due to a default under the Development Agreement or otherwise, that Provident Group-HSC shall agree not to enter into any replacement development agreement and/or retain any replacement developer without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance; (B) if, before the Final Completion of the Facilities, any other Contract Document to which Provident Group-HSC or the Developer is party is terminated or a party to any such other Contract Document is dismissed or suspended or withdraws from such capacity, whether due to a default under such other Contract Document or otherwise under such Contract Document, Provident Group-HSC shall not enter into any replacement of such Contract Document and/or retain any replacement party to such other Contract Document without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance, such consent to be given in the Foundation's and LSU's sole and unfettered discretion (except to the extent, if any, required otherwise in the Development Agreement).

(viii) In addition to the foregoing and without limitation to any of the Foundation's obligations in this Section 6.1(b) or elsewhere in this Agreement, the Foundation hereby agrees that, to the extent the Development Agreement and/or other Contract Documents are enforceable directly by the Foundation, and if an event of default or an event that, with the passage of time or giving notice, would constitute an event of default by Provident Group-HSC under the Development Agreement, the Foundation will provide in the Ground Sublease that Provident Group-HSC shall irrevocably consent to the Foundation's full or partial enforcement or forbearance from enforcement thereof at any time and from time to time in accordance with the Development Agreement and Subordinated Collateral Assignment of Contract Documents, which rights are subordinate to the rights of the Trustee with respect thereto.

(ix) For the avoidance of doubt and notwithstanding anything to the contrary herein, the Ground Sublease shall provide that any Design as to the Facilities shall be subject to the approval of the Foundation and LSU.

(c) **Default in Construction.** The Ground Sublease shall provide that: (i) if there shall be a default by the Developer, the General Contractor or the Architect in connection with the performance of the Series 2020 Project (after expiration of any applicable notice and cure periods contained therein), Provident Group-HSC shall exercise or cause to be exercised all of the rights and remedies available: (A) to Provident Group-HSC under the Development Agreement, subject to the terms and conditions thereof, or (B) to Provident Group-HSC (if any) under the relevant Contract Documents; (ii) without limiting any other rights of the Foundation under this Agreement, if an Event of Default shall occur and be continuing, or if Provident Group-HSC shall be in default under the Development Agreement beyond any applicable grace or cure period, or if (for more than thirty (30) days after notice to Provident Group-HSC) Provident Group-HSC shall fail to exercise its rights and remedies under the Development Agreement in the event of a default by the Developer thereunder, subject to the terms and conditions thereof, the Foundation may, but shall not be obligated to, subject to the rights of the Trustee, exercise its rights under, or assert the rights of Provident Group-HSC pursuant to, the Subordinated Assignment of Contract Documents and the Development Agreement; and (iii) all such rights and remedies of the Foundation are in addition to and shall not be deemed to limit or restrict any rights or remedies of the Foundation under the Development Agreement.

(d) **Commencement of Construction.** The Ground Sublease shall provide that Provident Group-HSC shall commence and pursue to Final Completion the Facilities on the Property and associated site development within the boundaries of the Property in accordance with the Contract Documents and in accordance with the Project Schedule (subject to adjustment if and to the extent provided in the Development Agreement). LSU hereby acknowledges receipt of a copy of the Construction Contract, including the Project Schedule, from the Foundation.

(e) **Construction Approvals by LSU.** The Ground Sublease shall provide that: (i) prior to commencing any excavation, demolition, Construction, paving, or any other work associated with the Property or the Facilities, Provident Group-HSC shall deliver or cause to be delivered one (1) set of Construction Documents to the Foundation and two (2) sets of Construction Documents to the LSU Representative for approval, which Construction Documents shall be 100% complete, (ii) the right of approval of the Foundation and the LSU Representative with respect to the Construction Documents shall include, but not be limited to, the compatibility of the exterior appearance of any improvement with the adjacent portions of the Campus and LSUHSC-NO's activities therein, (iii) the Foundation and LSU shall have such period of time as is allowed under the Development Agreement to approve or reject such submissions, but in no event less than 30 days from receipt of any such submission with any rejection being accompanied with a description of measures to be taken by Provident Group-HSC that will result in approval on resubmission (or why resubmission of any similar proposal would be rejected), (iv) failure to approve or reject any submissions within such time period shall be deemed approval by the Foundation and LSU, (v) approval of submissions by the Foundation shall not relieve Provident Group-HSC from the obligation to obtain all other necessary approvals and permits required by various Governmental Authorities or from complying in all material respects with the Contract Documents and all applicable Governmental Regulations, and (vi) notwithstanding the foregoing, Provident Group-HSC may request of the Foundation and, in turn, LSU, in writing, that Provident Group-HSC be permitted to commence excavation, demolition, Construction, paving, or any other work associated with the Property and the Facilities prior to delivery of complete Construction Documents and LSU's and the Foundation's approval thereof in accordance with the Ground Sublease. LSU agrees it will not unreasonably withhold or delay such consent set for in item (vi) above, provided that, such request for consent must include reasonable detail as to the work to be done as well as an explanation of the need to begin such work prior to approval of complete Construction Documents in accordance with the Development Agreement. LSU agrees not to unreasonably withhold the approval required by this Section 6.1(e).

(f) **Change Orders.** The Foundation shall provide in the Ground Sublease that Provident Group-HSC shall not order, authorize, permit, consent to, suffer or perform any Change Orders except as expressly permitted and on the terms and conditions provided in the Development Agreement, and except as approved by the LSU Representative.

(g) **Construction According to Approved Construction Documents.** The Ground Sublease shall provide that: (i) all building materials for the Facilities must be new and of good quality in accordance with the Construction Documents; (ii) that the Foundation and the LSU Representative reserve the right to monitor (through their respective employees, construction consultant or the LSU Construction Monitor) Provident Group-HSC's performance of the Series 2020 Project from its inception to Final Completion thereof, including participation in all meetings contemplated by the Development Agreement and/or the Construction Contract; (ii) at a minimum, the following restrictions shall be placed upon Construction activities, and the Foundation shall

cause Provident Group-HSC to provide for the incorporation of all the following restrictions to be contained in the Development Agreement:

(A) access to the Property as shall be necessary for the performance of the Series 2020 Project will be limited to those involved with the performance of the Series 2020 Project and the employees or agents of the Foundation, Provident Group-HSC and LSU employees or the LSU Construction Monitor monitoring same;

(B) Provident Group-HSC must notify the Foundation and the LSU Representative in writing at least seventy-two (72) hours in advance of coordination meetings requiring the participation of the Foundation Representative and the LSU Representative;

(C) Signage shall be in conformity with LSU's rules and regulations and the Development Agreement; and

(D) Construction activities will comply with all applicable Governmental Regulations.

LSU hereby agrees to not interfere with the orderly progression of the Series 2020 Project, shall conduct any inspections consistently with the provisions in the Development Agreement (if any) for such inspections, shall observe all safety procedures reasonably imposed by Provident Group-HSC or the Developer and shall provide reasonable notice of all site visits.

(h) **All Liens and Rights are Subordinate to LSU and the Foundation.** The Foundation shall provide in the Ground Sublease that: (i) the rights of the Architect, the General Contractor and each other architect, Contractor, assignee, sublessee, Subcontractor, supplier, prime or general contractor, mechanic, laborer, materialman, or other lien or claim holder, shall always be and remain subordinate, inferior, and junior to LSU's and the Foundation's title, interest, and estate in the Property, (ii) other than Permitted Encumbrances, Provident Group-HSC shall not create or permit to be created or to remain, and shall discharge, any lien, encumbrance, or charge levied on account of any mechanic's, laborer's, or materialman's lien, or any security agreement, conditional bill of sale, title retention agreement, chattel mortgage, or otherwise (a "Lien") arising from the performance of the Series 2020 Project that might or does constitute a Lien, encumbrance or charge upon the Property or the Facilities, or any part thereof, or the income therefrom, having a priority or preference over or ranking on a parity with the estate, rights, or interest of LSU or the Foundation in the Property or any part thereof, or the proceeds therefrom, (iii) Provident Group-HSC shall cause any Lien or to be discharged (including by bond) or insured over (to LSU's and the Foundation's benefit) within fifteen (15) Business Days after receiving notice or knowledge thereof from any source or any shorter period of time as may be imposed by Governmental Regulations for discharge by bond, and (iv)

notwithstanding the foregoing, Provident Group-HSC shall be entitled to contest any such Lien or encumbrance, in good faith and by appropriate proceedings, as long as Provident Group-HSC bonds or insures over in favor of LSU, the Foundation, the Authority and the Trustee such Lien in an amount not less than 125% of the amount of the Lien or encumbrance, and the execution of any such Lien is stayed such that the Property or the Facilities are not placed in imminent danger of being seized or forfeited, without being deemed to be in default hereunder. The Ground Sublease shall further provide that nothing in the Ground Sublease shall be deemed or construed in any way as constituting the consent or request of LSU, express or implied, by inference or otherwise, to the filing of any Lien or other encumbrance (other than Permitted Encumbrances) against the Property or the Facilities, or LSU's interest in any of the foregoing, by any contractor, subcontractor, laborer, materialman, architect, engineer, or other Person for the performance of any labor or the furnishing of any materials or services for or in connection with the Property or the Facilities or any part thereof.

(i) **Payment of Bills for Construction.** The Ground Sublease shall provide that: (i) Provident Group-HSC shall covenant and agree to pay or cause to be paid, currently as they become due and payable in accordance with the terms of the Contract Documents and the Bond Documents, but solely from the proceeds of the Bonds, all bills for labor, materials, insurance, and bonds, and all fees of architects, engineers, Contractors, and Subcontractors and all other costs and expenses incident to the performance of the Series 2020 Project; provided, however, that Provident Group-HSC may, in good faith, in its own name, dispute and contest any such bill, fee, cost, or expense, in accordance with Section 6.1(h), and on condition that such contest will not adversely affect Provident Group-HSC's or the Developer's ability to perform the Series 2020 Project for a cost not exceeding the Guaranteed Maximum Price or to achieve Final Completion by the Final Completion Date and, in such event, any such item need not be paid until adjudged to be valid; and (ii) unless so contested by Provident Group-HSC, all such items listed above shall be paid by Provident Group-HSC within the time provided by law, and if contested, any such item shall be paid before the issuance of an execution on a final judgment with respect thereto.

(j) **Completion of Construction by the Foundation.** The Ground Sublease shall provide that: (i) the Foundation acknowledges that Provident Group-HSC will assign (or cause the assignment of) all of Provident Group-HSC's right, title, interest, and remedies in and to the Contract Documents: (A) to the Trustee pursuant to the Collateral Assignment of Contract Documents and (B) to the Foundation pursuant to the Subordinated Collateral Assignment of Contract Documents; (ii) Provident Group-HSC shall covenant and agree that, in the event Provident Group-HSC shall abandon or fail to commence, continue or complete the performance of the Series 2020 Project in accordance with the requirements of the Ground Sublease, the Foundation may, after providing written notice of such failure to Provident Group-HSC and Provident Group-HSC fails to cure the same within ten (10) Business Days thereof (provided that no such notice shall be required in the case of an Event of Default), at its option (but without any obligation to do so and without prejudice to any other rights the Foundation may have under the Ground Sublease) exercise

its rights under the Subordinated Assignment of Contract Documents to exercise Provident Group-HSC's rights and remedies under the Contract Documents against the Developer, including the right to complete (or to cause to be completed) the performance of the Series 2020 Project; (iii) if the Foundation shall not elect to exercise the option set forth above, the Trustee may elect to complete performance of the Series 2020 Project pursuant to the terms of the Collateral Assignment of Contract Documents; and (iv) the Foundation and Provident Group-HSC shall acknowledge that the Authority has no obligation, right or option to complete the performance of the Series 2020 Project or to assume any obligations under the Contract Documents.

(k) **Title to the Facilities.** The Ground Sublease shall provide that title to the Facilities and all other improvements hereafter Constructed on the Property in accordance with the Construction Documents and the Contract Documents shall be vested in Provident Group-HSC until the expiration date of the Ground Sublease, at which time all title to and ownership of the Facilities shall automatically and immediately vest (without the necessity of any further action being taken by Provident Group-HSC or the Foundation or any instrument being executed and delivered by Provident Group-HSC to the Foundation) in LSU.

The Ground Sublease shall provide that: (i) Provident Group-HSC shall execute, acknowledge and deliver such deeds, bills of sale, termination statements, assignments and other instruments as may be reasonably requested by the Foundation and/or LSU: (A) to acknowledge the date of termination of the Ground Sublease, all in recordable form, or (B) to convey title to LSU, by limited warranty deed with covenants against grantor's acts and an assignment of leases and licenses, but only to the extent owned by Provident Group-HSC, to the Facilities and all other improvements to or upon the Property or related to the Facilities, provided, however, that such transfer shall be by deed with covenants against grantor's acts (and equivalent assignment) only as to claims arising by, through or under Provident Group-HSC, free and clear of all Liens, subject only to Permitted Encumbrances and any Liens or encumbrances caused by the Foundation or its agents, contractors or employees or LSU; and (ii) if the Facilities are not free from all Liens or encumbrances other than Permitted Encumbrances and any liens or encumbrances caused by the Foundation or its agents, contractors or employees including LSU on the expiration date of the Ground Sublease, the Foundation and/or LSU may (A) direct Provident Group-HSC to correct or discharge such Liens or encumbrances within a reasonable time period; (B) elect to discharge such Liens or encumbrances and seek reimbursement from Provident Group-HSC for the costs of same, along with interest at the Default Rate and reasonable attorneys' fees; or (C) require Provident Group-HSC to remove such Liens or encumbrances before such title shall transfer to LSU.

(l) **Permits, Laws, and Ordinances.** The Ground Sublease shall provide that: (i) Provident Group-HSC shall comply and cause the Developer and its Contractors and Subcontractors to comply in all material respects with all building, zoning, life safety and other codes, ordinances, rules, regulations, orders, directives, and all Governmental

Regulations and LSU or LSUHSC-NO requirements which may now or hereafter, from time to time, be established and which are or shall be applicable to Provident Group-HSC as they relate to the Series 2020 Project and shall take, as otherwise provided herein, all action necessary to cause the Series 2020 Project to comply in all material respects with all provisions of the Contract Documents, the Bond Documents, the Ground Sublease and this Agreement applicable to Provident Group-HSC; and (ii) Provident Group-HSC shall cause all work to occur only at such times as are permitted by Governmental Regulations and in compliance with any restrictions in the Development Agreement.

(m) **Construction Site.** The Ground Sublease shall provide that: (i) Provident Group-HSC shall confine its operations and cause the Developer to confine the Developer's operations to the Property and shall not store, or permit the Developer to store, any material or equipment or conduct any construction work, preparation or staging on property of LSU, the Foundation or other Persons outside the boundaries of the Property, except as approved in writing and subject to such conditions as may be reasonably specified and approved in writing by the Foundation, which shall obtain the prior written approval of LSU, provided that Provident Group-HSC shall be deemed to comply with the foregoing sentence as to materials stored offsite provided the offsite storage location is secure, bonded and insured and title to the stored materials has not passed to Provident Group-HSC until installed on the Property, (ii) Provident Group-HSC shall protect all work and shall at all times keep and cause the Developer and all Contractors to keep the Property reasonably clean and free from waste materials and rubbish, (iii) to the extent reasonably possible, the Series 2020 Project shall be performed so as to minimize disruption of LSUHSC-NO operations, (iv) all construction activities shall be coordinated with the appropriate departments of LSUHSC-NO (such departments and representatives of those departments shall be identified in the pre-construction meeting) and (v) a mandatory pre-construction meeting shall be conducted by Provident Group-HSC and/or the Developer prior to the start of any construction activities for the purpose of reviewing security procedures, utility coordination, access to the Property and Construction coordination issues, and (vi) the meeting shall be attended, at a minimum, by the LSU Representative, the Foundation Representative, the Provident Group-HSC Representative, the Developer Representative, the General Contractor and key Subcontractors through their respective project managers and superintendents.

(n) **Payment and Performance Bonds.** The Ground Sublease shall provide that Provident Group-HSC shall provide or cause to be provided to the Foundation the Performance Bond and Payment Bond, which shall name the General Contractor as principal and shall include a multiple rider naming LSU, the Foundation, the Developer, Provident Group-HSC and the Trustee as obligees.

(o) **Reports and Information.** The Ground Sublease shall require the following: (i) that Provident Group-HSC shall: (A) provide the Foundation and LSU with copies of all documents and correspondence provided to or generated by or for Provident Group-HSC, either as described in the Development Agreement or in connection with the

performance of the Construction Contract, including those related to the satisfaction of the items in the Project Schedule, and (B) provide (or cause the Developer to provide) the Foundation with Monthly Progress Reports (as defined in the Development Agreement), in form and detail reasonably satisfactory to the Foundation, demonstrating compliance with the Contract Documents and the Ground Sublease for the previous month, (ii) that, in addition to the requirements set forth in Section 6.1(o)(i) above, Provident Group-HSC shall provide reports as to compliance or noncompliance with the Project Schedule, which shall be updated at least monthly to assure the Foundation that performance of the Series 2020 Project will be Finally Complete in sufficient time to allow for occupancy by the Residents of the Facilities on or before the Final Completion Date, (iii) that Provident Group-HSC shall deliver or cause to be delivered to the Foundation, and the Foundation shall provide to LSU, copies of all soil reports, surveys, hazardous wastes or toxic materials reports, feasibility studies, and other similar written materials prepared for or delivered to Provident Group-HSC pursuant to the Contract Documents with respect to the Property and the Facilities within ten (10) days after receipt by Provident Group-HSC, (iv) that the Foundation, in turn, shall provide the LSU Representative with copies of all documents received by the Foundation pursuant to this Section 6.1(o), if same have not already been delivered as set forth above, and (v) all correspondence and documents related to the performance of the Series 2020 Project shall be available for review and inspection by the Foundation and LSU at the Developer's construction office on or near the Campus.

(p) **Final Completion of Facilities.** The Ground Sublease shall provide that, as soon as practicable after Substantial Completion of the Facilities (but in all events no later than the deadline in the Development Agreement for Final Completion of the Facilities, which is the Final Completion Date), Provident Group-HSC shall furnish to the Foundation and the LSU Representative:

(i) two (2) complete sets of final record Construction Documents of the completed improvements as required by the Development Agreement;

(ii) a current, accurate, properly labeled and certified (by the hereafter stated surveyor or engineer) "as-built" plat of survey prepared by a registered land surveyor or professional engineer depicting to scale the location of the completed improvements, as the same have been Constructed;

(iii) one complete set of operations and maintenance manuals for all systems, equipment, furniture, and fixtures relating to the completed Facilities; and

(iv) copies of all other documents required in the Development Agreement for Final Completion.

(q) **Provident Group-HSC Access.** The Ground Sublease shall provide that, during performance of the Series 2020 Project, Provident Group-HSC shall have access to

the Property and the Facilities twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days a year.

(r) **Failure to Perform Series 2020 Project.** The Ground Sublease shall provide that: (i) Provident Group-HSC shall cause the performance of the Series 2020 Project to be Finally Complete in accordance with the Development Agreement and all Governmental Regulations, with all costs thereof fully paid (including any and all costs in excess of the Bond proceeds), and all Liens fully paid or bonded, no later than the Final Completion Date or bonded, within the time period required by Section 6.1(b) of this Agreement, (ii) that if the Facilities have not achieved Final Completion on or before the Final Completion Date, then Provident Group-HSC, at its cost and expense, shall use its commercially reasonable efforts to enforce the provisions of Section XVI(D) set forth in the Development Agreement, and (iii) so long as Provident Group-HSC enforces the provisions of Section XVI(D) of the Development Agreement in accordance with the terms thereof, the Foundation shall not have the right to place Provident Group-HSC in default of its obligations under the Ground Sublease for failure to achieve Final Completion of the Facilities and, with respect to such event, Provident Group-HSC shall not be liable for any damages incurred by the Foundation.

(s) **Assignment by Provident Group-HSC and the Developer.** The Ground Sublease shall provide that, as security for Provident Group-HSC's performance under the Ground Sublease as it relates to the performance of the Series 2020 Project and maintenance and operation of the Facilities, Provident Group-HSC, the Developer and Manager shall execute and deliver the Subordinate Collateral Assignment of Contract Documents as provided in the Ground Sublease.

The Ground Sublease shall further provide that: (i) Provident Group-HSC and the Developer shall execute, simultaneously with the execution of the Ground Sublease, the Subordinate Assignment of Contract Documents, as well as any assignments and assurances as LSU and the Foundation may request to perfect the subordinate collateral assignment of the Contract Documents to the Foundation; (ii) to the extent the Developer receives funds from Provident Group-HSC or the Trustee to pay all costs of Construction Documents, the Ground Sublease shall require the Developer to indemnify, defend and hold harmless the Foundation and LSU from and against any and all costs, claims or liabilities, including mechanic's and materialmen's liens, caused by the failure of the Developer to fully pay for all Contract Documents and any adverse claim to or Lien upon the Contract Documents and (iii) Provident Group-HSC's obligations set forth in Section 10(r) of the Ground Sublease shall survive termination of the Ground Sublease.

(t) **Architects, Engineers, Contractors, Specialists and Consultants.** The Ground Sublease shall provide that Provident Group-HSC shall require and cause the Developer to require: (i) any architects, engineers, Contractors, Subcontractors, specialists, and consultants engaged by the Developer or the General Contractor in connection with the performance of the Series 2020 Project to perform their respective obligations under

the terms of the Construction Documents and to be licensed in accordance with State law; (ii) any architects and engineers engaged by the Developer or the General Contractor to obtain and maintain errors and omissions insurance in accordance with the terms of the Ground Sublease and the Development Agreement; and (iii) the General Contractor to obtain and maintain commercial payment and performance bonds pursuant to Section 6.1(n) of this Agreement and the Development Agreement.

(u) **No Discriminatory Practices.** The Ground Sublease shall provide that:

(i) Provident Group-HSC shall require and cause the General Contractor to agree to abide by: (A) 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; (B) the requirements of the Americans with Disabilities Act of 1990; and (C) any executive order by the governor of the State;

(ii) Provident Group-HSC shall additionally require and cause the General Contractor to agree: (A) not to discriminate in its employment practices; and (B) to render services under this contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities; and

(v) Any act of discrimination committed by General Contractor or failure to comply with these statutory obligations, when applicable, shall be grounds for termination of the Ground Sublease. The Ground Sublease shall further provide, if the General Contractor does not comply with the applicable provisions of the Ground Sublease, Provident Group-HSC shall cause the Developer to terminate the General Contractor.

(v) **Selection of Construction Professionals.** Subject to LSU's right to the prior review and approval of the Plans and Specifications, the Construction Contract and Change Orders, LSU agrees that the Developer shall have the right to control the selection of construction professionals (all of whom shall comply with all applicable licensing requirements of Governmental Regulations) as provided in the Development Agreement, provided that the Ground Sublease shall provide that Provident Group-HSC shall include the following provisions in the Development Agreement with the Developer and shall exercise its rights under these provisions where necessary, only after consultation with, and obtaining approval from, the Foundation and LSU: (i) the Developer shall contract with qualified Consultants and Subcontractors (as defined in the Development Agreement) to perform any one or more of the Services set forth on Exhibit 4 of the Development Agreement, unless Provident Group-HSC reasonably objects in writing thereto, (ii) the Developer shall furnish to Provident Group-HSC and the LSU Representative a list of

Consultants and Subcontractors to be utilized in connection with the Facilities and the Developer shall be required to replace any Consultant or Subcontractor to which the LSU Representative may at any time reasonably object, (iii) the Developer shall supply qualified staff and employ qualified and appropriately licensed Consultants to perform the Developer's responsibilities and obligations under the Development Agreement in a prompt and timely manner, and (iv) Provident Group-HSC may require removal of any individual whose conduct is reasonably deemed inappropriate or inconsistent with LSUHSC-NO policies or applicable law and regulations. The Ground Sublease shall further provide that (x) Construction, alteration, renovation or additions to the Property and the Facilities undertaken or caused to be undertaken by Provident Group-HSC shall be in conformance with all Governmental Regulations; (y) the Plans and Specifications shall comply with all applicable LSUHSC-NO design standards; and (z) written approval by the LSU Representative of the Plans and Specifications shall be conclusive evidence that the applicable LSUHSC-NO design standards have been met.

(w) **Payment of Moneys Received under Development Agreement.** The Ground Sublease shall provide that, as soon as practicable after Final Completion of the Facilities, all moneys received by Provident Group-HSC pursuant to the Development Agreement, including, without limitation, any unused or unapplied funds held outside the Indenture, including without limitation, in the Developer's Project Contingency and the Excess Contingency (as such terms are defined in the Development Agreement), shall be used in accordance with the provisions of the Indenture.

(x) **Reserved.**

(y) **Draw Request Approvals.** The Ground Sublease shall provide that: (i) as more particularly set forth in Section IX of the Development Agreement, Provident Group-HSC shall cause the Developer to submit each Draw Request to Provident Group-HSC, the Foundation and LSU within sufficient time to permit Provident Group-HSC, the Foundation and LSU to approve or disapprove each Draw Request within ten (10) Business Days after receipt thereof by Provident Group-HSC, the Foundation and LSU and, if such Draw Request is not approved or disapproved by any such party within ten business days after receipt by Provident Group-HSC, the Foundation and LSU, such Draw Request shall be deemed to be approved by such party, and (ii) promptly upon receipt of approval of Provident Group-HSC, the Foundation and LSU of any Draw Request, but in no event more than twenty-one (21) days after receipt by each of Provident Group-HSC, the Foundation and LSU of such Draw Request, Provident Group-HSC shall submit such Draw Request to the Trustee, together with a request for payment thereof to the extent of the approval of such Draw Request in accordance with the provisions of the Indenture.

(z) **Assignment of Instruments of Service.** The Ground Sublease shall provide that: (i) upon payment by Provident Group-HSC of the Developer's first Draw Request, the Developer shall require all Design Professionals to grant to Provident Group-HSC and its affiliates and assigns an irrevocable license permitting Provident Group-HSC and its

affiliates and assigns to retain and use, in unencumbered fashion, paper and electronic copies, including reproducible copies and Portable Document Format or PDF, of all drafts of all construction plans, specifications and other design documents and Instruments of Service, for use in connection with constructing, monitoring, using, repairing, maintaining, expanding, and adding to the Facilities, whether or not such activities are performed pursuant to this Agreement or in the future and regardless of whether this Agreement is subsequently terminated before Final Completion of the Facilities; (ii) upon payment by Provident Group-HSC of the Developer's first Draw Request, Provident Group-HSC shall cause the Developer to require all Design Professionals to grant to Provident Group-HSC and its affiliates and assigns ("Licensee") an irrevocable license permitting Provident Group-HSC and its affiliates and assigns to retain and use, in unencumbered fashion, paper and electronic copies, including reproducible copies and Portable Document Format or PDF, of all drafts of all Instruments of Service, for use in connection with constructing, monitoring, using, repairing, maintaining, expanding, and adding to the Facilities, whether or not such activities are performed pursuant to this Agreement or in the future and regardless of whether this Agreement is subsequently terminated before Final Completion of the Facilities; and (iii) Provident Group-HSC shall cause the Developer to further require the Design Professionals to covenant with Licensee that the Design Professionals shall not utilize their Instruments of Service to create Facilities having similar exterior design elevations to those of the Facilities within the State of Louisiana without Licensee's prior written consent, which consent shall not be unreasonably withheld.

(aa) **Cost Savings.** The Guaranteed Maximum Price is set forth in the Development Agreement. Notwithstanding same, the Ground Sublease shall provide that Provident Group-HSC shall cause the Parties (as defined in the Development Agreement) to continue working together after the execution of the Development Agreement to reduce development expenses below the Guaranteed Maximum Price by cooperating in value engineering.

(bb) **Diverse Suppliers.** The Foundation understands that LSU is committed to promoting the growth and development of minority- and women-owned and small and historically underutilized businesses (collectively, "Diverse Businesses") by providing opportunities to participate in LSU agreements. In support of this commitment, the Foundation shall cause the Ground Sublease to provide that: (i) Provident Group-HSC shall, and shall cause the Developer and its contractors to, use good faith and commercially reasonable efforts to provide opportunities to Diverse Businesses that are either certified by the State or another certifying entity in a diverse category as a subcontractor or supplier under the Development Agreement and (ii) Provident Group-HSC shall cause the Developer and its contractors to provide to LSU a list of Diverse Businesses during each Fiscal Year, which list shall identify as to each Diversity Business contained thereon: (A) the legal name thereof, (B) the principal office or address, (C) ownership and (D) the services or good that it may provide or supply and the value of the goods or services procured therefrom. To the extent that any Governmental Regulations would require that this Section 6.1(bb) or comparable language in the Ground Sublease or the Development

Agreement be modified or voided, the parties agree that such provision can be amended or severed from any such agreement without affecting any of the other terms thereof.

ARTICLE VII ENCUMBRANCES

Section 7.1 ENCUMBRANCES. The Foundation shall not, without the prior written consent of the LSU Representative, mortgage, lien or otherwise encumber, or allow any mortgage, Lien or encumbrance, on the Property, or on the Foundation's interest in the Property, or on the Foundation's rights acquired pursuant to the Ground Sublease other than Permitted Encumbrances.

ARTICLE VIII UTILITIES AND MAINTENANCE AND REPAIR

Section 8.1. UTILITIES; SEWER.

(a) The Ground Sublease shall provide that Provident Group-HSC is to provide for the provision of all utilities to the Property and the Facilities in a timely manner as provided for in the Development Agreement for the performance of the Series 2020 Project and as needed for utilities to be available at the Property permanently after Final Completion of the Facilities. The Ground Sublease shall further provide that Provident Group-HSC shall make or cause to be made application for, obtain and pay for, and be solely responsible for, all utilities required at the Facilities, as applicable, including, but not limited to, gas, water (including water for domestic uses and for fire protection), electricity, sewerage, garbage or trash removal, light cable, heat, telephone, power, computer data and other utilities (hereinafter sometimes collectively referred to as "Utility Services") necessary for the operation of the Facilities. After Final Completion of the Facilities, Provident Group-HSC shall pay for, and be solely responsible for, all Utility Services used or consumed at the Facilities; provided, however, the Ground Sublease shall provide that: (i) notwithstanding the foregoing, LSU, in its sole and unfettered discretion, may provide or cause to be provided some or all of the Utilities Services used or consumed at the Facilities during the term of the Ground Sublease, all as more particularly set forth and defined in the Management Agreement or the Ground Sublease, (ii) in accordance with the Contract Documents, Provident Group-HSC shall be solely responsible for installing or causing to be installed all infrastructure required to provide Utility Services to the Property or, prior to Final Completion of the Facilities, the Facilities, as applicable; (iii) after the infrastructure associated with Utility Services is completed or caused to be completed by Provident Group-HSC, the costs of Utility Services to the Facilities shall be paid as Expenses; (iv) in the event that any charge for any Utility Service supplied to the Facilities or, prior to Final Completion of the Facilities, the Facilities, as applicable, is not paid by Provident Group-HSC to the utility supplier when due (subject to Section 8.1(b)), then the Foundation may (but shall not be obligated to) provide Provident Group-HSC written notice of such failure and, if Provident Group-HSC fails to pay the same within thirty (30) days after receipt of such notice, the Foundation may pay such charge for and

on behalf of Provident Group-HSC, in which event Provident Group-HSC shall pay such amount, together with interest thereon at the Default Rate, to the Foundation as Additional Rent (as defined in the Ground Sublease) within thirty (30) days after demand by the Foundation, provided that the initial thirty (30) day period in this sentence shall be reduced to the period that ends three (3) business days before the day that the provider of the Utility Service shall be entitled to (or shall) terminate or suspend its provision of the Utility Service in question; and (v) Provident Group-HSC shall also install or, under the Development Agreement, cause the Developer to install, all connections and wiring for fully servicing the Property, the Property, and, prior to Final Completion of the Facilities, the Facilities, as applicable, in accordance with the Construction Documents as part of Substantial Completion.

(b) The Ground Sublease shall provide that, if the amount billed for any Utility Service shall be deemed by Provident Group-HSC or the Foundation to be improper, illegal or excessive, Provident Group-HSC may, in its own name, dispute and contest the same and, in such event and to the extent permitted by law and the applicable contract for the Utility Service, any such bill need not be paid until adjudged to be valid; provided, however, Provident Group-HSC shall in writing first notify the Foundation of such dispute and contest, and then in good faith and by appropriate proceedings in accordance with Governmental Regulations and such contract contest the same; provided further that: (i) such contest does not place the Property in danger of being seized or forfeited, (ii) the Utility Service shall not be terminated or suspended, and (iii) Provident Group-HSC provides adequate reserves and/or security for the payment of such bill being contested. Unless so contested, any such bill shall be paid by Provident Group-HSC within the time provided by law and such contract, and if contested, any such bill shall be paid before the imposition of a lien on the Property with respect thereto, unless (within thirty (30) days after the imposition or occurrence of any such lien) such lien is bonded or insured over (to the Foundation) in accordance with Governmental Regulations and (if applicable) such contract.

(c) The Ground Sublease shall provide that: (i) as part of the Facilities, Provident Group-HSC shall construct or install, or cause the construction or installation of, at Provident Group-HSC's cost and expense, all sewer facilities within and outside the Property and the Facilities (and within and outside the Campus as designated by LSU) that are required or contemplated by the City of New Orleans/Orleans Parish in its approval of the sewer facilities for the Property, including all new and replacement sewer lines, expansions and connections within and outside the Property and/or the Campus; (ii) Provident Group-HSC shall dedicate and cause the Developer and all other parties to (x) dedicate (and the Foundation and LSU shall cooperate in the dedication of) ownership of such sewer facilities to the Foundation and/or LSU, respectively, to the extent such sewer facilities are located on the Campus or (y) to the City of New Orleans/Orleans Parish to the extent such sewer facilities are outside the Campus, provided however, that Provident Group-HSC shall confirm, and shall cause the Developer to confirm, that all warranties to the Foundation's benefit related to performance of the Series 2020 Project also apply to

such sewer facilities (including the portions of such sewer facilities outside the Property but on the Campus) and shall continue for at least one (1) year (and such longer periods as may apply by law or any agreements) after the Final Completion Date. The Ground Sublease shall further provide that, notwithstanding and without limiting the generality of the foregoing, with respect to any and all warranties as to any component or system in the sewer system on which punch list, repair or similar corrective work is being performed after Final Completion, such warranties as to such component or system shall commence upon completion of such corrective work.

(e) The Ground Sublease shall provide that, without in any manner limiting the Foundation's obligations under this Agreement or Provident Group-HSC's obligations under the Ground Sublease, each of the Foundation and LSU shall reserve the right, easement and privilege (but has no obligation) to enter (and to have its agents and employees enter) on the Property or the Facilities in order to install, at its own cost and expense, any storm drains and sewers and/or utility lines in connection therewith as may be required or desired by the Foundation and LSU to service the Property or any other real property owned by the Foundation and affiliates or LSU or located on the Campus, provided LSU coordinates such work with the Developer so as not to interfere with or delay the performance of the Series 2020 Project; however, if any such delays occur, the Final Completion Date shall be extended one day for each day of such delays.

(f) LSU acknowledges and agrees that, if all obligations as to Utility Services are fully performed by the Manager and the Developer pursuant to and accordance with agreements, reviewed and approved by the LSU Representative, between the Foundation and the Manager or Developer, the Foundation's obligations in connection with any Utilities Services shall be deemed satisfied in accordance with the terms of this Agreement.

Section 8.2. MAINTENANCE AND REPAIRS.

(a) The Ground Sublease shall provide that Provident Group-HSC shall, at all times during the term of the Ground Sublease, keep and maintain, or cause to be kept and maintained, the Facilities in good and clean condition and repair and in working order in accordance with the Management Agreement in order to maintain the Facilities in condition and order at least equal to the condition and order maintained by the LSUHSC-NO for its own facilities. Pursuant to the Ground Sublease, the Foundation and LSU shall have the right to review and approve any material changes to the exterior landscaping and façade and interior of the Facilities and shall obtain the prior written consent of the LSU Representative thereto. The Ground Sublease shall provide that: (i) the Foundation shall have the right to review and approve, after obtaining approval from LSUHSC-NO, any material changes to the exterior landscaping and façade and integrity of the Facilities, (ii) in the event Provident Group-HSC fails to perform any of its obligations as required under the Ground Sublease within thirty (30) days after receipt of written notice to Provident Group-HSC from the Foundation of such failure to comply (or without notice if such failure jeopardizes the health, safety or welfare of Residents or other Persons), the Foundation

may (but shall not be required to) perform and satisfy same, and Provident Group-HSC shall agree in the Ground Sublease to reimburse the Foundation, as an Expense, for the reasonable cost thereof, within ten (10) days of receiving an invoice therefor, together with interest at the Default Rate, which amounts shall constitute Additional Rent (as defined in the Ground Sublease), (iii) if Provident Group-HSC fails to so reimburse the Foundation, then such amounts, together with interest at the Default Rate, shall be due and owing to the Foundation by Provident Group-HSC as Additional Rent (as defined in the Ground Sublease) until paid, and (iv) that the parties shall agree that it shall be Provident Group-HSC's responsibility at all times during the term of the Ground Sublease to maintain or cause to be maintained the Facilities pursuant to the Management Agreement consistent with the maintenance standards for the other premises located on the Campus. LSU acknowledges and agrees that if all obligations as to the operation and maintenance of the Facilities are fully performed by the Manager, pursuant to and accordance with the Management Agreement, Provident Group-HSC's obligation to maintain the Property shall be deemed satisfied in accordance to the terms of the Ground Sublease.

(b) The Ground Sublease shall provide the following: (i) Provident Group-HSC shall not commit or permit waste of the Facilities, (ii) except in the event of a casualty, condemnation or partial condemnation, Provident Group-HSC shall not raze or demolish any Facilities and (iii) Provident Group-HSC shall keep and maintain the Facilities in accordance with the terms of its contract(s) with the Foundation, including but not limited to, the Development Agreement and the Management Agreement.

Section 8.3. DAMAGE TO PROPERTY.

(a) The Ground Sublease shall provide that, after Final Completion of the Facilities: (i) in the event all or substantially all of the Property or any component thereof shall be damaged or destroyed, Provident Group-HSC shall promptly notify the Trustee, the Foundation, and LSU, and the Net Insurance Proceeds shall be applied and paid *first* pursuant to the terms of the Indenture and *second*, to the extent of any Net Insurance Proceeds remaining after such application, to the Foundation, (ii) immediately after such distribution of Net Insurance Proceeds, any funds remaining in the funds and accounts described in the Indenture shall be distributed as provided therein and, additionally, all funds remaining in any reserve accounts, being held pursuant to the Development Agreement and the Management Agreement, if any, shall be distributed as provided therein, upon which: (A) the Ground Sublease shall terminate and Provident Group-HSC shall be released from all of its obligations under the Bond Documents and Contract Documents, except for any such obligations of Provident Group-HSC which shall survive the Bond Documents and Contract Documents; and (B) this Agreement shall terminate.

(b) The Ground Sublease shall provide that, after Final Completion of the Facilities, in the event the Property or any component thereof is only partially damaged or destroyed, the Net Insurance Proceeds shall first be applied to the redemption of the Bonds pursuant to the terms of the Indenture and any balance shall be applied in accordance with

Section 8.3(f) (or some combination of the above); provided, however, that if the Indenture and Trustee permit the Net Insurance Proceeds to be used for the reconstruction of the affected Property, the Ground Sublease may continue at the election of the Foundation, which shall obtain the prior written consent of LSU, pursuant to Section 8.3(d), and Provident Group-HSC shall repair, replace, rebuild, restore, and/or re-equip the affected Property promptly to substantially the same condition thereof as existed prior to the event causing such destruction or damage with such changes, alterations, and modifications (including the substitution and addition of other property) as the Foundation shall approve in writing (if any) as will not impair the value or the character of the affected Property (the “Restoration”) or the Net Insurance Proceeds shall be applied to the redemption of the Bonds pursuant to the terms of the Indenture and any balance shall be applied in accordance with Section 8.3(g) (or some combination of the above). Notwithstanding the foregoing, in no event shall Provident Group-HSC be required to expend any funds beyond the Net Insurance Proceeds it actually receives following any payments due under the Indenture for the Restoration and, if such Net Insurance Proceeds are inadequate, the Foundation, after obtaining the prior written approvals of LSU, which approvals are in LSU’s sole and unfettered discretion, to contribute the additional funds necessary to complete the Restoration or its remedy shall be to terminate this Agreement.

(c) The Ground Sublease shall provide that: (i) any and all Restoration by Provident Group-HSC under the Ground Sublease shall be performed in accordance with all Governmental Regulations, and (ii) if not theretofore delivered to the Foundation and LSU, Provident Group-HSC shall deliver to the Foundation and LSU, within one hundred twenty (120) days of the completion of such Restoration, a complete set of “as built” record exterior plans thereof, together with a statement in writing from a registered architect or licensed professional engineer that such plans are complete and correct.

(d) The Ground Sublease shall provide that all Net Insurance Proceeds shall be paid to the Trustee and deposited and held in accordance with the terms of the Indenture to hold the proceeds of insurance or condemnation Awards (including the Replacement Fund if so used) (the “Restoration Fund”) to be applied, as fully as practicable, in one or more of the following ways as shall be directed in writing by the Foundation, which shall obtain the prior written approval of LSU, within sixty (60) days from the date of such deposit (subject to the consent of the Trustee, which consent shall not be unreasonably withheld):

(i) subject to the requirements of Section 8.3(g), such Net Insurance Proceeds shall be applied to the Restoration; or

(ii) such Net Insurance Proceeds shall be transferred to the Redemption Fund to be applied to the redemption of the Bonds; or

(iii) such Net Insurance Proceeds shall be applied in some combination permitted by the foregoing clauses (i) and (ii);

provided that, if LSU does not, within such sixty (60) day period, direct the Foundation as to the application of the Net Insurance Proceeds pursuant to the preceding clauses (ii) or (iii), then the Net Insurance Proceeds shall be applied pursuant to the preceding clause (i).

(e) The Ground Sublease shall provide that, after completion (and payment in full of the costs) of the Restoration (pursuant to Section 8.3(d)(i)), all remaining Net Insurance Proceeds (if any) shall be transferred to the Redemption Fund to be applied in redemption of the Bonds pursuant to the Indenture.

(f) The Ground Sublease shall provide that, in the event of the termination of this Agreement before the expenditure of the full amount of such Net Insurance Proceeds in the Restoration of such damaged or destroyed buildings, other structures or improvements, any unapplied balance of the Net Insurance Proceeds, including any interest previously earned by such balance, shall, subject to Section 8.3(h), inure to and become the sole property of the Foundation.

(g) The Ground Sublease shall provide that, before the Trustee may apply any Net Insurance Proceeds pursuant to Section 8.3(d)(i), Provident Group-HSC shall have furnished to the Foundation and the Trustee: (i) with respect to proposed Restorations in excess of \$500,000, a certificate of an Independent Engineer: (A) to the effect that the affected Property can reasonably be expected to be restored, within a period of twenty-four (24) months from the receipt of such Net Insurance Proceeds, to substantially the condition thereof immediately preceding such damage or destruction and in a condition that constitutes Restoration, (B) setting forth the estimated cost of the proposed Restoration, including an allowance for contingencies, and the estimated date of completion of such Restoration and (C) to the effect that all amounts necessary to accomplish the proposed Restoration are on deposit in the Restoration Fund; and (ii) a certificate of Provident Group-HSC, the Foundation or, if applicable, the Independent Engineer to the effect that all permits, licenses, accreditations and other Governmental Authority approvals necessary for Restoration are in full force and effect. The Ground Sublease shall provide that, if the Independent Engineer advises that he or she cannot give the certificate described in the preceding clause (i), then, before the Net Insurance Proceeds are applied pursuant to Section 8.3(d)(ii), the Foundation shall have sixty (60) days after such advice, at the Foundation's option, after obtaining prior written approvals from LSU, to commit to contributing such additional funds to the costs of Restoration as shall be necessary for the Independent Engineer to give such certificate, in which case the Net Insurance Proceeds and such additional funds shall be applied *pari passu* to the costs of Restoration pursuant to Section 8.3(d)(i).

(h) The Ground Sublease shall provide that Provident Group-HSC shall cause any balance of such Net Insurance Proceeds remaining after application pursuant to this Section 8.3 to be transferred to the Redemption Fund to be applied in redemption of the Bonds pursuant to the Indenture and then applied in accordance with Section 8.3(f).

(i) Except as otherwise expressly contemplated hereby, this Agreement shall not terminate or be forfeited by reason of damage to or total, substantial or partial destruction of the Property or any part thereof or by reason of the untenability of the same or any part thereof resulting from fire or other casualty. The Foundation shall agree or cause Provident Group-HSC to agree that, except: (i) to the extent otherwise expressly provided in this Section 8.3, or (ii) with respect to any covenants or obligations which, given their nature, cannot be performed due to any damage or destruction, Provident Group-HSC's obligations under the Ground Sublease, the Foundation's obligations under this Agreement, including the payment of Base Rent thereunder, and any other sums of money and charges hereunder, shall continue as though said damage or destruction had not occurred and without abatement, suspension, diminution or reduction of any kind.

ARTICLE IX CERTAIN LIENS PROHIBITED

Section 9.1. RELEASE OF RECORDED LIENS. If any mechanics' liens or materialmen's liens shall be recorded against the Property or, prior to Final Completion, the Facilities, the Foundation shall cause the same to be bonded over or released of record within thirty (30) days of filing, or, in the alternative, if Provident Group-HSC in good faith desires to contest the same, the Foundation shall agree to allowing Provident Group-HSC to do so, but in such case Provident Group-HSC must agree to indemnify and save the Foundation and LSU harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said lien, cause the same to be discharged and released prior to the execution of such judgment. If LSU, in its sole and unfettered judgment, should consider LSU's Interest endangered by any such liens and shall so notify the Foundation, and the Foundation shall fail to cause Provident Group-HSC to provide adequate security for the payment of such liens in the form of a surety bond, cash deposit or cash equivalent or indemnity agreement reasonably satisfactory to LSU within thirty (30) days after such notice, then LSU, at LSU's sole and unfettered discretion, may discharge such liens and the Foundation shall recover from Provident Group-HSC immediately as Additional Rent (as defined in the Ground Sublease) the amounts paid by LSU. If such amounts remain unpaid by the Foundation to LSU within thirty (30) days of written demand by LSU to the Foundation, and the Foundation shall fail or fail to cause Provident Group-HSC to make such payment for said amount, interest, at the rate of ten percent (10%) per annum, shall be due and owing thereon by the Foundation to LSU from the date paid by LSU until repaid by the Foundation or if the

Foundation shall cause repayment by Provident Group-HSC at the rate set forth in the Ground Sublease.

ARTICLE X OPERATION AND MANAGEMENT OF FACILITIES

Section 10.1. OPERATIONS OF FACILITIES; PROVIDENT-GROUP HSC'S OBLIGATION TO OPERATE.

(a) The Ground Sublease shall provide that: (i) upon Final Completion of the Facilities Provident Group-HSC shall procure and maintain, or cause to be procured and maintained, all services necessary or required to adequately operate, manage and maintain, or cause to be operated, managed and maintained, the Facilities in accordance with the Permitted Use, including, but not limited to, administrative support, all as more particularly set forth in the Management Agreement; and (ii) Provident Group-HSC shall continuously operate and maintain, or cause to be operated and maintained, the Facilities from the Final Completion Date and shall continue for the remainder of the term of the Ground Sublease, all in accordance with all Governmental Regulations and the terms of the Management Agreement. LSU hereby acknowledges that full performance by the Manager of all its obligations and duties under the Management Agreement shall be deemed the satisfaction of all of Provident Group-HSC's obligations to operate and maintain the Facilities.

(b) The Project Advisory Committee shall be created by Provident Group-HSC pursuant to the Bylaws of Provident Group-HSC to advise Provident Group-HSC and Manager with respect to the management, maintenance and operations of the Facilities. The Project Advisory Committee shall render non-binding advice to Provident Group-HSC and the Manager so that Provident Group-HSC and Manager may fulfill their obligations under the Ground Sublease and the Management Agreement, as applicable. Without limiting the generality of the foregoing, the Project Advisory Committee shall render advice to Provident Group-HSC and the Manager with respect to matters pertaining to the Ground Sublease and the Management Agreement and with respect to: (i) the approved Budget as same are created for each Fiscal Year in accordance with the Management Agreement; (ii) the Management Agreement and Manager; and (iii) any other matters agreed upon by the Foundation, LSU and Provident Group-HSC.

The Project Advisory Committee shall be composed of six (6) members, with three (3) representatives appointed from names of candidates submitted by the Foundation, two (2) of which must be representatives of LSUHSC-NO appointed by the Chancellor, and three (3) representatives appointed from names of candidates submitted by Provident Group-HSC. Any and all decisions and determinations of the Project Advisory Committee shall be by majority vote of the members, and any such representative may assign his right to vote to another representative by written proxy. All actions of the Project Advisory Committee shall be by majority of vote.

Section 10.2. CRIMINAL HISTORY CHECKS. The Ground Sublease shall require that any employees, personnel, architects, engineers, contractors, subcontractors, vendors, specialists, agents and consultants engaged by Provident Group-HSC, the Developer, the General Contractor or the Manager in connection with the performance of the Series 2020 Project or the management, maintenance and operations of the Facilities shall provide to the LSU Representative a letter certifying that criminal background checks (but no fingerprint checks required) have been conducted on all personnel providing a service on the Campus in connection with the Facilities or the management, maintenance and operations of the Facilities, which letter: (i) must be provided within fifteen (15) days of engagement (ii) must be updated as new personnel are added, (iii) must be updated annually for all personnel, (iv) kept on file at the office of such employees, personnel, architects, engineers, contractors, subcontractors, vendors, specialists, agents and consultants and (v) must be made available to LSU or LSUHSC-NO upon request thereby. Any person who has been convicted of a criminal violation or offense described in La. R.S. 40:981.3 or in L.A.C. Title 28, Chapter 9 shall not be employed in any capacity on the Campus by Provident Group-HSC and any such architects, engineers, contractors, subcontractors, vendors, specialists, agents and consultants.

Section 10.3. BOOKS AND RECORDS. The books, accounts and records of the Foundation which pertain to this Agreement, the Ground Sublease and the Facilities shall be maintained at the principal office of the Foundation.

Section 10.4. LSUHSC-NO MARKS. The Ground Sublease shall provide that Provident Group-HSC shall not use or allow any of its affiliates, agents, vendors, contractors or employees to use the name of LSUHSC-NO or any of its symbols, logos, trademarks or other representations of those of its affiliated organizations ("LSUHSC-NO Marks") without the express prior written consent of the LSU Representative and the applicable affiliated organizations. The LSU Representative's consent may be granted or withheld in the LSU Representative's sole and unfettered discretion.

Section 10.5. AUDITS. LSU may, at its option and at its own expense, and during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of the Foundation directly relating to the Property, the Facilities or the Bonds, to the extent necessary to verify compliance with this Agreement, the Ground Sublease, or any other agreements it enters into pursuant to the authority of this Agreement. Audits may be made on either a continuous or a periodic basis or both, and may be conducted by employees of LSU, by independent auditors retained by LSU, by the Louisiana Legislative Auditor or by the Office of the Governor or Division of Administration of the State of Louisiana, but any and all such audits shall be conducted without materially, unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs of the Foundation. LSU covenants with the Foundation to keep all work papers, including all books and records of the Foundation, its agents, employees, consultants, contractors, and vendors, confidential and to further keep the results of any such audits confidential except as required by rules and regulations of LSU and by Governmental Regulations. The Foundation shall cause the Ground Sublease to require Provident Group-HSC to grant LSU similar audit rights with respect to its books, bank accounts, records and accounts directly relating

to the Property, the Facilities or the Bonds to the extent necessary to verify compliance with this Agreement, the Ground Sublease or any other agreements it enters into pursuant to the authority of this Agreement or the Ground Sublease.

The Foundation shall cause the Ground Sublease to require Provident Group-HSC, the Developer and the Manager to grant LSU similar audit rights with respect to their respective books, bank accounts, records and accounts directly relating to the Property, the Facilities or the Bonds to the extent necessary to verify compliance with this Agreement, the Ground Sublease or any other agreements it enters into pursuant to the authority of this Agreement or the Ground Sublease.

Section 10.6. ANNUAL AUDITED FINANCIAL STATEMENTS. The Ground Sublease shall require Provident Group-HSC to agree that annually, but no later than one hundred twenty (120) days following the close of Provident Group-HSC's fiscal year, Provident Group-HSC shall provide to the LSU Representative a copy of Provident Group-HSC's annual audited financial statement(s) prepared in accordance with generally accepted accounting principles consistently applied and audited by an independent certified public accountant and acceptable to LSU, which audit shall reflect all revenues credited to the immediately preceding year and all payments on any debt or obligations of the Foundation for the period.

ARTICLE XI INDEMNITY AND INSURANCE

Section 11.1 INDEMNITY.

(a) **Indemnification by the Foundation.** Subject to the limitations provided in Sections 11.2(f)(vi) and 11.6 of this Agreement, the Foundation shall and will indemnify, defend, and save harmless LSU and its board members, authorized agents, affiliates, officers and employees from and against any and all liability, claims, demands, damages, expenses, fees, fines, penalties, suits, proceedings, actions and causes of action of any and every kind and nature growing out of or in any way connected with the construction, use, occupancy, management, operation or control of the Facilities, the Property and any servitudes, rights of attachment and air rights by the Foundation, its officers, employees, agents, contractors, guests, members, or patrons. This obligation to indemnify shall include fees of legal counsel and third-party investigation costs and all other reasonable costs, expenses, and liabilities incurred as a result thereof; however, the Foundation and LSU may use the same counsel if such counsel is approved by LSU. It is expressly understood and agreed that the Foundation is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that LSU shall in no way be responsible for the acts or omissions of the Foundation. The Foundation's obligation to indemnify LSU in accordance with the terms of this Section 11.1(a) shall be limited to the extent of its proportionate share of fault.

Section 11.2. REQUIRED INSURANCE.

(a) **Insurance required of Provident Group-HSC and the Developer.** Unless otherwise approved in writing by the LSU Representative, the Foundation shall, for the duration of the Ground Sublease, require Provident Group-HSC to require the Developer to maintain the insurance coverage required by the Development Agreement and the Management Agreement.

(b) **General.** It is the intent of the Parties to this Agreement that risk of loss for the Property and/or the Facilities be shifted to insurance to the maximum extent practicable.

(i) The Foundation shall be required to procure and maintain its own insurance coverage for the duration of this Agreement and the Ground Sublease in minimum limits as set forth below and with insurers financially acceptable and lawfully authorized to do business in Louisiana rated at least "A" by S&P or "Excellent (A/A)" by A.M. Best Company, Inc.

(iii) Insurance required for the construction and operations phases of the Facilities are as set forth in the Development Agreement and in the Management Agreement, respectively.

(c) **Minimum Scope of Insurance.** The Foundation and Provident Group-HSC shall maintain insurance coverage written for the extent and policy limits of liability not less than the limits specified here or as required by law, whichever are greater:

(i) Workers' Compensation Insurance as is required by Louisiana law, or as may be available on a voluntary basis. Statutory coverage must apply in the state in which the work is being performed. Coverage shall extend to voluntary, temporary, or leased employees unless the insured party can provide evidence that such employee is covered under other applicable Workers' Compensation Insurance. If the Foundation or Provident Group-HSC exempts its officers and directors from such Workers' Compensation insurance, such officers and directors shall not be allowed in those Facilities or Property areas to which Workers' Compensation coverage would apply.

(ii) Employers Liability Insurance which will include bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

(iii) Automobile Liability Insurance covering liability arising from the use or operation of any auto, including those owned and non-owned (Symbol 1), operated or used by or on behalf of the insured Party under this Agreement.

(iv) Commercial General Liability Insurance on an occurrence coverage basis against claims for bodily injury, death and property damage (including loss of use), products completed operations, personal injury and advertising injury, at least as broad as the 1993-Insurance Services Office Commercial General Liability Policy form CG 0001©, as respects Blanket Contractual Liability, XCU, and Broad

Form Property Damage or its equivalent. Unacceptable exclusions include exclusions for damage to work performed by contractors (e.g., CG 22 94 or CG 22 95); for equipment under their care, custody, and control; for contractual liability (e.g., CG 21 39); employee versus employee; explosion, collapse and underground; and for known loss. In addition to procuring and maintaining this insurance during the duration of the Agreement, each Party to this Agreement agrees to continue to procure and maintain, or to cause its third-party consultants, contractors, vendors, and their respective subcontractors to procure and maintain, products and completed operations liability insurance coverage through the applicable statute of repose period.

(v) Umbrella Liability Insurance, occurrence-based follow form, providing additional limits in excess of the Commercial General Liability, Automobile Liability and Employer's Liability policy limits. Endorsements shall include Pay on Behalf of Wording; Concurrency of Effective Dates with Primary; Aggregates; Follow Form Primary; and Drop-Down Feature.

(d) **Minimum Limits of Insurance.** The limits below constitute minimum limits. Nothing in this Agreement shall be construed to limit a Party to this Agreement from maintaining insurance with higher limits.

<u>Type of Insurance</u>	<u>Minimum Limits Required (Per Claim/Occurrence)</u>	<u>Minimum Limits Required (Aggregate Policy Limits)</u>
1. Workers' Compensation	Statutory Limits	Statutory Limits
2. Employer Liability (bodily injury by accident)	\$1,000,000	N/A
a. By disease	\$1,000,000	
b. Each accident	\$1,000,000	
c. Each Employee	\$1,000,000	
3. Commercial Auto Liability (Symbol 1) (no deductible in	Combined single limit/each accident	N/A

excess of \$25,000)

4. Commercial General Liability	\$2,000,000	\$5,000,000
a. Bodily Injury/Property Damage	\$2,000,000	\$5,000,000
b. Products/Completed Operation	\$2,000,000	\$5,000,000
c. Personal and Advertising Injury	\$1,000,000	\$2,000,000
d. Medical Expense limit (any one person)	\$10,000	
e. Loss of Use Insurance	\$1,000,000	\$2,000,000
5. Umbrella Liability Insurance (no deductible in excess of \$25,000)	\$10,000,000	\$10,000,000

(e) **Deductibles and Self-insured Retentions.** The funding of deductibles and self-insured retentions for insurance maintained pursuant to the requirements of this Agreements shall be the sole responsibility of the Foundation and Provident Group-HSC, including any amounts applicable to deductibles or self-insured retentions applicable to claims involving any additional insured entity. Any self-insured retentions in excess of \$25,000.00 must be declared to and approved in advance in writing by the other Party. Any self-insured retention endorsement that would limit the right of LSU, the Foundation, Provident Group-HSC, the Trustee or their successors and assigns to make such payment shall be rejected. The Party to this Agreement paying such deductible or self-insured retention shall be entitled to all rights and remedies under this Agreement and Governmental Regulations.

(f) **Additional Insurance Policy Requirements.** The required insurance shall contain the following additional provisions:

(i) **Additional Insured** - Each policy shall name Provident Group-HSC, LSU, the Foundation, the Trustee, Provident Resources Group Inc., the State of Louisiana, the Authority and their respective officers and directors as additional insureds on the above-referenced Commercial General Liability and Automobile Liability policies. The additional insured endorsements shall be at least as broad as the Insurance Services Office, Inc.'s forms CG 20 10 and CG 20 37, 07/04 edition forms.

(ii) **Loss Payee** - All policies shall name the Trustee as a loss payee

under the Standard 438BFU Lender's Loss Payable Endorsement for the Trustee to deposit such net proceeds in accordance with the Bond Documents for all property policies.

(iii) Severability of Interest - Except with respect to the limits of insurance, insurance required to be procured and maintained by each Party to this Agreement pursuant to the requirements of this Agreement shall apply separately to each insured or additional insured.

(iv) Primary Coverage - The insurance required in this Agreement to be maintained by the Foundation and Provident Group-HSC shall be primary insurance, and any insurance or self-insurance maintained by the other Party hereto.

(v) Notice of Cancellation - All policies required herein shall provide for thirty (30) days' written notice of cancellation or material change to be sent to the LSU Representative.

(vi) Waiver of Subrogation - All insurance policies required of the Foundation, Provident Group-HSC and the Trustee, as well as any other insurance carried by the Foundation, Provident Group-HSC and/or the Trustee for its protection or the protection of its Facilities on the Property, shall provide that the insurers waive in favor of LSU any rights of subrogation.

(g) **Verification of Contractor-Provided Insurance.**

(i) The Foundation, Provident Group HSC, and the Trustee shall furnish to LSU, a certificate of insurance on the most current version of the ACORD form evidencing the required coverage prior to the commencement of work or Manager Duties at or on the Facilities or the Property, as applicable. The Foundation, Provident Group HSC and the Trustee shall provide renewal certificates to LSU. The certificates are to be received and approved by the LSU Representative before Work commences and upon any contract renewal thereafter. The LSU Representative reserves the right to request complete certified copies of all required insurance policies at any time. Said certificates and policies shall to the extent allowed by law provide at least a thirty (30) day written notification to the LSU Representative prior to the cancellation thereof. Failure of the Foundation and/or Provident Group HSC and/or the Trustee to purchase and/or maintain either itself or through its contractor(s), any required insurance, shall not relieve the Foundation and/or Provident Group HSC from any liability or indemnification hereunder.

(ii) Certificates required herein shall be furnished in duplicate and shall specifically set forth evidence of all coverage required herein. Each Party to this Agreement shall promptly deliver to the other party to this Agreement, Provident

Group-HSC, the Foundation and the Trustee copies of written endorsements that are subsequently issued amending coverage or limits upon receipt or upon written demand by the other.

(iii) Failure of either party to this Ground Sublease, Provident Group-HSC, the Foundation or the Trustee to request certificates or identify deficiencies shall in no way limit or relieve the other of its obligations to maintain such insurance. Failure of a party to this Agreement to maintain the required insurance or to require its third party consultants, contractors, vendors, and their respective subcontractors to maintain the required insurance shall constitute a default under this Agreement and, at the option of the non-failing party, shall allow the non-failing party to withhold payment and/or purchase the required insurance at the failing party's expense.

(h) **No Representation of Coverage Adequacy.** LSU makes no representation or warranty that the insurance set forth in this Section will be sufficient to protect the Foundation's or Provident-Group-HSC's interest.

(i) Term. All insurance required in this Section shall remain in effect during the Term of this Agreement.

Section 11.3. NO RELEASE. Neither the acceptance of the completed Facilities nor the payment therefor shall release the Foundation or Provident Group-HSC, the Developer Development, the Developer Tigers, or their third party-consultants, contractors, vendors, or their subcontractors or insurer from applicable obligations of the insurance requirements or indemnification requirements set forth herein, including as required under the Development Agreement and the Management Agreement, as applicable.

Section 11.4. INTENTIONALLY LEFT BLANK.

Section 11.5. CONTRIBUTORY ACTS. Whenever in this Agreement any Party is obligated to pay an amount or perform an act because of its negligence, willful misconduct or other legal fault (or that of its agents, employees, contractors, guests, or invitees), such obligations shall be mitigated to the extent of any comparative fault or other willful misconduct of the other party (or that of its agents, employees, contractors, guests, or invitees) as determined by a court of law, and in any disputes damages shall be apportioned based on the relative amounts of such negligence, willful misconduct or other legal fault as determined by a court of law.

Section 11.6. LIMITATION ON LIABILITY. The provisions of this Agreement do not waive or abrogate, nor are they intended to waive or abrogate, the limitation on liability established under La. R.S. 13:5106 for LSU.

ARTICLE XII DEFAULT AND REMEDIES

Section 12.1. EVENTS OF DEFAULT BY THE FOUNDATION. Any one of the following events shall be deemed to be an “Event of Default” by the Foundation under this Agreement.

(a) The Foundation shall fail to pay any sum required to be paid to LSU under the terms and provisions of this Agreement and such failure shall not be cured within thirty (30) days after the Foundation’s receipt of written notice from LSU of such failure, provided that on the third such failure, no notice of default shall be required.

(b) The Taking by execution of the Foundation’s leasehold estate or the Property for the benefit of any Person.

(c) The Foundation shall fail to perform or cause to be performed any term, covenant, condition or provision hereof, other than the payment of money, subject to Force Majeure, to be performed by the Foundation under the terms and provisions of this Agreement and such failure shall not be cured within thirty (30) days after receipt of written notice from LSU of such failure; provided that if, during such thirty (30)-day period, the Foundation takes action to cure such failure but is unable, by reason of the nature of the work involved, to cure such failure within such period and continues such work thereafter diligently and without unnecessary delays, such failure shall not constitute an Event of Default hereunder until the expiration of sixty (60) days after such thirty (30)-day period to cure such failure.

(d) A court having jurisdiction shall enter an order for relief in any involuntary case commenced against the Foundation, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or the entry of a decree or order by a court having jurisdiction in the premises appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Foundation or any substantial part of the properties of the Foundation or ordering the winding up or liquidation of the affairs of the Foundation, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days.

(c) The commencement by the Foundation of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or the consent or acquiescence by the Foundation to the commencement of a case under the Federal Bankruptcy Code or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Foundation or any substantial part of the properties of the Foundation.

(d) the Foundation, after commencement of Construction but prior to Final Completion of the Facilities, abandons (with no intent to continue) performance of the

Series 2020 Project for a period of forty-five (45) consecutive days, excluding delays caused by Force Majeure.

Section 12.2. LSU'S RIGHTS UPON DEFAULT BY THE FOUNDATION. Upon the occurrence and during the continuance of an Event of Default, LSU may seek any and all damages occasioned by the Event of Default, or may seek any other remedies available at law or in equity; provided, however, LSU may not terminate this Agreement due to the default of the Foundation unless the Bonds are paid in full or legally defeased, as applicable, and all obligations under the Bond Documents are discharged, except with the prior written consent of the Trustee, which may be granted or withheld in its sole discretion.

Section 12.3. THE FOUNDATION'S OBLIGATIONS UPON DEFAULT. Any termination of this Agreement as herein provided shall not relieve the Foundation from the payment of any sum or sums that shall then be due and payable to LSU hereunder, or any claim for damages then or theretofore accruing against the Foundation hereunder, and any such termination shall not prevent LSU from enforcing the payment of any such sum or sums or from claiming damages by any remedy provided for by law, or from recovering damages from the Foundation for any Event of Default.

Section 12.4. RIGHTS OF LSU CUMULATIVE. All rights and remedies of LSU provided for in this Agreement shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. LSU shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by LSU of a breach of any of the covenants, conditions or restrictions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of LSU to insist in any one or more cases upon the strict performance of any of the covenants of this Agreement, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future breaches of such covenant or option. A receipt by LSU or acceptance of payment by LSU of Annual Rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach. No waiver, change, modification or discharge by LSU or the Foundation of any provision of this Agreement shall be deemed to have been made or shall be effective unless expressed in writing and signed by the parties.

ARTICLE XIII DEFAULT BY LSU

Section 13.1. LSU DEFAULTS. LSU shall be in default under this Agreement if LSU shall breach any non-monetary terms, covenants or conditions herein, and shall fail to remedy any such breach with all reasonable dispatch within ninety (90) days or if unable to remedy such breach within said ninety (90) days, LSU fails to take actions necessary to remedy such breach within said ninety (90) days and is not diligently pursuing same, (or such longer period as the Trustee may approve) after written notice thereof from the Foundation, to LSU, then and in any such event LSU

shall be deemed to be in default hereunder. Subject to the preceding sentence, the Foundation shall be entitled to enforce any one or more of the following rights and remedies in the event of a default by LSU under this Agreement:

- (i) Require LSU to specifically perform its obligations under this Agreement or restrain or enjoin LSU from continuing the activities that constitute the default; and
- (ii) Exercise all other rights and remedies available to the Foundation under this Agreement or otherwise available to the Foundation at law or in equity as a consequence of the default.

Section 13.2. RIGHTS OF THE FOUNDATION CUMULATIVE. All rights and remedies of the Foundation provided for in this Agreement shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. The Foundation shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by the Foundation of a breach of any of the covenants, conditions or restrictions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of the Foundation to insist in any one or more cases upon the strict performance of any of the covenants of this Agreement, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future breaches of such covenant or option.

ARTICLE XIV IMPROVEMENTS; LSU'S OPTION

Section 14.1. TITLE TO IMPROVEMENTS.

- (a) At all times during the term of the Ground Sublease, title to the Facilities and all other improvements hereafter Constructed in accordance with the Construction Documents and the Contract Documents shall be vested in Provident Group-HSC (or vested in the Foundation, if the Ground Sublease is terminated and this Agreement is not terminated).
- (b) Pursuant to and under the terms of the Ground Sublease, title to the Facilities shall automatically be transferred to LSU upon the termination of the Ground Sublease.
- (c) At such termination of this Agreement, the Foundation may be required by LSU at LSU's sole option to remove any and all Improvements including any and all facilities, buildings or structures in place on the Property at the sole expense of the Foundation.

ARTICLE XV CONDEMNATION

Section 15.1. CONDEMNATION.

(a) In the event all or substantially all of the Property and the Facilities shall be subject to a Taking, or if so much of the Property and the Facilities or any component thereof shall be so taken so that the remainder of the affected Property and Facilities shall not reasonably be capable of being used for its intended purpose, as reasonably determined by LSU, the Foundation shall cause Provident Group-HSC to promptly notify the Trustee, LSU and the Foundation, and the Net Condemnation Proceeds shall be applied and paid *first* pursuant to the terms of the Indenture and *second* (to the extent of any Net Condemnation Proceeds remaining after such application) to the Foundation. Immediately after such distribution of Net Condemnation Proceeds, any funds remaining in the funds and accounts described in the Indenture shall be distributed as provided therein, and additionally all funds remaining in any reserve accounts being held pursuant to the Development Agreement and the Management Agreement, if any, shall be distributed to the Foundation, or if the Bonds have been fully paid and all obligations under the Bond Documents have been discharged, to LSU, subject to the Ground Sublease, upon which, (i) the Ground Sublease shall terminate and Provident Group-HSC shall be released from all of its obligations under the Bond Documents and Contract Documents, except for any such obligations of Provident Group-HSC which shall survive the Bond Documents and Contract Documents; and (ii) this Agreement shall terminate.

(b) The Ground Sublease shall provide that, in the event less than all or substantially all of the Property and the Facilities or any component thereof shall be subject to a Taking, Provident Group-HSC and the Trustee shall cause the Net Condemnation Proceeds received by them or any of them from any Award made in such eminent domain proceedings to be paid to the Trustee and deposited and held in the Condemnation Fund to be applied, as fully as practicable, in one or more of the following ways as shall be directed in writing by the Foundation, with the prior written consent of LSU, within sixty (60) days from the date of such deposit (subject to the consent of the Trustee, which consent shall not be unreasonably withheld):

(i) subject to the requirements of Section 15.1(e), such Net Condemnation Proceeds shall be applied to the Restoration (provided that in this Section 15.1, the “value or character of the Property” in the definition of “Restoration” shall take into account the portion of the Property so taken); or

(ii) such Net Condemnation Proceeds shall be transferred to the Redemption Fund to be applied to the redemption of the Bonds; or

(iii) such Net Condemnation Proceeds shall be applied in some combination permitted by the foregoing clauses (i) and (ii);

provided that, if the Foundation does not, within such sixty (60) day period, direct the application of the Net Condemnation Proceeds pursuant to the preceding clauses (ii) or (iii), then the Net Condemnation Proceeds shall be applied pursuant to the preceding clause (i).

(c) After completion (and payment in full of the costs) of the Restoration (pursuant to Section 15.1(b)(i)), all remaining Net Condemnation Proceeds (if any) shall be transferred to the Redemption Fund to be applied in redemption of the Bonds pursuant to the Indenture.

(d) [Reserved.]

(e) Before the Trustee may apply any Net Condemnation Proceeds pursuant to Section 15.1(b)(i), Provident Group-HSC shall have furnished to the Foundation and the Trustee (i) with respect to proposed Restorations in excess of \$500,000, a certificate of an Independent Engineer (A) to the effect that the affected Property can reasonably be expected to be restored, within a period of twenty-four (24) months from the receipt of such Net Condemnation Proceeds, to substantially the condition thereof immediately preceding such damage or destruction and in a condition that constitutes Restoration, (B) setting forth the estimated cost of the Restoration, including an allowance for contingencies, and the estimated date of completion of such Restoration, and (C) to the effect that all amounts necessary to accomplish the Restoration are on deposit in the Restoration Fund and (ii) a certificate of Provident Group-HSC, the Foundation or, if applicable, the Independent Engineer to the effect that all permits, licenses, accreditations, and other governmental approvals necessary for Restoration are in full force and effect. If the Independent Engineer advises that he or she cannot give the certificate described in the preceding clause (i), then, before the Net Condemnation Proceeds are applied pursuant to Section 15.1(b)(ii), LSU shall have sixty (60) days after such advice, at the LSU's option, to commit to contributing such additional funds to the costs of Restoration as shall be necessary for the Independent Engineer to give such certificate, in which case the Net Condemnation Proceeds and such additional funds shall be applied *pari passu* to the costs of Restoration pursuant to Section 15.1(b)(i).

(f) Any balance of such Net Condemnation Proceeds remaining after application pursuant to this Section 15.1 shall be transferred to the Redemption Fund to be applied in redemption of the Bonds pursuant to the Indenture.

(g) Except as otherwise expressly contemplated hereby, the Ground Sublease shall not terminate or be forfeited by reason of a partial Taking of less than substantially all of the Property by reason of the untenability of the same or any part thereof resulting from any such Taking. The Ground Sublease shall provide that Provident Group-HSC shall agree that, except (i) to the extent otherwise expressly provided in this Section 15.1, or (ii) with respect to any covenants or obligations which, given their nature, cannot be performed due to any damage or destruction, the Foundation's obligations hereunder, including the

payment of Annual Rent, and any other sums of money and charges hereunder, shall continue as though said damage or destruction had not occurred and without abatement, suspension, diminution or reduction of any kind.

ARTICLE XVI ASSIGNMENT, SUBLETTING, AND TRANSFERS OF THE FOUNDATION'S INTEREST

Section 16.1. ASSIGNMENT OF LEASEHOLD INTEREST. Except as specifically set forth herein, the Foundation shall not assign, transfer, convey, grant rights of use or otherwise sublet, nor shall it permit the assignment, transfer, conveyance, grants of rights of use or otherwise sublet, its leasehold estate or any rights therein, in its entirety or for any portion of the unexpired Term and may not assign any interest in this Agreement without the prior written consent of LSU, and any such assignment, transfer, conveyance or sublease made or given without first obtaining LSU's prior written consent shall be null and void; provided, however, that the Foundation may, without LSU's prior written consent, grant rights pursuant to and in accordance with the Ground Sublease. Notice of any such assignment or transfer shall be furnished promptly to LSU.

Section 16.2. REORGANIZATION BY THE FOUNDATION OR SUBLESSEE. The provisions of Section 16.1 shall not prevent the Foundation from changing its name or reorganizing its operations provided such change or reorganization does not adversely impact LSU or adversely impact the Foundation's ability to fulfill its obligations under this Agreement.

Section 16.3. TRANSFERS OF THE FOUNDATION'S INTEREST. The obligation of the Foundation under this Agreement shall survive any conveyance, assignment or other transfer of the Foundation's interest, and the Foundation shall not be relieved of such obligation as a consequence of such transfer. Furthermore, any Person succeeding to the Foundation's interest as a consequence of any such conveyance or other transfer shall succeed to all of the obligations of the Foundation hereunder and shall be subject to the terms and provisions of this Agreement and the Ground Sublease.

Section 16.4. INCURRENCE OF DEBT. The Ground Sublease shall provide that the Foundation shall not permit Provident Group-HSC to issue the Bonds (other than the Series 2020 Bonds), increase the amount of the Bonds, refinance the Bonds or extend the due dates of payments on the Bonds without the prior written consent of LSU.

ARTICLE XVII COMPLIANCE CERTIFICATES

Section 17.1. FOUNDATION COMPLIANCE. The Foundation agrees, at any time and from time to time, upon not less than thirty (30) days prior written notice by LSU, to execute, acknowledge and deliver to LSU or to such other party as LSU shall request, a statement in writing certifying (a) that this Agreement and the Ground Sublease are unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and

stating the modifications), (b) to the best of its knowledge, whether or not there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of LSU to be performed (and if so specifying the same), (c) the dates to which the Annual Rent and other charges have been paid, and (d) the dates of commencement and expiration of the Term and the term of the Ground Sublease, it being intended that any such statement delivered pursuant to this Section 17.1 may be relied upon by any Person.

Section 17.2. LSU COMPLIANCE. LSU agrees, at any time and from time to time, upon not less than thirty (30) days prior written notice by the Foundation, to execute, acknowledge and deliver to the Foundation a statement in writing, addressed to the Foundation or to such other party as the Foundation shall request, certifying, to the best of its knowledge, (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications); (b) the dates to which the Annual Rent and other charges have been paid; (c) whether an Event of Default has occurred and is continuing hereunder (and stating the nature of any such Event of Default); and (d) the dates of commencement and expiration of the Term and the term of the Ground Sublease, it being intended that any such statement delivered pursuant to this may be relied upon by any assignee or sublessee pursuant to this Agreement.

ARTICLE XVIII TAXES, FEES, AND LICENSES

Section 18.1. PAYMENT OF TAXES. The Foundation shall pay or cause to be paid, and, upon request by LSU, shall provide evidence of payment to the appropriate collecting authorities, all federal, State and local taxes and fees, which are now or may hereafter be levied upon the Foundation's interest in the Facilities or the Property, or upon the Foundation, or upon the business conducted on the Facilities or the Property or imposed in connection with the construction, maintenance, alteration, or improvement of the Facilities or the Property, as applicable, or upon any of the Foundation's property used in connection therewith; and shall maintain in current status all federal, State and local licenses and permits required for the operation of the business conducted by the Foundation. LSU shall pay, and, upon request by the Foundation, shall provide evidence of payment to the appropriate collecting authorities, all federal, State and local taxes and fees, which are now or may hereafter be levied upon LSU or LSU's Interest. The Foundation and LSU may pay any of the above items in installments if payment may be so made without penalty other than the payment of interest. The obligations of LSU and the Foundation to pay taxes and fees under this Section 18.1 shall apply only to the extent that LSU or the Foundation are not exempt from paying such taxes and fees and to the extent that such taxes and fees are not otherwise abated. The Foundation's payment of taxes shall be identified under Federal Tax Identification Number _____.

Section 18.2. CONTESTED TAX PAYMENTS. The Foundation shall not be required to pay, discharge or remove any such taxes or assessments so long as the Foundation is contesting the amount or validity thereof by appropriate proceeding which shall operate to prevent or stay the collection of the amount so contested. The Foundation hereby agrees to indemnify and save LSU

harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on any lien arising in respect to such contested amounts, cause the same to be discharged and removed prior to the execution of such judgment. Upon the termination of such proceeding, the Foundation shall deliver to LSU proof of the amount due as finally determined and proof of payment thereof. LSU, at the Foundation's expense, shall join in any such proceeding if any law shall so require.

ARTICLE XIX FORCE MAJEURE

Section 19.1. DISCONTINUANCE BY THE FOUNDATION DURING FORCE MAJEURE. Whenever a period of time is herein prescribed for action to be taken by the Foundation, the Foundation shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to Force Majeure. However, LSU shall not be obligated to recognize any delay caused by Force Majeure unless the Foundation shall, within ten (10) Business Days after the Foundation is aware of the existence of an event of Force Majeure, notify LSU in writing thereof.

Section 19.2. DISCONTINUANCE BY LSU DURING FORCE MAJEURE. Whenever a period of time is herein prescribed for action to be taken by LSU, LSU shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to Force Majeure. However, the Foundation shall not be obligated to recognize any delay caused by Force Majeure unless LSU shall, within ten (10) Business Days after LSU is aware of the existence of an event of Force Majeure, notify the Foundation thereof.

ARTICLE XX ENVIRONMENTAL CONDITION OF THE PROPERTY

Section 20.1. ENVIRONMENTAL CONDITION OF THE PROPERTY. The Ground Sublease shall provide that:

- (a) Provident Group-HSC shall not:
 - (i) Direct, suffer, or permit the Developer, the Manager, LSU, LSUHSC-NO or any of their respective employees or any other Person or entity under their respective control to handle, transport, use, manufacture or store any Hazardous Materials in or about the Property, except as provided in Section 20.1(b) below; or
 - (ii) Suffer or permit (with or without negligence):
 - (A) Any Hazardous Materials to be used by any employee, officers, agents, contractors or third party directed or controlled by Provident Group-HSC in any manner not fully in compliance with all Environmental Laws; or

(B) The Property or adjoining areas and, prior to Final Completion only, the Facilities to become contaminated with any Hazardous Materials generated by Provident Group-HSC; or

(C) The escape, disposal or release of any Hazardous Materials generated by Provident Group-HSC.

(b) Provident Group-HSC may permit the Developer and the Manager to handle, store, use, or dispose of Hazardous Materials to the extent customary and necessary for the performance of the Developer's and the Manager's duties under the Development Agreement and the Management Agreement, respectively, provided same does not violate Environmental Laws and all disposal occurs offsite. Provident Group-HSC shall cause the Developer to pay and perform the Developer's obligations regarding Environmental Laws, Hazardous Materials and Remediation as set forth in the Development Agreement and the Management Agreement.

(c) Provident Group-HSC shall promptly provide the Foundation with complete and accurate copies of all disposal tickets for materials (hazardous or not) from the Property and, prior to Final Completion only, the Facilities that are disposed of off the Property.

(d) in the event that Provident Group-HSC, its affiliates, contractors, employees, officers or agents generate any Hazardous Materials that are required by any Environmental Law to be Remediated, and specifically excluding any Hazardous Materials that are generated by the Foundation, LSU, their affiliates, employees, officers or agents, Provident Group-HSC shall, at its sole cost and expense, promptly effectuate Remediation of any condition, including but not limited to a release of a Hazardous Material in, on, above, under or from the Property and, prior to Final Completion only, the Facilities, ("Hazardous Site Condition") as necessary to comply with any Environmental Law or any breach of this Section 20.1. In the event that any Hazardous Materials currently exist within the Property or the Facilities or any Hazardous Materials that are required by any Environmental Law to be Remediated and were generated by the Foundation, LSU their affiliates, employees, officers or agents or any third party, the Foundation shall, at its sole cost and expense, promptly effectuate Remediation of any condition in, on, above, under or from the Property and the Facilities as necessary. In the event that Provident Group-HSC fails to perform said work after notice from the Foundation or the State Department of Environmental Quality, the Foundation may, as agent of Provident Group-HSC, perform same, and Provident Group-HSC agrees to reimburse the Foundation for the entire cost of such Remediation, together with interest at the Default Rate, as Additional Rent (as defined in the Ground Sublease).

(e) to the extent Provident Group-HSC has knowledge, Provident Group-HSC shall immediately notify the Foundation in writing of (A) any presence or releases of Hazardous Materials in, on, above, under, from or migrating towards the Property, (B) any

non-compliance with any Environmental Laws related in any way to the Property; (C) any actual or potential environmental lien; (D) any required or proposed Remediation of Hazardous Site Condition relating to the Property; and (E) any written or oral notice or other communication of which Provident Group-HSC becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials or Remediation thereof, or the possible liability of any person or entity pursuant to any Environmental Law in connection with the Property.

(f) notwithstanding anything contained in Section 30 of the Ground Sublease or any other provision of the Ground Sublease to the contrary, Provident Group-HSC shall acknowledge and agree that the Developer or the Manager, as applicable, and not the Foundation, shall be responsible for Remediation of any and all Hazard Site Conditions, as necessary to comply with any Environmental Law or any breach of the Management Agreement or the Development Agreement. To the extent set forth in the Development Agreement and the Management Agreement, Provident Group-HSC shall promptly effectuate or cause the Developer or the Manager, as applicable, to effectuate, Remediation of any Hazardous Site Condition as necessary to comply with any Environmental Law or any other Governmental Regulations, subject to the Development Agreement.

(g) The foregoing provisions of this Section 20.1 notwithstanding, Provident Group-HSC shall have no responsibility for the environmental condition or the Remediation of the Facilities following Final Completion and, following Final Completion of the Facilities, the Foundation or LSU, as applicable, shall be responsible for the environmental condition or the Remediation of the Facilities.

ARTICLE XXI MISCELLANEOUS

Section 21.1. NONDISCRIMINATION, EMPLOYMENT AND WAGES. Any discrimination by the Foundation or its agents or employees on account of race, color, sex, age, religion, national origin or handicap, in employment practices or in the performance of the terms, conditions, covenants and obligations of this Agreement, is prohibited.

Section 21.2. NOTICES AND CONSENTS. Notices or communications to LSU or the Foundation, and all necessary written consents required or appropriate under this Agreement shall be in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) registered or certified United States mail, postage prepaid, return receipt requested, or (d) sent via Facsimile, provided that acknowledgment of receipt thereof is received by the sending party from the receiving party, addressed as follows:

if to LSU:

President of LSU
Louisiana State University
3810 West Lakeshore Drive
Baton Rouge, Louisiana 70803

Telephone: (225) 578-____
Facsimile: (225) 578-4749

with copies to: Executive Vice President for Finance and Administration
and CFO
Louisiana State University
330 Thomas Boyd Hall
Baton Rouge, Louisiana 70803
Telephone: (225) 933-3108
Facsimile: (225) 578-5403

if to the Foundation: President/Chief Executive Officer
LSU Health Foundation, New Orleans
2000 Tulane Avenue, 4th Floor
New Orleans, Louisiana 70112
Telephone: 504-568-3712
Facsimile: 504-568-3460

or to such other address or to the attention of such other person as hereafter shall be designated in writing by such party. Every notice, demand, request or other communication sent in the manner aforesaid shall be deemed to have been given, made or communicated, as the case may be, on the third business day after the same has been deposited, registered or certified, properly addressed as aforesaid, proper postage prepaid, in the United States mail, except that any notice, demand, request, or other communication, to the Foundation or LSU may be personally delivered, and in such event shall be deemed to have been given on the date the same shall have been personally delivered to the Party to whom such notice, demand, request or other communication is addressed, or to an officer of such Party, as provided by law.

Section 21.3. RELATIONSHIP OF PARTIES. Nothing contained herein shall be deemed or construed by the Parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint ventures, or any other similar such relationship, between the Parties hereto. It is understood and agreed that no provision contained herein nor any acts of the Parties hereto creates a relationship other than the relationship of LSU and the Foundation. In no event shall the Foundation's officers, directors, employees or agents be liable for any of the obligations of the Foundation hereunder. Furthermore, LSU and the Foundation agree to execute any and all documents necessary upon the termination of this Agreement, including but not limited to any notices or consents required pursuant to the provisions of Louisiana Civil Code Article 493.

Section 21.4. ATTORNEYS' FEES. To the extent allowed by law, if either party is required to commence legal proceedings relating to this Agreement, the prevailing party shall be entitled to receive reimbursement for its reasonable attorneys' fees and costs of suit.

Section 21.5. LOUISIANA LAW TO APPLY. This is a Louisiana Agreement and shall be governed, interpreted and enforced in accordance with the laws of the State of Louisiana without

giving effect to any conflict of law provisions. Venue of any action arising from this Agreement shall be exclusively in the Civil District Court, Parish of Orleans, State of Louisiana or the United States District Court for the Eastern District of Louisiana. The Parties irrevocably waive any objection which they may have now or hereafter to the venue of any proceedings brought in such court, or that such proceedings have been brought in a non-convenient forum when brought in such court. The Parties irrevocably agree that any final judgment (after appeal or expiration of time for appeal) entered by such court shall be conclusive and binding upon the Parties and may be enforced in the courts of any other jurisdiction to the fullest extent permitted by law.

Section 21.6. WARRANTY OF PEACEABLE POSSESSION. LSU covenants that the Foundation, on paying the Annual Rent and performing and observing all of the covenants and agreements herein contained and provided to be performed by the Foundation, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Property and the improvements existing thereon as of the Effective Date of this Agreement, and may exercise all of its rights hereunder; and LSU agrees to forever defend the Foundation's right to such occupancy, use, and enjoyment of the Property and the improvements existing thereon as of the Effective Date of this Agreement against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof, subject only to the provisions of this Agreement.

Section 21.7. CURATIVE MATTERS. Except for the express representations of LSU set forth in this Agreement, any additional matters necessary or desirable to make the Property and such other areas of Campus as shall be necessary for the performance of the Series 2020 Project useable for the Foundation's purpose shall be undertaken, in the Foundation's sole discretion, at no expense to LSU and only with LSU's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned.

Section 21.8. TERMINOLOGY. Unless the context of this Agreement clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the word "includes" or "including" shall mean "including without limitation"; (d) the word "or" shall have the inclusive meaning represented by the phrase "and/or"; (e) the words "hereof" "herein," "hereunder," and similar terms in this Agreement shall refer to this Agreement as a whole and not to any particular section or article in which such words appear. The section, article and other headings in this Agreement are for reference purposes, and shall not control or affect the construction of this Agreement or the interpretation hereof in any respect. Article, section, subsection and exhibit references are to this Agreement unless otherwise specified. All exhibits attached to this Agreement constitute a part of this Agreement and are incorporated herein. All references to a specific time of day in this Agreement shall be based upon Central Time.

Section 21.9. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be declared an original, but all of which shall constitute one and the same document. For purposes of this section, facsimile and PDF signatures are acceptable; however, the original signature pages shall be substituted as soon as practicable.

Section 21.10. SEVERABILITY. If any clause or provision of this Agreement is illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then and in that event, it is the intention of the Parties hereto that the remainder of this Agreement shall not be affected thereby.

Section 21.11. AUTHORIZATION. By execution of this Agreement, the Foundation and LSU each represent to the other that they are entities validly existing, duly constituted and in good standing under the laws of the jurisdiction in which they were formed and in which they presently conduct business; that all acts necessary to permit them to enter into and be bound by this Agreement have been taken and performed; and that the persons signing this Agreement on their behalf have due authorization to do so. Each Party shall provide to the other evidence of proper authorization.

Section 21.12. AMENDMENT. No amendment, modification, or alteration of the terms of this Agreement shall be binding unless the same is in writing, dated on or subsequent to the date hereof and duly executed by the Parties hereto.

Section 21.13. SUCCESSORS AND ASSIGNS. All of the covenants, agreements, terms and conditions to be observed and performed by the Parties hereto shall be applicable to and binding upon their respective successors and assigns including any successor by merger or consolidation of LSU into another educational institution.

Section 21.14. OWNERSHIP. All records, reports, documents, and other material delivered or transmitted to the Foundation by LSU shall remain the property of LSU, and shall be returned by the Foundation to LSU, at the Foundation's expense, at termination or expiration of this Agreement. All records, reports, documents, or other material related to this Agreement and/or obtained or prepared by the Foundation in connection with the performance of the services contracted for herein shall become the property of LSU, and shall, upon request, be tendered by the Foundation to LSU, at the Foundation's expense, at termination or expiration of this Agreement.

Section 21.15. ABSENCE OF DEBT. Notwithstanding anything to the contrary contained herein, during any time in which no Bonds are unpaid and outstanding and no debt is owed by the Foundation with respect to the Bonds, no party other than LSU and the Foundation shall have rights with respect to this Agreement.

Section 21.16. DISCRIMINATION CLAUSE. The Foundation shall agree to abide by and the Ground Sublease shall provide that Provident Group-HSC shall agree and abide by: (a) 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; (b) the requirements of the Americans with Disabilities Act of 1990 and (c) any executive order by the governor of the State.

(i) The Ground Sublease shall provide that: Provident Group-HSC shall additionally require and cause the General Contractor to agree: (A) not to discriminate in its employment practices; and (B) to render services under any contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities and in compliance with any executive orders.

(ii) Any act of discrimination committed by General Contractor, or failure to comply with these statutory or regulatory obligations when applicable shall be grounds for termination of the General Contractor. If the General Contractor does not comply with the provisions of Section 6.1(u) of this Agreement, the Foundation shall require Provident Group-HSC to cause the Developer to terminate the General Contractor.

Section 21.17. ENTIRE AGREEMENT. This Agreement, together with the exhibit attached hereto, contains the entire agreement between the Parties hereto with respect to the matters set forth herein and contains all of the terms and conditions agreed upon with respect to such matters, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the Parties hereto; it being the intent of the Parties that neither shall be bound by any term, condition, or representations not herein written.

Section 21.18. CONSENTS. Any provision of this Agreement to the contrary notwithstanding, all provisions of the Agreement, the Ground Sublease, Contract Documents and/or the Bond Documents requiring the approval or prior written consent of the Foundation or Provident Group-HSC shall be deemed to also require the approval or prior written consent of LSU, through the LSU Representative.

Section 21.19. DRAFTING OF AGREEMENT. The Parties agree that the terms and conditions of this Agreement are the result of arm's length negotiations between the Parties and/or their counsel. Neither Party shall be considered the drafter of the Agreement or any provision hereof for the purpose of any statute, jurisprudential rule, or rule of contractual interpretation or construction that might cause any provision to be construed against the drafter.

Section 21.20 NO EXPENDITURE OF PUBLIC FUNDS. The parties hereto agree that this Agreement shall not require the expenditure of any public funds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[Signature page for Cooperative Endeavor and Lease Agreement]

IN WITNESS WHEREOF, the undersigned duly authorized representative has signed this Cooperative Endeavor and Lease Agreement on behalf of LSU on the ____ day of _____, 20__, to be effective on the ____ day of _____, 20__, in the presence of the undersigned competent witnesses, who hereunto signed their names with me, Notary, after due reading of the whole.

WITNESSES

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

Printed Name: _____

Printed Name: _____

By: _____

Name: F. King Alexander

Title: President, Louisiana State University

Notary Public

Printed Name

LSBA Roll No. _____

My Commission is for life.

[Signature page for Cooperative Endeavor and Lease Agreement]

IN WITNESS WHEREOF, the undersigned duly authorized representative has signed this Cooperative Endeavor and Lease Agreement on behalf of the Foundation on the ____ day of _____, 20__, to be effective on the ____ day of _____, 20__, in the presence of the undersigned competent witnesses, who hereunto signed their names with me, Notary, after due reading of the whole.

WITNESSES

LSU HEALTH FOUNDATION, NEW ORLEANS, a Louisiana nonprofit corporation,

Printed Name: _____

By: _____

Name: _____

Title: _____

Printed Name: _____

Notary Public

Printed Name

LSBA Roll No. _____

My Commission is for life.

EXHIBIT A
PROPERTY

LEGAL DESCRIPTION OF PROPERTY

DRAFT



BREAZEALE, SACHSE & WILSON, L.L.P.
ATTORNEYS AT LAW

December 12, 2019

Board of Supervisors of Louisiana State University
and Agricultural and Mechanical College
Baton Rouge, Louisiana 70803

RE: \$12,830,000 Board of Supervisors of Louisiana State University
Agricultural and Mechanical College Revenue Refunding Bonds
(Louisiana State University Health Sciences Center Projects) Series 2013
(the "*Series 2013 Bonds*")

Ladies and Gentlemen:

We have been requested to render certain advice to the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (the "*Board*") in connection with the referenced Series 2013 Bonds issued by the Board on September 4, 2013. The Series 2013 Bonds were issued to refund the Board's outstanding Revenue Bonds (Louisiana State University Health Sciences Center Projects) Series 2000 (the "*Series 2000 Bonds*"). The Series 2000 Bonds were issued primarily for the purposes of (a) financing the planning, renovating, constructing of the old Charity Hospital School of Nursing Building for use as a daycare center, wellness center and student dormitory facility and (b) the acquisition of land for use as parking (collectively, the "*2000 Project*").

In connection with this matter we have reviewed:

- (i) The General Bond Resolution of the Board adopted January 21, 2000 (the "*General Bond Resolution*"), as supplemented by the First Supplemental Bond Resolution adopted January 21, 2000 (the "*First Supplemental Bond Resolution*"), and as further supplemented by the Second Supplemental Bond Resolution adopted July 26, 2013 (the "*Second Supplemental Resolution*" and, together with the General Bond Resolution and the First Supplemental Resolution, the "*Bond Resolution*") pursuant to which the Series 2013 Bonds were issued.
- (ii) A draft of a Cooperative Endeavor and Lease Agreement dated December 10, 2019 (the "*Cooperative Endeavor*"), by and between Louisiana State University and Agricultural and Mechanical College ("*LSU*" or the "*University*") and LSU Health Foundation, New Orleans, a Louisiana nonprofit corporation (the "*Foundation*"), providing for the lease of the site by the University to the Foundation which will sublease the site to Provident (hereinafter defined). The

Cooperative Endeavor also sets forth certain agreements of the parties thereto with respect to the construction, operation and management of the Project (as defined hereinbelow). A copy of the Cooperative Endeavor is attached hereto as **Exhibit A** and made a part hereof.

- (iii) Such other documents, instruments and certificates we have deemed necessary for the purpose of this opinion.

The University and the Foundation are aware that Provident Group-HSC Properties Inc. ("*Provident*"), a Louisiana nonprofit corporation, is undertaking the development, financing, construction, furnishing, equipping and operation of an approximately 579-bed residential living-learning community and related amenities (the "*Project*") on a site currently adjacent to the University's campus to be acquired by Provident (the "*Site to be Acquired*"). Since our advice letter to you of June 18, 2018, relating to this matter, we have been advised that Provident intends to purchase the Site to be Acquired and donate the Site to be Acquired to the Foundation, which will, in turn, donate the Site to be Acquired, together with an adjacent parcel currently owned by the Foundation (collectively, the "*Project Site*"), to the Board. The Board will then lease the Project Site to the Foundation pursuant to the Cooperative Endeavor (the "*Primary Ground Lease*") and the Foundation will, in turn, sublease the Project Site to Provident under a long-term Ground Sublease Agreement (the "*Ground Sublease*"). Provident will be required by the Ground Sublease to develop, design, construct, own, manage and operate the Project with input from the University and the Foundation as provided in the Cooperative Endeavor. The Project is expected to be financed through the issuance of revenue bonds (the "*Financing*") by or on behalf of Provident, which will be solely responsible for the debt service thereon. It is expected that the University and its students, faculty and staff, as well as the Foundation, will benefit from the development and operation of the Project, which will provide upscale housing and amenities on the University's campus. The Cooperative Endeavor provides that, upon termination of the Financing and payment in full of the revenue bonds issued to finance the Project, title to the Project will devolve to the University.

Based upon our review of the Bond Resolution and Cooperative Endeavor, solely as it exists in the draft form attached hereto as **Exhibit A**, we are of the opinion that the ownership of the Project Site by the Board and compliance with the provisions of the Cooperative Endeavor by the University, will not result in a violation of the covenants and agreements of the Board set forth in the Bond Resolution.

This opinion is strictly limited to the provisions of the draft Cooperative Endeavor attached as **Exhibit A** hereto and may not be relied upon with respect to any subsequent material revisions thereto. No one other than the addressee hereof is entitled to rely on this opinion without our express written consent. This opinion is not offered, and shall not be construed, as a guaranty or warranty.

Respectfully submitted,

Breazeale, Sachse & Wilson, L.L.P.

EXHIBIT A

DRAFT – 12/10/19

COOPERATIVE ENDEAVOR AND LEASE AGREEMENT

dated as of _____, 2020

By and Between

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

and

LSU HEALTH FOUNDATION, NEW ORLEANS

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EXHIBIT A - DESCRIPTION OF PROPERTY

A-1

COOPERATIVE ENDEAVOR AND LEASE AGREEMENT

This Cooperative Endeavor and Lease Agreement ("Agreement") is made and entered into as of the Effective Date (as defined herein) by and between

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE ("LSU" or "Board"), herein represented by F. King Alexander, the duly authorized President of LSU, and

LSU HEALTH FOUNDATION, NEW ORLEANS, a nonprofit corporation which is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 501(c)(3) of the Code organized and existing under the laws of the State of Louisiana ("Foundation"), herein represented by _____, the duly authorized _____ of the Foundation.

The Board and the Foundation are sometimes referred to individually as a Party and collectively as the Parties.

WITNESSETH

WHEREAS, LSU is a public constitutional corporation organized and existing under the laws of the State of Louisiana ("State");

WHEREAS, the Louisiana State University Health Sciences Center – New Orleans ("LSUHSC-NO") is a public institution of higher education under the supervision and management of LSU located in New Orleans, Louisiana;

WHEREAS, the Foundation is a private Louisiana Tax-Exempt Organization (as defined herein) and an LSU-affiliated organization, the charitable purposes of which include: (i) improving and promoting the resources, services, development, and operation of LSUHSC-NO; and (ii) establishing and operating on or near the campus of LSUHSC-NO in downtown New Orleans, Louisiana ("Campus"), student and staff residential housing, retail, office, research, business and real estate services as would aid, assist or supplement the educational and community mission of LSUHSC-NO;

WHEREAS, Article VII, § 14(c) of the Louisiana Constitution of 1974 (La. Const. Art. VII, §14(c)) provides that, for a public purpose, the state and its political subdivisions or political corporations may engage in cooperative endeavors with each other, with the United States or its agencies, or with any public or provide association, corporation or individuals;

WHEREAS, LSU is the owner of certain real property ("Property"), which is a part of its Campus, as more particularly described in **Exhibit A** attached hereto, incorporated in and by reference made a part hereof, which property was donated to LSU for the purposes set forth herein;

WHEREAS, pursuant to Louisiana Revised Statutes 17:3361, *et seq.*, and the above referenced constitutional provision, LSU is authorized to enter into agreements with a nonprofit corporation such as the Foundation to lease any portion of the grounds or campus of any college or university or other immovable property under its supervision and management, under the conditions set forth herein;

WHEREAS, Louisiana Revised Statutes 17:3361, *et seq.*, expressly authorizes, under certain circumstances, agreements to allow for demolition, construction and renovation of buildings, other structures and improvements by a nonprofit corporation on that portion of the grounds or campus of LSUHSC-NO which is the subject of a lease;

WHEREAS, LSUHSC-NO's current on-campus housing program consists solely of two facilities built in the 1960s;

WHEREAS, in order to further the educational mission of LSUHSC-NO and to assist LSUHSC-NO in supplementing its existing housing program, the Foundation desires to lease the Property from LSU and sublease the Property to Provident Group – HSC Properties Inc. ("Provident Group-HSC"), a Louisiana nonprofit corporation and a Tax-Exempt Organization, for the purpose of allowing Provident Group-HSC to acquire, design, develop, construct, furnish, install and equip an approximately 579-bed housing facility and related infrastructure ("Facilities") on the Property ("Series 2020 Project") for the benefit of the Foundation and the students, staff and faculty of LSUHSC-NO and other Eligible Residents (as hereinafter defined), and will meet other academic needs of LSUHSC-NO;

WHEREAS, such new Facilities will be of great benefit to LSUHSC-NO and to LSU because such Facilities will attract students to LSUHSC-NO, will provide students of LSUHSC-NO and other Eligible Residents with up-to-date convenient residential housing on Campus, and will allow LSUHSC-NO to utilize the current resident halls for other purposes that will generate additional revenues for LSUHSC-NO;

WHEREAS, LSUHSC-NO will treat the new Facilities as an important and exciting addition to its residential housing program made available to the Eligible Residents by including the Facilities in information and marketing materials regarding available housing that is provided to existing and prospective students of LSUHSC-NO. LSUHSC-NO will also allow the Facilities to be advertised on its website;

WHEREAS, to further facilitate and promote the Facilities, LSUHSC-NO will allow the members of the LSUHSC-NO community residing at the Facilities access to the same or similar services and access it provides to those in its own housing facilities, including, access to parking through its existing vehicle registration process as well as any current future student life programs.

WHEREAS, the Foundation now desires to lease the Property from LSU and sublease the Property to Provident Group-HSC for the purpose of acquiring, designing, developing,

constructing, furnishing, installing, equipping, and operating the Facilities thereon solely for the use and benefit of the Eligible Residents (as defined herein) and in furtherance of the Foundation's mission to support LSUHSC-NO, and will meet other academic needs of the Campus; and

WHEREAS, the costs of the acquisition, design, development, construction, equipping, furnishing, and installing of the Series 2020 Project is to be financed with the proceeds of: (i) approximately \$97.3 million aggregate principal amount of Louisiana Public Facilities Authority Revenue Bonds (Provident Group – HSC Properties Inc. – LSU Health Foundation, New Orleans Project) Series 2020A (“Series 2020A Bonds”) and the (ii) approximately \$1.2 million aggregate principal amount of Louisiana Public Facilities Authority Taxable Revenue Bonds (Provident Group – HSC Properties Inc. – LSU Health Foundation, New Orleans Project) Series 2020B (“Series 2020B Bonds” and, together with the Series 2020A Bonds, the “Series 2020 Bonds”) pursuant to a Trust Indenture dated as of _____ 1, 2020 (“Indenture”) between the Louisiana Public Facilities Authority, as the issuer (“Authority”), and Hancock Whitney Bank, as trustee (“Trustee”), the proceeds of the sale of such Series 2020 Bonds to be loaned by the Authority to Provident Group-HSC pursuant to a Loan Agreement dated as of _____ 1, 2020 (“Loan Agreement”).

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1. DEFINITIONS. In addition to such other defined terms as may be set forth in this Agreement, the following terms shall have the following meanings:

“Additional Bonds” - as defined in the Indenture, to the extent the same are issued in accordance with the terms of the Indenture.

“Annual Rent” - as defined in Section 4.1.

“Architect” - the Facilities’ architect(s) of record selected by the Developer.

“Architect’s Agreement” - the agreement(s) between the Architect and the Developer (pursuant to the Development Agreement) for the Design and Development of the Facilities, and any and all amendments, modifications and supplements thereto.

“Authority” - the Louisiana Public Facilities Authority, a public trust and public corporation of the State of Louisiana, or any agency, board, commission, body, department or office succeeding to the purpose or functions of the Authority, or to whom the power conferred upon the Authority shall be given by Governmental Regulations.

“Award” - payment or other compensation received or receivable as a consequence of a Taking from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

“Board” - the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and its successors and assigns.

“Bond Counsel” – as defined in the Indenture.

“Bond Documents” - collectively, the Bonds and the related Bond Purchase Agreement, Indenture, Loan Agreement, any and all promissory notes provided under or in connection with the Indenture or Loan Agreement, the Mortgage, the Collateral Assignment of Contract Documents, the Tax Regulatory Agreement (as each of such documents, to the extent not defined herein, are defined in the Indenture) and all other instruments or agreements executed by the Authority, Trustee and/or Provident Group-HSC in connection with the issuance, purchase and delivery of the Bonds, and evidencing, governing or securing payment of the Bonds, together with the collateral assignment of any Bond Document by the Authority to the Trustee, and all amendments, modifications and supplements to each such Bond Document in accordance with their terms and the Ground Sublease.

“Bondholder” - as defined in the Indenture.

“Bonds” - collectively, the Series 2020 Bonds and any Additional Bonds.

“Budget” - as defined in the Management Agreement.

“Business Day” or **“business day”** - a day excluding Saturday, Sunday, and any Holiday.

“Campus” - means the LSUHSC-NO campus, located in New Orleans, Orleans Parish, Louisiana.

“Change Order” - as defined in the Development Agreement.

“Code” - the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

“Collateral Assignment of Contract Documents” - any collateral assignments, pledge or other instrument, dated on or about the date of the Agreement, given to the Authority, the Trustee or Provident Group-HSC, as applicable, for the benefit of the Bondholders, that collaterally assigns or pledges the right, title and interest of Provident Group-HSC, the Developer, the Manager or the Authority in and to any or all of the Contract Documents as security for the payment of the Bonds by Provident Group-HSC, the Developer or the Manager, including, without limitation, any such assignments or pledges set forth in the Mortgage.

“Commencement Date” - the Effective Date.

“Construct,” “Constructed,” or “Construction” - to Develop, improve, renovate, expand, install, construct, demolish, renew, restore, or perform any other work of similar nature in connection with locating, relocating, placing, replacing, restoring, and installing the improvements, equipment, or furnishings comprising the Facilities.

“Construction Contract” - as defined the Development Agreement.

“Consultant” - as defined in the Development Agreement.

“Contract Documents” - collectively, the Development Agreement, the Management Agreement, the Construction Contract, the Architect’s Agreement, the Construction Documents and any and all contracts entered into by the Developer or Provident Group-HSC for the engagement of contractors, materialmen, and laborers from time to time in connection with the performance of the Series 2020 Project or the provision of materials or labor in respect thereto, and all other contracts and/or agreements from any person or firm rendering services or supplying material in connection with the performance of the Series 2020 Project, as such Contract Documents may be amended, modified or supplemented from time to time. All terms, conditions, and provisions of the Contract Documents require the prior written approval of LSU.

“Construction Documents” - collectively, the Plans and Specifications, Construction drawings and Change Orders prepared by the Developer, the Architect or other Consultants for the performance of the Series 2020 Project and any changes, modifications, or supplements to them, all as approved by Provident Group-HSC, the Foundation and LSU. The Construction Documents, as such may be amended, modified or supplemented from time to time, are attached as Exhibits to the Development Agreement and set forth the Developer’s exclusive Construction obligations relative to the performance of the Series 2020 Project.

“Contractor” - as defined in the Development Agreement.

“Default Rate” - a per annum rate of interest equal to the sum of the Prime Rate plus four (4%) percent.

“Design” - any and all design, planning, architectural, or engineering activity required in connection with and for the performance of the Series 2020 Project.

“Developer” - Michaels Student Living, LLC, Marlton, New Jersey, and its permitted successors and assigns under the Development Agreement or such other entity approved by the Foundation.

“Development” or “Develop” - any acts necessary and appropriate to: (a) obtain any required land use, zoning, environmental, building, or other approvals and permits for the Design, acquisition, Construction, operation and use of the Facilities, (b) obtain any required extension of public and private Utility Services for the Facilities, (c) obtain any required vehicular or pedestrian rights of way and access from or to the Facilities (including such rights

granted herein), and (d) satisfy the legal requirements and insurance requirements in connection with the performance of the Series 2020 Project.

“Development Agreement” - that certain Development Agreement dated as of _____ 1, 2020, between Provident Group-HSC and the Developer, with the Trustee, the Foundation, LSUHSC-NO, and LSU as intended third party beneficiaries, regarding the performance of the Series 2020 Project, and any amendments, modifications and supplements thereto. LSU must consent to any and all provisions that are contained within the Development Agreement.

“Development Costs” - as defined in and determined consistently with the Development Agreement.

“Effective Date” - the date of issuance of the Series 2020 Bonds, which is January __, 2020.

“Eligible Residents” - in order of priority: (i) students registered in a professional academic health program at LSUHSC-NO, including the LSU School of Dentistry; (ii) full-time students registered at the Delgado Charity School of Nursing, (iii) visiting faculty serving at LSUHSC-NO on a temporary basis; (iv) persons participating in any LSUHSC-NO sponsored activity or program; (v) regular full-time faculty and staff of LSUHSC-NO; and (vi) lastly, but only to the extent beds are available: (A) first, to physicians and staff of University Medical Center New Orleans, and (B) second, to full-time students attending other accredited academic health institutions within the City of New Orleans, including Tulane Medical Center.

“Environmental Laws” - all federal, State and local laws and ordinances and common law principles relating to the protection of the environment or the keeping, use, abatement, remediation, disposal, human health or natural resources or the generation, transportation, treatment, storage, disposal, recycling, keeping, use, or disposition of Hazardous Materials, substances, or wastes, presently in effect or adopted after the Effective Date, including, without limitation, all amendments to Environmental Laws and all rules and regulations under any Environmental Laws.

“Equipment” – as defined in the Indenture.

“Event of Default” - any matter identified as an Event of Default under Sections 12.1 or 13.1.

“Expense” - as defined in the Indenture and the Management Agreement.

“Expiration Date” - the date on which this Agreement terminates in accordance with its terms.

“Facilities” - as defined in the Recitals of this Agreement.

“Federal Bankruptcy Code” - 11 U.S.C. §101, *et seq.*, as the same may be amended from time to time.

“Final Completion”, **“Finally Complete”** or **“Finally Completed”** - as defined in the Development Agreement.

“Final Completion Date” - as defined in the Development Agreement.

“Fiscal Year” – the period commencing on July 1 of any calendar year and ending on June 30 of the following calendar year, or such other period for twelve consecutive calendar months as shall be specified by LSU.

“Force Majeure” – any (a) act of God, landslide, lightning, earthquake, named storm, flood, tornado, blizzard, fire, explosion, act of a public enemy, war, rebellion, terror, insurrection, acts of civil or military authorities, riot, or civil disturbance or disorders; (b) labor dispute or lockouts; or (c) order or final non-appealable judgment of any Governmental Authority other than LSU, if not the result of willful or negligence action of the Foundation.

“Foundation” - the LSU Health Foundation, New Orleans, a Louisiana nonprofit corporation and a Tax-Exempt Organization, and its successors and assigns.

“Foundation Representative” - the Person or Persons designated in writing by the Foundation to serve as the Foundation’s representative(s) in connection with this Agreement, initially _____, who is authorized to represent the Foundation, and any other person(s) designated in writing by the Foundation to LSU from time to time as person(s) who is(are) authorized to act on behalf of the Foundation under this Agreement.

“General Contractor” – as defined in the Development Agreement.

“Governmental Authority” - any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, parish, district, municipality, city or otherwise) whether now or hereafter in existence.

“Governmental Regulations” - any and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, case precedents, decrees, writs, injunctions, rules, regulations, restrictions, permits, plans, approvals, authorizations, concessions, investigations, reports, guidelines and requirements or accreditation standards of any Governmental Authority having jurisdiction over LSU, the Foundation, the Property, the Facilities or affecting the Property, the Facilities, and any lease or sublease of the Property and/or the Facilities, including, without limitation, all applicable Environmental Laws, the Americans with Disabilities Act of 1990 and the Occupational Safety and Health Standards of the State and the United States, each as amended; provided, however, that this definition shall not be interpreted as waiving protections granted to any party against future laws impairing the obligations of contracts between the parties and/or third parties.

“Ground Rent” - as defined in Section 3(a) of the Ground Sublease.

“Ground Sublease” - the Ground Sublease Agreement dated as of _____ 1, 2020, by and between the Foundation and Provident Group-HSC, as amended, modified and supplemented from time to time.

“Guaranteed Maximum Price” - as defined in the Development Agreement.

“Hazardous Materials” - pollutants, contaminants, flammables, explosives, radioactive materials, hazardous wastes, substances, chemicals or materials, toxic wastes, substances, chemicals, or materials or other similar substances, petroleum products or derivatives, or any substance subject to regulation by or under Environmental Laws, including asbestos, asbestos-containing materials, materials presumed by law to contain asbestos, polychlorinated biphenyls (“PCBs”), petroleum, petroleum byproducts (including but not limited to, crude oil, diesel, oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas products, infectious wastes, radioactive materials, and/or any hazardous or toxic substance, chemical or material, or any other environmentally regulated substance or material, waste, pollutant or contaminant, defined as such or regulated by any Environmental Laws.

“Holiday” - any day which shall be a legal holiday in the State of Louisiana or for the federal government, or a day on which banking institutions in the State of Louisiana are authorized or required by law to be closed, a day on which LSU or LSUHSC-NO is required by law to close, or a day on which LSU or LSUHSC-NO is authorized to close or is closed.

“Indenture” - as defined in the Recitals of this Agreement.

“Independent Engineer” - a reputable civil engineering firm qualified to transact business in the State and experienced in facilities similar to the Facilities.

“Lien” - as defined in Section 6.1(h).

“Loan Agreement” - as defined in the Recitals of this Agreement.

“LSU” - the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, and its successors or assigns.

“LSU Construction Monitor” - one or more persons designated and authorized in writing from time to time by the LSU Representative or his or her designee to monitor the Developer’s Construction progress during the Construction phase of the Facilities, if any.

“LSU Representative” - one or more of the persons designated and authorized in writing from time to time by LSU to represent LSU in exercising its rights and performing LSU’s obligations under this Agreement. From the Effective Date until the Final Completion Date, the LSU Representative shall be the President or the Vice President for Finance or their respective

designee(s); thereafter the LSU Representative shall be the Vice President for Finance or his designee(s).

“LSU’s Interest” - the fee simple title to the Property, subject to the Foundation’s rights under this Agreement.

“LSUHSC-NO” means the LSU Health Sciences Center – New Orleans, a campus and academic center of LSU located in New Orleans, Louisiana, focused on health sciences, and housing the LSU School of Medicine, LSU School of Allied Health Professionals, LSU School of Dentistry, the LSU School of Graduate Studies, the LSU School of Nursing, and the School of Public Health.

“Management Agreement” - the Property Management Agreement dated as of _____ 1, 2020 by and among Provident Group-HSC and the Manager regarding the management of the Facilities, and any and all modifications, amendments and supplements thereto. Any and all of the provisions contained within the Management Agreement require the prior written approval of LSU.

“Manager” – a person designated by Provident Group-HSC (and not an employee of the Authority) that is a professional management company having a favorable national reputation for skill and experience in managing facilities similar to the Facilities to be retained by Provident Group-HSC for management of the Facilities. The initial Manager is Michaels Student Living Management, LLC, a company of The Michaels Organization, Camden, New Jersey.

“Mortgage” - that certain Multiple Indebtedness Mortgage, Leasehold Mortgage, Pledge of Leases and Rents and Security Agreement dated the date of issuance of the Series 2020 Bonds by Provident Group-HSC in favor of the Mortgagee, for the benefit of the owners of the Bonds, as amended, modified and supplemented from time to time.

“Mortgagee” - the Trustee, as mortgagee under the Mortgage.

“Net Condemnation Proceeds” - the proceeds received by the Foundation, Provident Group-HSC or the Mortgagee, as applicable, in the event of a Taking of the Property, in whole or in part, from the condemning Governmental Authority, less all reasonable and necessary costs and expenses issued in the connection with the settlement of the claims arising out of the Taking and the Award granted by the condemning Governmental Authority, including reasonable fees and expenses of counsel.

“Net Insurance Proceeds” - the proceeds received by the Foundation, Provident Group-HSC or the Mortgagee, as applicable, in the event of a casualty, damage or destruction to the Property, or any portion thereof, under and pursuant to the insurance policies maintained by Provident Group-HSC with respect to the Property, less all reasonable and necessary costs and expenses insured in connection with the settlement of any insurance claim relative to such proceeds, and the deductible, including reasonable fees and expenses of counsel.

“OFPC” - the Office of Facility Planning and Control, Division of Administration of the State of Louisiana.

“Performance Bond and Payment Bond” - the performance bond and payment bond required by the Development Agreement, the forms of which (AIA Documents A312) are attached thereto.

“Permitted Encumbrances” - as of any particular time, (i) liens for ad valorem taxes, special assessments, and other charges not then delinquent or for taxes, assessments, and other charges being contested in accordance with the terms of this Agreement or the Ground Sublease, (ii) the Bond Documents, (iii) the memoranda of lease related to each of this Agreement and the Ground Sublease, (iv) utility, access, and other easements and rights of way, restrictions, and exceptions, (v) any mechanics’ and materialmen’s liens which have been bonded or insured over (to the Foundation’s benefit) in accordance with the provisions of this Agreement or the Ground Sublease, (vi) this Agreement, (vii) the Ground Sublease, (viii) statutory restrictions imposed on the improvement or use of the Property, (ix) the effects of any and all laws, ordinances, permits and Governmental Regulations, including zoning, land use, and Construction, with respect to which Foundation, Provident Groups HSC, and Developer, as applicable, have complied and/or will comply, (x) the Mortgage, (xi) those exceptions to title to the Property more fully described in the Title Insurance Policy, and (xii) any additional exceptions or encumbrances created or consented to in writing by LSU.

“Person” - an individual, a trust, an estate or a Governmental Authority, or a partnership, joint venture, corporation, limited liability company, firm or any other legal entity.

“Plans and Specifications” - the plans and specifications for the performance of the Series 2020 Project as implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the Facilities, all in accordance with the Loan Agreement, the Development Agreement, the Ground Sublease and this Agreement, to be approved by the Foundation, Provident Group-HSC and the LSU Representative, as may be amended from time to time as permitted in the Ground Sublease and in the Development Agreement.

“President” - the President of LSU and shall include any permanent or interim officer or any successor office.

“Prime Rate” - the rate designated as the “prime rate” as published each business day in the Wall Street Journal, or, if at any time the Wall Street Journal shall cease to be published, the rate announced from time to time by the largest commercial bank with branches in New York City (as reasonably identified by LSU) as its “prime,” “base” or “reference” rate.

“Project Advisory Committee” - that certain committee established by Provident Group-HSC, which committee shall at all times be composed of six (6) members, with three (3) representatives appointed from names of candidates submitted by the Foundation, two of which

must be representatives of LSUHSC-NO appointed by the Chancellor, and three (3) representatives appointed from names of candidates submitted by Provident Group-HSC. Any and all decisions and determinations of the Project Advisory Committee shall be by majority vote of the members, and any such representative may assign his right to vote to another representative by written proxy.

“Project Schedule” - the construction schedule(s) for Substantial Completion of the Facilities and defined as the “Project Schedule” and set forth in the Development Agreement.

“Property” - as defined in the Recitals of this Agreement and more particularly described in **Exhibit A** hereto.

“Provident Group-HSC” - Provident Group – HSC Properties Inc., a Louisiana nonprofit corporation and a Tax-Exempt Organization, whose sole member is Provident Resources, and its permitted successors and assigns.

“Provident Resources” - Provident Resources Group Inc., a non-profit corporation duly organized and existing under the laws of the State of Georgia and a Tax-Exempt Organization, and its permitted successors and assigns.

“Redemption Fund” - as defined in the Indenture.

“Remediation” - includes, but is not limited, to any response, remedial, removal, or corrective action; any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Material; any actions to prevent, cure or mitigate any release of any Hazardous Material; any action to comply with any Environmental Laws or with any permits issued pursuant thereto; any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or evaluation relating to any Hazardous Materials.

“Resident” - a tenant of the Facilities.

“Series 2020 Bonds” - collectively, the Series 2020A Bonds and the Series 2020B Bonds.

“Series 2020A Bonds” - the revenue bonds designated “Louisiana Public Facilities Authority Revenue Bonds (Provident Group-HSC Properties Inc. – LSU Health Foundation, New Orleans Project) Series 2020A” in the aggregate principal amount of \$_____ to be issued pursuant to the Indenture.

“Series 2020B Bonds” - the revenue bonds designated “Louisiana Public Facilities Authority Taxable Revenue Bonds (Provident Group-HSC Properties Inc. – LSU Health Foundation, New Orleans Project) Series 2020B” in the aggregate principal amount of \$_____ to be issued pursuant to the Indenture.

“Series 2020 Project” - as defined in the Recitals of this Agreement.

“State” - the State of Louisiana.

“Subcontractor” - as defined in the Development Agreement.

“Subordinate Collateral Assignment of Contract Documents” - the Subordinate Assignment of Contract Documents, dated as of _____, 2020, by Provident Group-HSC, as assignor, in favor of the Foundation, as amended, modified or supplemented from time to time.

“Substantial Completion,” “Substantially Complete,” and “Substantially Completed” - as defined in the Development Agreement.

“Substantial Completion Date” - the date set forth in (and as so defined in) the Development Agreement, being the date by which the Developer is committed under the Development Agreement to deliver the Facilities to Provident Group-HSC, Substantially Complete and otherwise in the condition described in the Development Agreement, subject to extension of such date if and to the extent such extension becomes effective pursuant to the express terms of the Development Agreement.

“Taking” - the actual or constructive condemnation, expropriation or the actual or constructive acquisition by condemnation, expropriation, eminent domain or similar proceeding by or at the direction of any Governmental Authority or other Person with the power of eminent domain.

“Tax-Exempt Organization” - (a) a State or local governmental unit, including a public institution of higher learning organized under the laws of the State, or (b) an entity organized under the laws of the United States of America or any state thereof (i) that is an organization described in §501(c)(3) of the Code, (ii) that is exempt from federal income taxes under §501(a) of the Code, and (iii) that is not a “private foundation” within the meaning of §509(a) of the Code.

“Term” - the time period during which this Agreement shall remain in full force and effect as set forth in Section 3.1 hereof.

“Title Company” - First American Title Insurance Company of Louisiana, and its successors and assigns.

“Title Insurance Policy” - an ALTA Loan Policy of Title Insurance in form and substance satisfactory to the Mortgagee issued by the Title Company in the amount of the title commitment insuring the Mortgage as a first priority lien on the Mortgaged Property and the Improvements (each as defined in the Mortgage), containing such endorsements and with such re-insurance as the Mortgagee may request, excepting only such items as shall be acceptable to Mortgagee.

“Trustee” – Hancock Whitney Bank, a Mississippi state banking corporation, and its successors and assigns, as the trustee under the Indenture.

“Vice Chancellor for Administration and Finance” - the Vice Chancellor for Administration and Finance and CFO of LSUHSC-NO and shall include any permanent or interim officer or any successor office.

ARTICLE II LEASE OF LAND AND STUDENT HOUSING

Section 2.1. LEASE OF LAND. LSU covenants that, for and in consideration of the Annual Rent to be paid by the Foundation hereunder and other good and valuable consideration, including, without limitation, the obligation of the Foundation to cause Provident Group-HSC to perform or cause to be performed the Series 2020 Project, and of the performance and observance by the Foundation of the covenants, obligations, conditions and stipulations herein expressed on the part of the Foundation to be performed and observed, the receipt and sufficiency of which is hereby acknowledged, LSU does hereby lease unto the Foundation, and the Foundation does hereby lease from LSU, the Property for the duration of the Term under the terms and conditions hereinafter set forth, together with the right of uninterrupted nonexclusive utilities, access, ingress, egress, parking, and passage during the Term to and from all streets, roads, and parking areas now or hereafter adjoining the Property, including vehicular and pedestrian ingress and egress. The Foundation, by execution of this Agreement, accepts the leasehold estate in the Property herein demised. The Foundation acknowledges that it has inspected the Property and agrees to accept the Property in its present condition without warranty, and no repairs, replacements, additions, alterations, improvements, reconstruction or remodeling of any kind or nature shall be due by LSU, on or with respect to the Property.

Section 2.2. SERVITUDES. LSU hereby grants to the Foundation the rights to perform or cause to be performed the Series 2020 Project on the Property and such other areas of Campus as shall be approved in writing by an LSU Representative, and hereby grants to the Foundation for the Term a nonexclusive servitude over, across, and upon that portion of the Campus as is necessary and as is set forth in this Agreement, the Development Agreement and Plans and Specifications, if approved by the LSU Representative, in order to perform the Series 2020 Project in accordance with this Agreement and the Development Agreement. LSU shall grant to the Foundation, Provident Group-HSC and the Developer and its Consultants temporary rights of passage and use over such other areas including “lay down” and “staging” areas as may be reasonably required to perform the Series 2020 Project, the use of which by the Foundation, Provident Group-HSC and the Developer and its Consultants shall require the prior written consent of the LSU Representative. Such rights of passage and use as to the Consultants shall terminate upon Final Completion. None of the rights granted in this Section 2.2 shall be transferred, assigned or encumbered without the prior written consent of the LSU Representative.

Section 2.3. SUBLEASE OF PROPERTY TO PROVIDENT GROUP-HSC. Subject to the requirements of this Agreement, LSU consents to the Foundation's sublease of the Property to Provident Group-HSC.

Section 2.4. RIGHT OF ACCESS. During the Term, LSU hereby grants to the Foundation the right to access on, over, upon, and across that portion of the Campus as is reasonably necessary or required for the Foundation's use of such areas. LSU agrees it will not materially or unreasonably interfere with such access during the Term. The Foundation agrees not to materially and adversely interfere with LSU's use of the Campus with respect to the Foundation's use of the Property or the Campus, where applicable. LSU consents to the Foundation's assignment of rights of access to Provident Group-HSC on, over, upon, and across that portion of the Campus as is necessary or required for Provident Group-HSC's use of such areas, except as specifically set forth herein. None of the rights granted in this Section 2.4 shall be transferred, assigned or encumbered without the prior written consent of the LSU Representative.

ARTICLE III TERM

Section 3.1. AGREEMENT TERM. The Term shall commence on the Effective Date and shall continue and remain in full force and effect a total term of fifty (50) years.

Section 3.2. RESERVED.

Section 3.3. RESERVED.

Section 3.4. EFFECTIVE DATE. This Agreement shall not be effective until the Effective Date.

Section 3.5. PAYMENT OR DEFEASANCE OF BONDS. Notwithstanding anything herein to the contrary, the Parties agree not to terminate this Agreement prior to the time the Bonds are paid in full or legally defeased and all obligations under the Bond Documents are fully discharged, as applicable.

ARTICLE IV RENT

Section 4.1. FOUNDATION RENT. Commencing on the Effective Date and continuing throughout the Term and in addition to other consideration set forth herein, the Foundation shall pay to LSU, at such place as LSU may designate from time to time in writing, as Annual Rent for the Property the sum of One Thousand and 00/100 Dollars (\$1,000.00) (the “*Annual Rent*”). Annual Rent shall be due and payable annually in advance, with the first such payment of Annual Rent being due on the Effective Date hereof and a like installment due on each anniversary of the Effective Date thereafter during the Term.

ARTICLE V USE OF LAND AND HOUSING FACILITIES

Section 5.1. PURPOSE OF COOPERATIVE ENDEAVOR AND LEASE AGREEMENT. As further consideration for the lease of the Property by LSU to the Foundation, Foundation enters into this Cooperative Endeavor and Lease Agreement for the purpose, and shall have the continuing obligation, of causing Provident Group-HSC to perform (i) the Series 2020 Project in accordance with the Plans and Specifications approved by LSU and as more specifically set forth in the Development Agreement and (ii) the maintenance, operation, management and replacement of the Facilities, as more particularly set forth in the Management Agreement, both of which agreements require the prior written approval of LSU. The Foundation shall use and operate, or cause the use and operation of (i) the Property for the sole and exclusive purpose of performing the Series 2020 Project and (ii) the Facilities for the sole and exclusive purpose of the maintenance, operation, management and replacement of the Facilities as required under this Agreement and the Management Agreement, with a sublease of the Property to Provident Group-HSC for use by the Eligible Residents, all of which use and operation shall be for the support of the educational, research and public service missions of LSUHSC-NO and to support LSUHSC-NO’s faculty and students primarily through the provision of quality housing conveniently located on the Campus.

Section 5.2. TITLE TO FACILITIES. During the Term, title to the Facilities shall be vested in Provident Group-HSC until the expiration date of the Ground Sublease at which time title will transfer to LSU as set forth in Sections 6.1(k) and 14.1(b) hereof. Notwithstanding anything to the contrary contained in this Agreement, LSU does not waive and/or relinquish its lien or claim for lien, whether granted by constitution, statute, rule of law, contract, or otherwise relating to the Equipment, whether located in or about the Property or otherwise, for the purpose of securing the Foundation’s obligation to pay Annual Rent; provided, however, until the Bonds have been paid in full or legally defeased, as applicable, and all obligations under the Bond Documents are fully discharged, LSU agrees not to exercise its rights with respect to any such lien or claim.

Section 5.3. COMPLIANCE WITH STATUTORY REQUIREMENTS. Louisiana Revised Statutes 17:3361, *et seq.* prescribes rules and regulations for leases of any portion of the

Campus by a college or university. By execution of this Agreement, LSU represents that it has complied with the applicable statutory requirements of Louisiana Revised Statutes 17:3361, *et seq.* by effectuating hereby the following with respect to the Facilities, including, without limitation:

(a) the waiver by written consent of the formulation and adoption of rules, regulations and requirements by LSU relative to the performance of the Series 2020 Project referenced in Louisiana Revised Statute 17:3362A, other than those set forth in this Agreement or specifically referenced in this Agreement;

(b) the waiver by written consent of LSU's right to require removal of the Facilities referenced in Louisiana Revised Statute 17:3362B, except as otherwise set forth in this Agreement, but LSU reserves the right to enforce any and all other remedies allowed by this Agreement in the event of the Foundation's failure or refusal to comply with this Agreement or any rules, regulations or requirements set forth herein; and

(c) the waiver by written consent of LSU's right to immediately terminate this Agreement and cause removal of the Facilities for the Foundation's failure to conform to rules and regulations as referenced in Louisiana Revised Statute 17:3364, except as otherwise set forth in this Agreement, but LSU reserves the right to enforce any and all other remedies allowed by this Agreement for such default.

Section 5.4. COMPLIANCE WITH GOVERNMENTAL REGULATIONS.

Furthermore, Foundation shall comply with all Governmental Regulations and shall obtain any and all applicable approvals and consents as required in order for Foundation to fulfill its obligations as set forth in this Agreement.**NO MERGER OF OBLIGATIONS** No obligation herein between LSU or the Foundation, as obligor, and the Foundation or LSU, as obligee, shall be deemed to be terminated by the doctrine of confusion.

**ARTICLE VI
CONSTRUCTION**

Section 6.1. CONSTRUCTION AND RELATED OBLIGATIONS.

(a) **The Foundation's and LSU's Approval Required for All Construction.** The Ground Sublease shall provide that: (i) Provident Group-HSC shall not make capital improvements upon the Property necessary to perform the Series 2020 Project, including, but not limited to, the Construction, alteration, repair, abatement, renovation or demolition of any future improvement upon the Property, without the prior written approval of the Foundation, which shall obtain the prior written approval of LSU; (ii) the Foundation shall cause Provident Group-HSC to submit complete Construction Documents, which shall include Plans and Specifications, regarding any work referenced in the preceding sentence to the Foundation and the LSU Representative for review and approval prior to commencement of Construction and in accordance with the

Development Agreement; (iii) LSU's approval of Construction Documents is for LSU's own benefit, cannot be relied upon by any Person other than Provident Group-HSC and the Foundation, and does not change the standard of care as to the preparer of the Construction Documents and (iv) the Foundation shall cause Provident Group-HSC to acknowledge and agree in the Ground Sublease that the Construction Documents for the Facilities shall be approved by LSU in accordance with the Development Agreement.

LSU hereby acknowledges that full performance by Provident Group-HSC of all its obligations and duties under the Development Agreement and delivery of the Facilities as Finally Complete pursuant to and in accordance with the terms and provisions of the Development Agreement shall be deemed the satisfaction of Provident Group-HSC's obligations to perform the Series 2020 Project.

(b) **LSU's Approval of Development Agreement.** The Ground Sublease shall provide that Provident Group-HSC shall cause (x) the Developer to achieve Substantial Completion of the Facilities no later than the Substantial Completion Date, and (y) the Final Completion of the Facilities no later than the Final Completion Date, in both cases (x) and (y) in compliance with the Construction Documents and all applicable Governmental Regulations and in accordance with and pursuant to the Development Agreement. The Ground Sublease shall further provide that, in addition, and without limitation to the generality of the foregoing:

(i) Provident Group-HSC shall covenant to the Foundation that Provident Group-HSC shall fully and timely pay and perform, or cause to be paid and performed, all the covenants, indemnities, liabilities, and obligations of Provident Group-HSC under the Development Agreement and all other Contract Documents if any, in which Provident Group-HSC is a party.

(ii) Provident Group-HSC shall represent, warrant and covenant, and Provident Group-HSC shall cause the Developer to represent, warrant and covenant, that all representations, warranties, and covenants made by Provident Group-HSC and the Developer, respectively, under the Development Agreement and the other Contract Documents are true, correct and complete in all material respects as of the respective dates thereof and shall remain true, correct and complete in all material respects to the extent (if any) required pursuant to the Development Agreement or such other Contract Documents.

(iii) Provident Group-HSC shall timely and diligently exercise and enforce all of its rights and remedies under the Development Agreement and the other Contract Documents, and Provident Group-HSC shall cause the Developer to diligently exercise and enforce all its rights and remedies under the Development Agreement and the other Contract Documents (i) so as to require the Developer and all other parties thereto to fully and timely pay and perform all the covenants, indemnities, liabilities and obligations of the Developer or such

other parties thereunder, or (ii) in connection with any breach by the Developer or any parties thereunder. The Ground Sublease shall further provide that Provident Group-HSC shall not, without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance, (A) waive, forgive or agree to forbear, or allow the Developer to forgive or agree to forebear, from exercising or enforcing any such rights and remedies, (B) consent to the continuation of any such breach, or (C) release the Developer or any party to such Contract Documents from any of the Developer's or such party's obligations under the Development Agreement or any such other Contract Documents, as applicable.

(iv) The Ground Sublease shall provide that Provident Group-HSC shall: (A) agree that it shall not, without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance: (1) assign, transfer, terminate or suspend the Development Agreement or any Contract Document or any of Provident Group-HSC's rights thereunder, (2) extend any time periods or deadlines set forth therein (except only as required by the express terms thereof), (3) modify or permit the modification of the Development Agreement or any other Contract Document or (4) change the Guaranteed Maximum Price for performance of the Series 2020 Project or reduce the retainage held by Provident Group-HSC under the Development Agreement without prior written approval by the Foundation after having obtained the prior written consent of LSU; and (B) in addition, the Foundation shall cause Provident Group-HSC to agree that it shall not, without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance, consent to any assignment or transfer by the Developer or any other party to the Contract Documents of all or any part of the Developer's or such party's right, title or interest in or to the Development Agreement or any Contract Document or the proceeds thereof (whether directly or indirectly via an assignment or transfer of any direct or indirect ownership or management interest in the Developer, the Manager or such party), to the extent Provident Group-HSC's consent is required therefor.

(v) Notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement (including the provisions of this Section 6.1(b)) shall be deemed to require LSU to pay or perform any of the covenants, indemnities, liabilities and obligations of Provident Group-HSC under the Development Agreement or of Provident Group-HSC (if any) or the Developer under the Development Agreement or other Contract Documents or under any Bond Documents.

(vi) The Ground Sublease shall provide that Provident Group-HSC shall agree to provide or cause other Persons to provide to the Foundation, and the Foundation shall in turn provide to LSU, copies of each notice, correspondence,

report or other information received or given by Provident Group-HSC, or the Developer under each of the Contract Documents, Bond Documents or Governmental Regulations: (A) within three (3) Business Days after each receipt of same and (B) simultaneously with each giving of same.

(vii) The Ground Sublease shall provide that: (A) if, before Final Completion of the Facilities, the Development Agreement is terminated or the Developer is dismissed or suspended or withdraws from its capacity as the developer under the Development Agreement, whether due to a default under the Development Agreement or otherwise, that Provident Group-HSC shall agree not to enter into any replacement development agreement and/or retain any replacement developer without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance; (B) if, before the Final Completion of the Facilities, any other Contract Document to which Provident Group-HSC or the Developer is party is terminated or a party to any such other Contract Document is dismissed or suspended or withdraws from such capacity, whether due to a default under such other Contract Document or otherwise under such Contract Document, Provident Group-HSC shall not enter into any replacement of such Contract Document and/or retain any replacement party to such other Contract Document without the prior written consent of the Foundation, which shall obtain the prior written consent of LSU, in each instance, such consent to be given in the Foundation's and LSU's sole and unfettered discretion (except to the extent, if any, required otherwise in the Development Agreement).

(viii) In addition to the foregoing and without limitation to any of the Foundation's obligations in this Section 6.1(b) or elsewhere in this Agreement, the Foundation hereby agrees that, to the extent the Development Agreement and/or other Contract Documents are enforceable directly by the Foundation, and if an event of default or an event that, with the passage of time or giving notice, would constitute an event of default by Provident Group-HSC under the Development Agreement, the Foundation will provide in the Ground Sublease that Provident Group-HSC shall irrevocably consent to the Foundation's full or partial enforcement or forbearance from enforcement thereof at any time and from time to time in accordance with the Development Agreement and Subordinated Collateral Assignment of Contract Documents, which rights are subordinate to the rights of the Trustee with respect thereto.

(ix) For the avoidance of doubt and notwithstanding anything to the contrary herein, the Ground Sublease shall provide that any Design as to the Facilities shall be subject to the approval of the Foundation and LSU.

(c) **Default in Construction.** The Ground Sublease shall provide that: (i) if there shall be a default by the Developer, the General Contractor or the Architect in

connection with the performance of the Series 2020 Project (after expiration of any applicable notice and cure periods contained therein), Provident Group-HSC shall exercise or cause to be exercised all of the rights and remedies available: (A) to Provident Group-HSC under the Development Agreement, subject to the terms and conditions thereof, or (B) to Provident Group-HSC (if any) under the relevant Contract Documents; (ii) without limiting any other rights of the Foundation under this Agreement, if an Event of Default shall occur and be continuing, or if Provident Group-HSC shall be in default under the Development Agreement beyond any applicable grace or cure period, or if (for more than thirty (30) days after notice to Provident Group-HSC) Provident Group-HSC shall fail to exercise its rights and remedies under the Development Agreement in the event of a default by the Developer thereunder, subject to the terms and conditions thereof, the Foundation may, but shall not be obligated to, subject to the rights of the Trustee, exercise its rights under, or assert the rights of Provident Group-HSC pursuant to, the Subordinated Assignment of Contract Documents and the Development Agreement; and (iii) all such rights and remedies of the Foundation are in addition to and shall not be deemed to limit or restrict any rights or remedies of the Foundation under the Development Agreement.

(d) **Commencement of Construction.** The Ground Sublease shall provide that Provident Group-HSC shall commence and pursue to Final Completion the Facilities on the Property and associated site development within the boundaries of the Property in accordance with the Contract Documents and in accordance with the Project Schedule (subject to adjustment if and to the extent provided in the Development Agreement). LSU hereby acknowledges receipt of a copy of the Construction Contract, including the Project Schedule, from the Foundation.

(e) **Construction Approvals by LSU.** The Ground Sublease shall provide that: (i) prior to commencing any excavation, demolition, Construction, paving, or any other work associated with the Property or the Facilities, Provident Group-HSC shall deliver or cause to be delivered one (1) set of Construction Documents to the Foundation and two (2) sets of Construction Documents to the LSU Representative for approval, which Construction Documents shall be 100% complete, (ii) the right of approval of the Foundation and the LSU Representative with respect to the Construction Documents shall include, but not be limited to, the compatibility of the exterior appearance of any improvement with the adjacent portions of the Campus and LSUHSC-NO's activities therein, (iii) the Foundation and LSU shall have such period of time as is allowed under the Development Agreement to approve or reject such submissions, but in no event less than 30 days from receipt of any such submission with any rejection being accompanied with a description of measures to be taken by Provident Group-HSC that will result in approval on resubmission (or why resubmission of any similar proposal would be rejected), (iv) failure to approve or reject any submissions within such time period shall be deemed approval by the Foundation and LSU, (v) approval of submissions by the Foundation shall not relieve Provident Group-HSC from the obligation to obtain all other necessary approvals and permits required by various Governmental Authorities or from

complying in all material respects with the Contract Documents and all applicable Governmental Regulations, and (vi) notwithstanding the foregoing, Provident Group-HSC may request of the Foundation and, in turn, LSU, in writing, that Provident Group-HSC be permitted to commence excavation, demolition, Construction, paving, or any other work associated with the Property and the Facilities prior to delivery of complete Construction Documents and LSU's and the Foundation's approval thereof in accordance with the Ground Sublease. LSU agrees it will not unreasonably withhold or delay such consent set for in item (vi) above, provided that, such request for consent must include reasonable detail as to the work to be done as well as an explanation of the need to begin such work prior to approval of complete Construction Documents in accordance with the Development Agreement. LSU agrees not to unreasonably withhold the approval required by this Section 6.1(e).

(f) **Change Orders.** The Foundation shall provide in the Ground Sublease that Provident Group-HSC shall not order, authorize, permit, consent to, suffer or perform any Change Orders except as expressly permitted and on the terms and conditions provided in the Development Agreement, and except as approved by the LSU Representative.

(g) **Construction According to Approved Construction Documents.** The Ground Sublease shall provide that: (i) all building materials for the Facilities must be new and of good quality in accordance with the Construction Documents; (ii) that the Foundation and the LSU Representative reserve the right to monitor (through their respective employees, construction consultant or the LSU Construction Monitor) Provident Group-HSC's performance of the Series 2020 Project from its inception to Final Completion thereof, including participation in all meetings contemplated by the Development Agreement and/or the Construction Contract; (ii) at a minimum, the following restrictions shall be placed upon Construction activities, and the Foundation shall cause Provident Group-HSC to provide for the incorporation of all the following restrictions to be contained in the Development Agreement:

(A) access to the Property as shall be necessary for the performance of the Series 2020 Project will be limited to those involved with the performance of the Series 2020 Project and the employees or agents of the Foundation, Provident Group-HSC and LSU employees or the LSU Construction Monitor monitoring same;

(B) Provident Group-HSC must notify the Foundation and the LSU Representative in writing at least seventy-two (72) hours in advance of coordination meetings requiring the participation of the Foundation Representative and the LSU Representative;

(C) Signage shall be in conformity with LSU's rules and regulations and the Development Agreement; and

(D) Construction activities will comply with all applicable Governmental Regulations.

LSU hereby agrees to not interfere with the orderly progression of the Series 2020 Project, shall conduct any inspections consistently with the provisions in the Development Agreement (if any) for such inspections, shall observe all safety procedures reasonably imposed by Provident Group-HSC or the Developer and shall provide reasonable notice of all site visits.

(h) **All Liens and Rights are Subordinate to LSU and the Foundation.** The Foundation shall provide in the Ground Sublease that: (i) the rights of the Architect, the General Contractor and each other architect, Contractor, assignee, sublessee, Subcontractor, supplier, prime or general contractor, mechanic, laborer, materialman, or other lien or claim holder, shall always be and remain subordinate, inferior, and junior to LSU's and the Foundation's title, interest, and estate in the Property, (ii) other than Permitted Encumbrances, Provident Group-HSC shall not create or permit to be created or to remain, and shall discharge, any lien, encumbrance, or charge levied on account of any mechanic's, laborer's, or materialman's lien, or any security agreement, conditional bill of sale, title retention agreement, chattel mortgage, or otherwise (a "Lien") arising from the performance of the Series 2020 Project that might or does constitute a Lien, encumbrance or charge upon the Property or the Facilities, or any part thereof, or the income therefrom, having a priority or preference over or ranking on a parity with the estate, rights, or interest of LSU or the Foundation in the Property or any part thereof, or the proceeds therefrom, (iii) Provident Group-HSC shall cause any Lien or to be discharged (including by bond) or insured over (to LSU's and the Foundation's benefit) within fifteen (15) Business Days after receiving notice or knowledge thereof from any source or any shorter period of time as may be imposed by Governmental Regulations for discharge by bond, and (iv) notwithstanding the foregoing, Provident Group-HSC shall be entitled to contest any such Lien or encumbrance, in good faith and by appropriate proceedings, as long as Provident Group-HSC bonds or insures over in favor of LSU, the Foundation, the Authority and the Trustee such Lien in an amount not less than 125% of the amount of the Lien or encumbrance, and the execution of any such Lien is stayed such that the Property or the Facilities are not placed in imminent danger of being seized or forfeited, without being deemed to be in default hereunder. The Ground Sublease shall further provide that nothing in the Ground Sublease shall be deemed or construed in any way as constituting the consent or request of LSU, express or implied, by inference or otherwise, to the filing of any Lien or other encumbrance (other than Permitted Encumbrances) against the Property or the Facilities, or LSU's interest in any of the foregoing, by any contractor, subcontractor, laborer, materialman, architect, engineer, or other Person for the performance of any labor or the furnishing of any materials or services for or in connection with the Property or the Facilities or any part thereof.

(i) **Payment of Bills for Construction.** The Ground Sublease shall provide that: (i) Provident Group-HSC shall covenant and agree to pay or cause to be paid,

currently as they become due and payable in accordance with the terms of the Contract Documents and the Bond Documents, but solely from the proceeds of the Bonds, all bills for labor, materials, insurance, and bonds, and all fees of architects, engineers, Contractors, and Subcontractors and all other costs and expenses incident to the performance of the Series 2020 Project; provided, however, that Provident Group-HSC may, in good faith, in its own name, dispute and contest any such bill, fee, cost, or expense, in accordance with Section 6.1(h), and on condition that such contest will not adversely affect Provident Group-HSC's or the Developer's ability to perform the Series 2020 Project for a cost not exceeding the Guaranteed Maximum Price or to achieve Final Completion by the Final Completion Date and, in such event, any such item need not be paid until adjudged to be valid; and (ii) unless so contested by Provident Group-HSC, all such items listed above shall be paid by Provident Group-HSC within the time provided by law, and if contested, any such item shall be paid before the issuance of an execution on a final judgment with respect thereto.

(j) **Completion of Construction by the Foundation.** The Ground Sublease shall provide that: (i) the Foundation acknowledges that Provident Group-HSC will assign (or cause the assignment of) all of Provident Group-HSC's right, title, interest, and remedies in and to the Contract Documents: (A) to the Trustee pursuant to the Collateral Assignment of Contract Documents and (B) to the Foundation pursuant to the Subordinated Collateral Assignment of Contract Documents; (ii) Provident Group-HSC shall covenant and agree that, in the event Provident Group-HSC shall abandon or fail to commence, continue or complete the performance of the Series 2020 Project in accordance with the requirements of the Ground Sublease, the Foundation may, after providing written notice of such failure to Provident Group-HSC and Provident Group-HSC fails to cure the same within ten (10) Business Days thereof (provided that no such notice shall be required in the case of an Event of Default), at its option (but without any obligation to do so and without prejudice to any other rights the Foundation may have under the Ground Sublease) exercise its rights under the Subordinated Assignment of Contract Documents to exercise Provident Group-HSC's rights and remedies under the Contract Documents against the Developer, including the right to complete (or to cause to be completed) the performance of the Series 2020 Project; (iii) if the Foundation shall not elect to exercise the option set forth above, the Trustee may elect to complete performance of the Series 2020 Project pursuant to the terms of the Collateral Assignment of Contract Documents; and (iv) the Foundation and Provident Group-HSC shall acknowledge that the Authority has no obligation, right or option to complete the performance of the Series 2020 Project or to assume any obligations under the Contract Documents.

(k) **Title to the Facilities.** The Ground Sublease shall provide that title to the Facilities and all other improvements hereafter Constructed on the Property in accordance with the Construction Documents and the Contract Documents shall be vested in Provident Group-HSC until the expiration date of the Ground Sublease, at which time all title to and ownership of the Facilities shall automatically and immediately vest (without

the necessity of any further action being taken by Provident Group-HSC or the Foundation or any instrument being executed and delivered by Provident Group-HSC to the Foundation) in LSU.

The Ground Sublease shall provide that: (i) Provident Group-HSC shall execute, acknowledge and deliver such deeds, bills of sale, termination statements, assignments and other instruments as may be reasonably requested by the Foundation and/or LSU: (A) to acknowledge the date of termination of the Ground Sublease, all in recordable form, or (B) to convey title to LSU, by limited warranty deed with covenants against grantor's acts and an assignment of leases and licenses, but only to the extent owned by Provident Group-HSC, to the Facilities and all other improvements to or upon the Property or related to the Facilities, provided, however, that such transfer shall be by deed with covenants against grantor's acts (and equivalent assignment) only as to claims arising by, through or under Provident Group-HSC, free and clear of all Liens, subject only to Permitted Encumbrances and any Liens or encumbrances caused by the Foundation or its agents, contractors or employees or LSU; and (ii) if the Facilities are not free from all Liens or encumbrances other than Permitted Encumbrances and any liens or encumbrances caused by the Foundation or its agents, contractors or employees including LSU on the expiration date of the Ground Sublease, the Foundation and/or LSU may (A) direct Provident Group-HSC to correct or discharge such Liens or encumbrances within a reasonable time period; (B) elect to discharge such Liens or encumbrances and seek reimbursement from Provident Group-HSC for the costs of same, along with interest at the Default Rate and reasonable attorneys' fees; or (C) require Provident Group-HSC to remove such Liens or encumbrances before such title shall transfer to LSU.

(l) **Permits, Laws, and Ordinances.** The Ground Sublease shall provide that: (i) Provident Group-HSC shall comply and cause the Developer and its Contractors and Subcontractors to comply in all material respects with all building, zoning, life safety and other codes, ordinances, rules, regulations, orders, directives, and all Governmental Regulations and LSU or LSUHSC-NO requirements which may now or hereafter, from time to time, be established and which are or shall be applicable to Provident Group-HSC as they relate to the Series 2020 Project and shall take, as otherwise provided herein, all action necessary to cause the Series 2020 Project to comply in all material respects with all provisions of the Contract Documents, the Bond Documents, the Ground Sublease and this Agreement applicable to Provident Group-HSC; and (ii) Provident Group-HSC shall cause all work to occur only at such times as are permitted by Governmental Regulations and in compliance with any restrictions in the Development Agreement.

(m) **Construction Site.** The Ground Sublease shall provide that: (i) Provident Group-HSC shall confine its operations and cause the Developer to confine the Developer's operations to the Property and shall not store, or permit the Developer to store, any material or equipment or conduct any construction work, preparation or staging on property of LSU, the Foundation or other Persons outside the boundaries of the Property, except as approved in writing and subject to such conditions as may be

reasonably specified and approved in writing by the Foundation, which shall obtain the prior written approval of LSU, provided that Provident Group-HSC shall be deemed to comply with the foregoing sentence as to materials stored offsite provided the offsite storage location is secure, bonded and insured and title to the stored materials has not passed to Provident Group-HSC until installed on the Property, (ii) Provident Group-HSC shall protect all work and shall at all times keep and cause the Developer and all Contractors to keep the Property reasonably clean and free from waste materials and rubbish, (iii) to the extent reasonably possible, the Series 2020 Project shall be performed so as to minimize disruption of LSUHSC-NO operations, (iv) all construction activities shall be coordinated with the appropriate departments of LSUHSC-NO (such departments and representatives of those departments shall be identified in the pre-construction meeting) and (v) a mandatory pre-construction meeting shall be conducted by Provident Group-HSC and/or the Developer prior to the start of any construction activities for the purpose of reviewing security procedures, utility coordination, access to the Property and Construction coordination issues, and (vi) the meeting shall be attended, at a minimum, by the LSU Representative, the Foundation Representative, the Provident Group-HSC Representative, the Developer Representative, the General Contractor and key Subcontractors through their respective project managers and superintendents.

(n) **Payment and Performance Bonds.** The Ground Sublease shall provide that Provident Group-HSC shall provide or cause to be provided to the Foundation the Performance Bond and Payment Bond, which shall name the General Contractor as principal and shall include a multiple rider naming LSU, the Foundation, the Developer, Provident Group-HSC and the Trustee as obligees.

(o) **Reports and Information.** The Ground Sublease shall require the following: (i) that Provident Group-HSC shall: (A) provide the Foundation and LSU with copies of all documents and correspondence provided to or generated by or for Provident Group-HSC, either as described in the Development Agreement or in connection with the performance of the Construction Contract, including those related to the satisfaction of the items in the Project Schedule, and (B) provide (or cause the Developer to provide) the Foundation with Monthly Progress Reports (as defined in the Development Agreement), in form and detail reasonably satisfactory to the Foundation, demonstrating compliance with the Contract Documents and the Ground Sublease for the previous month, (ii) that, in addition to the requirements set forth in Section 6.1(o)(i) above, Provident Group-HSC shall provide reports as to compliance or noncompliance with the Project Schedule, which shall be updated at least monthly to assure the Foundation that performance of the Series 2020 Project will be Finally Complete in sufficient time to allow for occupancy by the Residents of the Facilities on or before the Final Completion Date, (iii) that Provident Group-HSC shall deliver or cause to be delivered to the Foundation, and the Foundation shall provide to LSU, copies of all soil reports, surveys, hazardous wastes or toxic materials reports, feasibility studies, and other similar written materials prepared for or delivered to Provident Group-HSC pursuant to the Contract Documents with respect to the Property and the Facilities within ten (10)

days after receipt by Provident Group-HSC, (iv) that the Foundation, in turn, shall provide the LSU Representative with copies of all documents received by the Foundation pursuant to this Section 6.1(o), if same have not already been delivered as set forth above, and (v) all correspondence and documents related to the performance of the Series 2020 Project shall be available for review and inspection by the Foundation and LSU at the Developer's construction office on or near the Campus.

(p) **Final Completion of Facilities.** The Ground Sublease shall provide that, as soon as practicable after Substantial Completion of the Facilities (but in all events no later than the deadline in the Development Agreement for Final Completion of the Facilities, which is the Final Completion Date), Provident Group-HSC shall furnish to the Foundation and the LSU Representative:

(i) two (2) complete sets of final record Construction Documents of the completed improvements as required by the Development Agreement;

(ii) a current, accurate, properly labeled and certified (by the hereafter stated surveyor or engineer) "as-built" plat of survey prepared by a registered land surveyor or professional engineer depicting to scale the location of the completed improvements, as the same have been Constructed;

(iii) one complete set of operations and maintenance manuals for all systems, equipment, furniture, and fixtures relating to the completed Facilities; and

(iv) copies of all other documents required in the Development Agreement for Final Completion.

(q) **Provident Group-HSC Access.** The Ground Sublease shall provide that, during performance of the Series 2020 Project, Provident Group-HSC shall have access to the Property and the Facilities twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days a year.

(r) **Failure to Perform Series 2020 Project.** The Ground Sublease shall provide that: (i) Provident Group-HSC shall cause the performance of the Series 2020 Project to be Finally Complete in accordance with the Development Agreement and all Governmental Regulations, with all costs thereof fully paid (including any and all costs in excess of the Bond proceeds), and all Liens fully paid or bonded, no later than the Final Completion Date or bonded, within the time period required by Section 6.1(b) of this Agreement, (ii) that if the Facilities have not achieved Final Completion on or before the Final Completion Date, then Provident Group-HSC, at its cost and expense, shall use its commercially reasonable efforts to enforce the provisions of Section XVI(D) set forth in the Development Agreement, and (iii) so long as Provident Group-HSC enforces the provisions of Section XVI(D) of the Development Agreement in accordance with the

terms thereof, the Foundation shall not have the right to place Provident Group-HSC in default of its obligations under the Ground Sublease for failure to achieve Final Completion of the Facilities and, which respect to such event, Provident Group-HSC shall not be liable for any damages incurred by the Foundation.

(s) **Assignment by Provident Group-HSC and the Developer.** The Ground Sublease shall provide that, as security for Provident Group-HSC's performance under the Ground Sublease as it relates to the performance of the Series 2020 Project and maintenance and operation of the Facilities, Provident Group-HSC, the Developer and Manager shall execute and deliver the Subordinate Collateral Assignment of Contract Documents as provided in the Ground Sublease.

The Ground Sublease shall further provide that: (i) Provident Group-HSC and the Developer shall execute, simultaneously with the execution of the Ground Sublease, the Subordinate Assignment of Contract Documents, as well as any assignments and assurances as LSU and the Foundation may request to perfect the subordinate collateral assignment of the Contract Documents to the Foundation; (ii) to the extent the Developer receives funds from Provident Group-HSC or the Trustee to pay all costs of Construction Documents, the Ground Sublease shall require the Developer to indemnify, defend and hold harmless the Foundation and LSU from and against any and all costs, claims or liabilities, including mechanic's and materialmen's liens, caused by the failure of the Developer to fully pay for all Contract Documents and any adverse claim to or Lien upon the Contract Documents and (iii) Provident Group-HSC's obligations set forth in Section 10(r) of the Ground Sublease shall survive termination of the Ground Sublease.

(t) **Architects, Engineers, Contractors, Specialists and Consultants.** The Ground Sublease shall provide that Provident Group-HSC shall require and cause the Developer to require: (i) any architects, engineers, Contractors, Subcontractors, specialists, and consultants engaged by the Developer or the General Contractor in connection with the performance of the Series 2020 Project to perform their respective obligations under the terms of the Construction Documents and to be licensed in accordance with State law; (ii) any architects and engineers engaged by the Developer or the General Contractor to obtain and maintain errors and omissions insurance in accordance with the terms of the Ground Sublease and the Development Agreement; and (iii) the General Contractor to obtain and maintain commercial payment and performance bonds pursuant to Section 6.1(n) of this Agreement and the Development Agreement.

(u) **No Discriminatory Practices.** The Ground Sublease shall provide that:

(i) Provident Group-HSC shall require and cause the General Contractor to agree to abide by: (A) 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; (B) the requirements of the Americans with Disabilities Act of 1990; and (C) any executive order by the governor of the State;

(ii) Provident Group-HSC shall additionally require and cause the General Contractor to agree: (A) not to discriminate in its employment practices; and (B) to render services under this contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities; and

(v) Any act of discrimination committed by General Contractor or failure to comply with these statutory obligations, when applicable, shall be grounds for termination of the Ground Sublease. The Ground Sublease shall further provide, if the General Contractor does not comply with the applicable provisions of the Ground Sublease, Provident Group-HSC shall cause the Developer to terminate the General Contractor.

(v) **Selection of Construction Professionals.** Subject to LSU's right to the prior review and approval of the Plans and Specifications, the Construction Contract and Change Orders, LSU agrees that the Developer shall have the right to control the selection of construction professionals (all of whom shall comply with all applicable licensing requirements of Governmental Regulations) as provided in the Development Agreement, provided that the Ground Sublease shall provide that Provident Group-HSC shall include the following provisions in the Development Agreement with the Developer and shall exercise its rights under these provisions where necessary, only after consultation with, and obtaining approval from, the Foundation and LSU: (i) the Developer shall contract with qualified Consultants and Subcontractors (as defined in the Development Agreement) to perform any one or more of the Services set forth on Exhibit 4 of the Development Agreement, unless Provident Group-HSC reasonably objects in writing thereto, (ii) the Developer shall furnish to Provident Group-HSC and the LSU Representative a list of Consultants and Subcontractors to be utilized in connection with the Facilities and the Developer shall be required to replace any Consultant or Subcontractor to which the LSU Representative may at any time reasonably object, (iii) the Developer shall supply qualified staff and employ qualified and appropriately licensed Consultants to perform the Developer's responsibilities and obligations under the Development Agreement in a prompt and timely manner, and (iv) Provident Group-HSC may require removal of any individual whose conduct is reasonably deemed inappropriate or inconsistent with LSUHSC-NO policies or applicable law and regulations. The Ground Sublease shall further provide that (x) Construction, alteration, renovation or additions to the Property and the Facilities undertaken or caused to be undertaken by Provident Group-HSC shall be in conformance with all Governmental Regulations; (y) the Plans and Specifications shall comply with all applicable LSUHSC-

NO design standards; and (z) written approval by the LSU Representative of the Plans and Specifications shall be conclusive evidence that the applicable LSUHSC-NO design standards have been met.

(w) **Payment of Moneys Received under Development Agreement.** The Ground Sublease shall provide that, as soon as practicable after Final Completion of the Facilities, all moneys received by Provident Group-HSC pursuant to the Development Agreement, including, without limitation, any unused or unapplied funds held outside the Indenture, including without limitation, in the Developer's Project Contingency and the Excess Contingency (as such terms are defined in the Development Agreement), shall be used in accordance with the provisions of the Indenture.

(x) **Reserved.**

(y) **Draw Request Approvals.** The Ground Sublease shall provide that: (i) as more particularly set forth in Section IX of the Development Agreement, Provident Group-HSC shall cause the Developer to submit each Draw Request to Provident Group-HSC, the Foundation and LSU within sufficient time to permit Provident Group-HSC, the Foundation and LSU to approve or disapprove each Draw Request within ten (10) Business Days after receipt thereof by Provident Group-HSC, the Foundation and LSU and, if such Draw Request is not approved or disapproved by any such party within ten business days after receipt by Provident Group-HSC, the Foundation and LSU, such Draw Request shall be deemed to be approved by such party, and (ii) promptly upon receipt of approval of Provident Group-HSC, the Foundation and LSU of any Draw Request, but in no event more than twenty-one (21) days after receipt by each of Provident Group-HSC, the Foundation and LSU of such Draw Request, Provident Group-HSC shall submit such Draw Request to the Trustee, together with a request for payment thereof to the extent of the approval of such Draw Request in accordance with the provisions of the Indenture.

(z) **Assignment of Instruments of Service.** The Ground Sublease shall provide that: (i) upon payment by Provident Group-HSC of the Developer's first Draw Request, the Developer shall require all Design Professionals to grant to Provident Group-HSC and its affiliates and assigns an irrevocable license permitting Provident Group-HSC and its affiliates and assigns to retain and use, in unencumbered fashion, paper and electronic copies, including reproducible copies and Portable Document Format or PDF, of all drafts of all construction plans, specifications and other design documents and Instruments of Service, for use in connection with constructing, monitoring, using, repairing, maintaining, expanding, and adding to the Facilities, whether or not such activities are performed pursuant to this Agreement or in the future and regardless of whether this Agreement is subsequently terminated before Final Completion of the Facilities; (ii) upon payment by Provident Group-HSC of the Developer's first Draw Request, Provident Group-HSC shall cause the Developer to require all Design Professionals to grant to Provident Group-HSC and its affiliates and

assigns (“Licensee”) an irrevocable license permitting Provident Group-HSC and its affiliates and assigns to retain and use, in unencumbered fashion, paper and electronic copies, including reproducible copies and Portable Document Format or PDF, of all drafts of all Instruments of Service, for use in connection with constructing, monitoring, using, repairing, maintaining, expanding, and adding to the Facilities, whether or not such activities are performed pursuant to this Agreement or in the future and regardless of whether this Agreement is subsequently terminated before Final Completion of the Facilities; and (iii) Provident Group-HSC shall cause the Developer to further require the Design Professionals to covenant with Licensee that the Design Professionals shall not utilize their Instruments of Service to create Facilities having similar exterior design elevations to those of the Facilities within the State of Louisiana without Licensee’s prior written consent, which consent shall not be unreasonably withheld.

(aa) **Cost Savings.** The Guaranteed Maximum Price is set forth in the Development Agreement. Notwithstanding same, the Ground Sublease shall provide that Provident Group-HSC shall cause the Parties (as defined in the Development Agreement) to continue working together after the execution of the Development Agreement to reduce development expenses below the Guaranteed Maximum Price by cooperating in value engineering.

(bb) **Diverse Suppliers.** The Foundation understands that LSU is committed to promoting the growth and development of minority- and women-owned and small and historically underutilized businesses (collectively, “Diverse Businesses”) by providing opportunities to participate in LSU agreements. In support of this commitment, the Foundation shall cause the Ground Sublease to provide that: (i) Provident Group-HSC shall, and shall cause the Developer and its contractors to, use good faith and commercially reasonable efforts to provide opportunities to Diverse Businesses that are either certified by the State or another certifying entity in a diverse category as a subcontractor or supplier under the Development Agreement and (ii) Provident Group-HSC shall cause the Developer and its contractors to provide to LSU a list of Diverse Businesses during each Fiscal Year, which list shall identify as to each Diversity Business contained thereon: (A) the legal name thereof, (B) the principal office or address, (C) ownership and (D) the services or good that it may provide or supply and the value of the goods or services procured therefrom. To the extent that any Governmental Regulations would require that this Section 6.1(bb) or comparable language in the Ground Sublease or the Development Agreement be modified or voided, the parties agree that such provision can be amended or severed from any such agreement without affecting any of the other terms thereof.

ARTICLE VII ENCUMBRANCES

Section 7.1 ENCUMBRANCES. The Foundation shall not, without the prior written consent of the LSU Representative, mortgage, lien or otherwise encumber, or allow any

mortgage, Lien or encumbrance, on the Property, or on the Foundation's interest in the Property, or on the Foundation's rights acquired pursuant to the Ground Sublease other than Permitted Encumbrances.

ARTICLE VIII UTILITIES AND MAINTENANCE AND REPAIR

Section 8.1. UTILITIES; SEWER.

(a) The Ground Sublease shall provide that Provident Group-HSC is to provide for the provision of all utilities to the Property and the Facilities in a timely manner as provided for in the Development Agreement for the performance of the Series 2020 Project and as needed for utilities to be available at the Property permanently after Final Completion of the Facilities. The Ground Sublease shall further provide that Provident Group-HSC shall make or cause to be made application for, obtain and pay for, and be solely responsible for, all utilities required at the Facilities, as applicable, including, but not limited to, gas, water (including water for domestic uses and for fire protection), electricity, sewerage, garbage or trash removal, light cable, heat, telephone, power, computer data and other utilities (hereinafter sometimes collectively referred to as "Utility Services") necessary for the operation of the Facilities. After Final Completion of the Facilities, Provident Group-HSC shall pay for, and be solely responsible for, all Utility Services used or consumed at the Facilities; provided, however, the Ground Sublease shall provide that: (i) notwithstanding the foregoing, LSU, in its sole and unfettered discretion, may provide or cause to be provided some or all of the Utilities Services used or consumed at the Facilities during the term of the Ground Sublease, all as more particularly set forth and defined in the Management Agreement or the Ground Sublease, (ii) in accordance with the Contract Documents, Provident Group-HSC shall be solely responsible for installing or causing to be installed all infrastructure required to provide Utility Services to the Property or, prior to Final Completion of the Facilities, the Facilities, as applicable; (iii) after the infrastructure associated with Utility Services is completed or caused to be completed by Provident Group-HSC, the costs of Utility Services to the Facilities shall be paid as Expenses; (iv) in the event that any charge for any Utility Service supplied to the Facilities or, prior to Final Completion of the Facilities, the Facilities, as applicable, is not paid by Provident Group-HSC to the utility supplier when due (subject to Section 8.1(b)), then the Foundation may (but shall not be obligated to) provide Provident Group-HSC written notice of such failure and, if Provident Group-HSC fails to pay the same within thirty (30) days after receipt of such notice, the Foundation may pay such charge for and on behalf of Provident Group-HSC, in which event Provident Group-HSC shall pay such amount, together with interest thereon at the Default Rate, to the Foundation as Additional Rent (as defined in the Ground Sublease) within thirty (30) days after demand by the Foundation, provided that the initial thirty (30) day period in this sentence shall be reduced to the period that ends three (3) business days before the day that the provider of the Utility Service shall be entitled to (or shall) terminate or suspend its provision of the Utility Service in question;

and (v) Provident Group-HSC shall also install or, under the Development Agreement, cause the Developer to install, all connections and wiring for fully servicing the Property, the Property, and, prior to Final Completion of the Facilities, the Facilities, as applicable, in accordance with the Construction Documents as part of Substantial Completion.

(b) The Ground Sublease shall provide that, if the amount billed for any Utility Service shall be deemed by Provident Group-HSC or the Foundation to be improper, illegal or excessive, Provident Group-HSC may, in its own name, dispute and contest the same and, in such event and to the extent permitted by law and the applicable contract for the Utility Service, any such bill need not be paid until adjudged to be valid; provided, however, Provident Group-HSC shall in writing first notify the Foundation of such dispute and contest, and then in good faith and by appropriate proceedings in accordance with Governmental Regulations and such contract contest the same; provided further that: (i) such contest does not place the Property in danger of being seized or forfeited, (ii) the Utility Service shall not be terminated or suspended, and (iii) Provident Group-HSC provides adequate reserves and/or security for the payment of such bill being contested. Unless so contested, any such bill shall be paid by Provident Group-HSC within the time provided by law and such contract, and if contested, any such bill shall be paid before the imposition of a lien on the Property with respect thereto, unless (within thirty (30) days after the imposition or occurrence of any such lien) such lien is bonded or insured over (to the Foundation) in accordance with Governmental Regulations and (if applicable) such contract.

(c) The Ground Sublease shall provide that: (i) as part of the Facilities, Provident Group-HSC shall construct or install, or cause the construction or installation of, at Provident Group-HSC's cost and expense, all sewer facilities within and outside the Property and the Facilities (and within and outside the Campus as designated by LSU) that are required or contemplated by the City of New Orleans/Orleans Parish in its approval of the sewer facilities for the Property, including all new and replacement sewer lines, expansions and connections within and outside the Property and/or the Campus; (ii) Provident Group-HSC shall dedicate and cause the Developer and all other parties to (x) dedicate (and the Foundation and LSU shall cooperate in the dedication of) ownership of such sewer facilities to the Foundation and/or LSU, respectively, to the extent such sewer facilities are located on the Campus or (y) to the City of New Orleans/Orleans Parish to the extent such sewer facilities are outside the Campus, provided however, that Provident Group-HSC shall confirm, and shall cause the Developer to confirm, that all warranties to the Foundation's benefit related to performance of the Series 2020 Project also apply to such sewer facilities (including the portions of such sewer facilities outside the Property but on the Campus) and shall continue for at least one (1) year (and such longer periods as may apply by law or any agreements) after the Final Completion Date. The Ground Sublease shall further provide that, notwithstanding and without limiting the generality of the foregoing, with respect to any and all warranties as to any component or system in the sewer system on which punch list, repair or similar corrective work is being performed

after Final Completion, such warranties as to such component or system shall commence upon completion of such corrective work.

(e) The Ground Sublease shall provide that, without in any manner limiting the Foundation's obligations under this Agreement or Provident Group-HSC's obligations under the Ground Sublease, each of the Foundation and LSU shall reserve the right, easement and privilege (but has no obligation) to enter (and to have its agents and employees enter) on the Property or the Facilities in order to install, at its own cost and expense, any storm drains and sewers and/or utility lines in connection therewith as may be required or desired by the Foundation and LSU to service the Property or any other real property owned by the Foundation and affiliates or LSU or located on the Campus, provided LSU coordinates such work with the Developer so as not to interfere with or delay the performance of the Series 2020 Project; however, if any such delays occur, the Final Completion Date shall be extended one day for each day of such delays.

(f) LSU acknowledges and agrees that, if all obligations as to Utility Services are fully performed by the Manager and the Developer pursuant to and accordance with agreements, reviewed and approved by the LSU Representative, between the Foundation and the Manager or Developer, the Foundation's obligations in connection with any Utilities Services shall be deemed satisfied in accordance with the terms of this Agreement.

Section 8.2. MAINTENANCE AND REPAIRS.

(a) The Ground Sublease shall provide that Provident Group-HSC shall, at all times during the term of the Ground Sublease, keep and maintain, or cause to be kept and maintained, the Facilities in good and clean condition and repair and in working order in accordance with the Management Agreement in order to maintain the Facilities in condition and order at least equal to the condition and order maintained by the LSUHSC-NO for its own facilities. Pursuant to the Ground Sublease, the Foundation and LSU shall have the right to review and approve any material changes to the exterior landscaping and façade and interior of the Facilities and shall obtain the prior written consent of the LSU Representative thereto. The Ground Sublease shall provide that: (i) the Foundation shall have the right to review and approve, after obtaining approval from LSUHSC-NO, any material changes to the exterior landscaping and façade and integrity of the Facilities, (ii) in the event Provident Group-HSC fails to perform any of its obligations as required under the Ground Sublease within thirty (30) days after receipt of written notice to Provident Group-HSC from the Foundation of such failure to comply (or without notice if such failure jeopardizes the health, safety or welfare of Residents or other Persons), the Foundation may (but shall not be required to) perform and satisfy same, and Provident Group-HSC shall agree in the Ground Sublease to reimburse the Foundation, as an Expense, for the reasonable cost thereof, within ten (10) days of receiving an invoice therefor, together with interest at the Default Rate, which amounts shall constitute Additional Rent (as defined in the Ground Sublease), (iii) if Provident

Group-HSC fails to so reimburse the Foundation, then such amounts, together with interest at the Default Rate, shall be due and owing to the Foundation by Provident Group-HSC as Additional Rent (as defined in the Ground Sublease) until paid, and (iv) that the parties shall agree that it shall be Provident Group-HSC's responsibility at all times during the term of the Ground Sublease to maintain or cause to be maintained the Facilities pursuant to the Management Agreement consistent with the maintenance standards for the other premises located on the Campus. LSU acknowledges and agrees that if all obligations as to the operation and maintenance of the Facilities are fully performed by the Manager, pursuant to and accordance with the Management Agreement, Provident Group-HSC's obligation to maintain the Property shall be deemed satisfied in accordance to the terms of the Ground Sublease.

(b) The Ground Sublease shall provide the following: (i) Provident Group-HSC shall not commit or permit waste of the Facilities, (ii) except in the event of a casualty, condemnation or partial condemnation, Provident Group-HSC shall not raze or demolish any Facilities and (iii) Provident Group-HSC shall keep and maintain the Facilities in accordance with the terms of its contract(s) with the Foundation, including but not limited to, the Development Agreement and the Management Agreement.

Section 8.3. DAMAGE TO PROPERTY.

(a) The Ground Sublease shall provide that, after Final Completion of the Facilities: (i) in the event all or substantially all of the Property or any component thereof shall be damaged or destroyed, Provident Group-HSC shall promptly notify the Trustee, the Foundation, and LSU, and the Net Insurance Proceeds shall be applied and paid *first* pursuant to the terms of the Indenture and *second*, to the extent of any Net Insurance Proceeds remaining after such application, to the Foundation, (ii) immediately after such distribution of Net Insurance Proceeds, any funds remaining in the funds and accounts described in the Indenture shall be distributed as provided therein and, additionally, all funds remaining in any reserve accounts, being held pursuant to the Development Agreement and the Management Agreement, if any, shall be distributed as provided therein, upon which: (A) the Ground Sublease shall terminate and Provident Group-HSC shall be released from all of its obligations under the Bond Documents and Contract Documents, except for any such obligations of Provident Group-HSC which shall survive the Bond Documents and Contract Documents; and (B) this Agreement shall terminate.

(b) The Ground Sublease shall provide that, after Final Completion of the Facilities, in the event the Property or any component thereof is only partially damaged or destroyed, the Net Insurance Proceeds shall first be applied to the redemption of the Bonds pursuant to the terms of the Indenture and any balance shall be applied in accordance with Section 8.3(f) (or some combination of the above); provided, however, that if the Indenture and Trustee permit the Net Insurance Proceeds to be used for the reconstruction of the affected Property, the Ground Sublease may continue at the election of the Foundation, which shall obtain the prior written consent of LSU, pursuant to

Section 8.3(d), and Provident Group-HSC shall repair, replace, rebuild, restore, and/or re-equip the affected Property promptly to substantially the same condition thereof as existed prior to the event causing such destruction or damage with such changes, alterations, and modifications (including the substitution and addition of other property) as the Foundation shall approve in writing (if any) as will not impair the value or the character of the affected Property (the “Restoration”) or the Net Insurance Proceeds shall be applied to the redemption of the Bonds pursuant to the terms of the Indenture and any balance shall be applied in accordance with Section 8.3(g) (or some combination of the above). Notwithstanding the foregoing, in no event shall Provident Group-HSC be required to expend any funds beyond the Net Insurance Proceeds it actually receives following any payments due under the Indenture for the Restoration and, if such Net Insurance Proceeds are inadequate, the Foundation, after obtaining the prior written approvals of LSU, which approvals are in LSU’s sole and unfettered discretion, to contribute the additional funds necessary to complete the Restoration or its remedy shall be to terminate this Agreement.

(c) The Ground Sublease shall provide that: (i) any and all Restoration by Provident Group-HSC under the Ground Sublease shall be performed in accordance with all Governmental Regulations, and (ii) if not theretofore delivered to the Foundation and LSU, Provident Group-HSC shall deliver to the Foundation and LSU, within one hundred twenty (120) days of the completion of such Restoration, a complete set of “as built” record exterior plans thereof, together with a statement in writing from a registered architect or licensed professional engineer that such plans are complete and correct.

(d) The Ground Sublease shall provide that all Net Insurance Proceeds shall be paid to the Trustee and deposited and held in accordance with the terms of the Indenture to hold the proceeds of insurance or condemnation Awards (including the Replacement Fund if so used) (the “Restoration Fund”) to be applied, as fully as practicable, in one or more of the following ways as shall be directed in writing by the Foundation, which shall obtain the prior written approval of LSU, within sixty (60) days from the date of such deposit (subject to the consent of the Trustee, which consent shall not be unreasonably withheld):

(i) subject to the requirements of Section 8.3(g), such Net Insurance Proceeds shall be applied to the Restoration; or

(ii) such Net Insurance Proceeds shall be transferred to the Redemption Fund to be applied to the redemption of the Bonds; or

(iii) such Net Insurance Proceeds shall be applied in some combination permitted by the foregoing clauses (i) and (ii);

provided that, if LSU does not, within such sixty (60) day period, direct the Foundation as to the application of the Net Insurance Proceeds pursuant to the preceding clauses (ii)

or (iii), then the Net Insurance Proceeds shall be applied pursuant to the preceding clause (i).

(e) The Ground Sublease shall provide that, after completion (and payment in full of the costs) of the Restoration (pursuant to Section 8.3(d)(i)), all remaining Net Insurance Proceeds (if any) shall be transferred to the Redemption Fund to be applied in redemption of the Bonds pursuant to the Indenture.

(f) The Ground Sublease shall provide that, in the event of the termination of this Agreement before the expenditure of the full amount of such Net Insurance Proceeds in the Restoration of such damaged or destroyed buildings, other structures or improvements, any unapplied balance of the Net Insurance Proceeds, including any interest previously earned by such balance, shall, subject to Section 8.3(h), inure to and become the sole property of the Foundation.

(g) The Ground Sublease shall provide that, before the Trustee may apply any Net Insurance Proceeds pursuant to Section 8.3(d)(i), Provident Group-HSC shall have furnished to the Foundation and the Trustee: (i) with respect to proposed Restorations in excess of \$500,000, a certificate of an Independent Engineer: (A) to the effect that the affected Property can reasonably be expected to be restored, within a period of twenty-four (24) months from the receipt of such Net Insurance Proceeds, to substantially the condition thereof immediately preceding such damage or destruction and in a condition that constitutes Restoration, (B) setting forth the estimated cost of the proposed Restoration, including an allowance for contingencies, and the estimated date of completion of such Restoration and (C) to the effect that all amounts necessary to accomplish the proposed Restoration are on deposit in the Restoration Fund; and (ii) a certificate of Provident Group-HSC, the Foundation or, if applicable, the Independent Engineer to the effect that all permits, licenses, accreditations and other Governmental Authority approvals necessary for Restoration are in full force and effect. The Ground Sublease shall provide that, if the Independent Engineer advises that he or she cannot give the certificate described in the preceding clause (i), then, before the Net Insurance Proceeds are applied pursuant to Section 8.3(d)(ii), the Foundation shall have sixty (60) days after such advice, at the Foundation's option, after obtaining prior written approvals from LSU, to commit to contributing such additional funds to the costs of Restoration as shall be necessary for the Independent Engineer to give such certificate, in which case the Net Insurance Proceeds and such additional funds shall be applied *pari passu* to the costs of Restoration pursuant to Section 8.3(d)(i).

(h) The Ground Sublease shall provide that Provident Group-HSC shall cause any balance of such Net Insurance Proceeds remaining after application pursuant to this Section 8.3 to be transferred to the Redemption Fund to be applied in redemption of the Bonds pursuant to the Indenture and then applied in accordance with Section 8.3(f).

(i) Except as otherwise expressly contemplated hereby, this Agreement shall

not terminate or be forfeited by reason of damage to or total, substantial or partial destruction of the Property or any part thereof or by reason of the untenability of the same or any part thereof resulting from fire or other casualty. The Foundation shall agree or cause Provident Group-HSC to agree that, except: (i) to the extent otherwise expressly provided in this Section 8.3, or (ii) with respect to any covenants or obligations which, given their nature, cannot be performed due to any damage or destruction, Provident Group-HSC's obligations under the Ground Sublease, the Foundation's obligations under this Agreement, including the payment of Base Rent thereunder, and any other sums of money and charges hereunder, shall continue as though said damage or destruction had not occurred and without abatement, suspension, diminution or reduction of any kind.

ARTICLE IX CERTAIN LIENS PROHIBITED

Section 9.1. RELEASE OF RECORDED LIENS. If any mechanics' liens or materialmen's liens shall be recorded against the Property or, prior to Final Completion, the Facilities, the Foundation shall cause the same to be bonded over or released of record within thirty (30) days of filing, or, in the alternative, if Provident Group-HSC in good faith desires to contest the same, the Foundation shall agree to allowing Provident Group-HSC to do so, but in such case Provident Group-HSC must agree to indemnify and save the Foundation and LSU harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said lien, cause the same to be discharged and released prior to the execution of such judgment. If LSU, in its sole and unfettered judgment, should consider LSU's Interest endangered by any such liens and shall so notify the Foundation, and the Foundation shall fail to cause Provident Group-HSC to provide adequate security for the payment of such liens in the form of a surety bond, cash deposit or cash equivalent or indemnity agreement reasonably satisfactory to LSU within thirty (30) days after such notice, then LSU, at LSU's sole and unfettered discretion, may discharge such liens and the Foundation shall recover from Provident Group-HSC immediately as Additional Rent (as defined in the Ground Sublease) the amounts paid by LSU. If such amounts remain unpaid by the Foundation to LSU within thirty (30) days of written demand by LSU to the Foundation, and the Foundation shall fail or fail to cause Provident Group-HSC to make such payment for said amount, interest, at the rate of ten percent (10%) per annum, shall be due and owing thereon by the Foundation to LSU from the date paid by LSU until repaid by the Foundation or if the Foundation shall cause repayment by Provident Group-HSC at the rate set forth in the Ground Sublease.

ARTICLE X OPERATION AND MANAGEMENT OF FACILITIES

Section 10.1. OPERATIONS OF FACILITIES; PROVIDENT-GROUP HSC'S OBLIGATION TO OPERATE.

(a) The Ground Sublease shall provide that: (i) upon Final Completion of the Facilities Provident Group-HSC shall procure and maintain, or cause to be procured and

maintained, all services necessary or required to adequately operate, manage and maintain, or cause to be operated, managed and maintained, the Facilities in accordance with the Permitted Use, including, but not limited to, administrative support, all as more particularly set forth in the Management Agreement; and (ii) Provident Group-HSC shall continuously operate and maintain, or cause to be operated and maintained, the Facilities from the Final Completion Date and shall continue for the remainder of the term of the Ground Sublease, all in accordance with all Governmental Regulations and the terms of the Management Agreement. LSU hereby acknowledges that full performance by the Manager of all its obligations and duties under the Management Agreement shall be deemed the satisfaction of all of Provident Group-HSC's obligations to operate and maintain the Facilities.

(b) The Project Advisory Committee shall be created by Provident Group-HSC pursuant to the Bylaws of Provident Group-HSC to advise Provident Group-HSC and Manager with respect to the management, maintenance and operations of the Facilities. The Project Advisory Committee shall render non-binding advice to Provident Group-HSC and the Manager so that Provident Group-HSC and Manager may fulfill their obligations under the Ground Sublease and the Management Agreement, as applicable. Without limiting the generality of the foregoing, the Project Advisory Committee shall render advice to Provident Group-HSC and the Manager with respect to matters pertaining to the Ground Sublease and the Management Agreement and with respect to: (i) the approved Budget as same are created for each Fiscal Year in accordance with the Management Agreement; (ii) the Management Agreement and Manager; and (iii) any other matters agreed upon by the Foundation, LSU and Provident Group-HSC.

The Project Advisory Committee shall be composed of six (6) members, with three (3) representatives appointed from names of candidates submitted by the Foundation, two (2) of which must be representatives of LSUHSC-NO appointed by the Chancellor, and three (3) representatives appointed from names of candidates submitted by Provident Group-HSC. Any and all decisions and determinations of the Project Advisory Committee shall be by majority vote of the members, and any such representative may assign his right to vote to another representative by written proxy. All actions of the Project Advisory Committee shall be by majority of vote.

Section 10.2. CRIMINAL HISTORY CHECKS. The Ground Sublease shall require that any employees, personnel, architects, engineers, contractors, subcontractors, vendors, specialists, agents and consultants engaged by Provident Group-HSC, the Developer, the General Contractor or the Manager in connection with the performance of the Series 2020 Project or the management, maintenance and operations of the Facilities shall provide to the LSU Representative a letter certifying that criminal background checks (but no fingerprint checks required) have been conducted on all personnel providing a service on the Campus in connection with the Facilities or the management, maintenance and operations of the Facilities, which letter: (i) must be provided within fifteen (15) days of engagement (ii) must be updated as new personnel are added, (iii) must be updated annually for all personnel, (iv) kept on file at the

office of such employees, personnel, architects, engineers, contractors, subcontractors, vendors, specialists, agents and consultants and (v) must be made available to LSU or LSUHSC-NO upon request thereby. Any person who has been convicted of a criminal violation or offense described in La. R.S. 40:981.3 or in L.A.C. Title 28, Chapter 9 shall not be employed in any capacity on the Campus by Provident Group-HSC and any such architects, engineers, contractors, subcontractors, vendors, specialists, agents and consultants.

Section 10.3. BOOKS AND RECORDS. The books, accounts and records of the Foundation which pertain to this Agreement, the Ground Sublease and the Facilities shall be maintained at the principal office of the Foundation.

Section 10.4. LSUHSC-NO MARKS. The Ground Sublease shall provide that Provident Group-HSC shall not use or allow any of its affiliates, agents, vendors, contractors or employees to use the name of LSUHSC-NO or any of its symbols, logos, trademarks or other representations of those of its affiliated organizations (“LSUHSC-NO Marks”) without the express prior written consent of the LSU Representative and the applicable affiliated organizations. The LSU Representative’s consent may be granted or withheld in the LSU Representative’s sole and unfettered discretion.

Section 10.5. AUDITS. LSU may, at its option and at its own expense, and during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of the Foundation directly relating to the Property, the Facilities or the Bonds, to the extent necessary to verify compliance with this Agreement, the Ground Sublease, or any other agreements it enters into pursuant to the authority of this Agreement. Audits may be made on either a continuous or a periodic basis or both, and may be conducted by employees of LSU, by independent auditors retained by LSU, by the Louisiana Legislative Auditor or by the Office of the Governor or Division of Administration of the State of Louisiana, but any and all such audits shall be conducted without materially, unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs of the Foundation. LSU covenants with the Foundation to keep all work papers, including all books and records of the Foundation, its agents, employees, consultants, contractors, and vendors, confidential and to further keep the results of any such audits confidential except as required by rules and regulations of LSU and by Governmental Regulations. The Foundation shall cause the Ground Sublease to require Provident Group-HSC to grant LSU similar audit rights with respect to its books, bank accounts, records and accounts directly relating to the Property, the Facilities or the Bonds to the extent necessary to verify compliance with this Agreement, the Ground Sublease or any other agreements it enters into pursuant to the authority of this Agreement or the Ground Sublease.

The Foundation shall cause the Ground Sublease to require Provident Group-HSC, the Developer and the Manager to grant LSU similar audit rights with respect to their respective books, bank accounts, records and accounts directly relating to the Property, the Facilities or the Bonds to the extent necessary to verify compliance with this Agreement, the Ground Sublease or any other agreements it enters into pursuant to the authority of this Agreement or the Ground Sublease.

Section 10.6. ANNUAL AUDITED FINANCIAL STATEMENTS. The Ground Sublease shall require Provident Group-HSC to agree that annually, but no later than one hundred twenty (120) days following the close of Provident Group-HSC's fiscal year, Provident Group-HSC shall provide to the LSU Representative a copy of Provident Group-HSC's annual audited financial statement(s) prepared in accordance with generally accepted accounting principles consistently applied and audited by an independent certified public accountant and acceptable to LSU, which audit shall reflect all revenues credited to the immediately preceding year and all payments on any debt or obligations of the Foundation for the period.

ARTICLE XI INDEMNITY AND INSURANCE

Section 11.1 INDEMNITY.

(a) **Indemnification by the Foundation.** Subject to the limitations provided in Sections 11.2(f)(vi) and 11.6 of this Agreement, the Foundation shall and will indemnify, defend, and save harmless LSU and its board members, authorized agents, affiliates, officers and employees from and against any and all liability, claims, demands, damages, expenses, fees, fines, penalties, suits, proceedings, actions and causes of action of any and every kind and nature growing out of or in any way connected with the construction, use, occupancy, management, operation or control of the Facilities, the Property and any servitudes, rights of attachment and air rights by the Foundation, its officers, employees, agents, contractors, guests, members, or patrons. This obligation to indemnify shall include fees of legal counsel and third-party investigation costs and all other reasonable costs, expenses, and liabilities incurred as a result thereof; however, the Foundation and LSU may use the same counsel if such counsel is approved by LSU. It is expressly understood and agreed that the Foundation is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that LSU shall in no way be responsible for the acts or omissions of the Foundation. The Foundation's obligation to indemnify LSU in accordance with the terms of this Section 11.1(a) shall be limited to the extent of its proportionate share of fault.

Section 11.2. REQUIRED INSURANCE.

(a) **Insurance required of Provident Group-HSC and the Developer.** Unless otherwise approved in writing by the LSU Representative, the Foundation shall, for the duration of the Ground Sublease, require Provident Group-HSC to require the Developer to maintain the insurance coverage required by the Development Agreement and the Management Agreement.

(b) **General.** It is the intent of the Parties to this Agreement that risk of loss for the Property and/or the Facilities be shifted to insurance to the maximum extent practicable.

(i) The Foundation shall be required to procure and maintain its own insurance coverage for the duration of this Agreement and the Ground Sublease in minimum limits as set forth below and with insurers financially acceptable and lawfully authorized to do business in Louisiana rated at least "A" by S&P or "Excellent (A/A)" by A.M. Best Company, Inc.

(iii) Insurance required for the construction and operations phases of the Facilities are as set forth in the Development Agreement and in the Management Agreement, respectively.

(c) **Minimum Scope of Insurance**. The Foundation and Provident Group-HSC shall maintain insurance coverage written for the extent and policy limits of liability not less than the limits specified here or as required by law, whichever are greater:

(i) Workers' Compensation Insurance as is required by Louisiana law, or as may be available on a voluntary basis. Statutory coverage must apply in the state in which the work is being performed. Coverage shall extend to voluntary, temporary, or leased employees unless the insured party can provide evidence that such employee is covered under other applicable Workers' Compensation Insurance. If the Foundation or Provident Group-HSC exempts its officers and directors from such Workers' Compensation insurance, such officers and directors shall not be allowed in those Facilities or Property areas to which Workers' Compensation coverage would apply.

(ii) Employers Liability Insurance which will include bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

(iii) Automobile Liability Insurance covering liability arising from the use or operation of any auto, including those owned and non-owned (Symbol 1), operated or used by or on behalf of the insured Party under this Agreement.

(iv) Commercial General Liability Insurance on an occurrence coverage basis against claims for bodily injury, death and property damage (including loss of use), products completed operations, personal injury and advertising injury, at least as broad as the 1993-Insurance Services Office Commercial General Liability Policy form CG 0001©, as respects Blanket Contractual Liability, XCU, and Broad Form Property Damage or its equivalent. Unacceptable exclusions include exclusions for damage to work performed by contractors (e.g., CG 22 94 or CG 22 95); for equipment under their care, custody, and control; for contractual liability (e.g., CG 21 39); employee versus employee; explosion, collapse and underground; and for known loss. In addition to procuring and maintaining this insurance during the duration of the Agreement, each Party to this Agreement agrees to continue to procure and maintain, or to cause its third-party consultants, contractors, vendors, and their respective

subcontractors to procure and maintain, products and completed operations liability insurance coverage through the applicable statute of repose period.

(v) Umbrella Liability Insurance, occurrence-based follow form, providing additional limits in excess of the Commercial General Liability, Automobile Liability and Employer's Liability policy limits. Endorsements shall include Pay on Behalf of Wording; Concurrency of Effective Dates with Primary; Aggregates; Follow Form Primary; and Drop-Down Feature.

(d) **Minimum Limits of Insurance.** The limits below constitute minimum limits. Nothing in this Agreement shall be construed to limit a Party to this Agreement from maintaining insurance with higher limits.

<u>Type of Insurance</u>	Minimum	Minimum
	Limits Required	Limits Required
	<u>(Per Claim/Occurrence)</u>	<u>(Aggregate Policy Limits)</u>
1. Workers' Compensation	Statutory Limits	Statutory Limits
2. Employer Liability (bodily injury by accident)	\$1,000,000	N/A
a. By disease	\$1,000,000	
b. Each accident	\$1,000,000	
c. Each Employee	\$1,000,000	
3. Commercial Auto Liability (Symbol 1) (no deductible in excess of \$25,000)	Combined single limit/each accident	N/A
4. Commercial General Liability	\$2,000,000	\$5,000,000
a. Bodily Injury/Property Damage	\$2,000,000	\$5,000,000
b. Products/Completed Operation	\$2,000,000	\$5,000,000

c. Personal and Advertising Injury	\$1,000,000	\$2,000,000
d. Medical Expense limit (any one person)	\$10,000	
e. Loss of Use Insurance	\$1,000,000	\$2,000,000
5. Umbrella Liability Insurance (no deductible in excess of \$25,000)	\$10,000,000	\$10,000,000

(e) **Deductibles and Self-insured Retentions.** The funding of deductibles and self-insured retentions for insurance maintained pursuant to the requirements of this Agreements shall be the sole responsibility of the Foundation and Provident Group-HSC, including any amounts applicable to deductibles or self-insured retentions applicable to claims involving any additional insured entity. Any self-insured retentions in excess of \$25,000.00 must be declared to and approved in advance in writing by the other Party. Any self-insured retention endorsement that would limit the right of LSU, the Foundation, Provident Group-HSC, the Trustee or their successors and assigns to make such payment shall be rejected. The Party to this Agreement paying such deductible or self-insured retention shall be entitled to all rights and remedies under this Agreement and Governmental Regulations.

(f) **Additional Insurance Policy Requirements.** The required insurance shall contain the following additional provisions:

(i) **Additional Insured** - Each policy shall name Provident Group-HSC, LSU, the Foundation, the Trustee, Provident Resources Group Inc., the State of Louisiana, the Authority and their respective officers and directors as additional insureds on the above-referenced Commercial General Liability and Automobile Liability policies. The additional insured endorsements shall be at least as broad as the Insurance Services Office, Inc.'s forms CG 20 10 and CG 20 37, 07/04 edition forms.

(ii) **Loss Payee** - All policies shall name the Trustee as a loss payee under the Standard 438BFU Lender's Loss Payable Endorsement for the Trustee to deposit such net proceeds in accordance with the Bond Documents for all property policies.

(iii) **Severability of Interest** - Except with respect to the limits of insurance, insurance required to be procured and maintained by each Party to this Agreement pursuant to the requirements of this Agreement shall apply separately to each insured or additional insured.

(iv) Primary Coverage - The insurance required in this Agreement to be maintained by the Foundation and Provident Group-HSC shall be primary insurance, and any insurance or self-insurance maintained by the other Party hereto.

(v) Notice of Cancellation - All policies required herein shall provide for thirty (30) days' written notice of cancellation or material change to be sent to the LSU Representative.

(vi) Waiver of Subrogation - All insurance policies required of the Foundation, Provident Group-HSC and the Trustee, as well as any other insurance carried by the Foundation, Provident Group-HSC and/or the Trustee for its protection or the protection of its Facilities on the Property, shall provide that the insurers waive in favor of LSU any rights of subrogation.

(g) **Verification of Contractor-Provided Insurance.**

(i) The Foundation, Provident Group HSC, and the Trustee shall furnish to LSU, a certificate of insurance on the most current version of the ACORD form evidencing the required coverage prior to the commencement of work or Manager Duties at or on the Facilities or the Property, as applicable. The Foundation, Provident Group HSC and the Trustee shall provide renewal certificates to LSU. The certificates are to be received and approved by the LSU Representative before Work commences and upon any contract renewal thereafter. The LSU Representative reserves the right to request complete certified copies of all required insurance policies at any time. Said certificates and policies shall to the extent allowed by law provide at least a thirty (30) day written notification to the LSU Representative prior to the cancellation thereof. Failure of the Foundation and/or Provident Group HSC and/or the Trustee to purchase and/or maintain either itself or through its contractor(s), any required insurance, shall not relieve the Foundation and/or Provident Group HSC from any liability or indemnification hereunder.

(ii) Certificates required herein shall be furnished in duplicate and shall specifically set forth evidence of all coverage required herein. Each Party to this Agreement shall promptly deliver to the other party to this Agreement, Provident Group-HSC, the Foundation and the Trustee copies of written endorsements that are subsequently issued amending coverage or limits upon receipt or upon written demand by the other.

(iii) Failure of either party to this Ground Sublease, Provident Group-HSC, the Foundation or the Trustee to request certificates or identify deficiencies shall in no way limit or relieve the other of its obligations to maintain such insurance. Failure of a party to this Agreement to maintain the required insurance

or to require its third party consultants, contractors, vendors, and their respective subcontractors to maintain the required insurance shall constitute a default under this Agreement and, at the option of the non-failing party, shall allow the non-failing party to withhold payment and/or purchase the required insurance at the failing party's expense.

(h) **No Representation of Coverage Adequacy.** LSU makes no representation or warranty that the insurance set forth in this Section will be sufficient to protect the Foundation's or Provident-Group-HSC's interest.

(i) **Term.** All insurance required in this Section shall remain in effect during the Term of this Agreement.

Section 11.3. NO RELEASE. Neither the acceptance of the completed Facilities nor the payment therefor shall release the Foundation or Provident Group-HSC, the Developer Development, the Developer Tigers, or their third party-consultants, contractors, vendors, or their subcontractors or insurer from applicable obligations of the insurance requirements or indemnification requirements set forth herein, including as required under the Development Agreement and the Management Agreement, as applicable.

Section 11.4. INTENTIONALLY LEFT BLANK.

Section 11.5. CONTRIBUTORY ACTS. Whenever in this Agreement any Party is obligated to pay an amount or perform an act because of its negligence, willful misconduct or other legal fault (or that of its agents, employees, contractors, guests, or invitees), such obligations shall be mitigated to the extent of any comparative fault or other willful misconduct of the other party (or that of its agents, employees, contractors, guests, or invitees) as determined by a court of law, and in any disputes damages shall be apportioned based on the relative amounts of such negligence, willful misconduct or other legal fault as determined by a court of law.

Section 11.6. LIMITATION ON LIABILITY. The provisions of this Agreement do not waive or abrogate, nor are they intended to waive or abrogate, the limitation on liability established under La. R.S. 13:5106 for LSU.

**ARTICLE XII
DEFAULT AND REMEDIES**

Section 12.1. EVENTS OF DEFAULT BY THE FOUNDATION. Any one of the following events shall be deemed to be an "Event of Default" by the Foundation under this Agreement.

(a) The Foundation shall fail to pay any sum required to be paid to LSU under the terms and provisions of this Agreement and such failure shall not be cured within

thirty (30) days after the Foundation's receipt of written notice from LSU of such failure, provided that on the third such failure, no notice of default shall be required.

(b) The Taking by execution of the Foundation's leasehold estate or the Property for the benefit of any Person.

(c) The Foundation shall fail to perform or cause to be performed any term, covenant, condition or provision hereof, other than the payment of money, subject to Force Majeure, to be performed by the Foundation under the terms and provisions of this Agreement and such failure shall not be cured within thirty (30) days after receipt of written notice from LSU of such failure; provided that if, during such thirty (30)-day period, the Foundation takes action to cure such failure but is unable, by reason of the nature of the work involved, to cure such failure within such period and continues such work thereafter diligently and without unnecessary delays, such failure shall not constitute an Event of Default hereunder until the expiration of sixty (60) days after such thirty (30)-day period to cure such failure.

(d) A court having jurisdiction shall enter an order for relief in any involuntary case commenced against the Foundation, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or the entry of a decree or order by a court having jurisdiction in the premises appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Foundation or any substantial part of the properties of the Foundation or ordering the winding up or liquidation of the affairs of the Foundation, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days.

(c) The commencement by the Foundation of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or the consent or acquiescence by the Foundation to the commencement of a case under the Federal Bankruptcy Code or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for the Foundation or any substantial part of the properties of the Foundation.

(d) the Foundation, after commencement of Construction but prior to Final Completion of the Facilities, abandons (with no intent to continue) performance of the Series 2020 Project for a period of forty-five (45) consecutive days, excluding delays caused by Force Majeure.

Section 12.2. LSU'S RIGHTS UPON DEFAULT BY THE FOUNDATION. Upon the occurrence and during the continuance of an Event of Default, LSU may seek any and all damages occasioned by the Event of Default, or may seek any other remedies available at law or in equity; provided, however, LSU may not terminate this Agreement due to the default of the Foundation unless the Bonds are paid in full or legally defeased, as applicable, and all

obligations under the Bond Documents are discharged, except with the prior written consent of the Trustee, which may be granted or withheld in its sole discretion.

Section 12.3. THE FOUNDATION'S OBLIGATIONS UPON DEFAULT. Any termination of this Agreement as herein provided shall not relieve the Foundation from the payment of any sum or sums that shall then be due and payable to LSU hereunder, or any claim for damages then or theretofore accruing against the Foundation hereunder, and any such termination shall not prevent LSU from enforcing the payment of any such sum or sums or from claiming damages by any remedy provided for by law, or from recovering damages from the Foundation for any Event of Default.

Section 12.4. RIGHTS OF LSU CUMULATIVE. All rights and remedies of LSU provided for in this Agreement shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. LSU shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by LSU of a breach of any of the covenants, conditions or restrictions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of LSU to insist in any one or more cases upon the strict performance of any of the covenants of this Agreement, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future breaches of such covenant or option. A receipt by LSU or acceptance of payment by LSU of Annual Rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach. No waiver, change, modification or discharge by LSU or the Foundation of any provision of this Agreement shall be deemed to have been made or shall be effective unless expressed in writing and signed by the parties.

ARTICLE XIII DEFAULT BY LSU

Section 13.1. LSU DEFAULTS. LSU shall be in default under this Agreement if LSU shall breach any non-monetary terms, covenants or conditions herein, and shall fail to remedy any such breach with all reasonable dispatch within ninety (90) days or if unable to remedy such breach within said ninety (90) days, LSU fails to take actions necessary to remedy such breach within said ninety (90) days and is not diligently pursuing same, (or such longer period as the Trustee may approve) after written notice thereof from the Foundation, to LSU, then and in any such event LSU shall be deemed to be in default hereunder. Subject to the preceding sentence, the Foundation shall be entitled to enforce any one or more of the following rights and remedies in the event of a default by LSU under this Agreement:

- (i) Require LSU to specifically perform its obligations under this Agreement or restrain or enjoin LSU from continuing the activities that constitute the default; and

(ii) Exercise all other rights and remedies available to the Foundation under this Agreement or otherwise available to the Foundation at law or in equity as a consequence of the default.

Section 13.2. RIGHTS OF THE FOUNDATION CUMULATIVE. All rights and remedies of the Foundation provided for in this Agreement shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. The Foundation shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by the Foundation of a breach of any of the covenants, conditions or restrictions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of the Foundation to insist in any one or more cases upon the strict performance of any of the covenants of this Agreement, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future breaches of such covenant or option.

ARTICLE XIV IMPROVEMENTS; LSU'S OPTION

Section 14.1. TITLE TO IMPROVEMENTS.

(a) At all times during the term of the Ground Sublease, title to the Facilities and all other improvements hereafter Constructed in accordance with the Construction Documents and the Contract Documents shall be vested in Provident Group-HSC (or vested in the Foundation, if the Ground Sublease is terminated and this Agreement is not terminated).

(b) Pursuant to and under the terms of the Ground Sublease, title to the Facilities shall automatically be transferred to LSU upon the termination of the Ground Sublease.

(c) At such termination of this Agreement, the Foundation may be required by LSU at LSU's sole option to remove any and all Improvements including any and all facilities, buildings or structures in place on the Property at the sole expense of the Foundation.

ARTICLE XV CONDEMNATION

Section 15.1. CONDEMNATION.

(a) In the event all or substantially all of the Property and the Facilities shall be subject to a Taking, or if so much of the Property and the Facilities or any component thereof shall be so taken so that the remainder of the affected Property and Facilities shall

not reasonably be capable of being used for its intended purpose, as reasonably determined by LSU, the Foundation shall cause Provident Group-HSC to promptly notify the Trustee, LSU and the Foundation, and the Net Condemnation Proceeds shall be applied and paid *first* pursuant to the terms of the Indenture and *second* (to the extent of any Net Condemnation Proceeds remaining after such application) to the Foundation. Immediately after such distribution of Net Condemnation Proceeds, any funds remaining in the funds and accounts described in the Indenture shall be distributed as provided therein, and additionally all funds remaining in any reserve accounts being held pursuant to the Development Agreement and the Management Agreement, if any, shall be distributed to the Foundation, or if the Bonds have been fully paid and all obligations under the Bond Documents have been discharged, to LSU, subject to the Ground Sublease, upon which, (i) the Ground Sublease shall terminate and Provident Group-HSC shall be released from all of its obligations under the Bond Documents and Contract Documents, except for any such obligations of Provident Group-HSC which shall survive the Bond Documents and Contract Documents; and (ii) this Agreement shall terminate.

(b) The Ground Sublease shall provide that, in the event less than all or substantially all of the Property and the Facilities or any component thereof shall be subject to a Taking, Provident Group-HSC and the Trustee shall cause the Net Condemnation Proceeds received by them or any of them from any Award made in such eminent domain proceedings to be paid to the Trustee and deposited and held in the Condemnation Fund to be applied, as fully as practicable, in one or more of the following ways as shall be directed in writing by the Foundation, with the prior written consent of LSU, within sixty (60) days from the date of such deposit (subject to the consent of the Trustee, which consent shall not be unreasonably withheld):

(i) subject to the requirements of Section 15.1(e), such Net Condemnation Proceeds shall be applied to the Restoration (provided that in this Section 15.1, the “value or character of the Property” in the definition of “Restoration” shall take into account the portion of the Property so taken); or

(ii) such Net Condemnation Proceeds shall be transferred to the Redemption Fund to be applied to the redemption of the Bonds; or

(iii) such Net Condemnation Proceeds shall be applied in some combination permitted by the foregoing clauses (i) and (ii);

provided that, if the Foundation does not, within such sixty (60) day period, direct the application of the Net Condemnation Proceeds pursuant to the preceding clauses (ii) or (iii), then the Net Condemnation Proceeds shall be applied pursuant to the preceding clause (i).

(c) After completion (and payment in full of the costs) of the Restoration (pursuant to Section 15.1(b)(i)), all remaining Net Condemnation Proceeds (if any) shall

be transferred to the Redemption Fund to be applied in redemption of the Bonds pursuant to the Indenture.

(d) [Reserved.]

(e) Before the Trustee may apply any Net Condemnation Proceeds pursuant to Section 15.1(b)(i), Provident Group-HSC shall have furnished to the Foundation and the Trustee (i) with respect to proposed Restorations in excess of \$500,000, a certificate of an Independent Engineer (A) to the effect that the affected Property can reasonably be expected to be restored, within a period of twenty-four (24) months from the receipt of such Net Condemnation Proceeds, to substantially the condition thereof immediately preceding such damage or destruction and in a condition that constitutes Restoration, (B) setting forth the estimated cost of the Restoration, including an allowance for contingencies, and the estimated date of completion of such Restoration, and (C) to the effect that all amounts necessary to accomplish the Restoration are on deposit in the Restoration Fund and (ii) a certificate of Provident Group-HSC, the Foundation or, if applicable, the Independent Engineer to the effect that all permits, licenses, accreditations, and other governmental approvals necessary for Restoration are in full force and effect. If the Independent Engineer advises that he or she cannot give the certificate described in the preceding clause (i), then, before the Net Condemnation Proceeds are applied pursuant to Section 15.1(b)(ii), LSU shall have sixty (60) days after such advice, at the LSU's option, to commit to contributing such additional funds to the costs of Restoration as shall be necessary for the Independent Engineer to give such certificate, in which case the Net Condemnation Proceeds and such additional funds shall be applied *pari passu* to the costs of Restoration pursuant to Section 15.1(b)(i).

(f) Any balance of such Net Condemnation Proceeds remaining after application pursuant to this Section 15.1 shall be transferred to the Redemption Fund to be applied in redemption of the Bonds pursuant to the Indenture.

(g) Except as otherwise expressly contemplated hereby, the Ground Sublease shall not terminate or be forfeited by reason of a partial Taking of less than substantially all of the Property by reason of the untenability of the same or any part thereof resulting from any such Taking. The Ground Sublease shall provide that Provident Group-HSC shall agree that, except (i) to the extent otherwise expressly provided in this Section 15.1, or (ii) with respect to any covenants or obligations which, given their nature, cannot be performed due to any damage or destruction, the Foundation's obligations hereunder, including the payment of Annual Rent, and any other sums of money and charges hereunder, shall continue as though said damage or destruction had not occurred and without abatement, suspension, diminution or reduction of any kind.

ARTICLE XVI
ASSIGNMENT, SUBLETTING, AND TRANSFERS OF
THE FOUNDATION'S INTEREST

Section 16.1. ASSIGNMENT OF LEASEHOLD INTEREST. Except as specifically set forth herein, the Foundation shall not assign, transfer, convey, grant rights of use or otherwise sublet, nor shall it permit the assignment, transfer, conveyance, grants of rights of use or otherwise sublet, its leasehold estate or any rights therein, in its entirety or for any portion of the unexpired Term and may not assign any interest in this Agreement without the prior written consent of LSU, and any such assignment, transfer, conveyance or sublease made or given without first obtaining LSU's prior written consent shall be null and void; provided, however, that the Foundation may, without LSU's prior written consent, grant rights pursuant to and in accordance with the Ground Sublease. Notice of any such assignment or transfer shall be furnished promptly to LSU.

Section 16.2. REORGANIZATION BY THE FOUNDATION OR SUBLESSEE. The provisions of Section 16.1 shall not prevent the Foundation from changing its name or reorganizing its operations provided such change or reorganization does not adversely impact LSU or adversely impact the Foundation's ability to fulfill its obligations under this Agreement.

Section 16.3. TRANSFERS OF THE FOUNDATION'S INTEREST. The obligation of the Foundation under this Agreement shall survive any conveyance, assignment or other transfer of the Foundation's interest, and the Foundation shall not be relieved of such obligation as a consequence of such transfer. Furthermore, any Person succeeding to the Foundation's interest as a consequence of any such conveyance or other transfer shall succeed to all of the obligations of the Foundation hereunder and shall be subject to the terms and provisions of this Agreement and the Ground Sublease.

Section 16.4. INCURRENCE OF DEBT. The Ground Sublease shall provide that the Foundation shall not permit Provident Group-HSC to issue the Bonds (other than the Series 2020 Bonds), increase the amount of the Bonds, refinance the Bonds or extend the due dates of payments on the Bonds without the prior written consent of LSU.

ARTICLE XVII
COMPLIANCE CERTIFICATES

Section 17.1. FOUNDATION COMPLIANCE. The Foundation agrees, at any time and from time to time, upon not less than thirty (30) days prior written notice by LSU, to execute, acknowledge and deliver to LSU or to such other party as LSU shall request, a statement in writing certifying (a) that this Agreement and the Ground Sublease are unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) to the best of its knowledge, whether or not there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of LSU to be performed (and if so specifying the

same), (c) the dates to which the Annual Rent and other charges have been paid, and (d) the dates of commencement and expiration of the Term and the term of the Ground Sublease, it being intended that any such statement delivered pursuant to this Section 17.1 may be relied upon by any Person.

Section 17.2. LSU COMPLIANCE. LSU agrees, at any time and from time to time, upon not less than thirty (30) days prior written notice by the Foundation, to execute, acknowledge and deliver to the Foundation a statement in writing, addressed to the Foundation or to such other party as the Foundation shall request, certifying, to the best of its knowledge, (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications); (b) the dates to which the Annual Rent and other charges have been paid; (c) whether an Event of Default has occurred and is continuing hereunder (and stating the nature of any such Event of Default); and (d) the dates of commencement and expiration of the Term and the term of the Ground Sublease, it being intended that any such statement delivered pursuant to this may be relied upon by any assignee or sublessee pursuant to this Agreement.

ARTICLE XVIII TAXES, FEES, AND LICENSES

Section 18.1. PAYMENT OF TAXES. The Foundation shall pay or cause to be paid, and, upon request by LSU, shall provide evidence of payment to the appropriate collecting authorities, all federal, State and local taxes and fees, which are now or may hereafter be levied upon the Foundation's interest in the Facilities or the Property, or upon the Foundation, or upon the business conducted on the Facilities or the Property or imposed in connection with the construction, maintenance, alteration, or improvement of the Facilities or the Property, as applicable, or upon any of the Foundation's property used in connection therewith; and shall maintain in current status all federal, State and local licenses and permits required for the operation of the business conducted by the Foundation. LSU shall pay, and, upon request by the Foundation, shall provide evidence of payment to the appropriate collecting authorities, all federal, State and local taxes and fees, which are now or may hereafter be levied upon LSU or LSU's Interest. The Foundation and LSU may pay any of the above items in installments if payment may be so made without penalty other than the payment of interest. The obligations of LSU and the Foundation to pay taxes and fees under this Section 18.1 shall apply only to the extent that LSU or the Foundation are not exempt from paying such taxes and fees and to the extent that such taxes and fees are not otherwise abated. The Foundation's payment of taxes shall be identified under Federal Tax Identification Number _____.

Section 18.2. CONTESTED TAX PAYMENTS. The Foundation shall not be required to pay, discharge or remove any such taxes or assessments so long as the Foundation is contesting the amount or validity thereof by appropriate proceeding which shall operate to prevent or stay the collection of the amount so contested. The Foundation hereby agrees to indemnify and save LSU harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on any lien arising in respect to such contested amounts,

cause the same to be discharged and removed prior to the execution of such judgment. Upon the termination of such proceeding, the Foundation shall deliver to LSU proof of the amount due as finally determined and proof of payment thereof. LSU, at the Foundation's expense, shall join in any such proceeding if any law shall so require.

ARTICLE XIX FORCE MAJEURE

Section 19.1. DISCONTINUANCE BY THE FOUNDATION DURING FORCE MAJEURE. Whenever a period of time is herein prescribed for action to be taken by the Foundation, the Foundation shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to Force Majeure. However, LSU shall not be obligated to recognize any delay caused by Force Majeure unless the Foundation shall, within ten (10) Business Days after the Foundation is aware of the existence of an event of Force Majeure, notify LSU in writing thereof.

Section 19.2. DISCONTINUANCE BY LSU DURING FORCE MAJEURE. Whenever a period of time is herein prescribed for action to be taken by LSU, LSU shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to Force Majeure. However, the Foundation shall not be obligated to recognize any delay caused by Force Majeure unless LSU shall, within ten (10) Business Days after LSU is aware of the existence of an event of Force Majeure, notify the Foundation thereof.

ARTICLE XX ENVIRONMENTAL CONDITION OF THE PROPERTY

Section 20.1. ENVIRONMENTAL CONDITION OF THE PROPERTY. The Ground Sublease shall provide that:

- (a) Provident Group-HSC shall not:
 - (i) Direct, suffer, or permit the Developer, the Manager, LSU, LSUHSC-NO or any of their respective employees or any other Person or entity under their respective control to handle, transport, use, manufacture or store any Hazardous Materials in or about the Property, except as provided in Section 20.1(b) below; or
 - (ii) Suffer or permit (with or without negligence):
 - (A) Any Hazardous Materials to be used by any employee, officers, agents, contractors or third party directed or controlled by Provident Group-HSC in any manner not fully in compliance with all Environmental Laws; or

(B) The Property or adjoining areas and, prior to Final Completion only, the Facilities to become contaminated with any Hazardous Materials generated by Provident Group-HSC; or

(C) The escape, disposal or release of any Hazardous Materials generated by Provident Group-HSC.

(b) Provident Group-HSC may permit the Developer and the Manager to handle, store, use, or dispose of Hazardous Materials to the extent customary and necessary for the performance of the Developer's and the Manager's duties under the Development Agreement and the Management Agreement, respectively, provided same does not violate Environmental Laws and all disposal occurs offsite. Provident Group-HSC shall cause the Developer to pay and perform the Developer's obligations regarding Environmental Laws, Hazardous Materials and Remediation as set forth in the Development Agreement and the Management Agreement.

(c) Provident Group-HSC shall promptly provide the Foundation with complete and accurate copies of all disposal tickets for materials (hazardous or not) from the Property and, prior to Final Completion only, the Facilities that are disposed of off the Property.

(d) in the event that Provident Group-HSC, its affiliates, contractors, employees, officers or agents generate any Hazardous Materials that are required by any Environmental Law to be Remediated, and specifically excluding any Hazardous Materials that are generated by the Foundation, LSU, their affiliates, employees, officers or agents, Provident Group-HSC shall, at its sole cost and expense, promptly effectuate Remediation of any condition, including but not limited to a release of a Hazardous Material in, on, above, under or from the Property and, prior to Final Completion only, the Facilities, ("Hazardous Site Condition") as necessary to comply with any Environmental Law or any breach of this Section 20.1. In the event that any Hazardous Materials currently exist within the Property or the Facilities or any Hazardous Materials that are required by any Environmental Law to be Remediated and were generated by the Foundation, LSU their affiliates, employees, officers or agents or any third party, the Foundation shall, at its sole cost and expense, promptly effectuate Remediation of any condition in, on, above, under or from the Property and the Facilities as necessary. In the event that Provident Group-HSC fails to perform said work after notice from the Foundation or the State Department of Environmental Quality, the Foundation may, as agent of Provident Group-HSC, perform same, and Provident Group-HSC agrees to reimburse the Foundation for the entire cost of such Remediation, together with interest at the Default Rate, as Additional Rent (as defined in the Ground Sublease).

(e) to the extent Provident Group-HSC has knowledge, Provident Group-HSC shall immediately notify the Foundation in writing of (A) any presence or releases of Hazardous Materials in, on, above, under, from or migrating towards the Property, (B)

any non-compliance with any Environmental Laws related in any way to the Property; (C) any actual or potential environmental lien; (D) any required or proposed Remediation of Hazardous Site Condition relating to the Property; and (E) any written or oral notice or other communication of which Provident Group-HSC becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials or Remediation thereof, or the possible liability of any person or entity pursuant to any Environmental Law in connection with the Property.

(f) notwithstanding anything contained in Section 30 of the Ground Sublease or any other provision of the Ground Sublease to the contrary, Provident Group-HSC shall acknowledge and agree that the Developer or the Manager, as applicable, and not the Foundation, shall be responsible for Remediation of any and all Hazard Site Conditions, as necessary to comply with any Environmental Law or any breach of the Management Agreement or the Development Agreement. To the extent set forth in the Development Agreement and the Management Agreement, Provident Group-HSC shall promptly effectuate or cause the Developer or the Manager, as applicable, to effectuate, Remediation of any Hazardous Site Condition as necessary to comply with any Environmental Law or any other Governmental Regulations, subject to the Development Agreement.

(g) The foregoing provisions of this Section 20.1 notwithstanding, Provident Group-HSC shall have no responsibility for the environmental condition or the Remediation of the Facilities following Final Completion and, following Final Completion of the Facilities, the Foundation or LSU, as applicable, shall be responsible for the environmental condition or the Remediation of the Facilities.

ARTICLE XXI MISCELLANEOUS

Section 21.1. NONDISCRIMINATION, EMPLOYMENT AND WAGES. Any discrimination by the Foundation or its agents or employees on account of race, color, sex, age, religion, national origin or handicap, in employment practices or in the performance of the terms, conditions, covenants and obligations of this Agreement, is prohibited.

Section 21.2. NOTICES AND CONSENTS. Notices or communications to LSU or the Foundation, and all necessary written consents required or appropriate under this Agreement shall be in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) registered or certified United States mail, postage prepaid, return receipt requested, or (d) sent via Facsimile, provided that acknowledgment of receipt thereof is received by the sending party from the receiving party, addressed as follows:

if to LSU:	President of LSU Louisiana State University 3810 West Lakeshore Drive
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Baton Rouge, Louisiana 70803
Telephone: (225) 578-____
Facsimile: (225) 578-4749

with copies to: Executive Vice President for Finance and Administration
and CFO
Louisiana State University
330 Thomas Boyd Hall
Baton Rouge, Louisiana 70803
Telephone: (225) 933-3108
Facsimile: (225) 578-5403

if to the Foundation: President/Chief Executive Officer
LSU Health Foundation, New Orleans
2000 Tulane Avenue, 4th Floor
New Orleans, Louisiana 70112
Telephone: 504-568-3712
Facsimile: 504-568-3460

or to such other address or to the attention of such other person as hereafter shall be designated in writing by such party. Every notice, demand, request or other communication sent in the manner aforesaid shall be deemed to have been given, made or communicated, as the case may be, on the third business day after the same has been deposited, registered or certified, properly addressed as aforesaid, proper postage prepaid, in the United States mail, except that any notice, demand, request, or other communication, to the Foundation or LSU may be personally delivered, and in such event shall be deemed to have been given on the date the same shall have been personally delivered to the Party to whom such notice, demand, request or other communication is addressed, or to an officer of such Party, as provided by law.

Section 21.3. RELATIONSHIP OF PARTIES. Nothing contained herein shall be deemed or construed by the Parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint ventures, or any other similar such relationship, between the Parties hereto. It is understood and agreed that no provision contained herein nor any acts of the Parties hereto creates a relationship other than the relationship of LSU and the Foundation. In no event shall the Foundation's officers, directors, employees or agents be liable for any of the obligations of the Foundation hereunder. Furthermore, LSU and the Foundation agree to execute any and all documents necessary upon the termination of this Agreement, including but not limited to any notices or consents required pursuant to the provisions of Louisiana Civil Code Article 493.

Section 21.4. ATTORNEYS' FEES. To the extent allowed by law, if either party is required to commence legal proceedings relating to this Agreement, the prevailing party shall be entitled to receive reimbursement for its reasonable attorneys' fees and costs of suit.

Section 21.5. LOUISIANA LAW TO APPLY. This is a Louisiana Agreement and shall be governed, interpreted and enforced in accordance with the laws of the State of Louisiana without giving effect to any conflict of law provisions. Venue of any action arising from this Agreement shall be exclusively in the Civil District Court, Parish of Orleans, State of Louisiana or the United States District Court for the Eastern District of Louisiana. The Parties irrevocably waive any objection which they may have now or hereafter to the venue of any proceedings brought in such court, or that such proceedings have been brought in a non-convenient forum when brought in such court. The Parties irrevocably agree that any final judgment (after appeal or expiration of time for appeal) entered by such court shall be conclusive and binding upon the Parties and may be enforced in the courts of any other jurisdiction to the fullest extent permitted by law.

Section 21.6. WARRANTY OF PEACEABLE POSSESSION. LSU covenants that the Foundation, on paying the Annual Rent and performing and observing all of the covenants and agreements herein contained and provided to be performed by the Foundation, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Property and the improvements existing thereon as of the Effective Date of this Agreement, and may exercise all of its rights hereunder; and LSU agrees to forever defend the Foundation's right to such occupancy, use, and enjoyment of the Property and the improvements existing thereon as of the Effective Date of this Agreement against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof, subject only to the provisions of this Agreement.

Section 21.7. CURATIVE MATTERS. Except for the express representations of LSU set forth in this Agreement, any additional matters necessary or desirable to make the Property and such other areas of Campus as shall be necessary for the performance of the Series 2020 Project useable for the Foundation's purpose shall be undertaken, in the Foundation's sole discretion, at no expense to LSU and only with LSU's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned.

Section 21.8. TERMINOLOGY. Unless the context of this Agreement clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the word "includes" or "including" shall mean "including without limitation"; (d) the word "or" shall have the inclusive meaning represented by the phrase "and/or"; (e) the words "hereof" "herein," "hereunder," and similar terms in this Agreement shall refer to this Agreement as a whole and not to any particular section or article in which such words appear. The section, article and other headings in this Agreement are for reference purposes, and shall not control or affect the construction of this Agreement or the interpretation hereof in any respect. Article, section, subsection and exhibit references are to this Agreement unless otherwise specified. All exhibits attached to this Agreement constitute a part of this Agreement and are incorporated herein. All references to a specific time of day in this Agreement shall be based upon Central Time.

Section 21.9. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be declared an original, but all of which shall constitute one and the same document. For purposes of this section, facsimile and PDF signatures are acceptable; however, the original signature pages shall be substituted as soon as practicable.

Section 21.10. SEVERABILITY. If any clause or provision of this Agreement is illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then and in that event, it is the intention of the Parties hereto that the remainder of this Agreement shall not be affected thereby.

Section 21.11. AUTHORIZATION. By execution of this Agreement, the Foundation and LSU each represent to the other that they are entities validly existing, duly constituted and in good standing under the laws of the jurisdiction in which they were formed and in which they presently conduct business; that all acts necessary to permit them to enter into and be bound by this Agreement have been taken and performed; and that the persons signing this Agreement on their behalf have due authorization to do so. Each Party shall provide to the other evidence of proper authorization.

Section 21.12. AMENDMENT. No amendment, modification, or alteration of the terms of this Agreement shall be binding unless the same is in writing, dated on or subsequent to the date hereof and duly executed by the Parties hereto.

Section 21.13. SUCCESSORS AND ASSIGNS. All of the covenants, agreements, terms and conditions to be observed and performed by the Parties hereto shall be applicable to and binding upon their respective successors and assigns including any successor by merger or consolidation of LSU into another educational institution.

Section 21.14. OWNERSHIP. All records, reports, documents, and other material delivered or transmitted to the Foundation by LSU shall remain the property of LSU, and shall be returned by the Foundation to LSU, at the Foundation's expense, at termination or expiration of this Agreement. All records, reports, documents, or other material related to this Agreement and/or obtained or prepared by the Foundation in connection with the performance of the services contracted for herein shall become the property of LSU, and shall, upon request, be tendered by the Foundation to LSU, at the Foundation's expense, at termination or expiration of this Agreement.

Section 21.15. ABSENCE OF DEBT. Notwithstanding anything to the contrary contained herein, during any time in which no Bonds are unpaid and outstanding and no debt is owed by the Foundation with respect to the Bonds, no party other than LSU and the Foundation shall have rights with respect to this Agreement.

Section 21.16. DISCRIMINATION CLAUSE. The Foundation shall agree to abide by and the Ground Sublease shall provide that Provident Group-HSC shall agree and abide by: (a) 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; (b) the requirements of the Americans with Disabilities Act of 1990 and (c) any executive order by the governor of the State.

(i) The Ground Sublease shall provide that: Provident Group-HSC shall additionally require and cause the General Contractor to agree: (A) not to discriminate in its employment practices; and (B) to render services under any contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities and in compliance with any executive orders.

(ii) Any act of discrimination committed by General Contractor, or failure to comply with these statutory or regulatory obligations when applicable shall be grounds for termination of the General Contractor. If the General Contractor does not comply with the provisions of Section 6.1(u) of this Agreement, the Foundation shall require Provident Group-HSC to cause the Developer to terminate the General Contractor.

Section 21.17. ENTIRE AGREEMENT. This Agreement, together with the exhibit attached hereto, contains the entire agreement between the Parties hereto with respect to the matters set forth herein and contains all of the terms and conditions agreed upon with respect to such matters, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the Parties hereto; it being the intent of the Parties that neither shall be bound by any term, condition, or representations not herein written.

Section 21.18. CONSENTS. Any provision of this Agreement to the contrary notwithstanding, all provisions of the Agreement, the Ground Sublease, Contract Documents and/or the Bond Documents requiring the approval or prior written consent of the Foundation or Provident Group-HSC shall be deemed to also require the approval or prior written consent of LSU, through the LSU Representative.

Section 21.19. DRAFTING OF AGREEMENT. The Parties agree that the terms and conditions of this Agreement are the result of arm's length negotiations between the Parties and/or their counsel. Neither Party shall be considered the drafter of the Agreement or any provision hereof for the purpose of any statute, jurisprudential rule, or rule of contractual interpretation or construction that might cause any provision to be construed against the drafter.

Section 21.20 NO EXPENDITURE OF PUBLIC FUNDS. The parties hereto agree that this Agreement shall not require the expenditure of any public funds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[Signature page for Cooperative Endeavor and Lease Agreement]

IN WITNESS WHEREOF, the undersigned duly authorized representative has signed this Cooperative Endeavor and Lease Agreement on behalf of LSU on the ____ day of _____, 20__, to be effective on the ____ day of _____, 20__, in the presence of the undersigned competent witnesses, who hereunto signed their names with me, Notary, after due reading of the whole.

WITNESSES

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

Printed Name: _____

Printed Name: _____

By: _____

Name: F. King Alexander

Title: President, Louisiana State University

Notary Public

Printed Name

LSBA Roll No. _____

My Commission is for life.

[Signature page for Cooperative Endeavor and Lease Agreement]

IN WITNESS WHEREOF, the undersigned duly authorized representative has signed this Cooperative Endeavor and Lease Agreement on behalf of the Foundation on the ____ day of _____, 20__, to be effective on the ____ day of _____, 20__, in the presence of the undersigned competent witnesses, who hereunto signed their names with me, Notary, after due reading of the whole.

WITNESSES

**LSU HEALTH FOUNDATION, NEW
ORLEANS**, a Louisiana nonprofit corporation,

Printed Name: _____

By: _____

Name:

Title:

Printed Name: _____

Notary Public

Printed Name

LSBA Roll No. _____

My Commission is for life.

EXHIBIT A

PROPERTY

LEGAL DESCRIPTION OF PROPERTY

LSU HEALTH DOWNTOWN CAMPUS MAP

NEW ORLEANS, LOUISIANA

BUILDING LIST

- 1 Clinical Education Building
- 2 Student Residence Hall
- 3 Medical Education Building
- 4 Allied Health/School of Nursing
- 5 Human Development Center
- 6 Central Utility Plant
- 7 Library, Admin. & Resource Center
- 8 Lion's Eye Building
- 9 MLT Clinical Sciences Research Building
- 10 Sister Stanislaus Residence Hall
- 11 LSUHSC Foundation Building
- 12 Center for Advanced Learning and Simulation
- 13 Louisiana Cancer Research Center
- 14 Delgado Building
- 15 Butterworth Building
- 16 L&M Building
- 17 Dibert Building
- 18 Seton Building
- 19 Power Plant
- 20 Perdido Clinic
- 21 Charity Hospital
- 22 Steam Plant
- 23 UMC Diagnostics & Treatment Building
- 24 UMC Inpatient Towers 1/2/3
- 25 Ambulatory Care Pavilion
- 26 Utility Building

PARKING FACILITIES

- 27 Roman Garage
- 28 HDC Lot
- 29 Seton Patient Lot
- 30 Perdido Patient Lot
- 31 Student Lot 1
- 32 Student Lot 2
- 33 Student Lot 3
- 34 Residence Hall Lot
- 35 Perdido Lot
- 36 Gravier Garage
- 37 1542 Garage
- 38 Claiborne Lot 1
- 39 Claiborne Lot 2
- 40 Claiborne Lot 3
- 41 Purple Lot
- 42 Green Lot
- 43 Orange Lot
- 44 UMC New Orleans Parking Structure

LEGEND

- LSU Health New Orleans
- University Medical Center
- Private Property
- Parking
- Elevated Walkway
- Elevator to Elevated Walkway

0 50 100 200 300 500

AUGUST 2018

ATTACHMENT VIII



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

December 12, 2019

Dr. F. King Alexander
President and Chancellor
LSU System Office
3810 West Lakeshore Drive, Room 107
Baton Rouge, LA 70808

Dear Dr. Alexander,

Pursuant to the following clause within Article VII, Section 1 (A), General Rule, of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter:"

Any matter having a significant or long term impact, directly or indirectly, on the finances or the academic, educational, research, and service missions of the University or any of its campuses.

LSU Health Science Center-New Orleans (LSUHSC-NO) seeks approval by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU Board) to enter into a 50 year Cooperative Endeavor Agreement (CEA) and ground lease with the LSU Health Foundation (Foundation) who will partner with Provident Group- HSC Properties (Provident), a not-for-profit corporation headquartered in Baton Rouge, Louisiana for construction of a new 579 bed student housing facility. The facility will be built on property donated to the LSU Board for the benefit of LSUHSC-NO by the Foundation.

The Foundation is an "Affiliate" of the LSU Board, pursuant to the terms and conditions of the Uniform Affiliation Agreement dated July 1, 2009 between the Foundation and the LSU Board, which describes the Affiliate's purpose and status including the Foundation's obligation to support one or more programs, facilities, research or educational opportunities offered by LSUHSC-NO.

With the ground lease and CEA in place with LSUHSC-NO, the Foundation would then enter into a multi-year sub-lease with Provident of the parcels donated to LSUHSC-NO. Provident would construct the housing facility on the sub-leased land. The donated property is bounded by Johnson Street, Perdido Street, Poydras Street, and Galvez Street in New Orleans, Louisiana (see Attachment IV).

It is proposed that LSUHSC-NO and the Foundation enter into a 50 year CEA and corresponding ground lease (see Attachment V). The Foundation will pay \$1000 in annual ground lease payments to LSUHSC-NO in return for partnering with Provident to development and operate a 579 bed student housing facility at no expense to LSUHSC-NO. LSUHSC-NO will receive land donations with a cumulative value of \$2.7 million from the Foundation where the facility will be built.

LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER • 433 BOLIVAR STREET • SUITE 815 • NEW ORLEANS, LOUISIANA 70112-2223

PHONE (504) 568-4800 • FAX (504) 568-5177 • WWW.LSUHSC.EDU

LSUHSC-NO will continue to operate its existing student housing facilities. It is anticipated that a number of students in these facilities will transfer to the new housing, but it is expected that a greater number will relocate from various off-campus locations to the new housing facility. Project construction would begin in the winter of 2019 and would require about 18 months to complete. Total development costs are estimated at \$99.3 million.

LSUHSC-NO will not receive cash-flows from the CEA or corresponding lease agreement, but will receive new student housing at no cost to the University in addition to combined property donations valued at \$2.7 million. Once the 40 year tax-exempt bonds are retired, and at the sole option of the LSU Board, the building will be either transferred to the LSU Board or demolished and disposed of by the Foundation at no expense to the LSU Board.

Revenues from existing LSUHSC-NO student housing along with all additional auxiliary revenues are pledged to the debt service on the outstanding Series 2013 Revenue Bonds, set to be retired in 2031. The annual debt service on the bonds is \$1.17 million in FY 2019-20, the remaining balance at FYE 2019 was \$10.7 million and the bonds will be retired in 2031. The LSUHSC-NO has no other outstanding bonds.

As part of its due diligence, LSUHSCNO sought the opinion of bond counsel Stokes McConnell of Breazeale, Sachse & Wilson, LLP, regarding whether the revised student housing model would be deemed a violation of the existing bond covenants. Mr. McConnell has provided a written opinion (see Attachment VI) that these changes as described in the letter to him, and contingent upon conditions outlined in the opinion, will not result in a violation of the covenants and agreements as set forth in the Bond Resolution.

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 black ink, reading "Larry Hollier, M.D.", written in a cursive style.

Larry Hollier, MD
Chancellor



**Request from the LSU Health Foundation New Orleans to
Authorize the President to Determine an Acceptable
University Purpose for the Donation to the LSU Health
Foundation New Orleans of Property within One-Half Mile of
the Campus Boundaries**

To: Members of the Board of Supervisors

Date: January 10, 2020

This is a significant board matter pursuant to the Uniform Affiliation Agreement between the LSU Board of Supervisors (Board) and its Affiliate, The LSU Health Foundation New Orleans ("LSUHF-NO"), Article

6.31: Acceptance of an "onerous donation"; and

6.3.5: Entering into any cooperative endeavor or similar agreement with any public or quasi-public entity

1. Summary of the Matter

Provident Group – HSC Properties, Inc., (Provident) a Louisiana nonprofit corporations, would like to donate three parcels of property to LSU Health Foundation, New Orleans . The properties are located in New Orleans, within one-half mile of the boundaries of the campus of the LSU Health Sciences Center-New Orleans (LSUHSC-NO). The property is valued at approximately \$2.5 million.

Although LSUHF-NO has not finalized plans for utilization of the property at this time, its intent is to enter into an agreement with Provident to develop housing for the use of LSUHSC-NO students. It is the intent of LSUHF-NO to donate the developed property to the Board.

2. Review of Business Plan

Not Applicable.

3. Fiscal Impact

No significant fiscal impact is expected for LSU based on acceptance of this donation. The donation is being made free and clear of all encumbrances.

4. Description of Competitive Process

Not Applicable.

5. Review of Legal Documents

The Act of Donation, legal survey and Phase I environmental study are underway. The donation will not be formally accepted until these documents have been prepared and/or reviewed by LSU's outside counsel. Additionally, the University's Office of General Counsel will review the final act of donation.

6. Parties of Interest

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College
LSU Health Sciences Center – New Orleans
The LSU Health Foundation New Orleans
Provident Group – HSC Properties, Inc.

7. Related Transactions

None

8. Conflicts of Interest

None.

ATTACHMENTS

- I. Site Map of Location with description of property
- II. Draft Act of Donation
- III. Cover Letter

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College hereby authorizes Dr. F. King Alexander, in his capacity as President of Louisiana State University, or his designee, to determine if an Acceptable University Purpose exists, for purposes of the Uniform Affiliation Agreement, for the LSU Health Foundation, New Orleans to Accept the donation of three parcels of immovable property located in In Block 517, First District, Orleans Parish.

SITE PLAN

PROPERTY TO BE DONATED

Figure 1. SQ 517 is in the LSUHSC Master Plan Focus Area for Acquisitions

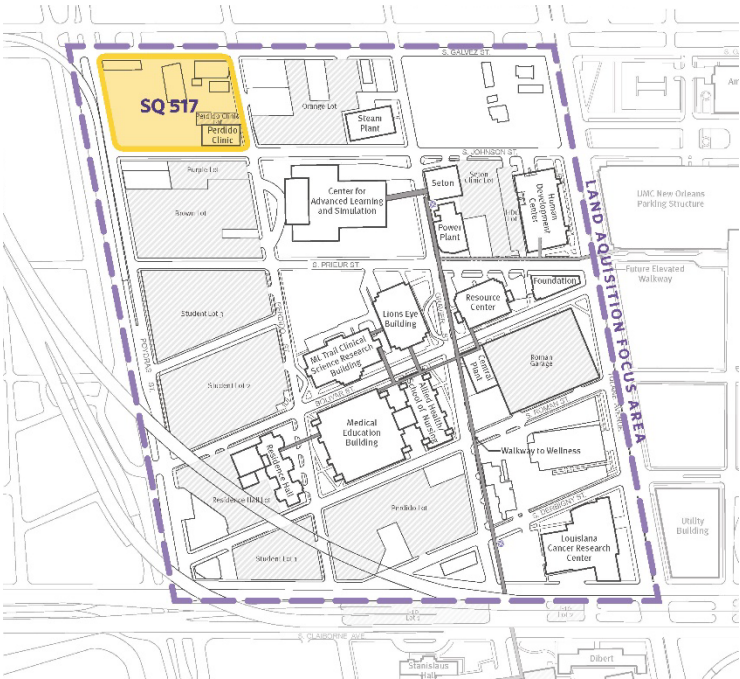


Figure 2. Property to be donated includes Lot 25, Square 517

The property to be donated consists of several parcels on SQ 517 in the First Municipal District of the City of New Orleans, Parish of Orleans, State of Louisiana. The total area is 46,297SF or 1.06 acres. This legal description is composed of the legal descriptions of each parcel which are identified by the location address recognized by the City of New Orleans.

1. Location Address: 2123 POYDRAS ST is located on SQ 517 and consists of LOT 6; 31'9" x 120'; LOT 5; 34'5" x 149'; LOT 28; 132' x 74'; in entirety.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, LOUISIANA, in SQUARE 517, bounded by Poydras, S Galvez, Perdido and S Johnson Streets, designated as Lot "A" on a survey by Adloe Orr, Surveyor, dated July 30, 1938 annexed to an act passed before William J Guste, Notary Public, dated September 19, 1938, according to which survey said portion of ground forms the corner of Poydras Street and South Johnson Street and measures as follows: Commencing at the corner of Poydras and South Johnson Streets, said property measures a distance of 74 feet front on South Johnson Street in the direction of Perdido Street; thence on a line parallel with Poydras Street in the direction of South Galvez Street a distance of 132 feet, 3 inches and 5 lines; thence on a line parallel with South Johnson Street in the direction of Perdido Street, a distance of 75 feet; thence on a line parallel with Poydras Street in the direction of South Galvez Street, a distance of 34 feet 5 inches; thence on a line parallel with South Johnson Street in the direction of Poydras Street, a distance of 29 feet along the rear line of Lot 9; thence on a line parallel with Poydras Street in the direction of South Galvez Street, a distance of 31 feet, 9 inches; thence on a line parallel with South Johnson Street in the direction of Poydras Street, a distance of 120 feet to the property line of Poydras Street, thence along the property line of Poydras Street, a distance of 198 feet, 5 inches, 5 lines to the corner of South Johnson Street, which is the Point of Beginning. According to said survey by Adloe Orr, dated July 30, 1938, said Lot A is composed of original lots 26, 27 and 28.

According to a plan of survey by Gilbert & Kelly, Surveyors dated September 25, 1945 a copy of which is annexed to a sale by Thomas J. Flanagan, Jr to Crescent Tractor Tractor & Implement Company, passed before Alexis Brian, Notary Public, dated September 26, 1945, said Lot "A" bears the same dimensions and is similarly situated as aforesaid and according to said survey said Lot A is composed of the front portion of Lots 1,2,3 and 4 and the whole of Lots 5 and 6 of Square 517, First District New Orleans, La.

2. Location Address: 632 S GALVEZ ST is located on SQ 517 LOT 23; 29'3" x 97' in entirety.

THAT PORTION OF GROUND, situated in the FIRST DISTRICT OF NEW ORLEANS, LOUISIANA, in SQUARE 517, bounded by Poydras, S Galvez, Perdido and S. Johnson Streets, designated as Lot 9, which said lot, according to a survey by Gilbert & Kelly, Surveyors, dated February 24, 1945, a copy of which is annexed to an act passed before Malcolm deLahoussaye, Notary Public, dated March 15, 1945, commences at a distance of 120 feet from the corner of South Galvez and Poydras Streets and measures thence 29 feet, 3 inches 1 line front of South Galvez Street, same width in the rear, by a depth of 97 feet, 10 inches between equal and parallel lines.

The above description is in accordance with the survey by Errol E. Kelly, Surveyor, dated June 9, 1966, a copy of which is annexed to an act passed before Curtis Allen Hennessy, Notary Public, dated June 14, 1976, with the exception of the particular measurement along the rear of Lot 9, on which survey measurements appears as 29 foot (title) and 29 feet, 3 inches, 1 line (actual)

3. Location Address: 635 S JOHNSON ST is located on SQ 517 LOT 5 and PT LOT 6; 52'3" x 132'3"; PT LOT 6 and LOT 7; 52'3" x 132'3".

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO. 517, bounded by Poydras, S Galvez, Perdido and S Johnson Streets, designated as Lot 26—B on the survey by Gilbert & Kelly, Surveyors, dated May 28, 1949, a copy of which is annexed to an act passed before Frank Moran, Notary Public, dated July 8, 1949, which is annexed to an act 1949, which lot measures 52 feet, 3 inch and 2 lines actual and plan measurement, feet, (52 feet 3 inches

and 5 lines, title measurement) front of South Johnson Street; 52 feet 3 inches and 2 lines in width in the rear, by a depth between equal and parallel lines of 132 feet, 3 inches and 5 lines. Said portion of ground commences at a distance of 74 feet from the corner of South Johnson and Poydras Streets and is composed of the rear of Lots Nos 1, 2, 3, and 4 and the adjoining 6 feet, 3 inches and 2 lines of Lot No 26.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO 517, bounded by Poydras, S. Galvez, Perdido and S. Johnson Streets, designated as Lot 25-A on the survey by Gilbert & Kelly, Surveyors, dated May 28, 1949, a copy of which is annexed to an act passed before Frank Moran, Notary Public, dated July 8, 1949, which lot measures 52 feet, 3 inches and 2 lines actual and plan measurement (52 feet 3 inches and 5 lines, title measurement) front on South Johnson Street, same width in the rear, by 132 feet 3 inches and 5 lines in depth between equal and parallel lines, lying at a distance of 126 feet, 3 inches and 2 lines from the corner of Poydras and South Johnson Streets and 207 feet 9 inches and 3 lines from the corner of Perdido and South Johnson Streets, and is composed of parts of Lot No 26 and the whole of Lot No 25 on a sketch annexed to an act passed before Fred Diebel, Notary Public, in this City on July 25, 1898.

The above descriptions and measurements are also in accordance with the survey by Errol E. Kelly, Surveyor, dated June 9, 1966, a copy of which is annexed to an act passed before Curtis Allen Hennesy, Notary Public, dated June 14, 1976.

4. Location Address: 625 S JOHNSON ST is located on SQ 517 LOT 8; 29'3" x 123'3" in entirety.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, designated by the NO. 24 in SQUARE NO. 517, bounded by Poydras, Galvez, Perdido and Johnson Streets, on a plan by L. Bringer, dated April 20, 1839, and deposited in the office of D.L. McCay, late notary, which said lot measures 29 feet, 3 inches, 1 line on South Johnson Street, by a depth between parallel lines of 132 feet, 3 inches 5 lines, according to survey of Gilbert & Kelly, Surveyors, dated July 29, 1943, said property hereinabove described is situated in the said District and Square, designated by the same lot number and is bounded by Poydras, South Galvez, Perdido and South Johnson Streets, and has the same measurements as hereinabove set forth, said LOT No. 24 commencing at a distance of 178 feet, 6 inches 2 lines from the corner of S. Johnson and Perdido Streets.

5. Location Address: 621 S JOHNSON ST is located on SQ 517 LOT9; 29'3" x 132'3" in entirety.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO 517, bounded by Poydras, S. Galvez, Perdido and S Johnson Streets, designated as LOT NO. 23 on a plan of L. Bringer, dated April 20, 1839, and deposited in the office of D.L. McCay, late notary, which said lot measures 29 feet, 3 inches, 1 line on South Johnson Street, by 132 feet, 3 inches, 5 lines in depth according to survey of Gilbert & Kelly, Surveyors, dated May 8, 1934, redated August 5, 1944, wherein said property has the same measurements and designations and commences 149 feet, 3 inches, 1 line from the corner of Perdido and South Johnson Streets.

6. Location Address: 617 S JOHNSON ST is located on SQ 517 LOT 10; 29'3" x 132'3" in entirety.

That portion of ground, situated in the First Municipal District of the City of New Orleans, State of Louisiana, in SQUARE 517, according to which said lot commences at a distance of 120 feet from the corner of S. Johnson and Perdido Streets, and measures thence 29 feet 3 inches 1 line front on S. Johnson Street, the same in width in the rear by a depth of 132 feet 3 inches 5 lines between equal and parallel lines.

Act of Donation

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LSU Health
FOUNDATION
NEW ORLEANS

November 15, 2019

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

Dear Dr. Alexander,

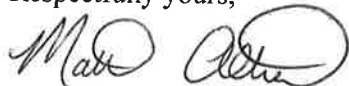
This is a Significant Board Matter, pursuant to the following clauses within Uniform Affiliation Agreement between the LSU Board of Supervisors (Board) and its Affiliate, The LSU Health Foundation New Orleans ("LSUHF-NO"), Articles:

- 6.31: Acceptance of an "onerous donation"; and
- 6.3.5: Entering into any cooperative endeavor or similar agreement with any public or quasi-public entity

The Foundation proposes that the Board of Supervisors of the University of Louisiana System determine an Acceptable University Purpose for the Foundation to accept a donation from Provident Group – HSC Properties, Inc., (Provident) a Louisiana nonprofit corporation, of property valued at approximately \$2.5 million. Although LSUHF-NO has not finalized plans for utilization of the property at this time, its intent is to enter into an agreement with Provident to develop housing for the use of LSUHSC-NO students. It is the intent of LSUHF-NO to donate the developed property to the Board.

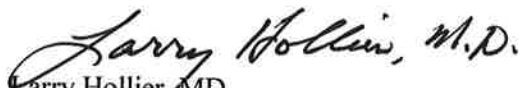
The Health Sciences Center is respectfully requesting approval of this donation. I certify to the best of my knowledge that I have provided all necessary documentation and am seeking your review and favorable consideration. Thank you for your assistance.

Respectfully yours,



Matt Altier
President and CEO

Recommended by:



Larry Hollier, MD
Chancellor, LSU Health New Orleans



Request from LSU Health Sciences Center- New Orleans to Authorize the President to Accept a Donation of Property by the LSU Health Foundation- New Orleans in Square 517, First District, New Orleans

To: Members of the Board of Supervisors

Date: January 10, 2020

Pursuant to Article VI, Section 1 (d) of the Bylaws of the Louisiana State University Board of Supervisors (Board), this matter is a significant board matter.

Conditions of Acceptance: Other gifts for special purposes (e.g. library) which will enrich the life of the University and its students.

Summary of the Matter

The LSU Health Sciences Center – New Orleans wishes, in support of its mission, to accept donation of property being offered by the LSU Health Foundation (Foundation). This transaction is part of LSUHSC-NO's effort to construct future student housing.

The property is adjacent to the LSU Health New Orleans campus, within the area of its Master Plan, and is located in Square 517, First District, New Orleans,, with street addresses of **2127 Poydras Street, 621-23 S. Johnson Street; 617-619 S. Johnson Street; 625 S. Johnson Street; and certain lots or portions of ground within Square 517 designated as Lot A, Lot 9, Lot 26-B, and Lot 25-A.**

The Foundation is the current owner of the portion of the property at 2127 Poydras. The remainder of the above properties are currently owned by Provident Group – HSC Properties, Inc. (Provident), a Louisiana non-profit corporation. Provident wishes to donate said properties to the Foundation, pending approval by the Board of a separately submitted Determination of Acceptable University Purpose. Should the Board approve, the Foundation will accept donation of the property and, in turn, donate it to the Board.

1. Review of Business Plan

N/A

2. Fiscal Impact

The acceptance of this donation will increase the property holdings of the Board of Supervisors in the LSUHSC-NO downtown campus area at no cost to the State. The property is appraised at Two Million Six Hundred Seventy-Five Thousand Dollars (\$2,675,000).

3. Description of Competitive Process

N/A

4. Review of Legal Documents

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

5. Parties of Interest

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, LSU Health Sciences Center – New Orleans, the LSU Health Foundation – New Orleans, and Provident Group – HSC Properties, Inc.

6. Related Transactions

Attached are copies of the Document Recordation Information for the purchase of the 2127 Poydras Street by property by the LSU Health Foundation – New Orleans; and Document Recordation Information for the purchase of the remainder of the properties by Provident Group – HSC Properties, Inc.

7. Conflicts of Interest

None

ATTACHMENTS

- I. Act of Donation and Acceptance
- II. Document Recordation Information with Parish of Orleans Clerk of Court of Sale of Property from previous owner to the LSU Health Foundation-New Orleans
- III. Site Plan and Description
- IV. Plat of Square 517 and area
- V. Cover Letter

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 an Act of Donation and Acceptance between the Board of Supervisors of LSU and the LSU Health Foundation – New Orleans for property located at Square 517, First District, New Orleans, LA 70112.

BE IT FURTHER RESOLVED that F. King Alexander, President of Louisiana State University, or his designee, is authorized to include in said Act of Donation and Acceptance such terms and conditions as he deems in the best interest of the Board of Supervisors of LSU.

Attachment I

ACT OF DONATION AND ACCEPTANCE

STATE OF LOUISIANA
PARISH OF ORLEANS

Before me, the undersigned Notary Public, personally came and appeared:

LSU HEALTH FOUNDATION, NEW ORLEANS, a Louisiana non-profit corporation organized and existing under the laws of the State of Louisiana, domiciled in the Parish of Orleans, herein appearing through and represented by Matt Altier, President (hereinafter referred to as "Foundation"), who declared that:

WHEREAS, pursuant to the mission of the Foundation to support the six Professional Schools and eight Centers of Excellence comprising the LSU Board of Supervisors, on behalf of the LSU Health Sciences Center - New Orleans (LSUHSCNO), Foundation wishes to donate to LSUHSCNO A CERTAIN LOT OF GROUND, together with all the buildings and improvements, appurtenances, and advantages thereto belonging or in anywise appertaining, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS in SQUARE NO. 517, as further described in Exhibit A, attached.

NOW THEREFORE, Foundation does hereby donate and transfer to LSU all of its right, title and interest in and to the Certain Lot of Ground in Exhibit A, including, without limitation, all rights, ways, privileges, servitudes, appurtenances, and advantages, whether legal or contractual, express or implied relating to the Certain Lot of Ground, to have and to hold unto LSU, its successors and assigns forever.

Foundation declares that the value of the donated property is approximately TWO MILLION SIX HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$2,675,000.00).

AND NOW INTO THESE PRESENTS, comes Dr. F. King Alexander, President of the Louisiana State University and A & M College, who with gratitude accepts this donation on behalf of LSU.

Signature page follows

THUS DONE AND PASSED, in the presence of the undersigned witnesses, who have hereto signed their names, with DONOR, LSU HEALTH FOUNDATION, NEW ORLEANS, and me, Notary Public, on the ____ day of ____, 2019.

WITNESSES:

LSU HEALTH FOUNDATION, NEW ORLEANS

By: _____

Matt Altier, President and CEO

Notary Public

Print Name and Notary/Bar Number

THUS DONE AND PASSED, in the presence of the undersigned witnesses, who have hereto signed their names, with DONEE, LOUISIANA STATE UNIVERSITY AND A & M COLLEGE, and me, Notary Public, on the ____ day of ____, 2019.

WITNESSES:

LOUISIANA STATE UNIVERSITY AND A & M COLLEGE

By: _____

F. King Alexander, President

Notary Public

Print Name and Notary No./Bar Number

Exhibit A

Tract I

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, designated by the NO. 24 in SQUARE NO. 517, bounded by Poydras, Galvez, Perdido and Johnson Streets, on a plan by L. Bringer, dated April 20, 1839, and deposited in the office of D.L. McCay, late notary, which said lot measures 29 feet, 3 inches, 1 line on South Johnson Street, by a depth between parallel lines of 132 feet, 3 inches 5 lines, according to survey of Gilbert & Kelly, Surveyors, dated July 29, 1943, said property hereinabove described is situated in the said District and Square, designated by the same lot number and is bounded by Poydras, South Galvez, Perdido and South Johnson Streets, and has the same measurements as hereinabove set forth, said LOT No. 24 commencing at a distance of 178 feet, 6 inches 2 lines from the corner of S. Johnson and Perdido Streets.

Improvements bear the Municipal No. 625 S. Johnson Street (for informational purposes only).

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO 517, bounded by Poydras, S. Galvez, Perdido and S Johnson Streets, designated as LOT NO. 23 on a plan of L. Bringer, dated April 20, 1839, and deposited in the office of D.L. McCay, late notary, which said lot measures 29 feet, 3 inches, 1 line on South Johnson Street, by 132 feet, 3 inches, 5 lines in depth according to survey of Gilbert & Kelly, Surveyors, dated May 8, 1934, redated August 5, 1944, wherein said property has the same measurements and designations and commences 149 feet, 3 inches, 1 line from the corner of Perdido and South Johnson Streets.

Improvements bear the Municipal No 621-23 S. Johnson Street (for informational purposes only).

Tract II

That portion of ground, situated in the First Municipal District of the City of New Orleans, State of Louisiana, in SQUARE 517, according to which said lot commences at a distance of 120 feet from the corner of S. Johnson and Perdido Streets, and measures thence 29 feet 3 inches 1 line front on S. Johnson Street, the same in width in the rear by a depth of 132 feet 3 inches 5 lines between equal and parallel lines.

The improvements thereon bear Municipal Numbers 617-619 South Johnson Street, New Orleans, Louisiana (for informational purposes only).

Tract III

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, LOUISIANA, in SQUARE 517, bounded by Poydras, S Galvez, Perdido and S Johnson Streets, designated as Lot "A" on a survey by Adloe Orr, Surveyor, dated July 30, 1938 annexed to an act passed before William J Guste, Notary Public, dated September 19, 1938, according to which survey said

portion of ground forms the corner of Poydras Street and South Johnson Street and measures as follows: Commencing at the corner of Poydras and South Johnson Streets, said property measures a distance of 74 feet front on South Johnson Street in the direction of Perdido Street; thence on a line parallel with Poydras Street in the direction of South Galvez Street a distance of 132 feet, 3 inches and 5 lines; thence on a line parallel with South Johnson Street in the direction of Perdido Street, a distance of 75 feet; thence on a line parallel with Poydras Street in the direction of South Galvez Street, a distance of 34 feet 5 inches; thence on a line parallel with South Johnson Street in the direction of Poydras Street, a distance of 29 feet along the rear line of Lot 9; thence on a line parallel with Poydras Street in the direction of South Galvez Street, a distance of 31 feet, 9 inches; thence on a line parallel with South Johnson Street in the direction of Poydras Street, a distance of 120 feet to the property line of Poydras Street, thence along the property line of Poydras Street, a distance of 198 feet, 5 inches, 5 lines to the corner of South Johnson Street, which is the Point of Beginning. According to said survey by Adloe Orr, dated July 30, 1938, said Lot A is composed of original lots 26, 27 and 28.

According to a plan of survey by Gilbert & Kelly, Surveyors dated September 25, 1945 a copy of which is annexed to a sale by Thomas J. Flanagan, Jr to Crescent Tractor & Implement Company, passed before Alexis Brian, Notary Public, dated September 26, 1945, said Lot "A" bears the same dimensions and is similarly situated as aforesaid and according to said survey said Lot A is composed of the front portion of Lots 1,2,3 and 4 and the whole of Lots 5 and 6 of Square 517, First District New Orleans, La.

THAT PORTION OF GROUND, situated in the FIRST DISTRICT OF NEW ORLEANS, LOUISIANA, in SQUARE 517, bounded by Poydras, S Galvez, Perdido and S. Johnson Streets, designated as Lot 9, which said lot, according to a survey by Gilbert & Kelly, Surveyors, dated February 24, 1945, a copy of which is annexed to an act passed before Malcolm deLahoussaye, Notary Public, dated March 15, 1945, commences at a distance of 120 feet from the corner of South Galvez and Poydras Streets and measures thence 29 feet, 3 inches 1 line front of South Galvez Street, same width in the rear, by a depth of 97 feet, 10 inches between equal and parallel lines.

The above description is in accordance with the survey by Errol E. Kelly, Surveyor, dated June 9, 1966, a copy of which is annexed to an act passed before Curtis Allen Hennessy, Notary Public, dated June 14, 1976, with the exception of the particular measurement along the rear of Lot 9, on which survey measurements appears as 29 foot (title) and 29 feet, 3 inches, 1 line (actual)

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO. 517, bounded by Poydras, S Galvez, Perdido and S Johnson Streets, designated as Lot 26—B on the survey by Gilbert & Kelly, Surveyors, dated May 28, 1949, a copy of which is annexed to an act passed before Frank Moran, Notary Public, dated July 8, 1949, which is annexed to an act 1949, which lot measures 52 feet, 3 inch and 2 lines actual and plan measurement, feet, (52 feet 3 inches and 5 lines, title measurement) front of South Johnson Street; 52 feet 3 inches and 2 lines in width in the rear, by a depth between equal and parallel lines of 132 feet, 3 inches and 5 lines. Said portion of ground commences at a distance of 74 feet from the corner of South Johnson and Poydras Streets and is composed of the rear of Lots Nos 1, 2, 3, and 4 and the adjoining 6 feet, 3 inches and 2 lines of Lot No 26.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO 517, bounded by Poydras, S. Galvez, Perdido and S. Johnson Streets,

designated as Lot 25-A on the survey by Gilbert & Kelly, Surveyors, dated May 28, 1949, a copy of which is annexed to an act passed before Frank Moran, Notary Public, dated July 8, 1949, which lot measures 52 feet, 3 inches and 2 lines actual and plan measurement (52 feet 3 inches and 5 lines, title measurement) front on South Johnson Street, same width in the rear, by 132 feet 3 inches and 5 lines in depth between equal and parallel lines, lying at a distance of 126 feet, 3 inches and 2 lines from the corner of Poydras and South Johnson Streets and 207 feet 9 inches and 3 lines from the corner of Perdido and South Johnson Streets, and is composed of parts of Lot No 26 and the whole of Lot No 25 on a sketch annexed to an act passed before Fred Diebel, Notary Public, in this City on July 25, 1898.

The above descriptions and measurements are also in accordance with the survey by Errol E. Kelly, Surveyor, dated June 9, 1966, a copy of which is annexed to an act passed before Curtis Allen Hennesy, Notary Public, dated June 14, 1976.

According to a plan of survey by Coleman Kuhn, Surveyor, dated December 12, 1985, said property commences at the corner of Poydras Street and South Johnson Street and measures 178'6"5" front on South Johnson Street; thence on a line toward South Galvez Street a distance of 132'3"5", thence on a line toward Poydras Street a distance of 29'3"4", thence on a line towards South Galvez Street a distance of 132'3", thence with a front on South Galvez Street of 29'3"1", thence on a line toward South Johnson Street, a distance of 66'1", thence on a line toward Poydras Street 120' and thence along Poydras Street a distance of 198'5"5" to the point of beginning.

Tract IV

A LOT OF GROUND, together with all the buildings and improvements thereon, and all the rights, ways, servitudes privileges, appurtenances and advantages thereunto belonging or in anywise appertaining situated in the First District of the City of New Orleans, Square 517, bounded by Poydras, South Galvez, Perdido and South Johnson Streets, designated as Lot No. 7, as per title, and designated as Lot No. 25 on City assessment roll, and measures 33 feet, 1 inch front on Poydras Street by a depth of 120 feet according to a plan deposited in the office of A.J. Villere, Notary Public, as plan No. One, a sketch of which is annexed to an act in the office of O. Morel, Notary Public, dated May 1, 1878, R. Gardner.

Improvements thereon bear the Municipal No. 2127-29 Poydras Street.

Being the same property acquired by Daniel Jackson by act dated 6/23/95, registered as CIN 106562 and act dated 2/23/05, registered at CIN 309624, Parish of Orleans, State of Louisiana.

Attachment II

1340 Poydras Street, 4th Floor
New Orleans, Louisiana 70112



Land Records Division
Telephone (504) 407-0005

Chelsey Richard Napoleon
Clerk of Court and Ex-Officio Recorder
Parish of Orleans

DOCUMENT RECORDATION INFORMATION

Instrument Number: 2018-26867

Recording Date: 7/17/2018 09:26:06 AM

Document Type: SALE

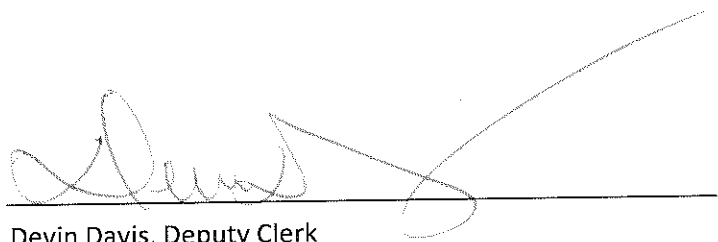
Addtl Titles Doc Types:

Conveyance Instrument Number: 641292

Filed by: CRESCENT TITLE
831 ELYSIAN FIELDS

NEW ORLEANS, LA 70117

**THIS PAGE IS RECORDED AS PART OF YOUR DOCUMENT AND
SHOULD BE RETAINED WITH ANY COPIES.**



Devin Davis, Deputy Clerk
A True and Correct Copy
Chelsey Richard Napoleon, Clerk, Civil District Court

Crescent Title, LLC
 831 Elysian Fields Avenue
 New Orleans, LA 70117
 File No.: 182485

CASH SALE

Sale of Property

by:

Daniel Jackson, Jr.

to:

LSU Health Foundation, New Orleans

United States of America State of Louisiana Parish of Orleans

BE IT KNOWN That on these days of July,
 2018

BEFORE ME, the undersigned notaries public,
 duly commissioned and qualified, and in the
 presence of the witnesses hereinafter named and
 undersigned.

*Personally Came and Appeared,
 In Counter Parts,*

Daniel Jackson, Jr. (SS# XXX-XX-6540), a person of the full age of majority and domiciled in the Parish of Orleans, State of Louisiana, who declared before me, Notary, that he has been married three times; first to Marie Burns from whom he was divorced; second to Emelda Riddle from whom he was divorced; third to Claylee Williams, now deceased, and he has not since remarried.

MAILING ADDRESS: PO Box 58522, New Orleans, LA 70126

Who declare that they do by these presents, grant, bargain, sell, convey, transfer, assign, setover, abandon and deliver, with all legal warranties as to title only, but with full substitution and subrogation in and to all the rights and actions of warranty which they have or may have against all preceding owners and vendors, unto,

LSU Health Foundation, New Orleans (Tax ID# XX-XXX5391), a private Louisiana non-profit organization herein represented and appearing through Matt Altier, its President and Chief Executive Officer, duly authorized by a resolution of its Board of Directors

MAILING ADDRESS: 2000 Tulane Ave., New Orleans, LA 70112

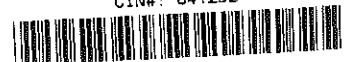
here present, accepting and purchasing for themselves, their heirs and assigns, and acknowledging due delivery and possession thereof, all and singular the following described property, to-wit:

"Description of Property"

A LOT OF GROUND, together with all the buildings and improvements thereon, and all the rights, ways, servitudes, privileges, appurtenances and advantages thereunto belonging or in anywise appertaining situated in the First District of the City of New Orleans, Square No. 517, bounded by Poydras, South Galvez, Perdido and South Johnson Streets, designated as Lot No. 7, as per title, and designated as Lot No. 25 on City assessment roll, and measures 33 feet, 1 inch front on Poydras Street by a depth of 120 feet according to a plan deposited in the office of A.J. Villere, Notary Public, as plan No. One, a sketch of which is annexed to an act in the office of O.

Chelsey Richard Napoleon
 CLERK OF CIVIL DISTRICT COURT
 INST #: 2018-26867 07/17/2018 09:26:06 AM
 TYPE: S 6 PG(S)

CIN#: 641292




**LSU HEALTH FOUNDATION, NEW ORLEANS
RESOLUTION TO PURCHASE IMMOVABLE PROPERTY**

BE IT RESOLVED, that on the 5 day of JULY, 20 18, the Board of Directors of LSU Health Foundation, New Orleans, agreed and consented to purchase the property located at 2127 Poydras St., New Orleans, LA 70112, for such amount and on such terms and conditions and with such clauses and stipulations contained in the Act of Sale and related documents as it thinks proper and advisable.

BE IT RESOLVED, that on the 5 day of JULY, 20 18, the Board of Directors LSU Health Foundation, New Orleans, authorized Matt Altier, to execute all documents for the purchase of the property located at 2127 Poydras St., New Orleans, LA 70112, in the name and on behalf of LSU Health Foundation, New Orleans, for such amount and on such terms and conditions and with such clauses and stipulations contained in the Act of Sale and related documents, which they think proper and advisable, and with further authority to do anything within the premises which may be necessary or advisable to carry out fully all or any of the purposes of this resolution.

I hereby certify that I am the Chairman of the Board of LSU Health Foundation, New Orleans and that the above Resolution is a true and correct copy of a resolution/motion adopted by the Board of Directors conducted on the 5 day of JULY, 20 18, and that same has not been rescinded or revoked or modified in any manner.


Chairman of the Board
Carroll W. Suggs

Morel, Notary Public, dated May 1, 1878, R.Gardner.

Improvements thereon bear the Municipal No. 2127-29 Poydras Street.

Being the same property acquired by Daniel Jackson by act dated 6/23/95, registered at CIN 106562 and act dated 2/23/05, registered at CIN 309624, Parish of Orleans, State of Louisiana.

PURCHASER(S) herein declared that all future notices of ad valorem tax bills and special assessments for the above described property presently for the tax year of 2019 bearing Tax Assessment No. 104104818 are to be forwarded to:

LSU Health Foundation, New Orleans
2127 Poydras St., New Orleans, LA 70112

THIS ACT IS MADE, EXECUTED AND ACCEPTED SUBJECT TO THE FOLLOWING:

1. Any and all restrictions, overlaps, overhangs, servitudes and/or easements, rights of ways and outstanding rights of record which might be shown on a current survey of the property.

THE PARTIES HERETO TAKE COGNIZANCE THAT NO SURVEY ON THE HEREIN DESCRIBED PROPERTY IN CONNECTION WITH THE ACT OF SALE HAS BEEN MADE NOR HAS ONE BEEN PRODUCED OR ATTACHED AND THE PARTIES DO HEREBY RELIEVE AND RELEASE ME, NOTARY, FROM ANY AND ALL LIABILITY, RESPONSIBILITY OR DAMAGE INCLUDING COURT COSTS AND ATTORNEYS FEES IN CONNECTION THEREWITH.

See WAIVER OF WARRANTY and REDHIBITION RIGHTS ADDENDUM attached hereto and made a part hereof.

To have and to hold the above described property unto the said purchaser(s) themselves, their heirs and assigns forever.

This sale is made and accepted for and in consideration of the price and sum of One Hundred Seventy-Five Thousand And No/100 Dollars (\$175,000.00) which the said purchaser(s) have well and truly paid, in ready and current money to the said vendors who hereby acknowledge the receipt thereof and grant full acquittance and discharge therefore.

All State and City taxes up to and including the taxes due and exigible for the current tax year are paid as per a research of the tax rolls for the year 2018. The 2018 taxes have been prorated to the date of this act of sale. Payment for all future taxes is assumed by purchaser herein.

By reference to the certificates of the Conveyance and Mortgage records in and for the Parish of Orleans, it does not appear that said property has been heretofore alienated by the Vendor or that it is subject to any unpaid encumbrances whatsoever.

Vendor is bound and obligated to have cancelled and erased immediately any inscriptions that may appear that would adversely affect the title to the herein described property.



WAIVER OF WARRANTY AND REDHIBITION RIGHTS ADDENDUM

It is expressly agreed that the immovable property herein conveyed and all improvements and component parts, plumbing, electrical systems, mechanical equipment, heating and air conditioning systems, built-in appliances, and all other items located hereon are conveyed by Seller and accepted by Purchaser "AS IS, WHERE IS," without any warranties of any kind whatsoever, even as to the metes and bounds, zoning, operation, or suitability of the property for the use intended by the Purchaser, without regard to the presence of apparent or hidden defects and with the Purchaser's full and complete waiver of any and all rights for the return of all or any part of the purchase price by reason of any such defects.

Purchaser acknowledges and declares that neither the Seller nor any party, whomsoever, acting or purporting to act in any capacity whatsoever on behalf of the Seller has made any direct, indirect, explicit or implicit statement, representation or declaration, whether by written or oral statement or otherwise, and upon which the Purchaser has relied, concerning the existence or non-existence of any quality, characteristic or condition of the property herein conveyed. Purchaser has had full, complete and unlimited access to the property herein conveyed for all tests and inspections which Purchaser, in Purchaser's sole discretion, deems sufficiently diligent for the protection of Purchaser's interests.

Purchaser expressly waives the warranty of fitness and the warranty against redhibitory vices and defects, whether apparent or latent, imposed by Louisiana Civil Code Articles 2520 through 2548, inclusive, and any other applicable state or federal law and the jurisprudence thereunder.

Purchaser also waives any rights Purchaser may have in redhibition to a return of the purchase price or to a reduction of the purchase price paid pursuant to Louisiana Civil Code Articles 2520 to 2548, inclusive, in connection with the property hereby conveyed to Purchaser by Seller. By Purchaser's signature, Purchaser expressly acknowledges all such waivers and Purchaser's exercise of Purchaser's right to waive warranty pursuant to Louisiana Civil Code Article 2520 and 2548, inclusive.

Daniel Jackson Jr.
Daniel Jackson, Jr.

LSU Health Foundation, New Orleans

BY: *Matt Altier*
Matt Altier
President and Chief Executive Officer

' Thus Done and Passed, on July 10, 2018 in my office in New Orleans, Louisiana
in the presence of the competent witnesses, who hereunto sign their names with the said
appearers, and me, Notary, after reading the whole.

WITNESSES:

SIGN Joseph Harness
PRINT Joseph Harness

SIGN Joan D. Landry
PRINT Joan D. Landry

PURCHASER(S):

LSU Health Foundation, New Orleans

BY: Matt Altier
Matt Altier
President and Chief Executive Officer

Amy G. Smith
Amy G. Smith
Bar Roll/ID No.: 093826
Notary Public

My commission is for life.



Title Ins. Prod.: Crescent Title, LLC
Address: 831 Elysian Fields Avenue, New Orleans, LA 70117
Prod. Lic #: 300974
Title Ins. Underwriter: First American Title Insurance Company of Louisiana
Title Opinion by: Jean Norton
La Bar Roll #: 1831

Thus Done and Passed, on July 13, 2018 in my office in New Orleans, Louisiana in the presence of the competent witnesses, who hereunto sign their names with the said appearers, and me, Notary, after reading the whole.

WITNESSES:

SIGN
PRINT

Toni P. Rizzuto
Toni P. Rizzuto

SIGN
PRINT

Belle Richoux
Belle Richoux

SELLER(S):

Daniel Jackson Jr.
Daniel Jackson, Jr.

Jean Norton

Bar Roll/ID No.: 01831

Notary Public



ATTACHMENT III

SITE PLAN

PROPERTY TO BE DONATED

Figure 1. SQ 517 is in the LSUHSC Master Plan Focus Area for Acquisitions

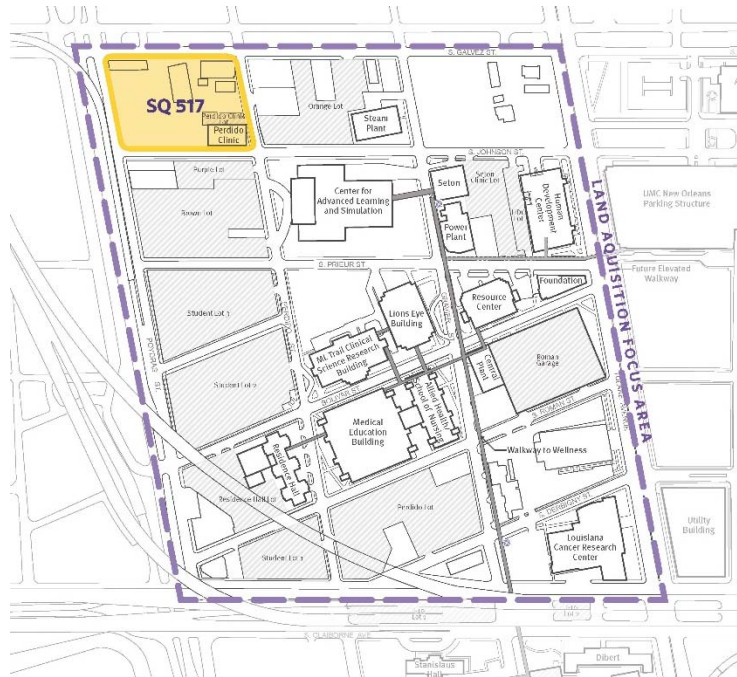


Figure 2. Property to be donated includes Lot 25, Square 517



The property to be donated consists of a single parcel on SQ 517 in the First Municipal District of the City of New Orleans, Parish of Orleans, State of Louisiana. Lot 25 is recognized by the location

The property to be donated consists of several parcels on SQ 517 in the First Municipal District of the City of New Orleans, Parish of Orleans, State of Louisiana. The total area is 46,297SF or 1.06 acres. This legal description is composed of the legal descriptions of each parcel which are identified by the location address recognized by the City of New Orleans.

Figure 3. Adjacent Property to be Donated



3.1 Location Address: 2123 POYDRAS ST is located on SQ 517 and consists of LOT 6; 31'9" x 120'; LOT 5; 34'5" x 149'; LOT 28; 132' x 74'; in entirety.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, LOUISIANA, in SQUARE 517, bounded by Poydras, S Galvez, Perdido and S Johnson Streets, designated as Lot "A" on a survey by Adloe Orr, Surveyor, dated July 30, 1938 annexed to an act passed before William J Guste, Notary Public, dated September 19, 1938, according to which survey said portion of ground forms the corner of Poydras Street and South Johnson Street and measures as follows: Commencing at the corner of Poydras and South Johnson Streets, said property measures a distance of 74 feet front on South Johnson Street in the direction of Perdido Street; thence on a line parallel with Poydras Street in the direction of South Galvez Street a distance of 132 feet, 3 inches and 5 lines; thence on a line parallel with South Johnson Street in the direction of Perdido Street, a distance of 75 feet; thence on a line parallel with Poydras Street in the direction of South Galvez Street, a distance of 34 feet 5 inches; thence on a line parallel with South Johnson Street in the direction of Poydras Street, a distance of 29 feet along the rear line of Lot 9; thence on a line parallel with Poydras Street in the direction of South Galvez Street, a distance of 31 feet, 9 inches; thence on a line parallel with South Johnson Street in the direction of Poydras Street, a distance of 120 feet to the property line of Poydras Street, thence along the property line of Poydras Street, a distance of 198 feet, 5 inches, 5 lines to the corner of South Johnson Street, which is the Point of Beginning. According to said survey by Adloe Orr, dated July 30, 1938, said Lot A is composed of original lots 26, 27 and 28.

According to a plan of survey by Gilbert & Kelly, Surveyors dated September 25, 1945 a copy of which is annexed to a sale by Thomas J. Flanagan, Jr to Crescent Tractor Tractor & Implement Company, passed before Alexis Brian, Notary Public, dated September 26, 1945, said Lot "A" bears the same dimensions and is similarly situated as aforesaid and according to said survey said Lot A is composed of the front portion of Lots 1,2,3 and 4 and the whole of Lots 5 and 6 of Square 517, First District New Orleans, La.

3.2 Location Address: 632 S GALVEZ ST is located on SQ 517 LOT 23; 29'3" x 97' in entirety.

THAT PORTION OF GROUND, situated in the FIRST DISTRICT OF NEW ORLEANS, LOUISIANA, in SQUARE 517, bounded by Poydras, S Galvez, Perdido and S. Johnson Streets, designated as Lot 9, which said lot, according to a survey by Gilbert & Kelly, Surveyors, dated February 24, 1945, a copy of which is annexed to an act passed before Malcolm deLahoussaye, Notary Public, dated March 15, 1945, commences at a distance of 120 feet from the corner of South Galvez and Poydras Streets and measures thence 29 feet, 3 inches 1 line front of South Galvez Street, same width in the rear, by a depth of 97 feet, 10 inches between equal and parallel lines.

The above description is in accordance with the survey by Errol E. Kelly, Surveyor, dated June 9, 1966, a copy of which is annexed to an act passed before Curtis Allen Hennessy, Notary Public, dated June 14, 1976, with the exception of the particular measurement along the rear of Lot 9, on which survey measurements appears as 29 foot (title) and 29 feet, 3 inches, 1 line (actual)

3.3 Location Address: 635 S JOHNSON ST is located on SQ 517 LOT 5 and PT LOT 6; 52'3" x 132'3"; PT LOT 6 and LOT 7; 52'3" x 132'3".

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO. 517, bounded by Poydras, S Galvez, Perdido and S Johnson Streets, designated as Lot 26—B on the survey by Gilbert & Kelly, Surveyors, dated May 28, 1949, a copy of which is annexed to an act passed before Frank Moran, Notary Public, dated July 8, 1949, which is annexed to an act 1949, which lot measures 52 feet, 3 inch and 2 lines actual and plan measurement, feet, (52 feet 3 inches and 5 lines, title measurement) front of South Johnson Street; 52 feet 3 inches and 2 lines in width in the rear, by a depth between equal and parallel lines of 132 feet, 3 inches and 5 lines. Said portion of ground commences at a distance of 74 feet from the corner of South Johnson and Poydras Streets and is composed of the rear of Lots Nos 1, 2, 3, and 4 and the adjoining 6 feet, 3 inches and 2 lines of Lot No 26.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO 517, bounded by Poydras, S. Galvez, Perdido and S. Johnson Streets, designated as Lot 25-A on the survey by Gilbert & Kelly, Surveyors, dated May 28, 1949, a copy of which is annexed to an act passed before Frank Moran, Notary Public, dated July 8, 1949, which lot measures 52 feet, 3 inches and 2 lines actual and plan measurement (52 feet 3 inches and 5 lines, title measurement) front on South Johnson Street, same width in the rear, by 132 feet 3 inches and 5 lines in depth between equal and parallel lines, lying at a distance of 126 feet, 3 inches and 2 lines from the corner of Poydras and South Johnson Streets and 207 feet 9 inches and 3 lines from the corner of Perdido and South Johnson Streets, and is composed of parts of Lot No 26 and the whole of Lot No 25 on a sketch annexed to an act passed before Fred Diebel, Notary Public, in this City on July 25, 1898.

The above descriptions and measurements are also in accordance with the survey by Errol E. Kelly, Surveyor, dated June 9, 1966, a copy of which is annexed to an act passed before Curtis Allen Hennessy, Notary Public, dated June 14, 1976.

3.4 Location Address: 625 S JOHNSON ST is located on SQ 517 LOT 8; 29'3" x 123'3" in entirety.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, designated by the NO. 24 in SQUARE NO. 517, bounded by Poydras, Galvez, Perdido and Johnson Streets, on a plan by L. Bringer, dated April 20, 1839, and deposited in the office of D.L. McCay,

late notary, which said lot measures 29 feet, 3 inches, 1 line on South Johnson Street, by a depth between parallel lines of 132 feet, 3 inches 5 lines, according to survey of Gilbert & Kelly, Surveyors, dated July 29, 1943, said property hereinabove described is situated in the said District and Square, designated by the same lot number and is bounded by Poydras, South Galvez, Perdido and South Johnson Streets, and has the same measurements as hereinabove set forth, said LOT No. 24 commencing at a distance of 178 feet, 6 inches 2 lines from the corner of S. Johnson and Perdido Streets.

3.5 Location Address: 621 S JOHNSON ST is located on SQ 517 LOT9; 29'3" x 132'3" in entirety.

ONE CERTAIN LOT OR PORTION OF GROUND, situated in the FIRST DISTRICT of the CITY OF NEW ORLEANS, STATE OF LOUISIANA, in SQUARE NO 517, bounded by Poydras, S. Galvez, Perdido and S Johnson Streets, designated as LOT NO. 23 on a plan of L. Bringer, dated April 20, 1839, and deposited in the office of D.L. McCay, late notary, which said lot measures 29 feet, 3 inches, 1 line on South Johnson Street, by 132 feet, 3 inches, 5 lines in depth according to survey of Gilbert & Kelly, Surveyors, dated May 8, 1934, redated August 5, 1944, wherein said property has the same measurements and designations and commences 149 feet, 3 inches, 1 line from the corner of Perdido and South Johnson Streets.

3.6 Location Address: 617 S JOHNSON ST is located on SQ 517 LOT 10; 29'3" x 132'3" in entirety.

That portion of ground, situated in the First Municipal District of the City of New Orleans, State of Louisiana, in SQUARE 517, according to which said lot commences at a distance of 120 feet from the corner of S. Johnson and Perdido Streets, and measures thence 29 feet 3 inches 1 line front on S. Johnson Street, the same in width in the rear by a depth of 132 feet 3 inches 5 lines between equal and parallel lines.



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

November 15, 2019

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


Dear Dr. Alexander,

Pursuant to the following clause within Article VI, Section 1(d), Gifts and Grants, Conditions of Acceptance, of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter."

The LSU Health Sciences Center – New Orleans proposes that the Board of Supervisors of the University of Louisiana System accept a donation of property from the LSU Health Foundation New Orleans, pursuant to the mission of the Foundation to support the six Professional Schools and eight Centers of Excellence comprising the LSU Board of Supervisors, on behalf of the LSU Health Sciences Center - New Orleans (LSUHSCNO), Foundation wishes to donate to LSUHSCNO a certain lot of ground, together with all the buildings and improvements, appurtenances, and advantages thereto belonging or in anywise appertaining, situated in the First District of New Orleans, in Square No. 517, as further described in Exhibit A, attached.

The Health Sciences Center is respectfully requesting approval of this donation. 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,


Larry Hollier, MD
Chancellor

Medicaid Forecast for Fiscal Year 2019-2020 to Fiscal Year 2023-2024

Medicaid Subcommittee
of the Health and Social Services Estimating Conference

1/27/2020

Medicaid Subcommittee of the Health and Social Services Estimating Conference

Overview of the Medicaid Forecast

Guiding Principles

Pursuant to R.S. 39:21.1(A), the Medicaid Forecast is “based on the assumption that current laws and current administrative practices will remain in effect throughout the period for which the information will be used.” Therefore, the forecast does not adjust for proposed changes in policy or reimbursement methodologies that have not been enacted at the state or federal level. The Subcommittee will meet after the budget is enacted each year to revise the forecast to reflect the appropriation for the Medicaid program as enacted and incorporate the impact of any changes in law or policy during the regular legislative session.

The forecast does factor projected utilization of services, increases in the costs of services, increases in managed care premiums, and changes in enrollment in the program into the estimates of future expenditures.

The assumptions of funding for the LSU Public Private Partnership Hospitals in the forecast are based on the amounts appropriated and agreements between the state and the partner hospitals in place at the time that the forecast is adopted.

Organization of the Forecast

This forecast consists of two components:

- (1) A projection of the number of individuals enrolled in the Medicaid program and
- (2) A projection of the cost of the various payments made by the state to purchase health care services for those enrollees.

The enrollment projections separate enrollees within broad eligibility categories.

The projections of expenditures on payments for services are split into two time frames – a short-term forecast consisting of Fiscal Years 2019-2020 and 2020-2021 and a long-range forecast consisting of Fiscal Years 2021-2022, 2022-2023 and 2023-2024. Further, the cost projections are divided according to the four programs that structure the budget for Schedule 09-306 Medical Vendor Payments in the General Appropriation Act:

- (1) Payments to Private Providers;
- (2) Payments to Public Providers;
- (3) Medicare Buy-Ins and Supplements; and
- (4) Uncompensated Care Costs.

It is important to also note that the Payments to Private Providers Program has three distinct parts for the purposes of this forecast:

- (a) Legacy (Fee-for-Service) Medicaid Program – Under fee-for-service, the state pays providers directly for each covered service received by a Medicaid beneficiary.
- (b) Medicaid Managed Care Programs – Under managed care, the state pays a monthly fee to a managed care plan for each person enrolled in the plan. In turn, the plan pays providers for all of the Medicaid services a beneficiary may receive that are included in the plan’s contract with the state.
- (c) Pharmacy Rebates – The rebate program is reimbursements received by the state to offset the costs of most prescription drugs dispensed to Medicaid patients.














The summary document preceding and the four addenda following the Forecast document are not components of the Official Forecast of the Medicaid Program and are for informational purposes only. The addenda are as follows:

- Addendum A – Summary of Payments to the LSU Public Private Partnership Hospitals;
- Addendum B – Description of Items Termed "Other";
- Addendum C1 & C2 – Overview of Mandatory and Optional Services and Populations; and
- Addendum D – Match Rates.

Medicaid Subcommittee of the Health and Social Services Estimating Conference

Overview of the Medicaid Forecast

Guide to Color Coding in the Forecast

-  Enrollment Data
-  Entire Medicaid Program
 -  Payments to Private Providers Program
 -  Legacy (Fee-for-Service) Medicaid Program
 -  Medicaid Managed Care Programs
 - Healthy Louisiana
 -  Non-Expansion Population
 -  Expansion Population
 - Dental Benefits
 -  Non-Expansion Population
 -  Expansion Population
 - Louisiana Behavioral Health Partnership and Coordinated of System of Care
 -  Pharmacy Rebates
 -  Payments to Public Providers Program
 -  Medicare Buy-Ins and Supplements Program
 -  Uncompensated Care Costs Program

Medicaid Subcommittee of the Health and Social Services Estimating Conference

Summary of the Medicaid Forecast

ADOPTED ON FEBRUARY 6, 2019	ACTUALS	FORECAST				
	Fiscal Year 2017-2018	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2020-2021	Fiscal Year 2021-2022	Fiscal Year 2022-2023
Total Enrollment	1,661,521	1,697,938	1,748,845	1,766,334	1,783,997	1,801,837
Payments to Private Providers						
Legacy (Fee-for-Service) Medicaid Program	\$2,638,671,349	\$2,723,696,730	\$2,892,290,427	\$3,025,326,384	\$3,165,369,401	\$3,313,413,022
Medicaid Managed Care Programs						
Non-Expansion Payments	\$4,716,711,692	\$5,080,374,966	\$5,066,232,269	\$5,268,881,560	\$5,479,636,822	\$5,698,822,295
Expansion Payments	\$3,080,403,804	\$3,192,545,838	\$3,751,513,401	\$3,901,573,937	\$4,057,636,894	\$4,219,942,370
Total Managed Care Payments	\$7,797,115,496	\$8,272,920,804	\$8,817,745,670	\$9,170,455,497	\$9,537,273,716	\$9,918,764,665
Subtotal Payments to Private Providers	\$10,435,786,845	\$10,996,617,534	\$11,710,036,097	\$12,195,781,881	\$12,702,643,117	\$13,232,177,687
Pharmacy Rebates	(\$630,613,731)	(\$603,114,920)	(\$665,556,596)	(\$679,533,285)	(\$685,649,084)	(\$691,819,926)
Net Payments to Private Providers (Subtotal Less Rebates)	\$9,805,173,114	\$10,393,502,614	\$11,044,479,501	\$11,516,248,596	\$12,016,994,033	\$12,540,357,761
Payments to Public Providers	\$184,630,528	\$193,422,900	\$217,675,689	\$230,845,068	\$244,695,772	\$259,377,518
Medicare Buy-Ins and Supplements	\$515,978,684	\$528,138,514	\$546,556,636	\$573,564,195	\$601,043,706	\$630,961,950
Uncompensated Care Costs	\$1,090,547,492	\$1,064,702,202	\$1,070,506,006	\$1,070,506,006	\$1,070,506,006	\$1,070,506,006
Total Payments	\$11,596,329,818	\$12,179,766,230	\$12,879,217,832	\$13,391,163,865	\$13,933,239,517	\$14,501,203,235
Total State Effort ¹	\$3,225,074,763	\$3,310,761,787	\$3,356,654,744	Not Available	Not Available	Not Available
PROPOSED ON JANUARY 27, 2020	ACTUALS	FORECAST				
	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2020-2021	Fiscal Year 2021-2022	Fiscal Year 2022-2023	Fiscal Year 2023-2024
Total Enrollment	1,556,584	1,558,434	1,554,100	1,549,806	1,545,551	1,541,334
Payments to Private Providers						
Legacy (Fee-for-Service) Medicaid Program	\$2,668,080,212	\$2,889,164,095	\$3,077,452,365	\$3,224,444,952	\$3,374,900,767	\$3,532,121,921
Medicaid Managed Care Programs						
Non-Expansion Payments	\$4,994,113,582	\$5,305,690,389	\$5,619,490,477	\$5,553,648,465	\$5,609,184,950	\$5,665,276,800
Expansion Payments	\$3,133,515,815	\$3,576,859,323	\$3,887,341,020	\$3,881,086,299	\$3,958,708,025	\$4,037,882,186
Total Managed Care Payments	\$8,127,629,397	\$8,882,549,712	\$9,506,831,497	\$9,434,734,764	\$9,567,892,975	\$9,703,158,986
Subtotal Payments to Private Providers	\$10,795,709,609	\$11,771,713,807	\$12,584,283,862	\$12,659,179,716	\$12,942,793,742	\$13,235,280,907
Pharmacy Rebates	(\$571,765,585)	(\$747,215,337)	(\$747,215,337)	(\$767,763,759)	(\$790,028,908)	(\$812,939,746)
Net Payments to Private Providers (Subtotal Less Rebates)	\$10,223,944,024	\$11,024,498,470	\$11,837,068,525	\$11,891,415,957	\$12,152,764,834	\$12,422,341,161
Payments to Public Providers	\$188,271,418	\$223,409,702	\$239,071,627	\$239,071,627	\$239,071,627	\$239,071,627
Medicare Buy-Ins and Supplements	\$537,836,897	\$574,291,316	\$553,768,801	\$579,051,032	\$609,051,465	\$643,940,732
Uncompensated Care Costs	\$1,093,683,097	\$1,177,019,310	\$1,143,606,143	\$1,143,606,143	\$1,143,606,143	\$1,143,606,143
Total Payments	\$12,043,735,436	\$12,999,218,798	\$13,773,515,096	\$13,853,144,759	\$14,144,494,069	\$14,448,959,663
Total State Effort ¹	\$3,240,399,200	\$3,438,926,943	\$3,674,601,153	Not Available	Not Available	Not Available
DIFFERENCE FEBRUARY 6, 2019 TO JANUARY 27, 2020	ACTUALS	FORECAST				
	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2020-2021	Fiscal Year 2021-2022	Fiscal Year 2022-2023	Fiscal Year 2023-2024
Total Enrollment	(141,354)	(190,411)	(212,234)	(234,191)	(256,286)	1,541,334
Payments to Private Providers						
Legacy (Fee-for-Service) Medicaid Program	(\$55,616,518)	(\$3,126,332)	\$52,125,981	\$59,075,551	\$61,487,745	\$3,532,121,921
Medicaid Managed Care Programs						
Non-Expansion Payments	(\$86,261,384)	\$239,458,120	\$350,608,917	\$74,011,643	(\$89,637,345)	\$5,665,276,800
Expansion Payments	(\$59,030,023)	(\$174,654,078)	(\$14,232,917)	(\$176,550,595)	(\$261,234,345)	\$4,037,882,186
Total Managed Care Payments	(\$145,291,407)	\$64,804,042	\$336,376,000	(\$102,538,952)	(\$350,871,690)	\$9,703,158,986
Subtotal Payments to Private Providers	(\$200,907,925)	\$61,677,710	\$388,501,981	(\$43,463,401)	(\$289,383,945)	\$13,235,280,907
Pharmacy Rebates	\$31,349,335	(\$81,658,741)	(\$67,682,052)	(\$82,114,675)	(\$98,208,982)	(\$812,939,746)
Net Payments to Private Providers (Subtotal Less Rebates)	(\$169,558,590)	(\$19,981,031)	\$320,819,929	(\$125,578,076)	(\$387,592,927)	\$12,422,341,161
Payments to Public Providers	(\$5,151,482)	\$5,734,013	\$8,226,559	(\$5,624,145)	(\$20,305,891)	\$239,071,627
Medicare Buy-Ins and Supplements	\$9,698,383	\$27,734,680	(\$19,795,394)	(\$21,992,674)	(\$21,910,485)	\$643,940,732
Uncompensated Care Costs	\$28,980,895	\$106,513,304	\$73,100,137	\$73,100,137	\$73,100,137	\$1,143,606,143
Total Payments	(\$136,030,794)	\$120,000,966	\$382,351,231	(\$80,094,758)	(\$356,709,166)	\$14,448,959,663
Total State Effort ¹	(\$70,362,587)	\$82,272,199	Not Available	Not Available	Not Available	Not Available

Notes:

1. The estimate of the "Total State Effort" required to finance the Medicaid program is based on the application of the appropriate match rate to the projections of costs associated with the enrollment and utilization of services as provided for in the Forecast as adopted. As the Federal Medical Assistance Percentage (FMAP) is adjusted on a yearly basis and calculated based on state and national income data, it is not feasible to project the FMAP for Fiscal Years 2022-2024.

Medicaid Subcommittee of the Health and Social Services Estimating Conference

Medicaid Forecast

Enrollment

Eligibility Category	Fiscal Year 2018-2019	Fiscal Year 2019-2020 <i>Adopted 1-27-20</i>			Fiscal Year 2020-2021 <i>Adopted 1-27-20</i>			Fiscal Year 2021-2022 <i>Adopted 1-27-20</i>			Fiscal Year 2022-2023 <i>Adopted 1-27-20</i>			Fiscal Year 2023-2024 <i>Adopted 1-27-2</i>
	<i>ACTUALS</i>	Adopted on 2/6/19	Proposed 1/27/20	<i>Difference</i>	Adopted on 2/6/19	Proposed 1/27/20	<i>Difference</i>	Adopted on 2/6/19	Proposed 1/27/20	<i>Difference</i>	Adopted on 2/6/19	Proposed 1/27/20	<i>Difference</i>	Proposed 1/27/20
Families and Children	752,959	848,065	757,806	(90,258)	856,545	754,017	(102,528)	865,111	750,247	(114,864)	873,762	746,496	(127,266)	742,764
Adults (Expansion Group)	454,638	561,119	454,720	(106,399)	566,731	452,446	(114,285)	572,398	450,184	(122,214)	578,122	447,933	(130,189)	445,693
Disabled	224,320	219,498	222,341	2,842	221,693	223,452	1,759	223,910	224,569	659	226,149	225,692	(457)	226,820
Aged	124,667	120,163	123,567	3,404	121,364	124,185	2,821	122,578	124,806	2,228	123,804	125,430	1,626	126,057
Total Enrollment	1,556,584	1,748,845	1,558,434	(190,411)	1,766,334	1,554,100	(212,234)	1,783,997	1,549,806	(234,191)	1,801,837	1,545,551	(256,286)	1,541,334

Medicaid Subcommittee of the Health and Social Services Estimating Conference

Medicaid Forecast

Short-term Forecast: Fiscal Years 2019-2020 and 2020-2021

Payments					
Program	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast <i>Adopted 1-27-20</i>			Fiscal Year 2020-2021 Forecast
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Payments to Private Providers	\$10,223,944,024	\$11,044,479,501	\$11,024,498,470	(\$19,981,031)	\$11,837,068,525
Payments to Public Providers	\$188,271,418	\$217,675,689	\$223,409,702	\$5,734,013	\$239,071,627
Medicare Buy-Ins and Supplements	\$537,836,897	\$546,556,636	\$574,291,316	\$27,734,680	\$553,768,801
Uncompensated Care Costs	\$1,093,683,097	\$1,070,506,006	\$1,177,019,310	\$106,513,304	\$1,143,606,143
Total Payments	\$12,043,735,436	\$12,879,217,832	\$12,999,218,798	\$120,000,966	\$13,773,515,096

Payments to Private Providers	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast <i>Adopted 1-27-20</i>			Fiscal Year 2020-2021 Forecast
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Legacy (Fee-for-Service) Medicaid Program Payments	\$2,668,080,212	\$2,892,290,427	\$2,889,164,095	(\$3,126,332)	\$3,077,452,365
Medicaid Managed Care Programs					
Healthy Louisiana Program					
Non-Expansion	\$4,784,176,044	\$4,831,423,680	\$5,051,671,755	\$220,248,075	\$5,346,694,681
Expansion	\$3,119,368,834	\$3,735,224,277	\$3,561,624,117	(\$173,600,160)	\$3,871,090,513
Total Healthy Louisiana Payments	\$7,903,544,878	\$8,566,647,957	\$8,613,295,872	\$46,647,915	\$9,217,785,194
Dental Benefits					
Non-Expansion	\$157,961,084	\$163,213,022	\$181,155,405	\$17,942,383	\$197,942,126
Expansion	\$14,146,981	\$16,289,124	\$15,235,206	(\$1,053,918)	\$16,250,507
Total Dental Benefits Payments	\$172,108,065	\$179,502,146	\$196,390,611	\$16,888,465	\$214,192,633
Louisiana Behavioral Health Partnership and Coordinated System of Care	\$51,976,454	\$71,595,567	\$72,863,229	\$1,267,662	\$74,853,670
Total Managed Care Payments	\$8,127,629,397	\$8,817,745,670	\$8,882,549,712	\$64,804,042	\$9,506,831,497
Pharmacy Rebates	(\$571,765,585)	(\$665,556,596)	(\$747,215,337)	(\$81,658,741)	(\$747,215,337)
Total (Payments less Rebates)	\$10,223,944,024	\$11,044,479,501	\$11,024,498,470	(\$19,981,031)	\$11,837,068,525

Adopted 1-27-20

Legacy (Fee-for-Service) Medicaid Program	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast Adopted 1-27-20			Fiscal Year 2020-2021 Forecast
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Ambulatory Surgical Centers	\$2,014,463	\$2,129,962	\$2,070,804	(\$59,158)	\$2,239,855
Case Management Services	\$7,432,377	\$7,731,565	\$7,634,225	(\$97,340)	\$8,231,763
Durable Medical Equipment	\$10,028,984	\$11,682,377	\$10,118,426	(\$1,563,951)	\$10,923,663
Early and Periodic Screening, Diagnosis and Treatment (EPSDT)	\$17,139,220	\$20,388,366	\$20,025,625	(\$362,741)	\$23,300,000
Early Steps	\$10,728,828	\$11,454,293	\$11,789,069	\$334,776	\$12,699,522
Family Planning Services	\$346,610	\$338,235	\$455,626	\$117,391	\$491,838
Federally Qualified Health Centers	\$2,145,413	\$2,314,513	\$2,229,226	(\$85,287)	\$2,456,924
Hemodialysis Services	\$23,233,786	\$25,206,422	\$24,074,976	(\$1,131,446)	\$27,329,136
Home Health Services	\$13,746,941	\$17,463,644	\$12,901,598	(\$4,564,046)	\$14,545,640
Hospice Services	\$68,056,156	\$69,695,765	\$70,677,126	\$981,361	\$74,022,511
Hospital – Inpatient Services	\$113,182,379	\$129,509,028	\$103,947,757	(\$25,561,271)	\$121,109,106
Hospital – Outpatient Services	\$43,676,900	\$51,488,021	\$47,309,796	(\$4,178,225)	\$52,807,947
Intermediate Care Facilities for the Developmentally Disabled (ICF-DD Community Homes)	\$229,824,915	\$261,861,200	\$270,406,525	\$8,545,325	\$285,314,928
Laboratory and X-Ray Services	\$5,378,867	\$5,782,699	\$5,188,830	(\$593,869)	\$5,250,088
Long Term Personal Care Services (LT-PCS)	\$139,235,867	\$161,750,490	\$187,894,807	\$26,144,317	\$189,136,816
Mental Health - Inpatient Services	\$7,591,650	\$8,362,578	\$7,556,314	(\$806,264)	\$8,702,784
Nursing Homes	\$1,045,663,458	\$1,099,679,584	\$1,090,375,309	(\$9,304,275)	\$1,187,657,166
Program for All-Inclusive Care for the Elderly (PACE)	\$16,036,688	\$19,892,050	\$17,058,473	(\$2,833,577)	\$17,520,233
Pediatric Day Health Care Centers	\$2,256,859	\$2,690,028	\$2,353,799	(\$336,229)	\$2,694,673
Pharmaceutical Products and Services	\$72,830,444	\$97,178,895	\$77,849,426	(\$19,329,469)	\$86,169,294
Physicians Services	\$28,843,471	\$30,300,046	\$25,663,288	(\$4,636,758)	\$27,156,766
Rural Health Clinics	\$4,961,593	\$4,954,726	\$4,535,749	(\$418,977)	\$5,314,068
Transportation – Emergency – Ambulance	\$4,783,647	\$5,611,192	\$4,821,833	(\$789,359)	\$5,246,526
Transportation – Non-Emergency – Ambulance	\$846,547	\$838,242	\$977,190	\$138,948	\$988,163
Waiver Services – Adult Day Health	\$6,445,502	\$8,946,888	\$8,068,950	(\$877,938)	\$7,874,497
Waiver Services – Children's Choice	\$13,164,259	\$16,664,329	\$0	(\$16,664,329)	\$0
Waiver Services – Community Choices	\$99,095,730	\$117,525,798	\$107,482,853	(\$10,042,945)	\$121,224,678
Waiver Services – New Opportunities (NOW)	\$472,433,057	\$494,220,960	\$0	(\$494,220,960)	\$0
Waiver Services – Residential Options (ROW)	\$11,168,112	\$20,851,043	\$0	(\$20,851,043)	\$0
Waiver Services – Supports	\$13,548,213	\$13,496,587	\$0	(\$13,496,587)	\$0
Waiver Services – Most Appropriate Waiver (MAW)	\$0	\$0	\$584,070,153	\$584,070,153	\$585,040,340
Waiver Services – ACT 421 of 2019 RLS	\$0	\$0	\$0	\$0	\$13,600,000
Other Private Providers	\$361,410	\$716,179	\$392,373	(\$323,806)	\$567,596
Supplemental Payments	\$181,877,866	\$171,562,722	\$181,233,969	\$9,671,247	\$177,835,844
Total Legacy (Fee-for-Service) Medicaid Program	\$2,668,080,212	\$2,892,290,437	\$2,889,164,095	(\$3,126,332)	\$3,077,452,365

Adopted
1-27-20

Medicaid Managed Care – Healthy Louisiana Program Non-Expansion Population	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast <i>Adopted 1-27-20</i>			Fiscal Year 2020-2021 Forecast
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Supplemental Security Income					
Total Payments	\$1,624,907,747	\$1,608,146,141	\$1,834,466,964	\$226,320,823	\$2,115,174,435
Member Months	1,275,569	1,274,569	1,358,925	\$84,356	1,369,572
Average Monthly Premium	\$1,273.87	\$1,261.72	\$1,349.94	\$88	\$1,544.41
Family and Children					
Total Payments	\$2,522,496,341	\$2,512,219,001	\$2,458,101,620	(\$54,117,381)	\$2,462,398,599
Member Months	9,418,184	9,486,219	9,054,010	(\$432,209)	8,655,016
Average Monthly Premium	\$267.83	\$264.83	\$271.49	\$7	\$284.51
Breast and Cervical Cancer					
Total Payments	\$12,143,064	\$12,679,665	\$9,414,236	(\$3,265,429)	\$10,038,702
Member Months	5,123	5,284	3,734	(1,550)	3,660
Average Monthly Premium	\$2,370.30	\$2,399.63	\$2,521.22	\$121.59	\$2,742.81
LaCHIP Affordable Plan					
Total Payments	\$8,049,214	\$9,173,866	\$5,680,606	(\$3,493,260)	\$8,181,553
Member Months	36,808	39,425	24,410	(15,015)	34,571
Average Monthly Premium	\$218.68	\$232.69	\$232.72	\$0.02	\$236.66
Home and Community-based Services					
Total Payments	\$40,279,742	\$45,606,296	\$52,906,953	\$7,300,657	\$57,229,919
Member Months	24,392	25,732	30,281	4,549	30,900
Average Monthly Premium	\$1,651.35	\$1,772.36	\$1,747.20	(\$25.16)	\$1,852.10
Chisholm Class Members					
Total Payments	\$48,703,500	\$51,862,947	\$57,065,383	\$5,202,436	\$58,755,410
Member Months	34,870	34,322	38,731	4,409	39,468
Average Monthly Premium	\$1,396.72	\$1,511.07	\$1,473.38	(\$37.69)	\$1,488.68
Foster Care					
Total Payments	\$95,756,993	\$94,404,880	\$87,017,749	(\$7,387,131)	\$83,692,870
Member Months	153,781	152,513	159,683	\$7,170	160,176
Average Monthly Premium	\$622.68	\$619.00	\$544.94	(\$74)	\$522.51
Retros					
Total Payments	\$101,834,314	\$88,979,765	\$210,684,835	\$121,705,070	\$219,552,377
Member Months	54,383	59,822	59,822	0	65,804
Average Monthly Premium	\$1,872.53	\$1,487.41	\$3,521.86	\$2,034.45	\$3,336.46
Maternity Kick Payment					
Total Payments	\$267,811,222	\$334,781,691	\$269,294,964	(\$65,486,727)	\$265,810,023
Number of Delivery Events	23,865	27,048	22,769	(4,279)	23,100
Payment Per Delivery Event	\$11,221.92	\$12,377.32	\$11,827.26	(\$550.05)	\$11,506.93
Specialized Behavioral Health Services and Non-Emergency Medical Transportation Services					
Total Payments	\$62,193,908	\$73,569,428	\$67,038,445	(\$6,530,983)	\$65,860,793
Member Months	1,474,395	1,412,309	1,555,217	142,908	1,572,248
Average Monthly Premium	\$42.18	\$52.09	\$43.11	(\$8.99)	\$41.89
Subtotal – Healthy Louisiana Non-Expansion Population Payments	\$4,784,176,044	\$4,831,423,680	\$5,051,671,755	\$220,248,075	\$5,346,694,681

Adopted
1-27-20

Medicaid Managed Care – Healthy Louisiana Program Expansion Population	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast <i>Adopted 1-27-20</i>			Fiscal Year 2020-2021 Forecast
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Age 19-24					
Female					
Total Payments	\$312,033,983	\$460,183,787			
Member Months	681,124	829,482			
Average Monthly Premium	\$458.12	\$554.78			
Male					
Total Payments	\$187,685,142	\$287,570,312			
Member Months	430,096	518,139			
Average Monthly Premium	\$436.38	\$555.01			
Age 25-39					
Female					
Total Payments	\$687,534,340	\$892,762,521			
Member Months	1,336,452	1,610,458			
Average Monthly Premium	\$514.45	\$554.35			
Male					
Total Payments	\$387,520,211	\$504,500,126			
Member Months	749,959	909,904			
Average Monthly Premium	\$516.72	\$554.45			
Age 40-49					
Female					
Total Payments	\$342,644,266	\$366,311,281			
Member Months	546,783	661,570			
Average Monthly Premium	\$626.65	\$553.70			
Male					
Total Payments	\$224,040,429	\$240,730,669			
Member Months	359,979	434,687			
Average Monthly Premium	\$622.37	\$553.80			
Age 50-64					
Female					
Total Payments	\$464,279,659	\$456,870,503			
Member Months	671,250	825,704			
Average Monthly Premium	\$691.66	\$553.31			
Male					
Total Payments	\$346,001,647	\$326,631,971			
Member Months	481,990	590,477			
Average Monthly Premium	\$717.86	\$553.17			
Regular PMPMs (Consolidated from Age/Sex breakouts)					
Total Payments			\$3,356,332,754	(\$179,228,416)	\$3,674,071,964
Member Months			5,416,742	(963,679)	5,294,343
Average Monthly Premium			\$619.62	(\$3,812.95)	\$693.96
High Need					
Total Payments	\$4,387,084	8,179,390	\$4,128,986	(\$4,050,404)	\$7,922,359
Member Months	2,445	4,840	2,402	(2,438)	4,076
Average Monthly Premium	\$1,794.31	\$1,689.96	\$1,719.09	\$29.13	\$1,943.66
Retros					
Total Payments	\$23,724,908	\$27,850,438	\$62,166,701	\$34,316,263	\$43,408,566
Member Months	42,184	49,777	44,293	(5,484)	46,508
Average Monthly Premium	\$562.42	\$559.50	\$1,403.54	\$844.03	\$933.36
Maternity Kick Payment					
Total Payments	\$139,517,165	\$163,633,279	\$138,995,676	(\$24,637,603)	\$145,687,624
Number of Delivery Events	12,667	13,056	11,812	(1,244)	12,696
Payment Per Delivery Event	\$11,014.22	\$12,533.19	\$11,767.33	(\$765.86)	\$11,475.08
Subtotal – Healthy Louisiana Expansion Population Payments	\$3,119,368,834	\$3,735,224,277	\$3,561,624,117	(\$173,600,160)	\$3,871,090,513
Total Healthy Louisiana Payments	\$7,903,544,878	\$8,566,647,957	\$8,613,295,872	\$46,647,915	\$9,217,785,194

Adopted 1-27-20

Medicaid Managed Care – Dental Benefits	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast <i>Adopted 1-27-20</i>			Fiscal Year 2020-2021 Forecast
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Non-Expansion Population					
Child					
Total Payments	\$153,285,571	\$158,628,638	\$175,285,970	\$16,657,332	\$191,811,587
Member Months	8,781,580	9,178,609	9,711,633	533,024	8,083,320
Average Monthly Premium	\$17.46	\$17.28	\$18.05	\$0.77	\$23.73
Adult					
Total Payments	\$4,675,513	\$4,584,384	\$5,869,435	\$1,285,051	\$6,130,539
Member Months	3,439,827	3,452,819	4,005,496	552,677	3,384,077
Average Monthly Premium	\$1.36	\$1.33	\$1.47	\$0.14	\$1.81
Subtotal Non-Expansion Population Payments	\$157,961,084	\$163,213,022	\$181,155,405	\$17,942,383	\$197,942,126
Expansion Population					
Child					
Total Payments	\$7,360,480	\$8,547,476	\$9,413,834	\$866,358	\$10,092,961
Member Months	465,763	548,351	564,830	16,479	453,266
Average Monthly Premium	\$15.80	\$15.59	\$16.67	\$1.08	\$22.27
Adult					
Total Payments	\$6,786,501	\$7,741,648	\$5,821,372	(\$1,920,276)	\$6,157,546
Member Months	5,160,017	6,138,284	4,368,368	(1,769,916)	4,620,634
Average Monthly Premium	\$1.32	\$1.26	\$1.33	\$0.07	\$1.33
Subtotal Expansion Population Payments	\$14,146,981	\$16,289,124	\$15,235,206	(\$1,053,918)	\$16,250,507
Total Dental Benefits Payments	\$172,108,065	\$179,502,146	\$196,390,611	\$16,888,465	\$214,192,633

Medicaid Managed Care – Louisiana Behavioral Health Partnership and Coordinated System of Care	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast ↓			Fiscal Year 2020-2021 Forecast ↓
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Member Months	29,373	30,688	30,688	0	30,416
Payments	\$51,976,454	\$71,595,567	\$72,863,229	\$1,267,662	\$74,853,670
Total Louisiana Behavioral Health Partnership and Coordinated System of Care Payments	\$51,976,454	\$71,595,567	\$72,863,229	\$1,267,662	\$74,853,670

Adopted 1-27-20

Payments to Public Providers	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast <i>Adopted 1-27-20</i>			Fiscal Year 2020-2021 Forecast
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Lallie Kemp Regional Medical Center	\$1,025,688	\$2,453,094	\$2,453,094	\$0	\$2,936,708
LSU Health Sciences Centers – Physicians	\$6,803,226	\$14,889,037	\$14,889,037	\$0	\$14,889,037
Louisiana Department of Health					
Office of Aging and Adult Services – Villa Feliciana Medical Complex	\$16,790,587	\$17,467,304	\$18,460,497	\$993,193	\$20,315,319
Office of Behavioral Health	\$2,949,173	\$3,429,879	\$3,480,767	\$50,888	\$3,429,879
Office for Citizens with Developmental Disabilities – Pinecrest Supports and Services Center	\$101,416,448	\$110,601,561	\$117,019,208	\$6,417,647	\$147,285,114
Office of Public Health	\$97,913	\$1,654,827	\$48,576	(\$1,606,251)	\$1,654,827
Human Services Authorities and Districts	\$427,027	\$473,676	\$309,540	(\$164,136)	\$473,676
Louisiana Special Education Center (LSEC)	\$19,034,459	\$0	\$18,761,916	\$18,761,916	\$0
School-based Health Services	\$39,627,987	\$46,969,746	\$46,969,746	\$0	\$46,969,746
State Education Facilities	\$98,910	\$19,736,565	\$1,017,321	(\$18,719,244)	\$1,117,321
Total	\$188,271,418	\$217,675,689	\$223,409,702	\$5,734,013	\$239,071,627

Medicare Buy-In and Supplements	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast			Fiscal Year 2020-2021 Forecast
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Medicare Part A					
Total Payments	\$41,915,518	\$42,047,700	\$42,157,898	\$110,198	\$46,632,719
Member Months	105,705	107,892	101,527	(6,365)	103,005
Average Monthly Premiums	\$396.53	\$389.72	\$415.24	\$25.52	\$452.72
Medicare Part B					
Total Payments	\$339,498,785	\$346,168,899	\$375,880,223	\$29,711,324	\$342,105,146
Member Months	2,468,452	2,525,566	2,566,063	40,497	2,524,608
Average Monthly Premiums	\$137.54	\$137.07	\$146.48	\$9.42	\$135.51
Medicare Part D (Clawback)					
Total Payments	\$157,105,026	\$152,773,415	\$157,469,214	\$4,695,799	\$162,621,158
Member Months	1,354,307	1,285,373	1,380,007	94,634	1,589,781
Average Monthly Premiums	\$116.00	\$118.86	\$114.11	(\$4.75)	\$102.29
Louisiana Health Insurance Premium Payment (LaHIPP) Program					
Total Payments	\$1,661,524	\$5,155,093	\$1,885,141	(\$3,269,952)	\$1,998,249
Member Months	5,369	24,649	9,014	(15,635)	9,465
Average Monthly Premiums	\$309	\$209.14	\$209.13	(\$0.01)	\$211.13
Other					
Total Payments	(\$2,343,956)	\$411,529	(\$3,101,160)	(\$3,512,689)	\$411,529
Total	\$537,836,897	\$546,556,636	\$574,291,316	\$27,734,680	\$553,768,801

Adopted 1-27-20

Uncompensated Care Costs	Fiscal Year 2018-19 Actual Expenditures	Fiscal Year 2019-2020 Forecast			Fiscal Year 2020-2021 Forecast
		Adopted on 2/6/19	Proposed on 1/27/20	Difference	Proposed on 1/27/20
Louisiana Department of Health					
Office of Behavioral Health – Free-standing Psychiatric Units	\$82,514,458	\$84,685,085	\$84,868,114	\$183,029	\$86,520,456
Office of Behavioral Health – Public-Private Cooperative Endeavor Agreements	\$13,925,872	\$14,690,831	\$14,690,831	\$0	\$14,690,831
Lallie Kemp Regional Medical Center	\$13,572,737	\$13,647,057	\$13,647,057	\$0	\$13,969,205
Public Private Partnership Hospitals	\$608,635,841	\$612,905,204	\$612,905,204	\$0	\$612,905,204
High Medicaid Hospitals Disproportionate Share Pool	\$1,000	\$1,000	\$1,000	\$0	\$1,000
Low Income Needy Care Collaboration Agreement (LINCCA) Hospitals	\$266,517,144	\$297,953,162	\$297,953,162	\$0	\$297,953,162
North and Central LA (SPA # 16-0018)	\$76,651,225	\$35,775,639	\$61,496,623	\$25,720,984	\$61,496,623
Major Medical Center (SPA # 18-0009)	\$19,021,721	\$0	\$24,221,634	\$24,221,634	\$24,221,634
West Jefferson Payments (SPA # 19-0027)	\$0	\$0	\$21,000,000	\$21,000,000	\$21,000,000
Non-State Public Hospitals	\$2,122,630	\$10,848,028	\$10,848,028	\$0	\$10,848,028
Other DSH Payments (DSH Audit)	\$10,720,469	\$0	\$0	\$0	\$0
Carryforward from FY19: Audit Balances and CPEs	\$0	\$0	\$35,387,657	\$35,387,657	\$0
Total	\$1,093,683,097	\$1,070,506,006	\$1,177,019,310	\$106,513,304	\$1,143,606,143

Medicaid Subcommittee of the Health and Social Services Estimating Conference

Medicaid Forecast

Long-range Forecast: Fiscal Years 2021-2022, 2022-2023, 2023-2024

Payments							
Program	Fiscal Year 2021-2022 <i>Adopted 1-27-20</i>			Fiscal Year 2022-2023 <i>Adopted 1-27-20</i>			<i>Adopted 1-27-20</i> Fiscal Year 2023-2024
	Adopted on 2/6/19	Proposed 1/27/2020	Difference	Adopted on 2/6/19	Proposed 1/27/2020	Difference	Proposed 1/27/2020
Legacy (Fee-for-Service) Medicaid Program	\$3,165,369,401	\$3,224,444,952	\$59,075,551	\$3,313,413,022	\$3,374,900,767	\$61,487,745	\$3,532,121,921
Managed Care Programs							
Non-Expansion	\$5,479,636,822	\$5,553,648,465	\$74,011,643	\$5,698,822,295	\$5,609,184,950	(\$89,637,345)	\$5,665,276,800
Expansion	\$4,057,636,894	\$3,881,086,299	(\$176,550,595)	\$4,219,942,370	\$3,958,708,025	(\$261,234,345)	\$4,037,882,186
Pharmacy Rebates	(\$685,649,084)	(\$767,763,759)	(\$82,114,675)	(\$691,819,926)	(\$790,028,908)	(\$98,208,982)	(\$812,939,746)
Payments to Private Providers <i>(Legacy and Managed Care Programs Less Rebates)</i>	\$12,016,994,033	\$11,891,415,957	(\$125,578,076)	\$12,540,357,761	\$12,152,764,834	(\$387,592,927)	\$12,422,341,161
Payments to Public Providers	\$244,695,772	\$239,071,627	(\$5,624,145)	\$259,377,518	\$239,071,627	(\$20,305,891)	\$239,071,627
Medicare Buy-Ins and Supplements	\$601,043,706	\$579,051,032	(\$21,992,674)	\$630,961,950	\$609,051,465	(\$21,910,485)	\$643,940,732
Uncompensated Care Costs	\$1,070,506,006	\$1,143,606,143	\$73,100,137	\$1,070,506,006	\$1,143,606,143	\$73,100,137	\$1,143,606,143
Total Payments	\$13,933,239,517	\$13,853,144,759	(\$80,094,758)	\$14,501,203,235	\$14,144,494,069	(\$356,709,166)	\$14,448,959,663

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Explanation of the Assumptions and Calculations in the Medicaid Forecast

Enrollment

The enrollment assumptions for the Legacy (Fee-for-Service) and Non-Expansion Programs are based on prior year's experience. Enrollment counts are unduplicated members for the month of June, for each fiscal year. Prior to November 2018, actuals were pulled from the Medicaid Data Warehouse and projected counts are based on the assumptions below. November 2018 and forward, actuals are pulled from the Louisiana Medicaid Eligibility Determination System (LaMEDS) and reconciled to MDW for basis of eligibility breakouts.

Assumptions:

- Families and Children
 - SFY 19: actuals
 - SFY 20: Based on projected end of year enrollment from the December 2019 Medicaid Monthly Forecast Report
 - SFY 21-24: -0.5% growth
- Adults (Expansion Group)
 - SFY 19: actuals
 - SFY 20: Based on projected end of year enrollment from the December 2019 Medicaid Monthly Forecast Report
 - SFY 21-24: -0.5% growth
- Disabled
 - SFY 19: actuals
 - SFY 20: Based on projected end of year enrollment from the December 2019 Medicaid Monthly Forecast Report
 - SFY 21-24: +0.5% growth
- Aged
 - SFY 19: actuals
 - SFY 20: Based on projected end of year enrollment from the December 2019 Medicaid Monthly Forecast Report
 - SFY 21-24: +0.5% growth

Payments

Fiscal Year 2018-2019

- Actuals for 2018-2019
- Non-Expansion MCO payments include 12+ PMPMs (includes portion of June '18)
 - Expansion MCO payments include 12 PMPMs
 - Non-Expansion Dental payments include 12 PMPMs
 - Expansion Dental payments include 12 PMPMs
 - HIPF was paid in SFY19 (\$114M Non-Expansion; \$71M Expansion)

Fiscal Year 2019-2020

Payments to Private Providers - FFS

FY 20 December Forecast.

Payments to Private Providers - MCO Non Expansion

- Based on FY 20 December Forecast.
- Rates: 7/1/19 - Actual Rates; 1/1/20 - Draft rates (+4.7% increase on full rate over 7/1/19 rates)
- Increases projection for MCIP
- Reduces projection for suspension of HIPF
- Assumes 12 PMPMs paid at the floor (from July 2019 to June 2020)

Payments to Private Providers - MCO Expansion

- Based on FY 20 December Forecast.
- Rates: 7/1/19 - Actual Rates; 1/1/20 - Draft rates (+9.8% increase on full rate)
- Reduces projection for suspension of HIPF
- Increases projection for MCIP
- Assumes 12 PMPMs paid at the floor (from July 2019 to June 2020)
- Effective 7/1/18, age/sex rate bands were consolidated into a single, risk-adjusted rate; therefore, PMPMs across ages/sexes will no longer vary

Payments to Private Providers - Dental

Based on FY 20 December Forecast.

Includes rate increase effective 7/1/19

Assumes 12 PMPMs paid at the 25th percentile (from July 2019 to June 2020)

Reduces projection for suspension of HIPF

Payments to Private Providers - LBHP/CSoc

Based on FY 20 December Forecast

Payments to Public Providers

Based on FY 20 December Forecast

Medicare Buy-Ins and Supplements

Medicare Part A&B Premiums:

Based on FY 20 December Forecast

Medicare Part D (Clawback):

Based on FY 20 December Forecast

LaHIPP:

Based on FY 20 December Forecast

Uncompensated Care Costs

Based on FY 20 December Forecast

Pharmacy Rebates

Based on FY 20 December Forecast

Fiscal Year 2020-2021

Payments to Private Providers - FFS

FY 20 total plus an average increase of 7.3%.

Exceptions to above FFS growth:

Waivers are projected flat

Payments to Private Providers - Non-Expansion (MCO+Dental+LBHP/CSoc)

Based on FY 21 updated Budget Request.

1/1/21 rate is +4.15% increase over 1/1/20 rates

Assumes 12 PMPMs paid at the floor for MCOs and at the 25th percentile for Dental (from July 2020 to June 2021)

Payments to Private Providers - Expansion (MCO+Dental)

Based on FY 21 updated Budget Request.

1/1/21 rate is +6.71% increase over 1/1/20 rates

Assumes 12 PMPMs paid at the floor for MCOs and at the 25th percentile for Dental (from July 2020 to June 2021)

Payments to Public Providers

FY 21 projects no change, but includes IAT adjustments through the "Wheel"

Medicare Buy-Ins and Supplements

Medicare Part A&B expenditures are based on Trust Report Premium rates for FY 21

Medicare Part D Expenditures are based on historical enrollment and expenditure trends

Expenditure amount includes retro enrollees, which can go back three years.

LaHIPP is projected flat

Uncompensated Care Costs

FY 21 projects no change, with the exception of non-recurring a carryforward and IAT adjustments through the "Wheel".

It does not include DSH Cap reduction due to uncertainty of Federal action.

Pharmacy Rebates

FY 21 rebates are based upon the FY 20 December Forecast.

Fiscal Year 2021-2022

Payments to Private Providers - FFS

FY 21 total plus 5.8% increase.

The 5.8% trend is an average of the National Health Expenditure Projection of total Medicaid expenditures.

Exceptions to above FFS growth:

Waivers are projected flat
Inpatient/Outpatient Hospital = FY 21 total plus 4.35% increase.
Pharmacy = FY 21 total plus 5.75% increase (based on National Health Expenditure Projections)

Payments to Private Providers - Non-Expansion (MCO+Dental+LBHP/CSoc)

FY 21 total plus 1% growth calculated based on the average historical PMPM growth
Assumes 12 PMPMs paid at the floor for MCOs and at the 25th percentile for Dental (from July 2021 to June 2022)
HIPF removed from projection for FY 22 and beyond based on federal legislation

Payments to Private Providers - Expansion (MCO+Dental)

FY 21 total plus 2% growth calculated based on the average historical PMPM growth
Assumes 12 PMPMs paid at the floor for MCOs and at the 25th percentile for Dental (from July 2021 to June 2022)
HIPF removed from projection for FY 22 and beyond based on federal legislation

Payments to Public Providers

FY22 is projected flat.

Medicare Buy-Ins and Supplements

Medicare Parts A & B – 4.5% & 4.1% growth based on Rates from Trust Fund Report.
Medicare Part D – 5.7% growth based on FFIS (Federal Funds Information for States)
LaHIPP projected flat.

Uncompensated Care Costs

Projected Flat due to uncertainty of Federal action.

Pharmacy Rebates

FY 21 total plus average annual growth of 2.75% based on historical invoices.

Fiscal Year 2022-2023

Payments to Private Providers - FFS

FY 22 total plus 6.15% increase.
The 6.15% trend is an average of the National Health Expenditure Projection of total Medicaid expenditures.

Exceptions to above FFS growth:

Waivers are projected flat
Inpatient/Outpatient Hospital = FY 22 total plus 5.65% increase.
Pharmacy = FY 22 total plus 5.9% increase (based on National Health Expenditure Projections)

Payments to Private Providers - Non-Expansion (MCO+Dental+LBHP/CSoc)

FY 22 total plus 1% growth calculated based on the average historical PMPM growth
Assumes 12 PMPMs paid at the floor for MCOs and at the 25th percentile for Dental (from July 2022 to June 2023)
HIPF removed from projection for FY 22 and beyond based on federal legislation

Payments to Private Providers - Expansion (MCO+Dental)

FY 22 total plus 2% growth calculated based on the average historical PMPM growth
Assumes 12 PMPMs paid at the floor for MCOs and at the 25th percentile for Dental (from July 2022 to June 2023)
HIPF removed from projection for FY 22 and beyond based on federal legislation

Payments to Public Providers

FY 23 is projected flat.

Medicare Buy-Ins and Supplements

Medicare Parts A & B – 4.5% & 5.1% growth based on Rates from Trust Fund Report.
Medicare Part D – 5.7% growth based on FFIS (Federal Funds Information for States)
LaHIPP projected flat.

Uncompensated Care Costs

Projected Flat due to uncertainty of Federal action.

Pharmacy Rebates

FY 22 total plus average annual growth of 2.9% based on historical invoices.

Fiscal Year 2023-2024

Payments to Private Providers - FFS

FY 23 total plus 6.05% increase.
The 6.05% trend is an average of the National Health Expenditure Projection of total Medicaid expenditures.
Exceptions to above FFS growth:
Waivers are projected flat
Inpatient/Outpatient Hospital = FY 23 total plus 5.6% increase.
Pharmacy = FY 23 total plus 5.9% increase (based on National Health Expenditure Projections)

Payments to Private Providers - Non-Expansion (MCO+Dental+LBHP/CSoc)
FY 23 total plus 1% growth calculated based on the average historical PMPM growth
Assumes 12 PMPMs paid at the floor for MCOs and at the 25th percentile for Dental (from July 2023 to June 2024)
HIPF removed from projection for FY 22 and beyond based on federal legislation

Payments to Private Providers - Expansion (MCO+Dental)
FY 23 total plus 2% growth calculated based on the average historical PMPM growth
Assumes 12 PMPMs paid at the floor for MCOs and at the 25th percentile for Dental (from July 2023 to June 2024)
HIPF removed from projection for FY 22 and beyond based on federal legislation

Payments to Public Providers
FY 24 is projected flat.

Medicare Buy-Ins and Supplements
Medicare Parts A & B – 4.4% & 6.0% growth based on Rates from Trust Fund Report.
Medicare Part D – 5.7% growth based on FFIS (Federal Funds Information for States)
LaHIPP projected flat.

Uncompensated Care Costs
Projected Flat due to uncertainty of Federal action.

Pharmacy Rebates
FY 23 total plus average annual growth of 2.9% based on historical invoices.

Medicaid Subcommittee of the Health and Social Services Estimating Conference

Addendum A

Summary of Supplemental Medicaid Payments to the LSU Public Private Partnership Hospitals

<p>Location (Former LSU Hospital)</p>	<p>Fiscal Year 2018-19 Actuals</p>			<p>Fiscal Year 2019-20 Budgeted</p>		
	<p>Upper Payment Limit/Full- Medicaid Pricing Payments</p>	<p>Uncompensated Care Costs Payments</p>	<p><i>Total Payments</i></p>	<p>Upper Payment Limit/Full- Medicaid Pricing Payments</p>	<p>Uncompensated Care Costs Payments</p>	<p><i>Total Payments</i></p>
Bogalusa (Washington/St. Tammany Regional Medical Center)	\$15,979,476	\$17,910,560	\$33,890,036	\$15,979,476	\$18,883,228	\$34,862,704
Houma (Leonard J. Chabert Medical Center)	\$58,616,970	\$75,891,316	\$134,508,286	\$58,616,970	\$75,891,316	\$134,508,286
Baton Rouge (Earl K. Long Medical Center) – Our Lady of the Lake	\$75,000,000	-	\$75,000,000	\$75,000,000	-	\$75,000,000
Baton Rouge (Earl K. Long Medical Center) – Woman's Hospital	\$10,203,122	-	\$10,203,122	\$9,894,611	-	\$9,894,611
New Orleans (Medical Center of Louisiana at New Orleans/Interim LSU Hospital)	\$144,247,827	\$243,672,892	\$387,920,719	\$123,247,827	\$240,672,891	\$363,920,718
Lafayette (University Medical Center)	\$62,006,681	\$56,225,260	\$118,231,941	\$62,006,681	\$56,225,260	\$118,231,941
Independence (Lallie Kemp Regional Medical Center)	\$5,693,574	\$13,572,737	\$19,266,311	\$6,117,224	\$13,647,057	\$19,764,281
Lake Charles (W. O. Moss Regional Medical Center)	\$3,500,000	\$34,064,613	\$37,564,613	\$3,500,000	\$38,082,958	\$41,582,958
Monroe (E. A. Conway Medical Center)	\$190,099,066	-	\$190,099,066	\$160,099,066	-	\$160,099,066
Alexandria (Huey P. Long Medical Center)	-	\$46,078,934	\$46,078,934	-	\$46,078,961	\$46,078,961
Shreveport (LSU Health Sciences Center - University Hospital Shreveport)	-	\$134,070,590	\$134,070,590	-	\$134,070,590	\$134,070,590
<i>Total</i>	<i>\$565,346,716</i>	<i>\$621,486,902</i>	<i>\$1,186,833,618</i>	<i>\$514,461,855</i>	<i>\$623,552,261</i>	<i>\$1,138,014,116</i>

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Addendum B

Description of Items Termed "Other"

Other Private Providers

Budget Category	Actuals SFY 2018/19
Rehab Centers	\$164,299
Chiropractic Services	\$1,734
Adult Dental Services	\$965
Other Medical Services	(\$78,101)
Mental Health Rehabilitation	\$2,004
Psychology	\$9,076
Audiology	\$16,421
Physical Therapy	\$19,869
Occupational Therapy	\$4,026
Social Worker Services	\$35,133
Behavioral Management	\$343
American Indian/Native Alaskans	\$575
Applied Behavioral Analysis	\$185,066
Total	\$361,410

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Addendum C-1

Overview of Mandatory and Optional Populations

Detail #	ACTIVITY NAME
1	Mandatory Populations
2	Optional Populations
3	Privates & Public Programs Supplemental Payments
4	Medicare Buy-Ins & Supplements Program
5	Uncompensated Care Costs Program

Detail #	ACTIVITY NAME
1	Mandatory Populations
	Children <19
	Newborns
	Foster Children
	Children & Parents (<12%)
	PW <=188%
	Aged, Blind, Disabled
	Aged, Blind, Disabled (non-wavier)
	PACE
	SSI/ADHC
	SSI/EDA Waiver
	SSI/NOW
	SSI/Children's Choice Waiver
	SSI/Supports Waiver
	SSI/ROW
	SSI/NOW-Fund
	SSI/Community Choices Waiver
	SSI/ICF-DD
	Ext Medicaid
	Emergency Alien
	QMB Crossovers
	Former Foster Care
	CHIP I
	CHIP II
	CHIP III
	CHIP IV
	CHIP V
	FOA
	PW 119%-185%
	Rebates
2	Optional Populations
	LTC Special Income
	LTC Special Income (non-waiver)
	PACE
	ADHC
	EDA Waiver
	NOW
	Children's Choice Waiver
	Supports Waiver
	ROW
	NOW – Fund
	Community Choices Waiver
	CSoC MEDICAID CHILD
	ICF-DD
	Regular MNP
	Spend-Down MNP
	LTC Spend-Down MNP
	BCC
	MPP
	Disability Medicaid
	Provisional Medicaid
	Family Planning
	Expansion

Detail #	ACTIVITY NAME
	Misc State
	Misc Fed
	Local Education Agencies
	HIPF
	Full Medicaid Pricing - Hospital
	Full Medicaid Pricing - Ambulance
	Full Medicaid Pricing - Physician
3	Privates & Public Programs Supplemental Payments
	High Medicaid UPL Pool
	UPL for Tyler Mental Health Clinic
	Rural Health Clinic Cost Reports
	Nursing Home UPL
	In-Patient Graduate Medical Education
	Hospital FFS UPL Payments (PPP, LINCCA)
	Hospital Based Physician UPL
	Ambulance UPL
	Outliers
4	Medicare Buy-Ins & Supplements Program
	Medicare Part A & B Premiums
	Medicare Part D/Clawback
	Optional State Supplemental Payments - Mandatory
	LaHIPP Premiums
5	Uncompensated Care Costs Program
	UCC DSH to OBH Free Standing Psych Units
	UCC DSH to OBH: Cooper lawsuit re: EAST
	OBH Public/Private Partnership UCC/DSH
	High Medicaid DSH Pool
	UCC DSH to Public Hospital (Lallie Kemp)
	UCC DSH to Public/Private Partner Hospitals
	UCC/DSH LINCCA Program
	Non-State Public CPEs
	Major Medical Centers - Northern and Central LA

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Addendum C-2

Overview of Mandatory and Optional Services

Detail #	ACTIVITY NAME
1	Mandatory Services
2	Optional Services
3	Privates & Public Programs Supplemental Payments
4	Medicare Buy-Ins & Supplements Program
5	Uncompensated Care Costs Program

Detail #	ACTIVITY NAME
1	Mandatory Services
Non-Exp	Inpatient Hospital
Exp	Inpatient Hospital
Non-Exp	Nursing Home
Exp	Nursing Home
Non-Exp	Physician
Exp	Physician
Non-Exp	Outpatient Hospital
Exp	Outpatient Hospital
Non-Exp	Lab & X-Ray
Exp	Lab & X-Ray
Non-Exp	Rural Health Center
Exp	Rural Health Center
Non-Exp	Medical Transportation
Exp	Medical Transportation
Non-Exp	Pharmacy (Children)
Exp	Pharmacy (Children)
Non-Exp	Home Health
Exp	Home Health
Non-Exp	Federally Qualified Health Center
Exp	Federally Qualified Health Center
Non-Exp	Durable Medical Equipment
Exp	Durable Medical Equipment
Non-Exp	Family Planning
Exp	Family Planning
Non-Exp	Adult Dental
Exp	Adult Dental
Non-Exp	Early Step Therapies
Exp	Early Step Therapies
Non-Exp	EPSDT
Exp	EPSDT
Non-Exp	Physical and Occupational Therapies - Children
Exp	Physical and Occupational Therapies - Children
Non-Exp	Applied Behavioral Analysis
Exp	Applied Behavioral Analysis
Non-Exp	Case Management
Exp	Case Management
Non-Exp	Non- Exp SBH Mandatory
Age 21+	Psychiatrist
Age 21+	FQHC, RHC
Age 21+	Lab Services
Age 0-20	Distinct Part Psychiatric Inpatient Hospital (DPP)
Age 0-20	Psychiatric Residential Treatment Facility (PRTF)
Age 0-20	Freestanding Psychiatric Hospital (IMD)
Age 0-20	Outpatient Hospital
Age 0-20	Psychiatrist
Age 0-20	FQHC, RHC
Age 0-20	Medical or Licensed Psychologists
Age 0-20	Licensed Clinical Social Workers (LCSWs)
Age 0-20	Licensed Professional Counselors (LPCs)

Detail #	ACTIVITY NAME
Age 0-20	Licensed Marriage and Family Therapists (LMFTs)
Age 0-20	Advanced Practice Registered Nurses (APRNs)
Age 0-20	Other Licensed Mental Health Practitioner (LMHP)
Age 0-20	Addiction services: Residential
Age 0-20	Addiction services: Outpatient
Age 0-20	Addiction services: Intensive Outpatient
Age 0-20	Licensed Addiction Counselors (LACs)
Age 0-20	Lab Services
Age 0-20	Crisis Intervention
Age 0-20	Crisis Stabilization
Age 0-20	Diagnostic Services (Psych)
Age 0-20	Community Psychiatric Support and Treatment (CPST)
Age 0-20	Multisystemic Therapy (MST)
Age 0-20	Functional Family Therapy (FFT)
Age 0-20	Therapeutic Group Home (TGH)
Age 0-20	Homebuilders
Age 0-20	Assertive Community Treatment (ACT)
Age 0-20	Psychosocial Rehabilitation (including peer support services)
Exp	Exp SBH Mandatory
Age 21+	Psychiatrist
Age 21+	FOHC, RHC
Age 21+	Lab Services
Age 0-20	Distinct Part Psychiatric Inpatient Hospital (DPP)
Age 0-20	Psychiatric Residential Treatment Facility (PRTF)
Age 0-20	Freestanding Psychiatric Hospital (IMD)
Age 0-20	Outpatient Hospital
Age 0-20	Psychiatrist
Age 0-20	FOHC, RHC
Age 0-20	Medical or Licensed Psychologists
Age 0-20	Licensed Clinical Social Workers (LCSWs)
Age 0-20	Licensed Professional Counselors (LPCs)
Age 0-20	Licensed Marriage and Family Therapists (LMFTs)
Age 0-20	Advanced Practice Registered Nurses (APRNs)
Age 0-20	Other Licensed Mental Health Practitioner (LMHP)
Age 0-20	Addiction services: Residential
Age 0-20	Addiction services: Outpatient
Age 0-20	Addiction services: Intensive Outpatient
Age 0-20	Licensed Addiction Counselors (LACs)
Age 0-20	Lab Services
Age 0-20	Crisis Intervention
Age 0-20	Crisis Stabilization
Age 0-20	Diagnostic Services (Psych)
Age 0-20	Community Psychiatric Support and Treatment (CPST)
Age 0-20	Multisystemic Therapy (MST)
Age 0-20	Functional Family Therapy (FFT)
Age 0-20	Therapeutic Group Home (TGH)
Age 0-20	Homebuilders
Age 0-20	Assertive Community Treatment (ACT)
Age 0-20	Psychosocial Rehabilitation (including peer support services)
2	Optional Services
Non-Exp	CSoC
Exp	CSoC
Non-Exp	Mental Health Rehab
Exp	Mental Health Rehab
Non-Exp	Pharmacy (Adult)
Exp	Pharmacy (Adult)
Non-Exp	LT-PCS
Exp	LT-PCS
Non-Exp	PAS-PCS
Exp	PAS-PCS
Non-Exp	Ambulatory Surgical Center
Exp	Ambulatory Surgical Center
Non-Exp	Clinic Services
Exp	Clinic Services

Detail #	ACTIVITY NAME
Non-Exp	Hemodialysis
Exp	Hemodialysis
Non-Exp	ICF/DD
Exp	ICF/DD
Non-Exp	Inpatient Mental Health
Exp	Inpatient Mental Health
Non-Exp	Hospice
Exp	Hospice
Non-Exp	PACE
Exp	PACE
Non-Exp	Adult Day Healthcare Center Waiver
Exp	Adult Day Healthcare Center Waiver
Non-Exp	Children's Choice Waiver
Exp	Children's Choice Waiver
Non-Exp	Community Choice Waiver
Exp	Community Choice Waiver
Non-Exp	NOW Waiver
Exp	NOW Waiver
Non-Exp	Residential Options Waiver
Exp	Residential Options Waiver
Non-Exp	Supports Waiver
Exp	Supports Waiver
Non-Exp	Pediatric Day Healthcare Center
Exp	Pediatric Day Healthcare Center
Non-Exp	Other
Exp	Other
Non-Exp	Physical and Occupational Therapies - Adults
Exp	Physical and Occupational Therapies - Adults
Non-Exp	Full Medicaid Pricing - Hospital
Exp	Full Medicaid Pricing - Hospital
Non-Exp	Full Medicaid Pricing - Ambulance
Exp	Full Medicaid Pricing - Ambulance
Non-Exp	Full Medicaid Pricing - Physician
Exp	Full Medicaid Pricing - Physician
Non-Exp	HIPF
Exp	HIPF
Non-Exp	Local Education Agencies
Exp	Local Education Agencies
Non-Exp	Non-Exp SBH Optional
Age 21+	Distinct Part Psychiatric Inpatient Hospital (DPP)
Age 21+	Freestanding Psychiatric Hospital (IMD)
Age 21+	Outpatient Hospital
Age 21+	Medical or Licensed Psychologists
Age 21+	Licensed Clinical Social Workers (LCSWs)
Age 21+	Licensed Professional Counselors (LPCs)
Age 21+	Licensed Marriage and Family Therapists (LMFTs)
Age 21+	Advanced Practice Registered Nurses (APRNs)
Age 21+	Other Licensed Mental Health Practitioner (LMHP)
Age 21+	Addiction services: Residential
Age 21+	Addiction services: Outpatient
Age 21+	Addiction services: Intensive Outpatient
Age 21+	Licensed Addiction Counselors (LACs)
Age 21+	Crisis Intervention
Age 21+	Diagnostic Services (Psych)
Age 21+	Community Psychiatric Support and Treatment (CPST)
Age 21+	Psychosocial Rehabilitation (including peer support services)
Age 0-20	CSoC Waiver Services
Age 21+	Assertive Community Treatment (ACT)
Exp	Exp SBH Optional
Age 21+	Distinct Part Psychiatric Inpatient Hospital (DPP)
Age 21+	Freestanding Psychiatric Hospital (IMD)
Age 21+	Outpatient Hospital
Age 21+	Medical or Licensed Psychologists
Age 21+	Licensed Clinical Social Workers (LCSWs)

Detail #	ACTIVITY NAME
Age 21+	Licensed Professional Counselors (LPCs)
Age 21+	Licensed Marriage and Family Therapists (LMFTs)
Age 21+	Advanced Practice Registered Nurses (APRNs)
Age 21+	Other Licensed Mental Health Practitioner (LMHP)
Age 21+	Addiction services: Residential
Age 21+	Addiction services: Outpatient
Age 21+	Addiction services: Intensive Outpatient
Age 21+	Licensed Addiction Counselors (LACs)
Age 21+	Crisis Intervention
Age 21+	Diagnostic Services (Psych)
Age 21+	Community Psychiatric Support and Treatment (CPST)
Age 21+	Psychosocial Rehabilitation (including peer support services)
Age 0-20	CSoC Waiver Services
Age 21+	Assertive Community Treatment (ACT)
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	Hospital Based Physician UPL
	Ambulance UPL
	Outliers
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	Medicare Part A & B Premiums
	Medicare Part D/Clawback
	Optional State Supplemental Payments - Mandatory
	LaHIPP Premiums
5	Uncompensated Care Costs Program
	UCC DSH to OBH Free Standing Psych Units
	UCC DSH to OBH: Cooper lawsuit re: EAST
	OBH Public/Private Partnership UCC/DSH
	High Medicaid DSH Pool
	UCC DSH to Public Hospital (Lallie Kemp)
	UCC DSH to Public/Private Partner Hospitals
	UCC/DSH LINCCA Program
	Non-State Public CPEs
	Major Medical Centers - Northern and Central LA

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Addendum D

Match Rates

Federal Fiscal Year 2016-2017	Federal Fiscal Year 2017-2018	Federal Fiscal Year 2018-2019	Federal Fiscal Year 2019-2020	Federal Fiscal Year 2020-2021	Federal Fiscal Year 2021-2022
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Federal Medical Assistance Percentage (FMAP)

State Effort	37.72%	36.31%	35.00%	33.14%	32.58%	-
Federal Effort	62.28%	63.69%	65.00%	66.86%	67.42%	-

Enhanced Federal Medical Assistance Percentage

State Effort	26.40%	25.42%	24.50%	23.20%	22.81%	-
Federal Effort	73.60%	74.58%	75.50%	76.80%	77.19%	-

ACA CHIP Adjustment to the Enhanced Federal Medical Assistance Percentage

State Effort	3.40%	2.42%	1.50%	11.70%	22.81%	-
Federal Effort	96.60%	97.58%	98.50%	88.30%	77.19%	-

Calendar Year 2017	Calendar Year 2018	Calendar Year 2019	Calendar Year 2020	Calendar Year 2021	Calendar Year 2022
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Affordable Care Act New Adult Eligibility Group Rate

State Effort	5.00%	6.00%	7.00%	10.00%	10.00%	10.00%
Federal Effort	95.00%	94.00%	93.00%	90.00%	90.00%	90.00%

State Fiscal Year 2016-2017	State Fiscal Year 2017-2018	State Fiscal Year 2018-2019	State Fiscal Year 2019-2020	State Fiscal Year 2020-2021	State Fiscal Year 2021-2022
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Federal Medical Assistance Percentage

State Effort	37.74%	36.66%	35.33%	33.60%	32.72%	-
Federal Effort	62.26%	63.34%	64.67%	66.40%	67.28%	-

Enhanced Federal Medical Assistance Percentage

State Effort	26.41%	25.66%	24.72%	23.52%	22.91%	-
Federal Effort	73.59%	74.34%	75.27%	76.48%	77.09%	-

ACA CHIP Adjustment to the Enhanced Federal Medical Assistance Percentage

State Effort	3.41%	2.66%	1.73%	9.15%	20.03%	-
Federal Effort	96.59%	97.34%	98.27%	90.85%	79.97%	-

Affordable Care Act New Adult Eligibility Group Rate

State Effort	2.50%	5.50%	6.50%	8.50%	10.00%	10.00%
Federal Effort	97.50%	94.50%	93.50%	91.50%	90.00%	90.00%