

## EQUIPMENT LEASE

THIS EQUIPMENT LEASE (the “**Lease**”) is made and entered into effective the 29th day of May, 2013, by and between

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional corporation of the State of Louisiana, represented herein by William L. Jenkins, Interim President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors, adopted April 17, 2013, with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (Federal I.D. No. XX-XXX0848) (hereinafter referred to as “**LSU**” or “**Lessor**”),

and

**UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION**, a Louisiana nonprofit corporation represented herein by Robert V. “Bobby” Yarborough, Chair, duly authorized by virtue of a joint unanimous written consent of its members and Board of Directors, adopted April 23, 2013, a copy of which is on file and of record, with a mailing address of 200 Henry Clay Avenue, New Orleans, Louisiana 70118 (Federal I.D. No. XX-XXX5187) (hereinafter referred to as “**Lessee**”)

and provides as follows:

### WITNESSETH

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

**WHEREAS**, contemporaneously herewith, LSU, Lessee, and others are entering into a Cooperative Endeavor Agreement (along with any subsequent amendments thereto, the “**CEA**”) and a Master Hospital Lease to address the provision of healthcare in and through the Interim Facility and the New Facility (as those terms are defined in the CEA and Master Hospital Lease)

and to address the stability and preservation of academic medicine in Louisiana, especially in New Orleans; and

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

**WHEREAS**, this Lease furthers the educational and public service missions of LSU and the State of Louisiana.

**NOW, THEREFORE**, in consideration of the mutual covenants, conditions and agreements which follow, the parties agree:

## **ARTICLE I** **LEASE OF EQUIPMENT**

During the Term, Lessor does hereby lease unto Lessee, and Lessee does hereby lease from Lessor, certain equipment and other personal property located in the Interim Facility (as defined in the CEA), said equipment and other personal property being more fully described and itemized on the attached **Exhibit “A”** (the “**Equipment**”). The parties acknowledge and agree that Lessee, in its discretion, may, by the delivery of written notice to Lessor no later than forty-five (45) days after the Commencement Date, remove any items of Equipment from **Exhibit “A”** (identified by description, tag number, inventory number, location, and other information reasonably required to specifically identify such items) and upon the delivery of such notice, **Exhibit “A”** shall be deemed to have been amended thereby, such items (“**Excluded Equipment**”) shall not be subject to this Lease, shall not be deemed to be “Equipment” for any purposes hereunder, and, notwithstanding anything to the contrary contained herein, Lessee shall

owe no rent or other obligations, and shall have no liability of any kind with respect thereto, and Lessee shall be entitled to take as a credit against the remaining Quarterly Rent payments for the first lease year, that portion of the first Quarterly Rent payment allocable to any Excluded Equipment; provided, however, that in the event such credit exceeds the remaining Quarterly Rent payments for the first lease year, Lessee shall not be entitled to receive any refund of such excess from Lessor, and Lessor shall not be obligated to pay any refund of such excess to Lessee. The parties further acknowledge and agree that they may from time to time during the Term by mutual consent add additional equipment and personal and movable property owned by LSU to Exhibit "A," including but not limited to any additional equipment and property installed in the New Facility (as defined in the CEA), and such additional equipment and property shall be added to Exhibit "A" with a mutually agreeable rent amount and shall henceforth be considered Equipment subject to all of the terms and conditions of this Lease.

**ARTICLE II**  
**TERM**

Unless sooner terminated as herein provided, this Lease shall be effective for an initial term of ten (10) years (the "**Initial Term**") commencing on the 24th day of June, 2013 (the "**Commencement Date**"), with two (2) separate and successive options to renew the Lease (each a "**Renewal Term**"), with each such Renewal Term being for a period of five (5) additional and subsequent years (for a total possible Term of up to twenty (20) years), unless, in each case, this Lease is earlier terminated in accordance with the provisions hereof. In the event and on each occasion that Lessee desires to renew the Lease for either Renewal Term as provided for above, then provided Lessee is not then in default of this Lease, Lessee may exercise its right by

providing written notice of same to LSU no later than ninety (90) days prior to the expiration of the then current Term. Notwithstanding the foregoing, the Lease shall automatically terminate on the date that all items of Equipment have been removed from **Exhibit "A"** (whether pursuant to the terms of Section 5.1 hereof or otherwise). "**Term**" as used in this Agreement shall include the Initial Term and any exercised Renewal Term. For clarity, this Lease shall be null and void and of no force and effect in the event of the termination of the CEA prior to the consummation of the transactions contemplated thereby and provided further that the Lease shall otherwise terminate upon a termination of the CEA or the Master Hospital Lease.

### **ARTICLE III** **CONSIDERATION**

The annual consideration for this Lease is the payment by Lessee to Lessor of a sum equal to the aggregate rental amount as reflected on **Exhibit "A"** for each item of Equipment listed on **Exhibit "A"** (as the items of Equipment on **Exhibit "A"** may be amended from time to time pursuant to the terms of this Lease) payable in four (4) equal quarterly installments (the "**Quarterly Rent**"), with the first installment being due and payable on the Commencement Date, and the remaining installments being due and payable, respectively, on the 1<sup>st</sup> day of each lease quarter thereafter. Quarterly Rent is payable by Lessee to Lessor at the following address, until notified in writing differently by Lessor: LSU Health Care Services Division, 5429 Airline Highway, Baton Rouge, Louisiana, 70805. Lessee shall have the right to reduce the rent amount as specific items of Equipment are released from the Lease and removed from **Exhibit "A"** pursuant to the terms of this Lease in the manner therein provided and effective as of the times therein provided. With respect to any Excluded Equipment, any rent payable hereunder shall be

deemed to have been reduced with respect to such Excluded Equipment effective as of the Commencement Date and Lessee shall be entitled to take as a credit against the remaining Quarterly Rent payments for the first lease year, that portion of the first Quarterly Rent payment allocable to any Excluded Equipment; provided, however, that in the event such credit exceeds the remaining Quarterly Rent payments for the first lease year, Lessee shall not be entitled to receive any refund of such excess from Lessor, and Lessor shall not be obligated to pay any refund of such excess to Lessee.

**ARTICLE IV**  
**USE, MAINTENANCE, AND REPAIRS**

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

4.2 Operation. Lessee shall be solely responsible for the provision of any equipment (other than the Equipment), furnishings, supplies, facilities, services, and personnel required for the proper use, operation, and management of the Equipment in an economical and efficient manner, consistent with standards of operation and administration generally acceptable for facilities of comparable size and scope of operations.

4.3 Maintenance. Lessee shall have full and sole responsibility for the repair, maintenance and management of the Equipment (but shall not be obligated to perform any repairs or maintenance except as otherwise specifically provided herein), and throughout the Term shall perform commercially reasonable routine maintenance on each item of Equipment until such time as Lessee provides a Return Notice to LSU pursuant to Section 5.1 for that item of Equipment or until said item of Equipment is otherwise removed from **Exhibit "A"** pursuant to the terms of this Lease; provided, however, that Lessee shall not owe any maintenance obligation under this Lease respecting any item of Equipment that is not in good working order as of the Commencement Date, and provided further that Lessee shall not owe any maintenance obligation (regardless as to when such maintenance obligation arose) under this Lease respecting any Excluded Equipment or for Equipment for which Lessee has provided a Return Notice (as hereinafter defined) to LSU pursuant to Section 5.1 or which is otherwise removed from **Exhibit "A"** pursuant to the terms of this Lease. Lessee shall provide written notice to LSU no later than forty-five (45) days after the Commencement Date of this Lease of any specific items of Equipment that were not in good working order as of the Commencement Date. Lessee shall maintain accurate records of all material maintenance performed in furtherance of its obligations under this Section 4.3.

4.4 Lost and Stolen Equipment.

a. In the event that Equipment is lost or stolen for reasons unrelated to the fault or negligence of Lessee, then Lessee shall either: (1) promptly replace the Equipment at Lessee's expense with comparable items of substantially similar specification and value, which items shall be owned by LSU, shall be added to Exhibit "A" with a rental value no less than the rental value of the lost / stolen Equipment, and shall be considered Equipment subject to this Lease (while at the same time contemporaneously removing the lost / stolen Equipment from Exhibit "A"), or (2) pay to LSU the fair market value of the Equipment, which shall then be removed from Exhibit "A" effective as of the date that such payment is made to LSU, no further rent shall be due with respect thereto, and Lessee shall also receive a credit against the following lease year's rent for any rent paid with respect to such Equipment for the period from such date of payment, or (3) in the event the loss/theft is covered in whole or in part by Lessee's insurance, then Lessee may pay to LSU the entirety of the insurance proceeds therefrom (plus the amount, if any, of any deductible applicable thereto), and said Equipment shall be removed from Exhibit "A" effective as of the date that such payment is made to LSU, no further rent shall be due with respect thereto, and Lessee shall also receive a credit against the following lease year's rent for any rent paid with respect to such Equipment for the period following such date of payment or (4) in the event the loss/theft is covered in whole or in part by the ORM insurance procured pursuant to Section 6.2(a), then LSU may retain the entirety of such insurance proceeds therefrom, and said Equipment shall be removed from Exhibit "A" effective as of the date that such payment is made to LSU, no further rent shall be due with respect thereto, and Lessee shall also receive a credit against the following lease

year's rent for any rent paid with respect to such Equipment for the period following such date of payment.

b. In the event that Equipment is lost or stolen due to the fault or negligence of Lessee, then Lessee shall promptly replace the Equipment at Lessee's expense with comparable items of substantially similar specification and value, which items shall be owned by LSU, shall be added to Exhibit "A" with a rental value no less than the rental value of the lost / stolen Equipment, and shall be considered Equipment subject to this Lease (while at the same time contemporaneously removing the lost / stolen Equipment from Exhibit "A").

c. Whenever Lessee has knowledge that any Equipment has been lost or stolen during the Term of this Lease, Lessee shall promptly notify LSU in writing and shall report such lost/stolen Equipment as required by this Lease. In the event that Lessee is entitled to a credit against the following lease year's rent pursuant to this Section 4.4 and the credit exceeds the following lease year's rent amount, Lessee shall not be entitled to receive any refund of such excess from Lessor, and Lessor shall not be obligated to pay any refund of such excess to Lessee.

#### 4.5 Repair.

a. In the event that an item of Equipment is damaged, broken, becomes inoperable, or otherwise ceases to work as intended for reasons unrelated to the misuse of the Equipment by Lessee and/or the fault or negligence of Lessee (including but not limited to Lessee's failure to perform commercially reasonable routine maintenance on the Equipment), then Lessee shall either: (1) promptly repair the Equipment to good working order at Lessee's expense, or (2) replace the Equipment at Lessee's expense with



comparable items of substantially similar specification and value, which items shall be owned by LSU, shall be added to Exhibit "A" with a rental value no less than the rental value of the damaged/broken/inoperable/nonworking Equipment, and shall be considered Equipment subject to this Lease (while at the same time contemporaneously removing the damaged/broken/inoperable/nonworking Equipment from Exhibit "A"), or (3) declare the Equipment to be Non-Functional Equipment and return the Equipment to LSU pursuant to the procedure set forth in Section 5.1 below; provided, however, that in the event Lessee declares the Equipment to be Non-Functional Equipment and the Equipment was damaged, broken, became inoperable, or ceased to work as intended under circumstances covered in whole or in part by Lessee's insurance, then Lessee shall make a claim against Lessee's insurance to the fullest extent possible under such policy(s) and pay to LSU the entirety of the insurance proceeds therefrom (plus the amount, if any, of any deductible applicable thereto).

b. In the event that an item of Equipment is damaged, broken, becomes inoperable, or otherwise ceases to work as intended due to the misuse of the Equipment by Lessee or the fault or negligence of Lessee (including but not limited to Lessee's failure to perform commercially reasonable routine maintenance on the Equipment), then Lessee shall either: (1) promptly repair the Equipment to good working order at Lessee's expense, or (2) replace the Equipment at Lessee's expense with comparable items of substantially similar specification and value, which items shall be owned by LSU, shall be added to Exhibit "A" with a rental value no less than the rental value of the damaged/broken/inoperable/nonworking Equipment, and shall be considered Equipment

subject to this Lease (while at the same time contemporaneously removing the damaged/broken/inoperable/nonworking Equipment from Exhibit “A”).

c. Whenever Lessee has knowledge that any Equipment has been damaged during the Term of this Lease, Lessee shall promptly notify LSU in writing and shall report such damaged Equipment as required by this Lease. In the event that Lessee is entitled to a credit against the following lease year’s rent pursuant to this Section 4.5 and the credit exceeds the following lease year’s rent amount, Lessee shall not be entitled to receive any refund of such excess from Lessor, and Lessor shall not be obligated to pay any refund of such excess to Lessee. Lessee shall maintain accurate records of all material repairs performed in furtherance of its obligations under this Section 4.5. Lessee may not dispose of any damaged Equipment except as set forth in Section 5.1 below.

4.6 Relocation of Equipment. Lessee shall be solely responsible for any costs or expenses of any kind incurred relocating Equipment other than Lessor’s or Lessor’s agents taking physical possession of the Equipment and removing the Equipment from Lessee’s facility or other premises pursuant to Section 5.1 of this Lease.

4.7 Compliance. With respect to the Equipment, Lessee shall perform and comply with all of the procedures, processes, policies, and protocols established for property control by the Louisiana Commissioner of Administration (the “**Commissioner**”) and the Louisiana Property Assistance Agency (the “**LPAA**”), in the manner provided by the Commissioner and the LPAA, including but not limited to:

a. Lessee shall designate one of its officers or employees as property manager for the Equipment and shall notify LSU and the LPAA in writing of the designation. Lessee

shall ensure that the property manager has the necessary time, supplies, support and assistance for performance of his/her duties hereunder.

b. Lessee and Lessee's property manager shall maintain uniform State of Louisiana identification tags approved by the Commissioner on all items of Equipment.

c. Lessee and Lessee's property manager shall maintain the property location index for all Equipment and shall submit to the LPAA an up-to-date index each time a change or modification is made.

d. Lessee and Lessee's property manager shall submit monthly Louisiana Property Control Transmittal Forms to the LPAA listing all Equipment transactions for the month.

e. Lessee and Lessee's property manager shall make a complete physical inventory of the Equipment once for each fiscal year of the State of Louisiana and not more than twelve (12) calendar months since the last physical inventory, shall notify the LPAA in writing not later than thirty (30) days prior to the date the inventory is to begin, and shall follow the inventory procedures prescribed by the Commissioner and the LPAA.

f. Lessee and Lessee's property manager shall submit an inventory report to the LPAA and the Legislative Auditor for the State of Louisiana (the "**Legislative Auditor**") containing a list of all Equipment in Lessee's custody, together with descriptive information as set forth in Section 4.7(g) of this Lease. Upon completion of each annual inventory, Lessee and Lessee's property manager shall submit to the LPAA and the Legislative Auditor a certified report containing all exceptions or discrepancies found in relating physical inventory records with the State master file listing. The annual report

also shall include a listing of idle or surplus items of Equipment available for transfer or disposition.

g. Lessee shall maintain a master file of the Equipment. The master file shall contain the following information: (a) a description of the Equipment, (b) the manufacturer's serial number, if any, (c) the description and location of the identification mark, (d) the original cost of the Equipment, and (e) the principal place where the Equipment is housed, garaged, stored, or used.

h. Lessee and Lessee's property manager shall keep the Equipment master file updated by submitting to the LPAA monthly all Equipment transactions.

i. Lessee and Lessee's property manager shall make all Equipment records and reports and the invoices, receipts and other supporting documents therefor in their possession available for examination by the LPAA and the Legislative Auditor, and by their representatives, at reasonable times and upon reasonable advance notice to Lessee.

j. Lessee's property manager shall file with the Commissioner a bond furnished by a bonding company approved by the Commissioner and paid for by Lessee in an amount to be determined by the Legislative Auditor payable to the State of Louisiana, which bond shall serve as a guarantee or indemnity that Lessee's property manager will faithfully perform his duties.

k. Whenever Lessee's property manager ceases for any reason to be the property manager for the Equipment, Lessee shall immediately notify the LPAA and LSU in writing. The Equipment and the receipts held by the outgoing property manager shall be transferred to the new property manager, who shall execute his written receipt for all

Equipment received by him or coming into his custody, and the new property manager shall be the custodian of all of the Equipment.

l. Whenever Lessee's property manager has knowledge or reason to believe that any Equipment is lost, stolen or otherwise unaccounted for or is damaged or destroyed, Lessee's property manager shall report such knowledge or reason to Lessee, and Lessee shall immediately notify the LPAA.

m. Lessee and Lessee's property manager shall maintain for three years all inventories, forms, transmittals, letters of certification / acceptance / rejection, sequentially dated copies of all Equipment transaction listings, sequential BF-11s submitted and responses received, and other records and documents regarding the Equipment created after the Commencement Date.

#### 4.8 Coordination Between Lessee and LSU.

a. To assist Lessee in its obligations under Section 4.7 hereof, LSU shall make available to Lessee, at such times as Lessee shall reasonably request and at no additional cost to Lessee, all of LSU's existing inventory schedules, property location indices, reports, records, and other documentation regarding the Equipment. LSU shall also assist Lessee in obtaining access to any online tracking and reporting systems and other secure sites necessary for Lessee to perform its obligations under Section 4.7 hereof at no additional cost to Lessee.

b. LSU shall monitor Lessee's performance of its obligations under Section 4.7 hereof to ensure compliance therewith and, when requested and when available, shall cooperate with Lessee and provide reasonable advice and assistance to Lessee. Lessee shall pay/reimburse Lessor for Lessor's reasonable costs and expenses related to its

obligations under this Section 4.8, including Lessor's employees' time and expenses, as additional Rent, not to exceed \$150,000.00 for any lease year, pro-rated for any partial lease year. Lessor shall invoice Lessee semi-annually for any such costs and expenses, which invoices shall set forth such costs and expenses in reasonable detail.

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

4.10 Taxes and Liens. Lessee shall pay as they become due all taxes (other than income taxes) and assessments, whether general or special, and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Equipment while leased hereunder. Lessee shall not allow any part of the Equipment to become and remain subjected to any mechanic's, laborer's or materialman's lien. Notwithstanding the foregoing, Lessee may at its own expense and in its own name contest any such item of tax, assessment, lien, or other governmental charge and, in the event of such contest, may permit the item so contested to remain unpaid during the period of such contest and any appeal therefrom. LSU will cooperate to the extent reasonably necessary with Lessee in any such claim, defense, or contest.

4.11 Waiver and Disclaimer of Warranties. Except as may be otherwise set forth in this Lease, Lessee accepts the Equipment in its "as is" and existing condition, without any warranty of any kind or nature, whether express or implied, contractual or statutory and whether as to the condition (patent or latent) or state of repair of the Equipment or the fitness of same for

Lessee's purposes or for any other purpose whatsoever, except as otherwise specifically provided for herein.

**ARTICLE V**  
**EQUIPMENT RETURN AND LESSEE PLACED EQUIPMENT**

5.1 Disposition of Equipment. Throughout the Term, Lessee may remove specific items of Equipment from the Lease (and **Exhibit "A"**) if either (i) Lessee determines (in its sole discretion) that Lessee no longer needs those specific items of Equipment for the purposes set forth in the CEA, or (ii) such Equipment can no longer be used in a commercially reasonable manner for the purposes for which it was intended to be leased hereunder (taking into account but not limited to consideration of such Equipment's condition and life expectancy and the cost of any reasonably necessary maintenance and/or repairs) (such Equipment as described in the foregoing clause (ii) being "**Non-Functional Equipment**"). Without limiting the generality of the foregoing, Lessee shall have the right to remove any item of Equipment from this Lease (and **Exhibit "A"**) upon the occupancy (a "**New Facility Occupancy**") of the New Facility (as defined in the CEA). Lessee's ability to reduce the annual consideration owed under Article III for items of Equipment removed from the Lease pursuant to this Section 5.1 shall be as set forth in Section 5.2. Once Lessee determines to remove a specific item of Equipment from the Lease (and **Exhibit "A"**):

a. Lessee shall provide written notice of its determination to LSU in accordance with the notice provisions of this Lease and shall send an additional copy of the notice to the LSU Health Care Services Division, 5429 Airline Highway, Baton Rouge, Louisiana, 70805. Said notice shall identify the item of Equipment by its description, tag number,

inventory number, and other information reasonably required to specifically identify such items, shall state where the item of Equipment is physically located at the time notice is given, and shall state where the item of Equipment may be retrieved by LSU as provided for below (a “**Return Notice**”); provided further that with respect to Non-Functional Equipment, the Return Notice shall reasonably specify why such Equipment can no longer be used in a commercially reasonable manner for the purposes for which it was intended to be leased hereunder (taking into account but not limited to consideration of such Equipment’s condition and life expectancy and the cost of any reasonably necessary maintenance and/or repairs). Lessee shall deliver the Return Notice with respect to a return of Equipment pursuant to New Facility Occupancy no later than ninety (90) days prior to the date on which Lessee occupies the New Facility (as defined in the CEA) and begins treating patients therein (the “**Occupancy Date**”). Except for Excluded Equipment, Lessee shall take all reasonable steps to decommission the Equipment and prepare it for retrieval by LSU as set forth below, specifically including but not limited to Lessee removing any and all hazardous substances from the Equipment and disposing of same in accordance with law, and Lessee shall be responsible for all costs incurred in connection therewith. Lessee may store such items of Equipment off-site pending its retrieval by LSU as set forth below, provided that Lessee shall be responsible for all costs and expenses incurred storing the items of Equipment, and provided further that Lessee shall report the relocation if and as required by law.

b. Lessor shall, promptly after receipt of the Return Notice (but not prior to the Occupancy Date with respect to all items of Equipment returned in connection with the New Facility Occupancy), and in no event more than one hundred eighty (180) days



following such receipt (or, with respect to all items of Equipment returned in connection with the New Facility Occupancy, following the Occupancy Date), take physical possession of the item of Equipment and remove the item of Equipment from Lessee's facility (or such off-site location where Lessee may have stored the Equipment in accordance with clause (a) above), at which time the item of Equipment shall be considered as removed from **Exhibit "A"** and all of Lessee's obligations and liabilities with respect to the items of Equipment (including but not limited to Lessee's obligations and liabilities under Sections 4.3, 4.4, 4.5, 4.7 and 4.10) shall cease, except that Lessee shall remain liable: (i) as set forth in this Lease for any claims, costs, causes of action, expenses, damages, and liabilities (other than repair obligations) arising or incurred during the Term until the earlier of such time as LSU (or its agent) takes physical possession thereof or 180 days from the date of delivery of the applicable Return Notice (the "**End Date**"), and (ii) for any remaining rent as set forth in Section 5.2 and subject to any credits as set forth in Section 5.2 (the foregoing clauses (i) and (ii) being collectively the "**Remaining Obligations**"). LSU shall give reasonable prior notice to Lessee when it intends to take physical possession of the items of Equipment.

c. LSU shall, as of the End Date, be responsible for any claims, costs, causes of action, expenses, repairs, damages, and liabilities arising out of, or incurred with respect to, the Equipment and the use thereof, other than the Remaining Obligations, including, without limitation, for disposing of the Equipment in accordance with law, or for making other disposition of the Equipment, all at no cost, liability, or obligation to Lessee. In addition, for clarity, and notwithstanding anything to the contrary contained herein, Lessor shall bear all risk of loss or decrease in the enjoyment and beneficial use of the

Equipment, and shall otherwise be responsible for any claims, costs, causes of action, expenses, repairs, damages, and liabilities, in each case to the extent arising out of or incurred in connection with Lessor's or Lessor's agents taking physical possession of the Equipment and removing the Equipment from Lessee's facility (or such off-site location where Lessee may have stored the Equipment in accordance with clause (a) above) pursuant to this Lease.

5.2 Recalculation of Rent. With respect to items of Equipment that are returned pursuant to Section 5.1 or otherwise removed from Exhibit "A" pursuant to this Lease, Lessee shall be responsible for rent with respect to such as items as follows (or, as applicable in accordance with Section 4.4):

a. With respect to all items of Equipment removed from the Lease in connection with the New Facility Occupancy pursuant to the process set forth in Section 5.1 above, Lessee shall be entitled on the Commencement Date anniversary immediately following the Occupancy Date to prospectively reduce the amount of rent owed to LSU by the aggregate amount associated with such Equipment as set forth in Exhibit "A." Lessee shall also be entitled to take as a credit against the next lease year's rent, that portion of the previous lease year's rent allocable to such Equipment for the portion thereof allocable to any period following the Occupancy Date.

b. With respect to all items of Non-Functional Equipment for which a Return Notice was delivered during the previous lease year pursuant to the process set forth in Section 5.1, Lessee shall be entitled on the Commencement Date anniversary immediately following the delivery of the Return Notice to prospectively reduce the amount of rent owed to LSU by the aggregate amount associated with such Non-

Functional Equipment as set forth in Exhibit "A." Lessee shall also be entitled to take as a credit against the next lease year's rent, that portion of the previous lease year's rent allocable to such Non-Functional Equipment for the portion thereof allocable to any period following the date of delivery of the applicable Return Notice.

c. With respect to all items of Equipment not covered by the foregoing subsections (a) and (b) and for which a Return Notice was delivered during the previous lease year pursuant to the process set forth in Section 5.1 above, Lessee shall be entitled on the Commencement Date anniversary immediately following the delivery of the Return Notice to prospectively reduce the amount of rent owed to LSU by the aggregate amount associated with such Equipment set forth in Exhibit "A," but Lessee shall not be entitled to any credit against the next lease year's rent for any portion of the previous lease year's rent.

In the event that Lessee is entitled to a credit against the next lease year's rent pursuant to this Section 5.2 and the credit exceeds the next lease year's rent amount, Lessee shall not be entitled to receive any refund of such excess from Lessor, and Lessor shall not be obligated to pay any refund of such excess to Lessee.

5.3 New Equipment. Lessee may at any time place in the facilities governed by the CEA property and equipment owned or leased by it or its affiliates (other than Equipment leased pursuant to this Lease), which shall remain the property and equipment of Lessee (as owner or lessee) and shall not be considered Equipment subject to this Lease. Notwithstanding the foregoing, Lessor and Lessee may provide elsewhere for an option in favor of Lessor to purchase such property and equipment at a later date; provided, however, that Lessee shall be under no obligation under this Lease to make or accept any such provision.

**ARTICLE VI**  
**INSURANCE**

6.1 Required Insurance. Subject to Section 6.2 hereof, throughout the Term of this Lease, Lessee shall at all times maintain or cause to be maintained, with respect to the Equipment, the following insurance (or, in each case, commercially reasonable programs of self-insurance coupled with commercially reasonable excess insurance):

a. Property insurance against loss and/or damage to the Equipment, including but not limited to loss or damage caused by fire, lightning, earthquake, collapse, sewer backup, vandalism and malicious mischief, flood and storm surge, and against such other perils as are included in so-called “extended coverage” and against such other insurable perils as, under good insurance practice, from time to time are insured for property of similar character and location, which insurance shall be in an amount not less than the actual cash value (replacement cost less depreciation) of the Equipment.

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

6.2 ORM Insurance. At the election of Lessee, LSU shall cause the Division of Administration’s Office of Risk Management (“**ORM**”) to provide coverage for the Equipment

against such insurable perils as, under good insurance practice, from time to time are insured for properties of similar character and location, and Lessee shall reimburse LSU for the cost of such coverage within fifteen (15) days of Lessee's receipt of ORM's invoice to LSU therefor. Upon any such election, and until such time as such election is withdrawn, if ever: (i) the coverage provided by ORM pursuant to Lessee's election shall be deemed to completely satisfy Lessee's obligation under Section 6.1(a), and (ii) Lessee shall have no additional obligations under Section 6.1(a). Such election may be withdrawn by Lessee at anytime upon sixty (60) days prior written notice. LSU shall provide all administrative services as are reasonably required to maintain any policy of insurance by ORM pursuant to this Section 6.2(a), subject to an administrative fee as provided in the Master Collaborative Agreement to be entered into by and between LSU and the Lessee. The reimbursement of the ORM premium shall be paid directly to LSU, separate from any Rent.

b. Lessee shall comply with all ORM requirements and regulations required for LSU to obtain and maintain ORM coverage from ORM on the Equipment.

c. Lessee shall be responsible for payment of any deductible up to \$1,000.

6.3 Additional Requirements. Lessee shall obtain commercial insurance coverage (or maintain commercially reasonable programs of self-insurance coupled with commercially reasonable excess insurance) in order to comply with the insurance requirements of Section 6.1(b) and, during those periods for which Lessee has not elected ORM coverage pursuant to Section 6.2(a), Section 6.1(a). All insurance policies which are obtained by Lessee for purposes of complying with its obligations in Section 6.1, and all renewals of such insurance policies, in each case other than any programs of self-insurance (the "**Required Policies**"), shall be issued by companies duly licensed and authorized to transact business in the State of Louisiana, and

rated at least A- Class VIII by Best's Insurance Reports or as otherwise approved in writing by Lessor. To the extent obtainable on a commercially reasonable basis, Lessee shall ensure that all of the Required Policies provide that (i) such policies shall not be canceled or materially altered without thirty (30) days' prior written notice to Lessor; and (ii) that no act or omission of Lessee which would otherwise result in forfeiture or reduction of the applicable insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained.

6.4 Additional Insureds. LSU and its board members, officers, employees and agents (the "**LSU Insured Parties**") shall each be named as additional insureds on all Required Policies for liability coverage, and LSU shall also be named as a loss payee on all Required Policies for property damage.

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

6.6 Failure to Comply With Reporting Requirements. All Required Policies shall provide that any failure of Lessee to comply with reporting requirements of such Required Policy shall not affect coverage provided to the LSU Insured Parties.

6.7 No Recourse. The Lessee and the insurance companies issuing such Required Policies shall have no recourse against LSU for payment of premiums or for assessments under any form of the policies.

6.8 Deductibles and SIR's. Any deductibles or self-insured retentions under any Required Policies must be declared to and accepted by LSU, which acceptance shall not be unreasonably denied, withheld or delayed. Lessee shall be responsible for all deductibles and self-insured retentions with respect to any Required Policies.

6.9 Occurrence Based Policies. All Required Policies shall be occurrence coverage. Claims-made policies are not allowed.

6.10 Verification of Coverage. Lessee shall furnish LSU with declarations pages, certificates of insurance, and evidence of the payment of all premiums of all Required Policies prior to the Commencement Date. Lessee shall likewise furnish LSU with declarations pages, certificates of insurance, and evidence of the payment of all premiums of all renewals of Required Policies. LSU reserves the right to request complete copies of all original and renewal Required Policies (together with copies of all endorsements). Upon failure of Lessee to furnish, deliver and maintain insurance as provided herein, subject, in each case, to the right of Lessee to maintain commercially reasonable programs of self-insurance, and expiration of the cure period in Section 9.1(a), then LSU may, but shall not be obligated to, obtain said insurance on behalf of Lessee at Lessee's commercially reasonable cost and expense. Failure of Lessee to purchase and/or maintain any required insurance shall not relieve Lessee from any liability or indemnification hereunder.

## **ARTICLE VII** **INDEMNIFICATION**

7.1 By Lessee. To the extent allowed by law, Lessee agrees to defend, indemnify, and hold LSU and its board members, officers, employees, agents, invitees, contractors, subcontractors, and attorneys, together with any of their respective successors and assigns (collectively the "**LSU Indemnitees**"), harmless from and against any and all losses, claims, damages, liabilities, penalties, obligations and expenses, including, without limitation, costs for counsel (collectively, "**Losses**"), when incurred, incidental to, caused by, connected with, relating

to, arising out of, or based upon, directly or indirectly, (i) the lease, use, operation, management, maintenance, repair, and/or replacement of the Equipment by Lessee, its officers, agents, employees, invitees, permittees, contractors and/or subcontractors, except to the extent caused by the fault and/or negligence of LSU Indemnitees, and/or (ii) the breach by Lessee of any representation, warranty, covenant or agreement of Lessee hereunder. All the foregoing indemnification provisions shall apply to Permitted Uses, as well as uses that are not permitted under this Lease. Said obligation shall include but shall not necessarily be limited to defending LSU Indemnitees in any legal action against them, paying in full and satisfying any claims, demands, or judgments made or rendered against LSU Indemnitees, and reimbursing LSU Indemnitees for any reasonable legal expenses, including reasonable attorney fees and court costs, which may be incurred by them in defense of any claim or legal action arising hereunder.

7.2 By Lessor. To the extent allowed by law, LSU agrees to defend, indemnify, and hold Lessee and its board members, employees, agents, invitees, contractors, subcontractors and attorneys, together with any of their respective successors and assigns (collectively the “**Lessee Indemnitees**”), harmless from and against any and all Losses when incurred, incidental to, caused by, connected with, relating to, arising out of, or based upon, directly or indirectly, (i) the ownership or use of the Equipment prior to the Commencement Date or following the Term (or, with respect to any individual item of Equipment, following LSU (or its agent) taking possession of such Equipment pursuant to Section 5.1), (ii) the removal of any Equipment by LSU or any of its agents, (iii) the ownership or use of the Excluded Equipment, (iv) the breach by LSU of any of representation, warranty, covenant or agreement of LSU hereunder (including, without limitation, its warranty of ownership of the Equipment and Lessee’s peaceful possession of the Equipment, or (v) the negligence or willful misconduct of Lessor. Said obligation shall include



but shall not necessarily be limited to defending Lessee Indemnitees in any legal action against them, paying in full and satisfying any claims, demands, or judgments made or rendered against Lessee Indemnitees, and reimbursing Lessee Indemnitees for any reasonable legal expenses, including reasonable attorney fees and court costs, which may be incurred by them in defense of any claim or legal action arising hereunder. LSU's obligation to indemnify, defend, and hold the Lessee Indemnitees harmless shall not extend to any Losses to the extent arising out of the fault and/or negligence of the Lessee Indemnitees.

**ARTICLE VIII**  
**NOTICES**

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

**Lessor:**

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

**With a copy to:**

LSU System Office  
3810 West Lakeshore Drive  
Baton Rouge, Louisiana 70808

**With a copy to:**

**Lessee:**

University Medical Center  
Management Corporation  
Care Of: Louisiana Children's  
Medical Center  
200 Henry Clay Avenue  
New Orleans, Louisiana 70118  
Attn: Steve Worley  
Ricardo Guevara

**With a copy to:**

Louisiana Children's Medical Center  
200 Henry Clay Avenue  
New Orleans, Louisiana 70118  
Attn: General Counsel

Taylor, Porter, Brooks & Phillips, L.L.P.  
Attn: LSU Health Care Partner  
451 Florida St., 8<sup>th</sup> Floor  
Baton Rouge, Louisiana 70801

**With a copy to:**  
Foley & Lardner LLP  
Attn: Mark Waxman  
111 Huntington Avenue  
Suite 2500  
Boston, Massachusetts 02199

Any such notice or communication shall be deemed to have been given either at the time of personal delivery, subject to verification of service or acknowledgement of receipt, one (1) Business Day (as hereinafter defined) after deposit with a nationally recognized overnight delivery service, or three (3) days after mailing via United States Certified Mail, return receipt requested.

Each party shall immediately inform all other parties of any changes in personnel or address for the purpose of sending required notices.

## **ARTICLE IX** **EARLY TERMINATION**

9.1 Early Termination. The parties expressly agree that this Lease shall terminate prior to the normal expiration of the Term for no reason other than termination of the CEA or Master Hospital Lease and subject to any wind-down period(s) set forth therein. Subject to the foregoing, all rights and remedies set forth in this Lease shall be construed and held to be cumulative, no single right or remedy shall be exclusive of any other which is consistent with the former, and any party shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein.

**ARTICLE X**  
**MISCELLANEOUS**

10.1 LSU's Right to Inspect the Equipment. LSU reserves the right to enter the Leased Premises at any time to inspect the Equipment, as long as LSU's inspection does not unreasonably interfere with the operation of Lessee's business or violate any privacy or confidentiality obligations owed by Lessee to its patients or other persons. LSU shall provide Lessee with reasonable advance notice of its intent to inspect the Equipment, unless notice is impossible or commercially impractical. Lessee shall have the right to have a representative accompany LSU during such entry and inspection. Lessee shall not deny LSU reasonable access to the Equipment as permitted hereby.

10.2 Survival. Except as specifically set forth herein, the expiration or termination of this Agreement, for any reason, shall not release either party from any obligation or liability to the other party arising or accruing prior to expiration or termination.

10.3 Relationship of the Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto. It is understood and agreed that no provision contained herein nor any actions of the parties hereto creates a relationship other than the relationship between Lessor and Lessee and as described by the CEA.

10.4 Waiver. Lessor and Lessee agree that either party's failure to insist on strict performance of any term or condition of this Lease shall not constitute a waiver of that term or condition, even if the party accepting or acquiescing in the non-conforming performance knows of the nature of the performance and fails to object to it. No waiver or breach shall affect or alter this Lease but each of the terms of this Lease shall continue in full force and effect with respect

to any other then existing or subsequent breach thereof. No waiver of any default hereunder by either party shall be implied from any omission by the non-defaulting party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver for the time and to the extent therein stated. One or more waivers shall not be construed as a waiver of a subsequent breach of the same covenant, term, or condition.

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

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

10.7 Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together will constitute only one agreement. For purposes hereof, facsimile and electronically scanned pdf copies hereof and facsimile and electronically scanned pdf signatures hereof shall be authorized and deemed effective.

10.8 Entire Agreement. This Lease, together with the exhibits attached hereto, all of which are incorporated herein and made a part hereof, and all terms and conditions agreed upon between the parties are contained herein. No verbal commitments, except those reduced to writing in this Lease, have any binding effect. Any amendments to this Lease must be reduced to writing and signed by both parties.

10.9 Louisiana Law to Apply. This Lease shall be construed under and in accordance with the laws of the State of Louisiana, and the sole forum for all disputes arising out of this

Lease shall be the Nineteenth Judicial District Court for the Parish of East Baton Rouge, State of Louisiana.

10.10 Attorney Fees. If either party is required to commence legal proceedings relating to this Lease, the prevailing party to the extent allowed by law shall be entitled to receive reimbursement for its reasonable attorney fees and costs of suit from the non-prevailing party.

10.11 Authorization. By execution of this Lease, Lessee 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; and that the persons signing this Lease on their behalf have due authorization to do so. LSU further represents that it has the power and authority to execute and deliver this Lease and such action has been duly authorized by all necessary action by LSU's Board of Supervisors.

10.12 Name, Logo, or Marks. Neither party shall make use of the other party's name, logo, or marks without its prior written consent.

10.13 Assignment. Lessee may not, without the prior written consent of LSU, which consent shall not be unreasonably withheld or delayed, assign or otherwise encumber in whole or in part this Lease or any interest therein; provided, Lessee may, with prior written notice to LSU, but without the consent of LSU, assign its interest under this Lease to a nonprofit corporation, nonprofit limited liability company, nonprofit limited liability partnership, or other nonprofit legal entity wholly owned or controlled by Lessee (each an "**Affiliate**"), provided that in the case of such assignment, such assignee shall agree to assume in writing Lessee's obligations hereunder without release of Lessee, all in form and substance approved by LSU..

10.14 Books, Records and Audit. The books, accounts and records of Lessee which pertain directly to the Equipment shall be maintained at the principal office of Lessee. LSU may

at its option and at its own expense during customary business hours and upon reasonable prior notice to Lessee, conduct internal audits of such books and records of Lessee and its contractor(s) to the extent necessary to verify compliance with this Lease or insofar as said books and records directly relate to Lessee's performance of its obligations under this Lease. Audits may be made on either a continuous or periodic basis or both and may be conducted by employees of LSU, by independent auditors retained by LSU to conduct such audit, by the Louisiana Legislative Auditor or by the Office of the Governor, Division of Administration, but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs of Lessee.

10.15 Casualty and Other Damage. Subject to the provisions of this Lease, during the Term (or until the earlier of such time as LSU (or its agent) takes physical possession of Equipment thereof or 180 days from the date of delivery of the applicable Return Notice, or from the Occupancy Date with respect to all items of Equipment returned in connection with the New Facility Occupancy) the risk of loss or decrease in the enjoyment and beneficial use of the Equipment due to any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion, terrorist attack or otherwise is expressly assumed by Lessee. For clarity, and notwithstanding anything to the contrary contained herein, Lessor shall bear all risk of loss or decrease in the enjoyment and beneficial use of the Equipment, to the extent arising out of or incurred in connection with Lessor's or Lessor's agents taking physical possession of the Equipment and removing the Equipment from Lessee's facility pursuant to this Lease. None of the forgoing events shall entitle Lessee to any abatements, set-offs or counter claims with respect to payment of its rent, or any other obligation hereunder, except as specifically set forth herein.

10.16 Representations of LSU. To induce Lessee to execute, deliver and perform this Lease and without regard to any independent investigations made by Lessee, Lessor represents to Lessee on and as of the date of execution and delivery of this Lease and on and as of the Commencement Date as follows:

a. Lessor owns the Equipment in fee simple, free of any liens, claims or encumbrances other than the title exceptions set forth on **Exhibit “A”** and warrants the peaceful possession of Lessee during the Term.

b. There are no claims, causes of action or other litigation or proceedings pending or, to the best of Lessor's knowledge, threatened in respect to the ownership, operation or environmental condition of the Equipment or any part thereof (including disputes with mortgagees, governmental authorities, utility companies, contractors, adjoining land owners or suppliers of goods or services).

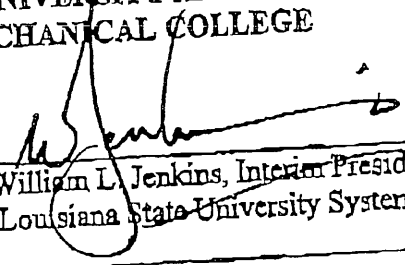
c. Lessor has complied with all of the “Property Control” obligations for the Equipment set forth in Title 39 of the Louisiana Revised Statutes, Chapter 1, Part XI (La. R.S. 39:321 – 39:332), and in Title 34 of the Louisiana Administrative Code, Part VII (sections 101 – 901).

10.17 Title. During the Term, Lessor shall with respect to each item of Equipment, maintain fee simple title to such Equipment, free of any liens, claims or encumbrances other than the title exceptions set forth on **Exhibit “A”** and defend Lessee’s peaceful possession of the Equipment.

*Signature Page For Equipment Lease*

IN WITNESS WHEREOF, the parties hereto have executed this Lease effective as of the  
Commencement Date.

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

By:   
William L. Jenkins, Interim President  
Louisiana State University System  
Date: \_\_\_\_\_

**UNIVERSITY MEDICAL CENTER  
MANAGEMENT CORPORATION**

By: \_\_\_\_\_  
Robert V. "Bobby" Yarborough, Chair  
Date: \_\_\_\_\_



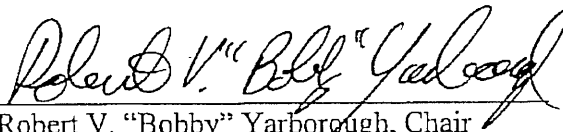
*Signature Page For Equipment Lease*

IN WITNESS HEREOF, the parties hereto have executed this Lease effective as of the Commencement Date.

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

By: \_\_\_\_\_  
William L. Jenkins, Interim President  
Louisiana State University System  
Date: \_\_\_\_\_

**UNIVERSITY MEDICAL CENTER  
MANAGEMENT CORPORATION**

By:   
Robert V. "Bobby" Yarborough, Chair  
Date: May 29<sup>th</sup>, 2013

**EXHIBIT “A”**

[see attached]