

## GROUND LEASE AND DEVELOPMENT AGREEMENT

**THIS GROUND LEASE AND DEVELOPMENT AGREEMENT** ("Lease") is made and entered into this \_\_\_\_ day of February, 2010 ("Effective Date"), by and between:

**OUR LADY OF THE LAKE HOSPITAL, INC.**, a Louisiana nonprofit corporation, represented herein by K. Scott Wester, its President and Chief Executive Officer, duly authorized by virtue of a resolution adopted January 27, 2010, a copy of which is attached hereto, with a mailing address of 7777 Hennessy Boulevard, Plaza II, Suite 6002, Baton Rouge, Louisiana 70808 (hereinafter referred to as "OLOL"); and

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional corporation of the State of Louisiana, represented herein by Dr. John V. Lombardi, President of the Louisiana State University System, duly authorized by virtue of a Resolution of the Board of Supervisors, adopted January 29, 2010, a copy of which is attached hereto, with a mailing address of 3810 West Lakeshore Drive, Louisiana State University, Baton Rouge, Louisiana 70808 (hereinafter referred to as "LSU").

(LSU and OLOL are sometimes individually referred to herein as "Party," and collectively referred to as the "Parties").

Capitalized terms shall have the meanings set forth on Schedule 1.

This Lease is in accordance with and, at all times shall be governed by and subject to that certain Cooperative Endeavor Agreement by and among OLOL, LSU, the Louisiana Department of Health and Hospitals, and the State of Louisiana (the "CEA"), to be entered into simultaneously with this Lease. To the extent that the terms, conditions and provisions of this Lease conflict with the CEA, the terms, conditions and provisions of the CEA shall govern.

### **RECITALS**

WHEREAS, OLOL is a major teaching hospital committed to developing medical and clinical professionals in the State of Louisiana in order to improve access to healthcare in its service area; and,

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

WHEREAS, OLOL and LSU believe that they maintain shared values and assumptions that support building a new model for the relationship between a major teaching hospital and a college of medicine, and that this new model will provide physicians and patients with a new environment of care that optimizes the use of all resources; and,

WHEREAS, LSU, OLOL and the State of Louisiana, through their collaboration, desire to develop and maintain nationally recognized graduate medical education programs with appropriate facilities, structure and funding at the OLOL Campus; and,

WHEREAS, as part of this collaboration, LSU and OLOL agree that OLOL will build a medical educational building ("LSU Medical Education Building") on certain vacant land owned by OLOL and leased to LSU pursuant to this Lease. The LSU Medical Education Building and surface parking shall be constructed on Lot 19-A, as described on Exhibit "A" attached hereto and made a part hereof (the "Land"), and additional surface parking shall be constructed and/or provided on Lot 20-A, as shown on Exhibit "A-1", and shall be made available on Lot C-1-A1 (which is already an existing parking lot and requires no further construction), as also shown on Exhibit "A-1"; and,

WHEREAS, OLOL and LSU agree that upon completion of construction of the LSU Medical Education Building, OLOL will continue to own the Land, and ownership of the LSU Medical Education Building will be conveyed to LSU, subject to a lease of the Land to LSU; and,

WHEREAS, this Lease sets forth the terms and conditions of the construction of the LSU Medical Education Building and the lease of the Land by OLOL to LSU, and governs the lessor-lessee relationship between OLOL and LSU;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, LSU and OLOL agree as follows:

**1. LAND AND PARKING**

1.1 Leased Land.

Effective as of the Commencement Date, OLOL does hereby lease, let and demise to LSU, and LSU does hereby lease, let and demise from OLOL, the Land (including the parking areas to be constructed thereon), together with all necessary easements and appurtenances in and over OLOL's adjacent land, highways, roads and streets (whether public or private) reasonably required for the utilities, for ingress and egress, and for surface parking areas (as hereinafter described), driveways and approaches to and from abutting streets for the use and benefit of the Land.

1.2 Parking.

(a) In addition to the Land (and any parking areas on the Land), OLOL will provide LSU with all parking required by the Required Permits on adjacent Lots 20-A and Lot C-1-A1. The parking areas on Lot 20-A and Lot C-1-A1 will be designated and signed as LSU parking areas. Regardless of the foregoing, however, OLOL shall also have the right to park in such parking areas; provided, however, OLOL will not encourage others to park in these designated parking areas. Such parking areas will not be fenced or gated. Further, OLOL will not be responsible if persons other than officers, employees, students or invitees of LSU park in such parking spaces.

(b) In the event OLOL wishes to re-locate, modify, add to, or construct any other surface parking areas, driveways or other facilities now existing or hereinafter installed or erected on Lot 20-A or Lot C-1-A1, both Parties agree to work cooperatively together in good faith in the location, relocation, modification, addition, and/or construction of such surface parking areas, driveways or other facilities. The relocation of surface parking from Lot 20-A or Lot C-1-A1 shall be to substitute parking areas reasonably acceptable to LSU, and shall be designated and signed as LSU parking areas. Regardless of the foregoing, however, OLOL shall also have the right to park in such substitute parking areas; provided, however, OLOL will not encourage others to park in these designated substitute parking areas. Such substitute parking area(s) will not be fenced or gated. The substitute parking areas shall be in a location which is in a reasonably close proximity to the Land and which is reasonably acceptable to LSU; provided, however, any parking garage which may be constructed on Lot C-1-A1 shall be deemed to be "in a reasonably close proximity to the Land" and "reasonably acceptable to LSU."

(c) OLOL shall have the right from time to time to close temporarily or obstruct any portions of Lot 20-A or Lot C-1-A1 (and driveways thereto), if and to the extent necessary to perform maintenance, repair, restoration and excavation thereof or in the case of an emergency. Notwithstanding the foregoing, however, at all times prior to the Expiration Date of this Lease, OLOL shall ensure that LSU shall have unimpeded access to the Land and the LSU Medical Education Building from and after the Commencement Date. In the event OLOL shall cause LSU's access to the LSU Medical Education Building and the Land to become impeded after the Commencement Date, due to any action or inaction by OLOL or OLOL's agents, servants, employees, students, customers, independent contractors, licensees or invitees, OLOL shall remove such impediment immediately, but in no event later than two (2) Business Days, and OLOL shall provide alternative and reasonable access thereto in the interim.

(d) The surface parking on the Land and Lot 20-A shall be constructed in accordance with applicable local ordinances, codes, subdivision restrictions and restrictive covenants relative to the total number, location and type of parking spaces required to be provided based upon the square footage of the LSU Medical Education Building for its proposed use, taking into account any required green space or utility areas, if applicable. The preliminary number and placement of surface parking spots on the Land, Lot 20-A and Lot C-1-A1 is shown on Exhibit "A-1". (The Parties agree that after final approval of the Final Plans as set forth in Section 2.1.3, the revised plans shall be substituted for the preliminary plans, and shall reflect the location and size of the LSU Medical Education Building and all required surface parking.)

(e) Lot 20-A and Lot C-1-A1 shall continue to be owned by OLOL and shall not be subject to a ground lease in favor of LSU; rather, OLOL hereby grants to LSU a right of use of such surface parking to be effective at such time as the construction of the additional surface parking on Lot 20-A is completed.

(f) Upon OLOL's prior written approval, not to be unreasonably withheld, LSU may use the Land as a temporary staging area for any construction or emergency activities being conducted within the LSU Medical Education Building.

1.3 Term.

(a) LSU shall have and hold the Land for a term of forty-nine (49) years commencing on the Commencement Date, and expiring at midnight of the day immediately preceding the 49th anniversary of the Commencement Date or on such earlier date upon which this Lease may be terminated as hereinafter provided (the "Term").

(b) Regardless of anything to the contrary contained herein, in the event of a termination of the CEA, this Lease shall terminate on the Closing Date, without further notice. The effective date of termination of this Lease shall be on the Closing Date, as set forth in Section 2.2.2(a) and (b) below. (Such date shall also for these purposes be the "Expiration Date".)

1.4 Ground Rent.

LSU shall pay to OLOL, without offset or deduction and without notice or demand, annually the sum of One Hundred Thirty-Two Thousand, Three Hundred Seventy-Four and 12/100 Dollars (\$132,374.12) (the "Ground Rent"), payable in advance on the first day of each calendar month of the Term in equal monthly installments of Eleven Thousand Thirty-One and 77/100 Dollars (\$11,031.77) each (unless any first day is not a Business Day, in which case payment shall be due on the next succeeding Business Day), for the period commencing on the Commencement Date and continuing thereafter throughout the Term. The first monthly installment of Ground Rent shall be due and payable on the Commencement Date hereof. Ground Rent shall be paid in lawful money of the United States to OLOL at the office of OLOL set forth above or at such other place as OLOL shall direct from time to time by written notice to LSU. (For purposes of clarification, the Ground Rent is based upon the Land being equal to 59,220 square feet at the rental rate of \$2.2353 per square foot.)

1.5 Additional Rent.

LSU shall also pay to OLOL, in addition to the Ground Rent, all charges or payments which LSU is or becomes obligated to pay pursuant to this Lease ("Additional Rent"). (The Ground Rent and the Additional Rent shall be referred to herein collectively as the "Rent"). Any Additional Rent owed to OLOL hereunder shall be due within thirty (30) days after LSU's receipt of notice of such from OLOL.

1.6 Utilities; Impositions.

(a) LSU shall be responsible for the direct payment of all utilities, communications and other services rendered or used in or about the Land and the LSU Medical Education Building, except for those services to be provided by OLOL pursuant to Section 1.11 below.

(b) In addition to the foregoing, LSU shall pay or cause to be paid, directly to the imposing authority (or if any of the following are due and paid by OLOL, LSU shall reimburse OLOL for such as Additional Rent), in a timely manner and as hereinafter provided, all of the following items, if any, as may be attributable to the Land and are due as a result of LSU's

ownership, use and occupancy of the LSU Medical Education Building and Equipment located therein ("Impositions"): (a) real property taxes and assessments (including any real property taxes assessed against the Land as a result of LSU's use thereof,) (b) personal property taxes; (c) levies; (d) license and permit fees; (e) service charges, with respect to police protection, fire protection, street and highway maintenance, construction and lighting, sanitation and water supply, if any; (f) gross receipts, excise or similar taxes of LSU (i.e., taxes customarily based upon gross income or receipts which fail to take into account deductions relating to the Land) imposed or levied upon, assessed against or measured by Rent or other Rent payable hereunder; (g) all excise, sales, value added, use and similar taxes; (h) payments in lieu of each of the foregoing, whether or not expressly so designated; (i) fines, penalties and other similar or like governmental charges applicable to any of the foregoing and any interest or costs with respect thereto; and (j) any and all other federal, state, county and municipal governmental and quasi-governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of every kind and nature whatsoever, and any interest or costs with respect thereto, which at any time during, prior to or after (but attributable to a period falling within) the Term are (1) assessed, levied, confirmed, imposed upon, or would grow or become due and payable out of or in respect of, or would be charged with respect to, the Land or the use and occupancy thereof by LSU, and/or (2) encumbrances or liens on the Land caused by LSU.

(c) LSU, from time to time upon written request of OLOL, shall furnish to OLOL, within the earlier of (i) thirty (30) days after the date when an Imposition is due and payable under this Lease, or (ii) thirty (30) days after the date when an official receipt of the appropriate imposing authority is received by LSU, such official receipt or, if no such receipt has been received by LSU, other evidence reasonably satisfactory to OLOL evidencing the payment of the Imposition.

(d) LSU shall have the right to contest the amount or validity, in whole or in part, of any Imposition by appropriate Proceedings diligently conducted in good faith, to the extent allowed by Law, subject to the provisions of Section 2.4 herein. OLOL shall not be required to join in any Proceedings referred to herein unless the provisions of any Law, rule or regulation at the time in effect shall require that such Proceedings be brought by and/or in the name of OLOL, in which event, OLOL shall join and cooperate in such Proceedings or permit the same to be brought in its name but shall not be liable for the payment of any costs or expenses in connection with any such Proceedings, and to the extent allowed by Law, LSU shall reimburse and indemnify OLOL for any and all costs or expenses which OLOL may sustain or incur in connection with any such Proceedings.

(e) Except as provided in subparagraph (b) above, nothing contained in this Section 1.6 shall require LSU to pay municipal, state or federal income, inheritance, estate, succession, capital levy, stamp, excess profit, revenue or gift taxes of OLOL, or any corporate franchise tax imposed upon OLOL.

1.7 Late Charges.

If payment of Rent or Impositions (which are to be reimbursed to OLOL as Additional Rent) shall become overdue ninety (90) calendar days beyond the due date thereof pursuant to this Lease, a late charge on the sums so overdue equal to the Interest Rate for the period from such 90<sup>th</sup> day to the date of actual payment, shall become due and payable to OLOL for the administrative costs and expenses incurred by OLOL, so long as reasonable, by reason of LSU's failure to make prompt payment, and the late charges shall be payable by LSU on demand. No failure by OLOL to insist upon the strict performance by LSU of its obligations to pay late charges shall constitute a waiver by OLOL of its right to enforce the provisions of this Section 1.7 in any instance thereafter occurring.

1.8 Surrender at End of Term.

(a) Subject to OLOL's obligation to purchase the LSU Medical Education Building as set forth in Section 2.2.2, LSU shall, upon the Closing Date, quit and surrender to OLOL, the Land and LSU Medical Education Building, in good order and condition, reasonable wear and tear, casualty and condemnation excepted, and free and clear of all liens and encumbrances other than Permitted Encumbrances. LSU hereby waives any notice now or hereafter required by Law with respect to vacating the Land and LSU Medical Education Building on the Closing Date. LSU's obligation to observe and perform this covenant shall survive the expiration or earlier termination of the Term. Upon the Closing Date, all Rent and other items payable by LSU under this Lease shall be apportioned to the Closing Date.

(b) Subject to OLOL's obligation to purchase the LSU Medical Education Building as set forth in Section 2.2.2, upon the Closing Date, full ownership to the LSU Medical Education Building and all improvements therein shall revert to OLOL without the necessity of any further action by either Party hereunder, provided, however, that LSU shall execute and deliver to OLOL (in recordable form) all documents necessary to evidence such conveyance, including, without limitation, an act of cash sale and bill of sale, and OLOL shall pay the Fair Market Value for the LSU Medical Education Building and parking improvements on Lot 20-A. LSU shall deliver to OLOL LSU's executed counterparts of all Space Leases, any service and maintenance contracts that are in LSU's possession and are then affecting the LSU Medical Education Building or the Land, true and complete maintenance records for the LSU Medical Education Building and the Land, copies of all original licenses and permits then pertaining to the LSU Medical Education Building and the Land, and all assignable warranties and guarantees then in effect which LSU has received in connection with any work or services performed or Equipment installed in the LSU Medical Education Building or on the Land.

(c) Subject to OLOL's obligation to purchase the LSU Medical Education Building as set forth in Section 2.2.2, on or before the Closing Date, LSU, at its sole cost and expense, shall remove from the Land and the LSU Medical Education Building, all movable or personal property situated thereon which is not owned or leased by OLOL, and shall repair any damage caused by such removal. Any personal property not so removed by the Closing Date shall become the property of OLOL, without compensation thereof to LSU, and OLOL may cause such personal property to be removed from the Land and LSU Medical Education Building and

disposed of, but the reasonable cost of any such removal and disposition and of repairing any damage caused by such removal shall be borne by LSU.

(d) Subject to OLOL's obligation to purchase the LSU Medical Education Building as set forth in Section 2.2.2, on or before the Closing Date, LSU shall have the option to remove any Equipment and furniture not built-in or otherwise attached, which is not owned or leased by OLOL. LSU shall repair any damage caused by such removal. Any Equipment or furniture not so removed by the Closing Date shall become the property of OLOL, without compensation thereof to LSU, and OLOL may cause such Equipment or furniture to be removed from the Land and LSU Medical Education Building and disposed of, but the reasonable cost of any such removal and disposition and of repairing any damage caused by such removal shall be borne by LSU.

#### 1.9 Warranty of OLOL's Title to the Land.

(a) As of the Effective Date of this Lease, OLOL represents that it has valid and merchantable title to the Land, free and clear of all mortgages, liens and other monetary encumbrances and free and clear of any servitudes or restrictions which would interfere with LSU's proposed use of the Land and the construction of the LSU Medical Education Building and other improvements contemplated under this Lease, other than those encumbrances set forth on Exhibit "B-1", attached hereto and made a part hereof (the "Initial Encumbrances").

(b) Upon the Commencement Date of this Lease, OLOL represents that it will continue to own the Land in full ownership, subject only to (i) the Initial Encumbrances, and (ii) any other subsequent matters of record which are required by any Governmental Authority for the construction of the LSU Medical Education Building. (The Initial Encumbrances and any other subsequent matters of record which are required by any Governmental Authority for the construction of the LSU Medical Education Building shall be referred to herein collectively as the "Permitted Encumbrances"). Upon the Commencement Date, OLOL and LSU shall jointly furnish and update the list of Permitted Encumbrances, and shall attach such list of Permitted Encumbrances to this Lease as Exhibit "B-2".

#### 1.10 OLOL's Obligation to Remove Existing Facilities.

Prior to construction of the LSU Medical Education Building, OLOL, at its sole cost and expense, shall be responsible for demolishing and removing any improvements or other impediments currently existing on the Land, in a manner adequate to permit the construction of the LSU Medical Education Building and in accordance with any applicable Environmental Laws. Furthermore, prior to the Commencement Date of this Lease, OLOL, at its sole cost and expense, shall be responsible for correcting any Recognized Environmental Conditions adverse to LSU's acceptance of ownership of the LSU Medical Education Building and the lease of the Land.

### 1.11 Services Provided by OLOL.

(a) To the extent allowed by Law, as an express condition of OLOL's agreement to lease the Land to LSU and to transfer, subject to the terms and conditions hereof, to LSU the LSU Medical Education Building, OLOL assumes the obligation to, and LSU agrees that OLOL shall, maintain the LSU Medical Education Building and the Land in a good state of repair, and OLOL shall be responsible for all major and minor upkeep, maintenance and repair of any kind, except as otherwise set forth herein. OLOL shall maintain the LSU Medical Education Building and the Land to a standard equivalent to that used by OLOL to maintain the other buildings owned by OLOL on the OLOL Campus. In addition, during the Term of this Lease, after having received written notice from LSU of any need for reasonably necessary repairs, OLOL shall make any and all such repairs to the LSU Medical Education Building and Land, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, reasonably necessary to keep the same in good and safe order and working condition, whether or not necessitated by wear and tear, obsolescence or defects, latent or otherwise. In addition to the foregoing, OLOL shall also be responsible for making all repairs to the LSU Medical Education Building and Land (regardless of whether ordinary or extraordinary) which are necessary or desirable to keep the LSU Medical Education Building and Land, and all parts thereof (including, without limiting, any and all glass, plate glass, walls, floors, roofing, ceilings, doors, signs, elevators, escalators, plumbing, heating and air conditioning equipment, and other mechanical appurtenances and equipment) in good order and repair and in a safe and tenantable condition. Regardless of the foregoing, however, OLOL shall not be required to make any such repairs to the extent occasioned by (i) any intentional act (or failure to act) or negligence of LSU or any of its agents, servants, employees, students, customers, independent contractors, suppliers of goods, suppliers of services, licensees or invitees, or (ii) any alterations or additions made by LSU. In the procuring of any third-party services required by OLOL to maintain the LSU Medical Education Building and Land as set forth herein, OLOL shall use a competitive process substantially similar to the process attached hereto as Exhibit "C" (the "Competitive Bid Process"), and all prices for such maintenance, repair and upkeep shall be based on commercially reasonable standards.

(b) All repairs and other maintenance made by OLOL to the LSU Medical Education Building and Land under this Section 1.11 shall be subject to a right of reimbursement, to be paid by LSU to OLOL as Additional Rent in accordance with Section 1.5. To the extent allowed by Law, LSU shall pay to OLOL, as Additional Rent: (i) an amount equal to any and all actual costs and expenses incurred by OLOL with respect to the LSU Medical Education Building and Land, including all hard and soft costs, in accordance with OLOL's obligations under this Section 1.11, incurred in connection with the performance of any such act, and (ii) a fee of five (5%) percent (to cover OLOL's overhead and related expenses) of all third party hard and soft costs paid by OLOL. With respect to repairs and other maintenance performed by OLOL personnel, OLOL and LSU will mutually and reasonably agree to the method by which OLOL will charge LSU for such repairs and maintenance.

(c) During the Term of this Lease, OLOL shall, at OLOL's sole cost and expense, maintain in good condition and repair, or cause to be maintained and repaired, as necessary, in accordance with standards equivalent to the standards by which the OLOL Campus was



maintained as of the Commencement Date, the surface parking areas, access drives, walkways, bridges, vestibules, landscaped areas, and any onsite and off-site retention areas serving the Land and the LSU Medical Education Building, but not located on the Land or a part of the Land.

(d) Except as otherwise provided in this Lease, OLOL shall not be required to make any other improvements, repairs or replacements of any kind in, upon or about the Land, nor shall OLOL be required to furnish any services, utilities or facilities whatsoever to the Land. OLOL shall follow its own standard operating procedures applicable to the OLOL Campus when performing any installation, upkeep, maintenance or repairs.

(e) Regardless of anything to the contrary herein, OLOL shall not be obligated to provide security services on behalf of LSU to the LSU Medical Education Building or the Land.

(f) Regardless of anything to the contrary herein, OLOL shall not be obligated to provide back-up generators to the LSU Medical Education Building or the Land; however, upon a power outage to the LSU Medical Education Building, OLOL shall provide a temporary right of use to LSU to the Land or any areas adjacent to the Land sufficient for the use of a temporary generator(s) during such power outage.

(g) Regardless of anything herein to the contrary, OLOL's obligations of upkeep, maintenance and repair to the LSU Medical Education Building and Land pursuant to this Section 1.11 shall be contingent upon receipt of reimbursement for such upkeep, maintenance or repair, to be paid by LSU as Additional Rent to OLOL. In the event that OLOL is not reimbursed for such upkeep, maintenance or repair, for any reason whatsoever, then OLOL's obligations of upkeep, maintenance and repair to the LSU Medical Education Building and Land hereunder shall cease immediately, at which time LSU shall then be responsible for such upkeep, maintenance and repair to the LSU Medical Education Building and Land in accordance with OLOL's upkeep, maintenance and repair standards found throughout the OLOL Campus, subject to reasonable inspection by OLOL. In the event LSU fails to upkeep, maintain or repair the LSU Medical Education Building or the Land to a standard equivalent to that used by OLOL to maintain the other buildings owned by OLOL on the OLOL Campus, OLOL may perform such upkeep, maintenance or repair of the LSU Medical Education Building or the Land and may charge for such costs as Additional Rent.

## **2. LSU MEDICAL EDUCATION BUILDING**

### **2.1 Construction of LSU Medical Education Building by OLOL.**

#### **2.1.1 Generally.**

(a) Subject to the terms and conditions set forth in the CEA, OLOL shall commence and diligently construct the Work in accordance with the Final Plans and the terms and conditions herein. The LSU Medical Education Building shall contain approximately 35,000 square foot of space.

(b) OLOL shall complete construction of the LSU Medical Education Building by December 31, 2013 (the "Construction Completion Date"), subject to (1) events of Force Majeure; (2) LSU and OLOL's approval of the Final Plans of the Work, which approval shall not be unreasonably withheld, on or before January 28, 2011, subject to the provisions of Section 2.1.3; (3) receipt of a building permit for the construction of the LSU Medical Education Building; and (4) any Change Orders by LSU in accordance with Section 2.1.3(c) below.

(c) OLOL warrants that it will comply with the Restrictive Covenants for Calais Office Park, First Filing (the "Restrictive Covenants"), dated July 14, 1972, filed and recorded with the Clerk and Recorder of East Baton Rouge Parish, as Original 62, Bundle 8032, as applicable. In addition, OLOL agrees that it will defend, indemnify, and hold LSU harmless from any claim that may be made that the construction of the Work is not in full compliance with such Restrictive Covenants.

#### 2.1.2 Permits and Authorizations.

(a) Promptly after completion of Final Plans of the Work in accordance with Section 2.1.3 below, OLOL shall commence and pursue, at its expense, utilizing commercially reasonable efforts, the procurement of the Required Permits allowing for the construction and use of the Work. LSU and OLOL agree to support each other in their efforts to obtain the Required Permits by, among other things, attending all required meetings, and to the extent commercially reasonable, providing any necessary technical and design support, and providing any other reasonable cooperation necessary to procure the Required Permits.

(b) Upon completion of the Work and prior to LSU occupying any part of the Land or the LSU Medical Education Building, OLOL shall obtain from each authority granting the Required Permits such evidence of approval ("Required Approval") as may be necessary to permit such part of the Land or the LSU Medical Education Building to be used and occupied for the Permitted Uses.

#### 2.1.3 Plans and Specifications.

(a) All plans, specifications and construction cost budgets regarding the Work shall be determined through a collaborative effort by LSU and OLOL, and OLOL shall regularly consult with LSU in developing the plans, specifications and construction cost budgets for the Work. The Parties agree to commence work on the plans and specifications for the Work immediately after the Effective Date. Regardless of anything to the contrary herein, OLOL shall not be required to approve any plans, specifications or cost budgets for the Work where the costs for such construction (including any "soft" costs, such as costs of architectural and any required engineering services) are anticipated to exceed, in the aggregate, \$19,000,000 (the "Allocated Construction Amount"). Regardless of anything to the contrary herein, the LSU Medical Education Building shall be constructed by OLOL in a manner similar to, and the exterior of the LSU Medical Education Building shall be aesthetically comparable to, other buildings found throughout the OLOL Campus.

(b) The Parties agree to diligently work on and finalize the plans and specifications, in a form necessary for approval by the appropriate government permitting office and issuance of all Required Permits (the "Final Plans"), in a reasonable timeframe so that OLOL may meet its obligation to complete construction of the Work by the Construction Completion Date. LSU shall have thirty (30) calendar days after receipt of the Final Plans from OLOL within which to approve or reject the Final Plans. LSU shall return the Final Plans to OLOL, either approved without changes or approved "as noted," with all of LSU's required changes specifically noted on the Final Plans, whereupon OLOL shall use reasonable efforts to incorporate any such changes requested by LSU, so long as any such changes do not increase the actual or anticipated costs of the Work over the Allocated Construction Amount. Upon completion of the Final Plans, OLOL shall provide a copy of the Final Plans to LSU for its final review and approval. In the event LSU has any comments to the Final Plans, OLOL shall work reasonably to incorporate any such comments into the Final Plans. After the incorporation of any changes pursuant to the foregoing sentence, in the event LSU fails to approve or provide comments to the Final Plans within thirty (30) calendar days after receipt of the Final Plans from OLOL, the Final Plans will be deemed approved by LSU, and OLOL may proceed with the Work in accordance with the Final Plans.

(c) With respect to any changes in the Final Plans during the construction of the Work ("Change Order"), OLOL shall be allowed to initiate any Change Order it deems necessary for the overall construction of the Work. Regardless of the foregoing, however, any Change Order that will result in an expenditure in excess of \$100,000 (a "Material Change"), are subject to the prior written approval of LSU, which approval shall not be unreasonably withheld or delayed. LSU will act promptly with respect to the review and approval of any such Material Change requested by OLOL, and LSU will not withhold its approval of such Material Change except for just and reasonable cause. Within ten (10) Business Days after its receipt of any Material Change, LSU shall return the Material Change to OLOL, either approved without changes or approved "as noted," with all of LSU's required changes specifically noted on the Material Change. In the event LSU fails to respond to any request for a Material Change by OLOL to the Final Plans within ten (10) Business Days after receipt of such request from OLOL, the Material Change shall be deemed approved by LSU. If OLOL does not agree to any changes proposed by LSU to the Material Change, the Parties agree to consult with each other, and both Parties shall act reasonably to find a compromise that will satisfy the concerns of both Parties. Further, upon a request by LSU for a Change Order, OLOL shall use reasonable efforts to incorporate any Change Order reasonably requested by LSU, but OLOL shall have no obligation to allow such Change Order to the Final Plans if such Change Order is anticipated to delay completion of the Work beyond the Construction Completion Date, unless LSU consents to an extension of the Construction Completion Date for a period equal to the delay due to such Change Order.

(d) All construction, alteration, renovation or additions to the Work undertaken by OLOL shall be in conformance with all applicable laws, statutes, codes, rules and regulations, and applicable amendments thereto, including but not limited to the International Building Code with revisions, and all other future revisions, ANSI-A117.1 1986 or the then current and future editions, the most recent edition of the NFPA 101 Life Safety Code the American with Disabilities Act, and all local and state uniform building codes.

#### 2.1.4. Design and Construction Representative

LSU and OLOL shall each designate a design and construction representative and, after notice thereof to the other and until such designation is changed or withdrawn, such construction representative shall deliver and receive all notices, approvals, communications, plans, specifications or other materials required or permitted to be delivered or received under this Lease. The initial design and construction representative for OLOL shall be the OLOL Director of Property Management; the initial design and construction representative for LSU shall be the LSU Assistant Vice President for Facilities, Property and Administration.

#### 2.1.5 General Contractor and Construction

(a) OLOL shall engage a general contractor or contractors, who shall provide payment and performance bonds for the full amount of the price of construction set forth in the Construction Contract (as defined below), and shall be licensed in the State of Louisiana. LSU and OLOL shall be named as co-obligees under all such payment and performance bonds.

(b) OLOL shall use the AIA Form A-101 (Standard Form of Agreement Between Owner and Contractor), in conjunction with the A-201 (General Conditions of the Contract for Construction) (collectively, the "Construction Contract") when contracting with a general contractor for the construction of the Work. LSU shall have the right to review and approve any material changes to the general form of the Construction Contract. OLOL shall transmit to LSU, in writing, any such material changes to the general form of the Construction Contract (other than those changes to the general form required by LSU under subsection (d) below), whereupon LSU shall have ten (10) calendar days within which to approve or reject the Construction Contract. LSU shall return the Construction Contract to OLOL, either approved without changes or approved "as noted," with all of LSU's required changes specifically noted on the Construction Contract, whereupon OLOL shall use its best reasonable efforts to incorporate any such changes requested by LSU. In the event LSU does not provide any comments, in writing, to OLOL within ten (10) calendar days of receipt of such request for approval, such request shall be deemed approved.

(c) Prior to commencement of the Work, OLOL shall deliver to LSU (1) a copy of the signed Construction Contract between OLOL and the general contractor, and (2) a copy of the bonds required under Section 2.1.5(a) above. The Construction Contract, with its bonds attached, shall be filed by OLOL as provided in La. R.S. 9:4831 in the records of East Baton Rouge Parish, Louisiana, before the general contractor begins work as defined in La. R.S. 9:4820. OLOL's engagement of a general contractor for performance of the Work, or any portion thereof, under this Section 2.1.5 shall be subject to the Competitive Bid Process.

(d) It is expressly acknowledged and agreed by the Parties that LSU shall be a third-party beneficiary of any contracts that OLOL is a contractual party for design or construction services related to the Work, including but not limited to, contracts with architects, engineers, design consultants, interior designers and for other related services. As a third-party beneficiary of such contracts, LSU shall have the same rights as OLOL to enforce the terms of these contracts. In no way, however, shall LSU's third-party beneficiary status be construed to create any direct contractual relationship between LSU and any contractor or design professional

engaged by OLOL, nor shall the foregoing acknowledgments apply to any contracts not directly entered into by OLOL. OLOL shall require that all agreements for the design and construction of the Work entered into by OLOL, including any agreements with a general contractor, architect, engineer, and design consultants, contain provisions expressly (a) designating LSU as an intended third-party beneficiary of such contract(s); (b) affording LSU the same rights as OLOL to enforce the terms of such contract(s) and any warranties thereunder; and (c) acknowledging that no direct contractual relationship shall be created between LSU and the party with whom OLOL is contracting. Further, OLOL shall also require that all such contracts include a provision (i) designating LSU as an additional primary insured on all insurance policies required to be furnished by the respective design professional or contractor, and (ii) that LSU shall be listed as an indemnified party thereunder along with OLOL. Regardless of anything to the contrary herein, however, this Section 2.1.5(d) shall not apply to any contracts to which OLOL is not a contractual party thereto.

(e) In the event OLOL is a contractual party to any contracts for design or construction services related to the Work, including but not limited to, architects, engineers, design consultants, interior designers and other related services, OLOL shall use the standard type of AIA contract for such service. LSU shall have the right to review and approve any material changes to the general AIA form (other than those changes to the general form required by LSU under subsection (d) above) used for such service, in the same manner set forth in subsection (b) above.

(f) Upon completion of the Work, OLOL and LSU agree to jointly inspect the Work, and create a joint list of punchlist items for completion of the Work. OLOL and LSU shall jointly inspect the LSU Medical Education Building and the surface parking lots constructed on the Land to ensure they are in an acceptable condition and that, except for ordinary punchlist items commonly associated with the construction of a medical education building and surface parking areas which will not otherwise materially affect the use and occupancy of the LSU Medical Education Building and the surface parking areas by LSU, no further work is required (except for unforeseen conditions that may develop which defer or postpone occupancy), whereupon both Parties shall acknowledge in writing that the Work is in an acceptable condition (the "Final Acceptance").

(g) Upon the date of Final Acceptance, or at any time thereafter, in the event there exists any mechanics' liens or privileges against the LSU Medical Education Building or the Land, OLOL agrees to pay or bond off any such liens or privileges, or otherwise ensure that such liens or privileges are removed from record as quickly as possible, but in no event later than the date ownership of the LSU Medical Education Building is conveyed to LSU.

#### 2.1.6 Ownership

(a) Within sixty (60) days after the Final Acceptance of the Work, provided that the CEA remains in effect, no Event of Default by LSU then exists under this Lease or the CEA, and OLOL has corrected any Recognized Environmental Conditions as required by Section 1.10 hereof, OLOL shall (i) furnish to LSU a clear lien certificate from the East Baton Rouge Parish Clerk of Court, and (ii) convey title to the LSU Medical Education Building to LSU, subject to the terms and conditions of this Lease and the CEA. LSU shall own and operate the LSU

Medical Education Building in accordance with the terms and conditions of the CEA and this Lease. Except as set forth in the CEA or this Lease, under no circumstances will OLOL deny or restrict, or seek to deny or restrict, through equitable or injunctive relief or otherwise, LSU's right of access to the LSU Medical Education Building, the Land and attendant parking prior to the Expiration Date, except as set forth herein.

(b) Subject to the CEA and this Lease, at all times OLOL shall retain ownership of the Land. Nothing in the CEA or this Lease shall be deemed to be a dedication or transfer of any right or interest in, or creating a lien upon, the Land, other than a leasehold interest in favor of LSU. During the Term of this Lease, LSU shall own the LSU Medical Education Building.

#### 2.1.7 Force Majeure.

(a) Regardless of anything to the contrary herein, a delay in or a failure of performance by OLOL in the performance of its obligations under this Section 2.1 shall not constitute an Event of Default under this Lease to the extent that such delay or failure of performance was caused by an act, event, circumstance or condition which (i) was unforeseeable or, if foreseeable, could not be avoided or prevented by OLOL's exercise of reasonable diligence and materially interferes with the performance of the obligations under this Lease; (ii) constitutes an act of God, act of terrorism, bioterrorism, act of war (declared or undeclared), riot or revolution, act of a public enemy, civil insurrection, fire, natural disaster, shortage of labor and materials, or strike or other labor disturbance not attributable to the failure of OLOL to perform its obligations under any applicable labor contract or Law and directly and adversely affecting OLOL (each in (i) and (ii), a "Force Majeure Event"); or (iii) was caused by a delay or default by LSU.

(b) Upon claiming a Force Majeure Event, OLOL agrees to use diligent efforts to minimize the delay and other adverse effects of any Force Majeure Event and effect all mitigating actions necessary to comply with this Lease, and, as a condition to claiming a Force Majeure Event, OLOL shall provide LSU with prompt written notice in accordance with Section 9.3 of any Force Majeure Event, excusing OLOL's delay or failure of performance of its obligations.

#### 2.1.8 Reproducible Drawings.

OLOL shall use its best faith efforts to include in its Construction Contract or other agreement a requirement that the architect provide two sets of the following: (i) as-built plans showing the LSU Medical Education Building, in digital form, and (ii) an ALTA/ACSM survey showing the location of the LSU Medical Education Building on the Land. Upon OLOL's receipt of the as-built plans and survey from the architect, it shall promptly deliver such as-built plans and survey to LSU.

#### 2.1.9 Remaining Allocated Construction Amount.

(a) In the event the actual construction costs of the Work (including all soft and hard costs), as determined in accordance with generally accepted accounting principles, are less than the Allocated Construction Amount, such remaining amount shall be used by OLOL to purchase,

on behalf of LSU, Equipment and fixtures for the LSU Medical Education Building, up to the Allocated Construction Amount, subject to the Competitive Bid Process.

(b) With respect to the costs for parking, if the Parties determine that a parking garage will be constructed in lieu of additional surface parking, the planned cost for such surface parking may be allocated for use in the construction of such parking garage.

## 2.2 Purchase of LSU Medical Education Building by OLOL.

### 2.2.1 Upon Receipt of Third Party Offer.

At any time after the Commencement Date, but prior to the Expiration Date, in the event LSU shall receive a bona fide written offer from an unrelated third party or non-Affiliate to purchase or otherwise convey its interests, in whole or in part, in the LSU Medical Education Building, and LSU desires to accept such bona fide written offer, then LSU shall promptly deliver to OLOL a copy of such written offer and such other detailed information regarding the offer as OLOL may reasonably request. For purposes of this Section 2.2.1, an unrelated third party shall not include an Affiliate of LSU or any booster, foundation or similar organization which has as one of its primary purposes the support of LSU or any of its Affiliates, their programs or their missions. OLOL may, within thirty (30) days after receipt of the written offer from LSU, elect to purchase LSU's interest in the LSU Medical Education Building on the same terms and conditions set forth in the offer notice from LSU. If OLOL shall not accept such written offer within thirty (30) days after its receipt from LSU, this right of first refusal shall cease to exist, and LSU shall have up to one hundred fifty (150) days to convey its interest in the LSU Medical Education Building to the proposed offeror based upon the terms and conditions set forth in the original bona fide offer, which conveyance shall be subject to the terms and conditions of this Lease and the rights of the OLOL College as set forth in the CEA. As a condition of any such transfer, LSU shall require the transferee to execute and deliver to LSU an assumption of this Lease pursuant to which the transferee assumes LSU's obligations hereunder and consents to the terms and conditions herein. If LSU fails to convey its interests in such time frame, any proposed transfer after such time will again be subject to the terms of this Section 2.2.1.

### 2.2.2 OLOL Obligation to Purchase.

(a) Upon termination of this Lease or the CEA for any reason, and notwithstanding any other provision herein, after title to the LSU Medical Education Building has been transferred to LSU, OLOL shall be obligated to purchase the LSU Medical Education Building for Fair Market Value at a closing (the "Closing") to be held on such date as LSU elects to vacate the Medical Education Building (the "Closing Date"). LSU will give OLOL not less than one hundred eighty (180) days advance written notice of the Closing Date. LSU, in its sole discretion, may elect an earlier Closing Date, but in no will the Closing Date be a date later than the first to occur of (A) two (2) years following the termination of the applicable Wind Down Period (as defined in the CEA), or (B) five (5) years after the beginning of the applicable Wind Down Period (as defined in the CEA). If LSU fails to give notice of the Closing Date, the Closing Date shall be the first Business Day following the first to occur of (A) or (B) described in the prior sentence. The purchase price for the Medical Education Building will be paid in full

at the Closing. This Lease shall terminate effective with the closing of the purchase of the LSU Medical Education Building in accordance with its terms.

(b) For purposes of this Section 2.2.2, "Fair Market Value" shall be determined by mutual agreement of an independent, certified appraiser to be selected by OLOL and an independent, certified appraiser to be selected by LSU. For purposes of this Section, the term "Fair Market Value" shall mean the value for general commercial purposes of the LSU Medical Education Building and all improvements to Lot 19-A and Lot 20-A, but shall not be adjusted to reflect (1) the value that one Party would attribute to the property as a result of the proximity or convenience to sources of referrals or business otherwise generated for which payment may be made in whole or in part under Medicare or a State health care program; (2) the fact that the Land is not owned by the owner of the LSU Medical Education Building; or (3) the fact that LSU does not own or lease all of the property needed for parking as required by local ordinance or code and Restrictive Covenants. Further, "Fair Market Value" shall not include any deductions in value that may otherwise be considered due to any limitations on its usage by independent third parties. For purposes of determining the Fair Market Value of the Medical Education Building, the appraiser shall assume LSU owns the Land and has full rights to use the adjacent adequate parking, as required by local ordinance or code and the Restrictive Covenants, but shall not include the value of full ownership of the Land or full ownership to the adjacent parking areas. If the certified appraisers are unable to agree on the Fair Market Value, the appraiser for OLOL and the appraiser for LSU shall pick a third independent, certified appraiser to appraise the Medical Education Building, whose appraisal shall be binding on the Parties for purposes of determining Fair Market Value. Each Party shall bear its own costs for its appraiser, and shall share equally the costs of a third appraiser, if necessary.

### 2.3 Alterations and Improvements by LSU.

(a) LSU shall not demolish, replace or materially alter the LSU Medical Education Building, or any part thereof, or make any addition thereto, whether voluntarily or in connection with a repair or Replacement required by this Lease (collectively, "Capital Improvement"), without the prior written consent of OLOL (which consent shall not be unreasonably withheld, conditioned or delayed), if, in the reasonable judgment of OLOL, the Capital Improvement will adversely affect (a) the structural integrity of the LSU Medical Education Building, or (b) any common areas of the LSU Medical Education Building visible from the exterior thereof. If the foregoing is applicable, LSU shall submit to OLOL a written request along with detailed plans and specifications in form and content reasonably acceptable to OLOL and shall not proceed to construct such Capital Improvement until the written consent of OLOL is obtained (which consent shall be deemed to have been given if OLOL does not transmit its disapproval to the construction of the proposed Capital Improvement within thirty (30) days of LSU's request therefor; provided, however, that such request shall contain a conspicuous statement to the effect that said consent shall be deemed given if no response is received within said thirty-day period).

(b) In addition to the foregoing, LSU shall comply with the following requirements:

(i) Each Capital Improvement shall be made with reasonable diligence and in a good and workmanlike manner and in compliance with all Required Permits and Required Approvals. No Capital Improvement shall impair the safety, structural integrity or physical



exterior appearance of the LSU Medical Education Building.

(ii) The cost of each Capital Improvement shall be paid by LSU in cash or its equivalent, so that the Land shall at all times be free of liens for work, services, labor and materials supplied or claimed to have been supplied to the Land.

(iii) Capital Improvements shall not be undertaken until LSU shall have procured and paid for, insofar as the same may be required from time to time, all applicable Required Permits and Required Approvals of all Governmental Authorities for such Capital Improvement, if any. OLOL shall not unreasonably refuse to join in the application for such Required Permits and Required Approvals, provided it is made without cost, liability, obligation or expense to OLOL. Copies of all Required Permits and Required Approvals, certified to be true copies thereof by LSU, shall be delivered to OLOL prior to the commencement of any Capital Improvement.

(iv) Each Capital Improvement shall be deemed to have been substantially completed when LSU shall furnish OLOL with a certificate from a licensed professional engineer or registered architect certifying that such Capital Improvement has been completed substantially in accordance with the final plans therefor.

(v) Notwithstanding anything to the contrary contained in this Section 2.3, OLOL's consent shall not be required for any Capital Improvement undertaken by a Space Lessee in connection with a Space Lease if the Capital Improvement does not adversely affect (a) the structural integrity or physical appearance of the LSU Medical Education Building, (b) the provision of services, including utilities, to the LSU Medical Education Building or (c) any common areas of the LSU Medical Education Building visible from the exterior thereof.

#### 2.4 Liens.

Except for any Space Leases approved or permitted in accordance with Section 3.2.5, any security interests in Equipment, or any lessor privilege existing in Law, LSU shall not create or cause to be created any lien, encumbrance or charge upon LSU's leasehold estate in the Land or any part thereof. LSU shall not create or cause to be created any lien, encumbrance or charge upon any assets of OLOL or upon the estate, rights or interest of OLOL in the Land or any part thereof. If any mechanics', laborers' or materialmen's or any other lien, charge or encumbrance at any time shall be filed against the Land or any part thereof, or against any assets of OLOL, as a result of an action or inaction by LSU, then LSU, within thirty (30) days after actual notice of the filing thereof, or such shorter period as may be required by statute, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If LSU shall fail to cause such lien to be discharged of record within the period aforesaid, and if such lien shall continue for an additional ten (10) days after notice by OLOL to LSU, then, in addition to any other right or remedy, OLOL may, but shall not be obligated to, discharge the same of record, or OLOL shall be entitled, if OLOL so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienholder and to pay the amount of the judgment in favor of the lienholder with interest, costs and allowances. Any amount so paid by OLOL, including all reasonable costs and expenses incurred by OLOL in connection

therewith, together with interest thereon at the Interest Rate, from the respective dates of OLOL's making of the payment or incurring of the costs and expenses, shall constitute Rent payable by LSU under this Lease and shall be paid by LSU to OLOL on demand. Notwithstanding the foregoing provisions of this Section 2.4, LSU shall not be required to discharge of record any such lien if LSU is in good faith contesting the same and diligently prosecuting such contest to final resolution, so long as the Land or any Rent therefrom or any part thereof or interest therein would not be in any immediate danger, as determined in the reasonable discretion of OLOL, of being sold, forfeited, attached or lost or OLOL being subject to civil or criminal liability therefore. Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or request of OLOL, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Land or any part thereof, nor as giving LSU any right, power or authority to contract for or permit the rendering of any services or the furnishing of materials that would give rise to the filing of any lien against the Land or any part thereof or any assets of OLOL. Notice is hereby given, and LSU shall cause any construction and related agreements to provide that, to the extent enforceable under applicable Law, OLOL shall not be liable for any work performed or to be performed at the Land for LSU or any Space Lessee or for any materials furnished or to be furnished at the Land for any of the foregoing. LSU shall have no power to do any act or to make any contract which may create or be the foundation for any lien, charge, mortgage or other encumbrance upon the estate or assets of OLOL or of any interest of OLOL in the Land.

#### 2.5 OLOL Right of Entry to LSU Medical Education Building.

LSU shall permit OLOL and OLOL's agents or representatives to enter the LSU Medical Education Building and the Land at all reasonable times (subject to the reasonable requirements of Space Lessees) for the purpose of (i) performing OLOL's obligations or enforcing OLOL's rights hereunder; (ii) determining whether or not LSU is in compliance with its obligations hereunder upon prior reasonable notice to LSU; and (iii) in the case of an emergency (i.e., a condition presenting imminent danger to the health or safety of Persons or to property), or following an Event of Default, making any necessary repairs to the LSU Medical Education Building and the Land and performing any work therein, provided that in the case of an emergency OLOL shall make a reasonable attempt to communicate with LSU to alert LSU to the necessary repair.

### 3. OBLIGATIONS

#### 3.1 Obligations of OLOL.

##### 3.1.1 Quiet Enjoyment.

(a) If and as long as LSU shall faithfully perform the agreements, terms, covenants and conditions hereof, OLOL warrants and covenants that LSU shall and may (subject, however, to the provisions, reservations, terms and conditions of this Lease) peaceably and quietly have, hold, possess and enjoy the Land for the Term hereby granted without disturbance by or from OLOL or any Person claiming through or under OLOL, and free of any encumbrance created or

suffered by OLOL or any predecessor in title, except from (i) encumbrances created or suffered by LSU, and (ii) Permitted Encumbrances. This covenant shall be construed as running with the Land to and shall be binding against subsequent owners and successors in interest.

(b) Except as otherwise permitted herein, OLOL shall not sell, assign or otherwise convey the Land during the Term of this Lease without the prior written consent of LSU, which consent shall not be unreasonably withheld, conditioned or delayed. Regardless of anything to the contrary herein, OLOL shall have the right, in its sole and absolute discretion, to sell, assign or otherwise convey the Land to any affiliated entity of OLOL or Franciscan Missionaries of Our Lady Health System. Any assignee shall acknowledge that it is acquiring subject to the Lease and shall assume OLOL's obligations under this Lease and consents to the terms and conditions herein.

### 3.1.2 Obligation to Maintain the LSU Medical Education Building.

OLOL shall be obligated to maintain and repair the LSU Medical Education Building as set forth in Section 1.11 hereof.

## 3.2 Obligations of LSU.

### 3.2.1 Obligation to Prevent Waste to LSU Medical Education Building.

LSU shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the Land, the LSU Medical Education Building, and all parking areas used by LSU as allowed herein.

### 3.2.2 Permitted Uses.

(a) Subject to the provisions of this Lease, LSU and any Space Lessees shall be permitted to occupy the LSU Medical Education Building exclusively for medical educational or research purposes in support of LSU's medical education program related to the LSU GME Program (as such term is defined in the CEA), including but not limited to, general office use (associated with medical education), research activities and lab-based teaching, related business functions, and any incidental uses thereto commonly associated with university campus buildings, such as food vending and other minor retail uses (collectively, the "Permitted Use"), and for no other use or purpose. Unless otherwise approved by OLOL in writing (which approval may be given or withheld in OLOL's sole and absolute discretion), there shall be no other permitted uses, including but not limited to the provision of medical services or patient care, during the Term of this Lease.

(b) LSU shall not use or occupy the Land, the LSU Medical Education Building, or any parts thereof, or permit or suffer the Land, the LSU Medical Education Building, or any parts thereof to be used or occupied for any unlawful business, use or purpose (including but not limited to a violation of the ERDs), or in such manner as to constitute in law or in equity a nuisance of any kind (public or private), or for any use which might materially and adversely affect the reputation of OLOL or for any dangerous or noxious trade or business or for any

purpose or in any way in violation of applicable Laws for the Land in effect from time to time during the Term, or which may make void or voidable any insurance then in force on the Land or LSU Medical Education Building. LSU shall take, immediately upon the discovery of any such prohibited use, all necessary steps, legal, equitable and otherwise, to compel the discontinuance of such use, and LSU shall exercise all of its rights and remedies against any Space Lessees guilty of such use.

(c) Except as otherwise stated herein, LSU shall not suffer or permit the Land or LSU Medical Education Building, or any portions thereof to be used by the public without restriction in such manner as might reasonably tend to impair title to the Land or LSU Medical Education Building, or any portions thereof, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Land or LSU Medical Education Building, or any portions thereof.

### 3.2.3 Ethical and Religious Directives; OLOL Building Rules and Regulations.

(a) At all times during the Term, with respect to the LSU Medical Education Building, LSU, and all of its Space Lessees, invitees and assigns, shall be subject to and shall comply with the Ethical and Religious Directives for Catholic Health Care Services, the current version of which is attached hereto as Exhibit "D", and the Catholic Social Teachings, in each case as such items may be amended from time to time (collectively, the "ERDs"). The ERDs may be amended or modified, at any time, without any restrictions whatsoever. LSU will comply with any amendments to the ERDs without engaging in the Consultative Process (as set forth in the CEA), provided that OLOL will promptly provide any such amendments to LSU. OLOL shall afford LSU with the same notice which OLOL has received prior to implementation of the ERDs.

(b) At all times during the Term, with respect to the LSU Medical Education Building, LSU, and all of its Space Lessees, invitees and assigns, shall be subject to and shall comply with, the OLOL Building Rules, as modified or amended as set forth hereinbelow. A copy of the initial OLOL Building Rules is attached hereto as Exhibit "E". OLOL may from time to time reasonably amend, delete, or modify existing OLOL Building Rules, or adopt reasonable new OLOL Building Rules for the use, safety, cleanliness, and care of the LSU Medical Education Building, provided that any such amendment, deletion, modification or adoption shall not be implemented or made effective without the prior written consent of LSU, which consent shall not be unreasonably withheld.

### 3.2.4 Intentionally Deleted.

### 3.2.5 Lease of Space in LSU Medical Education Building.

(a) Upon completion of the LSU Medical Education Building and transfer of title to LSU, the Parties will use their best efforts to agree on a portion of the LSU Medical Education Building to lease to OLOL (for the benefit of its assignee, Our Lady of the Lake College, Inc.). The amount of space and terms of such lease shall be reasonably agreed to by the Parties at such time; provided, however, that the rental amount for the space leased to OLOL shall be at Fair

Market Value as determined by a certified appraiser acceptable to both OLOL and LSU, and such lease shall include a provision allowing OLOL College's access to and shared use of certain laboratories, classrooms and the common areas located in the LSU Medical Education Building.

(b) LSU shall retain the right to lease any space in the LSU Medical Education Building (each, a "Space Lease") to any tenant for a Permitted Use, so long as such tenant is not:

- (i) a health care competitor within OLOL's Service Area (as defined in the CEA),
- (ii) LSU's Nursing School, or
- (iii) an Excluded Provider (as such term is defined in the CEA).

In the event a tenant is not an Excluded Provider at the time of entering into a Space Lease, but later becomes an Excluded Provider, LSU shall, to the extent allowed by Law, initiate the eviction process and diligently pursue the eviction of such tenant within thirty (30) days after LSU's receipt of notice that such tenant is an Excluded Provider.

(c) At any time during the Term of this Lease, in the event LSU determines to lease space in the LSU Medical Education Building (i) for a non-Permitted Use, or (ii) to a tenant prohibited by Section 3.2.5(b) above, LSU shall first notify OLOL in writing of its desire to lease such space. If OLOL, within thirty (30) days after receipt of LSU's written notice of such, indicates in writing its agreement to lease such space (or any portion thereof) from LSU, such space shall be leased to OLOL at Fair Market Value plus an appropriate pro rata share of all Additional Rent. If, within thirty (30) days after OLOL's receipt of written notice from LSU, OLOL does not agree to lease such space (or any portion thereof), or the Parties are unable to agree on the lease terms after using best faith efforts in negotiating such terms, then LSU shall have the right to lease such space on terms no more favorable than the terms offered to OLOL. The provisions of this section shall be operative each time LSU determines to lease all or any part of space in the LSU Medical Education Building (i) for a non-Permitted Use, or (ii) to a tenant not otherwise allowed under Section 3.2.5(b) above.

(d) LSU shall cause the subtenants, operators, licensees, concessionaires and other occupants of the LSU Medical Education Building (collectively, "Space Lessees") to comply with LSU's obligations under this Lease, including but not limited to the ERD's and the OLOL Building Rules. The fact that a violation or breach of any of the terms, provisions or conditions of this Lease results from or is caused by an act or omission by any of the Space Lessees shall not relieve LSU of LSU's obligation to cure the same, except for Space Lessees that are OLOL and/or any of its affiliated entities. All Space Leases shall be in writing and expressly provide that (a) the Space Lessee is bound by the ERDs and OLOL Building Rules, and (b) a failure to comply with the ERDs and OLOL Building Rules shall be an event of default of the Space Lease causing automatic termination of the Space Lease. In addition, all Space Leases shall provide that (a) they are subject and subordinate to this Lease; and (b) at OLOL's option on the termination of this Lease, the Space Lessees will attorn to, or enter into a direct Space Lease on identical terms with, OLOL for the balance of the unexpired term of the Space Lease.

### 3.2.6 Signage.

LSU covenants that it shall not at any time during the Term install or display or cause to be installed or displayed any signage on the exterior of the LSU Medical Education Building or on the Land which is inconsistent or conflicts in any way with the overall aesthetic appearance of OLOL or any signage found throughout the OLOL Campus.

### 3.2.7 OLOL's Use of Auditorium and Laboratory Space.

OLOL and OLOL College, and their employees, students, invitees, and guests shall have the right to access and use the LSU Medical Education Building's auditorium space, certain laboratories, and the common areas located in the LSU Medical Education Building (collectively, the "Shared Space") during normal hours of operation (or at such times as otherwise mutually agreed to) at such times as such areas are not used exclusively by LSU, the scheduling of which shall be coordinated between the Parties in good faith, and access and use of the LSU Medical Education Building's library areas on a non-exclusive basis at all times that the LSU Medical Education Building is open. In the event LSU and OLOL or OLOL College are unable to reach an agreement with respect to a lease of space in the LSU Medical Education Building in accordance with Section 3.2.5(a) above, LSU and OLOL or OLOL College will enter into a shared space agreement or similar arrangement granting OLOL College the right to access and use the Shared Space, at such times as such areas are not used exclusively by LSU or any other Space Lessees. Such shared space agreement or similar arrangement shall be on terms and conditions reasonably acceptable to LSU and OLOL, and OLOL's use shall be subject to any and all reasonable rules implemented by LSU.

### 3.2.8 Sublease and Assignment of Ground Lease.

(a) Except as otherwise provided for in Sections 3.2.2(a) and 3.2.5(b), LSU shall not assign or sublet its rights or interest in this Lease, or any part hereof, without the written consent of OLOL, which consent may be given or withheld in OLOL's sole and absolute discretion; provided, however, that LSU may assign or sublet such interest in the Lease without the consent of OLOL in the event it conveys its interest in the LSU Medical Education Building to an Affiliate in accordance with Section 2.2.1.

(b) If OLOL consents to such assignment, OLOL shall be given thirty (30) days advance notice of the effective date of such assignment and there shall be delivered to OLOL (i) an executed counterpart of the instrument(s) of assignment (in recordable form) of this Lease containing the name and address of the assignee; (ii) an executed instrument of the assumption by said assignee of LSU's obligations under this Lease first arising or accruing on or after the effective date of the assignment, such assumption to be in form and substance reasonably satisfactory to OLOL; (iii) in the case of a corporate assignee, an affidavit of the assignee or the principal officer thereof, setting forth the names and addresses of all directors and officers of the assignee; and (iv) any other information required by Louisiana law to effect a valid assignment.

### 3.2.9 Excluded Provider.

LSU and OLOL each represents and warrants that it is not listed by a federal agency as excluded, debarred, suspended, or otherwise ineligible to participate in federal programs, including Medicare and Medicaid, and is not listed, nor has any current reason to believe that during the Term of this Lease will be so listed, on the HHS-OIG Cumulative Sanctions Report or the General Services Administration List of Parties Excluded from Federal Procurement and Non-Procurement Programs. LSU and OLOL each represents and warrants that it is not listed on the Specially Designated Nationals and Blocked Persons list by the Office of Foreign Assets Control.

## 4. **POTENTIAL TERMINATING EVENTS AND REMEDIES**

### 4.1 Events of Default.

(a) Each of the following events shall be a "Potential Terminating Event of Default" hereunder:

- (i) if LSU shall fail to observe or perform one or more of the terms, conditions, covenants or agreements set forth in Sections 2.2.1, 3.2.2(a), and 3.2.5(c) herein, and such failure shall not be cured within the Cure Period.
- (ii) if OLOL shall fail to observe or perform one of more of the terms, conditions, covenants or agreements set forth in Sections 1.2, 1.9 and 3.1 herein, and such failure shall not be cured within the Cure Period. For purposes of the foregoing, Section 1.2 shall only be deemed a Potential Terminating Event of Default in the event (i) OLOL breaches its obligation to provide sufficient parking for the LSU Medical Education Building in accordance with the Restrictive Covenants, or (ii) LSU's ability to utilize the parking areas on Lot 20-A or Lot C-1-A1 is materially, substantially and consistently impaired.
- (iii) failure by LSU to abide by the ERD's in the LSU Medical Education Building, on the Land or on the OLOL Campus, in accordance with the terms and conditions as set forth in the CEA.

(b) Non-Terminating Event of Default. The failure of either Party to observe or perform any term, condition, covenant or agreement under this Lease, other than as set forth in Section 4.1(a) above, shall be deemed a "Non-Terminating Event of Default".

4.2 Process for Addressing Non-Terminating Event of Default. This Lease may only be terminated as set forth in Section 4.4 herein. The remedies available to a Party asserting a Non-Terminating Event of Default are as follows:

(a) Cure Period. A Party asserting a Non-Terminating Event of Default shall provide the other Party written notice of such Non-Terminating Event of Default, which notice shall

include a detailed description of the basis for such Non-Terminating Event of Default and a description of what would be satisfactory to the non-breaching Party to remedy such asserted Non-Terminating Event of Default. The breaching Party shall be entitled to a Cure Period to cure the alleged Non-Terminating Event of Default. If the breaching Party takes the actions described in the notice as to what would satisfy the non-breaching Party to cure the Non-Terminating Event of Default, the Non-Terminating Event of Default shall be deemed cured. However, such actions shall not be the sole means of curing such a Non-Terminating Event of Default and the breaching Party shall be entitled to cure the Non-Terminating Event of Default in any other way resulting in a cure of such Non-Terminating Event of Default.

(b) Consultative Process. If such Non-Terminating Event of Default is not cured within the Cure Period, the Parties shall engage in the Consultative Process for a period of ten (10) days to attempt to resolve the dispute.

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

4.3 Process for Addressing Terminating Events of Default. The remedies available to a Party if there is a Potential Terminating Event of Default shall be as follows:

(a) Notice and Cure Period. A Party asserting a Potential Terminating Event of Default shall provide the other Party written notice of such Potential Terminating Event of Default, which notice shall include a detailed description of the basis for such Potential Terminating Event of Default and the non-breaching Party's requirements to remedy such asserted Potential Terminating Event of Default. The Party asserted to have breached this Lease shall be entitled to a Cure Period to cure the asserted Potential Terminating Event of Default.

(b) Consultative Process. If such Potential Terminating Event of Default is not cured within the Cure Period, the Parties shall for a period of ten (10) days engage in the Consultative Process to attempt to resolve the dispute.

(c) Executive Level Negotiations. If an alleged Potential Terminating Event of Default is not resolved in the Consultative Process, the LSU Vice President of Health Affairs and the OLOL Chief Executive Officer, individually, shall discuss and negotiate in good faith for ten (10) calendar days to attempt to resolve the issue.

(d) Termination Right. If the dispute regarding the asserted Potential Terminating Event of Default is not resolved pursuant to the procedures in this Section set forth above, the non-breaching Party may declare its intent to terminate this Lease by delivery of written notice of such intent to the other Party (the "Termination Notice"), and the Parties shall begin the Wind Down Period as provided in Section 13.5(b) of the CEA. Such right of termination shall be in



addition to any other remedies which the non-breaching Party may have at law, including damages, but not including any equitable or injunctive relief which could or would limit LSU's access to the LSU Medical Education Building.

4.4 Termination Events and Remedies. Notwithstanding any other provision of this Lease or the CEA, this Lease may only be terminated as set forth in this Section 4.4. The date of any such termination shall be determined in accordance with Section 2.2.2(a) herein. Upon a termination of this Lease, OLOL shall be obligated to purchase the LSU Medical Education Building in accordance with Section 2.2.2 herein.

(a) Termination For Convenience. This Lease may be terminated at any time without cause upon the mutual agreement of all Parties, which termination shall occur on the terms and conditions as the Parties then agree.

(b) Termination for a Potential Terminating Event of Default. This Lease may be terminated as provided in Section 4.3(d), subject to the Wind Down Process set forth in the CEA. The effective date of termination of this Lease shall be the Closing Date set forth in Section 2.2.2(a) above.

(c) Termination of the CEA. In the event of a termination of the CEA, this Lease shall also terminate without the need for further notice, subject to the Wind Down Period set forth in the CEA. The effective date of termination of this Lease shall be on the Closing Date, as set forth in Section 2.2.2 above.

(d) Termination Due To Condemnation. This Lease may be terminated as provided in Section 6(a).

#### 4.5 Remedies Cumulative.

(a) Except as otherwise provided in this Lease, all rights and remedies of any Party provided for in this Lease shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. Any Party shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by any Party of an Event of Default of any of the covenants, conditions or restrictions of this Lease shall be construed or held to be a waiver of any succeeding or preceding Event of Default of the same or of any other covenant, condition or restriction herein contained. The failure of any Party to insist in any one or more cases upon the strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future Events of Default of such covenant or option. A receipt by any Party of payment by any other Party with knowledge of the Event of Default of any covenant hereof shall not be deemed a waiver of such Event of Default. No waiver, change, modification or discharge by any Party of any provision of this Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by the Parties.

(b) No receipt of moneys by OLOL from LSU after the termination of this Lease, or after the giving of any notice of the termination of this Lease, shall reinstate, continue or extend

the Term or affect any notice theretofore given to LSU, or operate as a waiver of the right of OLOL to recover possession of the Land by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of any suit or summary proceedings, or after a final order or judgment for the possession of the Land, or any part thereof or interest therein, OLOL may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such notice, Proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of the use and occupancy of the Land or, at the election of OLOL, on account of LSU's liability hereunder.

## 5. INSURANCE

### 5.1 Obligation to Insure.

(a) After acquiring title to the LSU Medical Education Building, LSU shall: (i) keep the LSU Medical Education Building and Land insured against all risk of direct physical loss or damage caused by a covered peril ("Property Insurance"); (ii) provide and keep in force Commercial General Liability Insurance ("Liability Insurance"), such Liability Insurance to be in an amount not less than \$5,000,000.00 per occurrence for each coverage afforded thereunder; and (iii) provide and keep in force workers' compensation coverage providing statutory benefits for all persons employed by LSU at or in connection with the Land and the LSU Medical Education Building.

(b) At all times during the Term, OLOL shall provide and keep in force Liability Insurance, such Liability Insurance to be in an amount not less than \$5,000,000.00 per occurrence for each coverage afforded thereunder. OLOL's obligation to procure Liability Insurance under this subsection (b) shall be in addition to, and not in lieu of, LSU's obligation to procure Liability Insurance under subsection (a) above.

(c) Whenever, under the terms of this Lease, either Party is required to maintain insurance, the other Party shall be an additional insured on all such liability insurance policies.

(d) In the event ORM ceases to maintain insurance coverage for LSU, and LSU fails to provide the insurance coverages required in Section 5.1(a) above, OLOL shall have the right, but not the obligation, to obtain such insurance coverages, and LSU shall, immediately upon demand, reimburse OLOL (as Additional Rent) for all costs incurred by OLOL in obtaining such insurance coverages.

### 5.2 Loss Payee.

After the transfer of the LSU Medical Education Building to LSU as provided in Section 2.1.6, no proceeds under any policies required by any provision of this Lease insuring against damage to the LSU Medical Education Building or the Land for perils covered under Property Insurance shall be payable to OLOL.

### 5.3 Form of Policy.

(a) To the extent the coverage required under this Section 5 is not provided by the ORM Self Insurance Program, all Insurance Policies shall be in such form and shall be issued by such responsible companies licensed and authorized to do business in the State of Louisiana as are reasonably acceptable to OLOL. All such companies shall have a Best rating of not less than "A-:VII". LSU will furnish a certificate of insurance to OLOL listing OLOL as an additional insured/loss payee. All policies referred to in this Lease shall be procured, or caused to be procured, by LSU, at no expense to OLOL, and for periods of not less than one year. A photocopy of each such policy, certified by the insurer to be a true copy thereof, shall be delivered to OLOL immediately upon receipt from the insurance company or companies (and LSU shall use diligent efforts to procure such certified copies), except that if any insurance carried by LSU is effected by one or more blanket policies, then with respect to such insurance, certified abstracted policies relating to the Land shall be so delivered to OLOL. In addition thereto, on the Commencement Date hereof, if such certified copies or certified abstracted policies, as the case may be, have not yet been procured from the insurance company or companies, LSU shall deliver to OLOL certificates of the insurance required hereunder together with paid receipts therefor. Upon reasonable request by OLOL, LSU shall deliver copies of new or renewal policies replacing any policies expiring during the Term, together with proof satisfactory to OLOL that the full premiums have been paid for at least the next year of the term of the policy.

(b) LSU and OLOL shall cooperate in connection with the collection of any insurance moneys that may be due in the event of loss, and LSU and OLOL shall execute and deliver such proofs of loss and other instruments which may be required for the purpose of obtaining the recovery of any such insurance moneys.

(c) No later than thirty (30) days prior to the commencement of the Term, each party shall deliver to the other party certificates of insurance denoting all coverage required herein. Each Insurance Policy and each certificate or memorandum therefor issued by the insurer shall contain an agreement by the insurer that such policy shall not be cancelled or modified without at least 30 days' prior written notice to OLOL and LSU.

### 5.4 Insurance Provided by Office of Risk Management.

Notwithstanding anything to the contrary contained herein, coverage obtained by LSU from the State of Louisiana, Office of Risk Management, or its statutory successor ("ORM"), shall be deemed to satisfy the requirements of Sections 5.1 and 5.3 above regarding LSU's insurance obligations; provided that the Property Insurance provided by ORM is equal to or greater than the full Replacement Cost of the LSU Medical Office Building.

### 5.5 Repair; Replacement; Use of Property Insurance Proceeds.

(a) If all or any part of the LSU Medical Education Building shall be destroyed or damaged in whole or in part by fire or other casualty (whether or not insured) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, LSU shall give OLOL immediate notice thereof (except with respect to partial damage the reasonably estimated cost of repair of

which shall be less than \$100,000.00) and, except as may otherwise be provided in this Lease, LSU shall repair, alter, restore, replace and/or rebuild (collectively, "Replacement") the same, at least to the extent of the value and as nearly as practicable to the character of the LSU Medical Education Building existing immediately prior to such occurrence. With respect to Replacement the cost of which is reasonably expected to exceed \$500,000, such Replacement will be performed by LSU or the Office of Facility Planning and Control, and ORM will make payment directly to the vendor, contractor or LSU (as appropriate).

(b) LSU shall be responsible for removing all debris from the Land, at its sole cost, if LSU is not obligated to rebuild or replace the LSU Medical Education Building.

#### 5.6 Builder's Risk Coverage.

OLOL shall purchase and maintain, or shall require its general contractor to purchase and maintain, in a company or companies authorized to do business in the State of Louisiana with an AM Best Rating of not less than A-:VII, builder's risk property insurance on an "all-risk" policy form, in the amount equal to the anticipated construction cost of the LSU Medical Education Building and parking on the Land and Lot 20-A (if possible), plus the value of subsequent modifications and cost of materials supplied and installed by others, comprising total value for the entire LSU Medical Education Building and parking on the Land and Lot 20-A (if possible) on a replacement cost basis. Such insurance shall be maintained, unless agreed in writing by all persons and entities who are beneficiaries or additional insureds of such insurance, until final payment has been made to the general contractor. LSU shall be named an additional insured, and OLOL shall provide LSU a copy of the policy prior to commencement of construction of the LSU Medical Education Building.

#### 5.7 Gap Insurance.

If applicable, OLOL shall also procure any property insurance necessary to insure the LSU Medical Education Building and parking on the Land and Lot 20-A (if possible) between expiration of the Builder's Risk coverage and conveyance of title of the LSU Medical Education Building to LSU, in an amount equal to the Replacement Cost, and OLOL shall deliver to LSU a copy of such policy prior to the expiration of the Builder's Risk coverage.

#### 5.8 OLOL Insurance.

Other than Builder's Risk coverage, all insurance required to be provided by OLOL herein shall be (i) with insurance companies authorized to do business with the State of Louisiana and bearing a rating of A-:VII by AM Best, (ii) through a captive insurance company acceptable to the Department of Insurance for the State of Louisiana, the State of Louisiana Office of Risk Management, and LSU, or (iii) utilizing a combination of (i) and (ii) above.

### 6. CONDEMNATION

(a) If, at any time during the Term, the whole or any Significant Portion of the Land or the LSU Medical Education Building shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or

by agreement among OLOL, then LSU and those authorized to exercise such right, at LSU's option, may elect to terminate this Lease and the Term shall terminate and expire on the date of such taking and the Rent payable by LSU hereunder shall be apportioned as of the date of such taking. If LSU chooses to exercise the option to terminate this Lease provided for herein, it shall notify OLOL within 60 days after the date that LSU receives notice of such taking.

(b) If the whole or any Significant Portion of the Land shall be taken or condemned and LSU elects to terminate this Lease, (i) there shall first be paid to OLOL the entire award for, or attributable to the value of, that part of the Land taken, the Land to be valued as if unimproved and encumbered by this Lease; and (ii) LSU shall then receive compensation for the value of the LSU Medical Education Building, upon which occurrence this Lease and all obligations herein shall be deemed terminated, including but not limited to the termination of OLOL's obligation to purchase the LSU Medical Education Building in accordance with Section 2.2.2.

(c) Each of the Parties shall execute and deliver any and all documents that may be reasonably required in order to facilitate collection by them of such awards in accordance with the provisions of this Section 6.

(d) For purposes of this Section 6, the "date of taking" shall be deemed to be the earlier of (i) the date on which actual possession of the whole or substantially all of the Land or a part thereof, as the case may be, is acquired by any lawful power or authority pursuant to the provisions of applicable federal or state law, or (ii) the date on which title to the Land or the aforesaid portion thereof shall have vested in any lawful power or authority pursuant to the provisions of the applicable federal or state law.

(e) OLOL may not enter into, settle or compromise any taking or other governmental action that creates a right to compensation in LSU as provided in this Section 6 without the prior written consent of LSU.

## **7. INDEMNIFICATION**

(a) OLOL shall not in any event whatsoever, except as set forth herein below, be liable for any injury or damage to LSU or to any other Person happening in, on or about the LSU Medical Education Building or the Land, nor for any injury or damage to the LSU Medical Education Building or the Land or to any property belonging to LSU or any other Person, which may be caused by any fire or by any other cause whatsoever or by the use, misuse or abuse, possession or occupancy of the LSU Medical Education Building or the Land or which may arise from any other cause whatsoever, except to the extent caused by the negligence, fault or willful misconduct of OLOL or its agents, employees, directors or officers, and except as provided in Section 8 hereof.

(b) LSU shall not do or permit any act or thing to be done in or upon the LSU Medical Education Building or the Land which may subject OLOL to any liability or responsibility for injury, damage to Persons or property, or to any liability by reason of any violation of law, and shall exercise such control over the LSU Medical Education Building and the Land so as to fully protect OLOL against any such liability, to the extent authorized by Law,

unless caused by OLOL, or its employees, agents, officers or directors.

(c) To the fullest extent allowed under La. R.S. 38:2195 or any other applicable laws, LSU shall, except with respect to OLOL's negligence, fault or willful misconduct, or the negligence, fault or willful misconduct of OLOL, or its employees, agents, officers or directors, indemnify, defend and save OLOL and its employees, agents, officers and directors (each a "OLOL Indemnified Party") harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, engineers', architects' and reasonable attorneys' fees, court costs and disbursements, which may be imposed upon or incurred by or asserted against any OLOL Indemnified Party by any Person (other than a OLOL Indemnified Party) by reason of any of the following occurring during or after (but attributable to a period of time falling within) the Term: (a) any work or thing done in, on or about the LSU Medical Education Building, the Land or any part thereof (but only to the extent caused by the fault or negligence of LSU or its employees, agents, officers or board members); (b) any use, nonuse, possession, occupation, alteration, repair, condition, operation, maintenance or management by LSU or a Space Lessee of the LSU Medical Education Building or the Land (but only to the extent caused by the fault or negligence of LSU or its employees, agents, officers or board members); and (c) any accident, injury (including death at any time resulting therefrom) or damage to any Person or property occurring in, on or about the LSU Medical Education Building or the Land (but only to the extent caused by the fault or negligence of LSU or its employees, agents, officers or board members).

(d) OLOL shall not do or permit any act or thing to be done upon the OLOL Campus or in the LSU Medical Education Building or the Land which may subject LSU to any liability or responsibility for injury, damage to Persons or property, or to any liability by reason of any violation of Law, and shall exercise such control over the OLOL Campus so as to fully protect LSU against any such liability. OLOL shall, except with respect to LSU's negligence, fault or willful misconduct, indemnify, defend and save LSU and any of its agents, employees, board members or officers (each a "LSU Indemnified Party") harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, engineers', architects' and reasonable attorneys' fees, court costs and disbursements, which may be imposed upon or incurred by or asserted against any LSU Indemnified Party by any Person (other than a LSU Indemnified Party) by reason of any of the following occurring during or after (but attributable to a period of time falling within) the Term: (a) any work or thing done by OLOL in, on or about the OLOL Campus or any part thereof (but only to the extent caused by the negligence, fault or intentional act of OLOL or its agents, employees, officers or directors); (b) any use, nonuse, possession, occupation, alteration, repair, condition, operation, maintenance or management of the OLOL Campus or any part thereof or of any sidewalk, curb or vault adjacent thereto by OLOL (but only to the extent caused by the negligence, fault or intentional act of OLOL or its agents, employees, directors or officers); and (c) any accident, injury (including death at any time resulting therefrom) or damage to any Person or property occurring in, on or about the OLOL Campus or any part thereof or in, on or about any sidewalk or curb adjacent thereto (but only to the extent caused by the negligence, fault of intentional act of OLOL or its agents, employees, directors or officers).

(e) The provisions of this Section 7 shall survive the Expiration Date with respect to any liability, suit, obligation, fine, damage, penalty, claim, cost, charge or expense arising out of or in connection with any matter which is the subject of indemnification under this Section 7.

(f) A claim for indemnification for any matter not involving a Third Party Claim may be asserted by notice to the Party from whom indemnification is sought.

## **8. HAZARDOUS SUBSTANCES**

(a) OLOL represents to LSU that, as of the Effective Date, to the best knowledge of OLOL, (i) OLOL has received no notice that there are Hazardous Materials on, in or from the Land, (ii) OLOL has complied with all Environmental Laws on the Land, and (iii) OLOL has not suffered, caused or allowed the Release of any Hazardous Materials in violation of Environmental Laws on, to or from the Land. OLOL shall indemnify, defend and hold harmless LSU and its officers, board members, agents and employees from all Claims suffered or incurred by any of the foregoing arising from or attributable to (i) any breach by OLOL of any of its warranties, representations or covenants in this Section 8(a); (ii) noncompliance of any property owned by OLOL with any Environmental Laws prior to the Commencement Date; (iii) any actual or alleged illness, disability, injury, or death of any person in any manner arising out of or allegedly arisen out of exposure to Hazardous Materials or other substances or conditions present on the Land prior to the Commencement Date or on any property owned by OLOL; (iv) Hazardous Materials Managed or Released by OLOL or otherwise located or Released upon the Land or any property owned by OLOL in violation of Environmental Laws prior to the Commencement Date; and (v) violation by OLOL of Environmental Laws on or with respect to the Land or any other property owned by OLOL on or after the Commencement Date. If Claims or other assertion of liability shall be made against LSU for which LSU is entitled to indemnity hereunder, LSU shall notify OLOL of such Claim or assertion of liability and thereupon OLOL shall, at its sole cost and expense (and upon approval of LSU, not to be unreasonably withheld, conditioned or delayed), assume the defense of such Claim or assertion of liability and continue such defense at all times thereafter until completion. OLOL's obligations hereunder shall survive the termination or expiration of this Lease.

(b) LSU covenants that LSU shall (i) at its own cost comply with all Environmental Laws; (ii) not Manage any Hazardous Materials on the Land in violation of any Environmental Law, nor conduct nor authorize the same, including installation of any underground storage tanks, without prior written disclosure to and approval of OLOL; (iii) not take any action that would subject the Land to permit requirements under RCRA for storage, treatment or disposal of Hazardous Materials; (iv) not discharge Hazardous Materials into drains or sewers in violation of any Environmental Laws; (v) not suffer, cause or allow the Release of any Hazardous Materials on, to or from the Land in violation of any Environmental Laws; (vi) keep the Land free from Hazardous Materials in violation of any Environmental Laws; and (vii) at its own cost and under its own license, arrange for the lawful transportation and off-site disposal in accordance with Environmental Laws of all Hazardous Materials that it generates. Notwithstanding the foregoing, LSU may, and may permit Space Lessees to, handle, store, use or dispose of products containing small quantities of Hazardous Materials (such as aerosol cans containing insecticides, toner for

copiers, paints, paint remover and the like) for any Permitted Use, so long as the same is done in accordance with Environmental Laws.

(c) During the Term, LSU shall promptly provide OLOL with copies of all summons, citations, directives, information inquiries or requests, notices of potential responsibility or potential penalty, notices of violation or deficiency, orders or decrees, Claims, complaints, investigations, judgments, letters, notices of environmental liens or response actions in progress, and other communications, written or oral, actual or threatened, from the United States Environmental Protection Agency, Occupational Safety and Health Administration, Louisiana Department of Environmental Quality or other federal, state or local agency or authority or any other entity or individual, concerning (a) any Release of a Hazardous Material on, to or from the Land; (b) the imposition of any lien on the Land; or (c) any alleged violation of or responsibility under Environmental Laws. Upon reasonable advance notice to LSU, OLOL, its employees, professional consultants and contractors, at OLOL's sole expense and cost, shall have the right to enter the Land and conduct appropriate inspections or tests to be conducted in accordance with professional standards and best practices in order to determine LSU's compliance with Environmental Laws. OLOL will take reasonable steps in connection with exercising such rights to minimize any disruption to, or interference with, LSU's (or any subtenant's or other occupant's) use of the Land, and OLOL shall not take any measures which will have a material and adverse impact on access to the Land.

(d) Upon written request by OLOL, LSU shall provide OLOL with (i) results of appropriate reports and tests, (ii) transportation and disposal contracts for Hazardous Materials, (iii) copies of any permits issued under Environmental Laws, and (iv) any other applicable documents to demonstrate that LSU complies with all Environmental Laws relating to the Land. If OLOL has a good faith reason to believe the Land is in violation of any Environmental Law caused by some act or failure to act by LSU or Space Lessee, OLOL shall have the right from time to time, in its reasonable discretion, to perform (at OLOL's cost and expense) an environmental audit and environmental risk assessment of the Land, the hazardous waste management practices and/or hazardous waste disposal sites used by LSU. Said audit and/or risk assessment shall be by a certified environmental consultant satisfactory to OLOL, in its reasonable discretion. Regardless of the foregoing, however, in the event such environmental audit and environmental risk assessment shows that a violation of any Environmental Law by LSU has occurred, in addition to all other rights and remedies set forth herein, LSU shall reimburse OLOL for any costs and expenses incurred by OLOL in obtaining such environmental audit or environmental risk assessment.

(e) If LSU's Management of Hazardous Materials at the Land (i) gives rise to liability or to a Claim under any Environmental Law, (ii) causes a significant adverse public health effect, or (iii) creates a nuisance, LSU shall promptly take all applicable action in Response. OLOL shall have the right, but not the obligation, after providing LSU with notice and a reasonable opportunity to cure, to enter onto the Land or to take such other actions as it deems necessary or advisable to perform any and all Response action(s). All costs and expenses reasonably incurred by OLOL in the exercise of any such rights shall be payable by LSU upon demand. OLOL will take reasonable steps in connection with exercising such rights to minimize any disruption to, or interference with, LSU's (or any subtenant's or other occupant's) use of, or access to, the Land.



(f) To the extent allowed by Law, LSU shall indemnify, defend and hold harmless OLOL and its agents, employees, officers and board members from all Claims suffered or incurred by any of the foregoing to the extent arising from or attributable to (i) LSU's negligence, fault or intentional act resulting in noncompliance, or other acts resulting in liability constituting noncompliance, of the LSU Medical Education Building, the Land or LSU with any Environmental Laws that is not existing as of the Commencement Date; (ii) any actual or alleged illness, disability, injury, or death of any person in any manner arising out of or allegedly arising out of exposure to Hazardous Materials or other substances or conditions present at the LSU Medical Education Building or the Land, to the extent caused by the intentional act, fault or negligence of LSU, regardless of when any such illness, disability, injury, or death shall have occurred or been incurred or manifested itself; and (iii) Hazardous Materials Managed or Released by LSU or allowed or permitted by LSU to be Managed or Released or otherwise located or Released by LSU upon the LSU Medical Education Building or on the Land. If any Claims or other assertion of liability shall be made against OLOL for which OLOL is entitled to indemnity hereunder, OLOL shall notify LSU of such Claim or assertion of liability and thereupon LSU shall, at its sole cost and expense, and to the extent allowed by Law, assume the defense of such Claim or assertion of liability and continue such defense at all times thereafter until completion. LSU's obligations hereunder shall not apply to any Claim or assertion of liability to the extent it is due to the acts of OLOL or its employees, agents, directors or officers. LSU's obligations hereunder shall survive the termination or expiration of this Lease.

## **9. MISCELLANEOUS**

### **9.1 Certificates by OLOL and LSU**

At any time and from time to time upon not less than ten (10) days' prior written notice by either Party, the other Party shall execute, acknowledge and deliver to the requesting Party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same, as modified, is in full force and effect and stating the modifications) and the date to which each obligation constituting the Rent has been paid, and stating whether or not to the best knowledge of the other Party (a) there is a continuing default by the requesting Party in the performance or observance of any covenant, agreement or condition contained in this Lease to be performed or observed by the requesting Party, or (b) there shall have occurred any event which, with the giving of notice or passage of time or both, would become such a default and, if so, specifying each such default or occurrence of which the other Party may have knowledge and stating such other factual matters as may be reasonably requested by the requesting Party.

### **9.2 Consents and Approvals.**

All consents and approvals which may be given under this Lease shall, as a condition of their effectiveness, be in writing. Except as otherwise specifically set forth herein, the granting of any consent or approval by a Party to perform any act requiring consent or approval under the terms of this Lease, or the failure on the part of a Party to object to any such action taken without the required consent or approval, shall not be deemed a waiver by the Party whose consent was

required of its right to require such consent or approval for any further similar act, and each Party hereby expressly covenants and warrants that as to all matters requiring the other Party's consent or approval under the terms of this Lease, the Party requiring the consent or approval shall secure such consent or approval for each and every happening of the event requiring such consent or approval and shall not claim any waiver on the part of the other Party of the requirement to secure such consent or approval. Except as provided in Section 2.1.4 hereof, any approvals or consents required by this Lease may be given (or withheld) by the President of the LSU System (on behalf of LSU), and the Chief Executive Officer of OLOL (on behalf of OLOL), or their designees.

9.3 Notices.

Whenever it is provided in this Lease that a notice, demand, request, consent, approval or other communication (each of which is herein referred to as a "Notice") shall or may be given to or served upon either of the Parties by the other, and whenever either of the Parties shall desire to give or serve upon the other any Notice with respect hereto or the Land, each such Notice shall be in writing. Any notices given hereunder shall be by (i) a nationally recognized overnight courier service, (ii) personal delivery or (iii) by mailing the same to LSU by certified or registered mail, postage prepaid, return receipt requested, delivered to the foregoing addresses (or to such other address(es) as either Party may from time to time designate by Notice given to other Party):

If to OLOL:                   Our Lady of the Lake Hospital, Inc.  
                                  Attn: Chief Executive Officer  
                                  7777 Hennessy Boulevard, Ste. 6002  
                                  Baton Rouge, Louisiana 70808-4375

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

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

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

With a copy to: Office of Property and Facilities  
Attn: Assistant Vice President for Facilities, Property & Administration  
3810 W. Lakeshore Drive  
Louisiana State University  
Baton Rouge, Louisiana 70808

Every Notice shall be deemed to have been given or served upon receipt or refusal of receipt if delivered personally, if delivered by a nationally recognized overnight courier service, one Business Day after deposit with same, or if mailed by registered or certified mail, on the second Business Day after the same shall have been deposited in the United States mail in the manner aforesaid. Notwithstanding any other provision of this Lease, OLOL shall be under no obligation to give any Notice of any kind to any other Party, including any Space Lessees, unless such Party has requested that other Parties receive notice pursuant hereto.

#### 9.4 Compliance with Health Care and Other Laws.

The Parties to this Lease, and all Space Lessees, shall comply with the Health Care Laws, Title VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, the Americans with Disabilities Act (ADA) of 1990, and any other applicable federal or state laws regarding discrimination based on gender, race, national origin, age, religion, pregnancy status, military status, or persons with disability.

#### 9.5 Entire Agreement.

All understandings and agreements, oral or written, heretofore made between the Parties hereto are contained in the CEA and this Lease. To the extent there are any conflicts between this Lease and the CEA, the CEA shall govern.

#### 9.6 Severability.

The Parties intend that the obligations of the Parties under this Lease shall be separate and independent covenants and agreements and shall continue unaffected unless such obligations have been modified or terminated pursuant to an express provision of this Lease. The invalidity of any provision of this Lease shall not impair or affect in any manner the validity, enforceability or effect all other provisions of this Lease.

#### 9.7 Recording of Lease.

OLOL and LSU agree to execute, acknowledge and deliver a copy of this Lease and, when applicable, shall execute, acknowledge and deliver a copy of any modification of this Lease, in proper form for recordation. If an Event of Default occurs hereunder and, as a result thereof, this Lease has been terminated, either OLOL or LSU may execute a statement to be recorded in the conveyance records for the Parish of East Baton Rouge terminating such copies.

9.8 Captions and Headings.

The captions of this Lease are for convenience of reference only and in no way define, limit or describe the scope or intent of this Lease or in any way affect this Lease.

9.9 Headings.

The use herein of the neuter pronoun in any reference to OLOL or LSU shall be deemed to include any individual OLOL or LSU, and the use herein of the words "successors and assigns" of OLOL or LSU shall be deemed to include the heirs, legal representative and permitted assigns of any individual OLOL or LSU.

9.10 Modifications.

This Lease may not be changed, modified or terminated orally, but only by a written instrument of change, modification or termination executed by both Parties.

9.11 Governing Law and Venue.

This Lease shall be governed by and construed in accordance with the laws of the State of Louisiana. Venue shall be proper in the Nineteenth Judicial District for East Baton Rouge Parish, Louisiana.

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

9.13 Successors and Assigns.

The agreements, terms, covenants and conditions herein shall be binding upon, and shall inure to the benefit of, OLOL and LSU and their respective permitted successors and assigns.

9.14 Presumption of Calendar Days.

Except as otherwise specifically provided herein, the term "day" or "days" as used and described in this Lease shall refer to calendar days.

9.15 Exhibits and Schedules.

All Exhibits and Schedules attached hereto, and any supplements to be attached hereto, are made a part hereof by reference and incorporation as if fully set forth herein and constitute a part of this Lease.

9.16 Effect of Provisions.

The terms, conditions, rights and obligations herein shall take effect on the Effective Date of this Lease, except for Sections 1.1, 1.3(a), 1.4, 1.5, 1.6, 1.7, 1.8, 1.9(b), 1.11, 2.2.1, 2.2.2(a), 2.3, 2.4, 2.5, 3.1, 3.2.1 - 3.2.7, 5.1(a), and 5.2 - 5.5, which shall take effect on the Commencement Date.

9.17 Appropriation Contingency.

In the event no funds or insufficient funds are lawfully appropriated or otherwise become available for payment in any fiscal year of the State of Louisiana in order for LSU to fulfill its obligations hereunder, and the LSU Board at a regularly scheduled or special meeting determines that no funds or insufficient funds are lawfully appropriated or otherwise become available in any fiscal year of the State of Louisiana for LSU to fulfill its obligations hereunder, LSU will immediately give written notice to the Parties that a non-appropriation has occurred. On the first day of the month following the last day of the fiscal year in which sufficient funds have been appropriated, this Lease shall terminate without penalty or expense to LSU of any kind whatsoever, except as to the portions of Rent payments herein agreed upon for prior fiscal years in which sufficient funds have been lawfully appropriated. In the event of a termination, LSU agrees to sell the LSU Medical Education Building to OLOL in accordance with Section 2.2.2(a) hereof and peaceably surrender possession of the Land to OLOL.

9.18 Audit Provision.

(a) LSU, or a third party auditor engaged by LSU, may, at its option and at its own expense, and during customary business hours, conduct internal audits of OLOL's books, bank accounts, records and accounts necessary for LSU to determine compliance with this Lease.

(b) It is hereby agreed that the State and/or the Legislative Auditor shall have the option of auditing all accounts of contractor which relate to this Lease. Such audits shall be at the expense of the State or the Legislative Auditor and shall be done during customary business hours.

*(signatures on following pages)*

**GROUND LEASE AND DEVELOPMENT AGREEMENT,  
DATED THE \_\_\_\_ DAY OF FEBRUARY, 2010.**

IN WITNESS WHEREOF, OLOL has executed this Lease as of the day and year first written above.

**WITNESSES:** **OUR LADY OF THE LAKE HOSPITAL, INC.**

\_\_\_\_\_  
Print Name: \_\_\_\_\_ By: \_\_\_\_\_  
K. Scott Wester, Chief Executive Officer

\_\_\_\_\_  
Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned, a Notary Public in and for the aforesaid State and East Baton Rouge Parish, this day personally appeared, K. Scott Wester, appearing herein in his capacity as the duly authorized Chief Executive Officer of Our Lady of the Lake Hospital, Inc. (the "Corporation"), to me personally known to be the person whose name is subscribed to the foregoing instrument representing the Corporation, and acknowledged to me in the presence of the foregoing competent witnesses, that he executed the same on the date thereof on behalf of the Corporation, and that it was executed for the uses, purposes and considerations therein expressed by authority of the Board of Directors of the Corporation, as the free act and deed of the Corporation.

THUS DONE AND PASSED in my office in Baton Rouge, Louisiana, on the \_\_\_\_ day of February, 2010, after due reading of the whole.

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

**GROUND LEASE AND DEVELOPMENT AGREEMENT,  
DATED THE \_\_\_\_ DAY OF FEBRUARY, 2010.**

IN WITNESS WHEREOF, LSU has executed this Lease as of the day and year first written above.

**WITNESSES:**

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

\_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
Dr. John V. Lombardi, President of the  
Louisiana State University System

\_\_\_\_\_  
Print Name: \_\_\_\_\_

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

ACKNOWLEDGMENT

STATE OF LOUISIANA  
PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned, a Notary Public in and for the aforesaid State and East Baton Rouge Parish, this day personally appeared, Dr. John V. Lombardi, appearing herein in his capacity as the duly authorized President of the Louisiana State University System, to me personally known to be the person whose name is subscribed to the foregoing instrument representing the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, and acknowledged to me in the presence of the foregoing competent witnesses, that he executed the same on the date thereof on behalf of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, and that it was executed for the uses, purposes and considerations therein expressed by authority of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, as the free act and deed of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College.

THUS DONE AND PASSED in my office in Baton Rouge, Louisiana, on the \_\_\_\_ day of February, 2010, after due reading of the whole.

\_\_\_\_\_  
Notary Public

**SCHEDULE 1**  
**Definitions**

For all purposes of this Lease, the terms found herein shall have the following meanings:

- (a) "Additional Rent" shall have the meaning provided in Section 1.5.
- (b) "Affiliate" shall mean an entity organized and operated by Louisiana State University Health Sciences Center – New Orleans, LSU Health Care Services Division, or any faculty group practice plan entity associated or affiliated with Louisiana State University Health Sciences Center – New Orleans.
- (c) "Allocated Construction Amount" shall have the meaning set forth in Section 2.1.3(a).
- (d) "Business Day" shall mean any days on which the LSU System Office is open for business.
- (e) "Capital Improvement" shall have the meaning provided in Section 2.3(a).
- (f) "CEA" shall mean that certain Cooperative Endeavor Agreement by and among OLOL, LSU, the State of Louisiana, and Louisiana Department of Health and Hospitals, dated of even date herewith.
- (g) "Change Order" shall have the meaning set forth in Section 2.1.3(c).
- (h) "City" shall mean the city, village or town in which the Land (hereinafter defined) is located.
- (i) "Claim" shall mean and include any demand, cause of action, Proceeding or suit and the results thereof (i) for damages (actual or punitive), losses, injuries to person or property, damages to natural resources, fines, penalties, expenses, liabilities, interest, contribution or settlement (including, without limitation, reasonable attorneys' fees, court costs and disbursements), (ii) for the costs of site investigations, feasibility studies, information requests, health or risk assessments, or Response actions, and (iii) for enforcing insurance, contribution, or indemnification agreements.
- (j) "Closing" shall have the meaning set forth in Section 2.2.2(a).
- (k) "Closing Date" shall have the meaning set forth in Section 2.2.2(a).



- (l) "Commencement Date" shall mean the date upon which title to the LSU Medical Education Building is conveyed to LSU, pursuant to Section 2.1.6. A certificate reflecting the Commencement Date shall be issued and attached to the Lease at a later date.
- (m) "Commercial General Liability Insurance" as such term is generally understood in the insurance industry.
- (n) "Competitive Bid Process" shall have the meaning set forth in Section 1.11(a).
- (o) "Construction Completion Date" shall have the meaning set forth in Section 2.1.1(b).
- (p) "Construction Contract" shall have the meaning set forth in Section 2.1.5(b).
- (q) "Consultative Process" shall have the meaning set forth in the CEA.
- (r) "Cure Period" shall mean sixty (60) days.
- (s) "Effective Date" shall have the meaning set forth in the Preamble.
- (t) "Environmental Law" shall mean and include all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, health, safety, contamination and clean-up, including, without limitation, the Clean Air Act (42 USC Section 7401 et seq.); the Clean Water Act (33 USC Section 1251 et seq.); the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA") (7 USC Section 136 et seq.); the National Environmental Policy Act (42 USC Section 4321 et seq.); the Occupational Safety and Health Act (29 USC Section 651 et seq.); the Resource Conservation and Recovery Act ("RCRA") (42 USC Section 6901 et seq., as amended by the Hazardous and Solid Waste Amendments of 1984); the Safe Drinking Water Act (42 USC Section 300f et seq.); the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") (42 USC Section 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act), the Emergency Planning and Community Right-to-Know Act, and Radon Gas and Indoor Air Quality Research Act; the Toxic Substances Control Act ("TSCA") (15 USC Section 2601 et seq.); the Atomic Energy Act (42 USC Section 2011 et seq.), and the Nuclear Waste Policy Act of 1982 (42 USC Section 10101 et seq.), and any state superlien and environmental clean-up statutes, with implementing regulations and guidelines. Environmental Laws shall also include all state, regional, county, municipal and other local laws, regulations and ordinances insofar as they are equivalent or similar to the federal laws recited above or purport to regulate Hazardous Materials.

- (u) "Equipment" shall mean any and all fixtures, equipment and machinery of every kind and nature whatsoever now or hereafter affixed or attached to the LSU Medical Education Building, or now or hereafter used or procured for use in connection with the operation, use or occupancy thereof, and the appurtenances thereof, but excluding therefrom all trade fixtures and articles of personal property title to which is vested in the tenants under any leases of space therein or vested in contractors engaged in maintaining the Land.
- (v) "ERDs" shall have the meaning set forth in Section 3.2.3(a), which are attached hereto as Exhibit "D".
- (w) "Event of Default" shall mean either a Potential Terminating Event of Default or a Non-Terminating Event of Default.
- (x) "Expiration Date" shall mean the date of expiration of the Term as set forth in Section 1.3.
- (y) "Fair Market Value" shall have the meaning set forth in Section 2.2.2(b).
- (z) "Final Acceptance" shall have the meaning set forth in Section 2.1.5(f).
- (aa) "Final Plans" shall have the meaning set forth in Section 2.1.3(b).
- (bb) "Force Majeure Event" shall have the meaning set forth in Section 2.1.7(a).
- (cc) "Governmental Authority (Authorities)" shall mean the United States of America, the State of Louisiana, Parish of East Baton Rouge and City, and any agency, authority, department, commission, board, bureau, instrumentality or political subdivision of any of the foregoing, now existing or hereafter created, having jurisdiction over the Land or any portion thereof.
- (dd) "Ground Rent" shall have the meaning set forth in Section 1.4.
- (ee) "Hazardous Materials" shall mean and include the following, including mixtures thereof: any hazardous substance, pollutant, contaminant, waste, by-product, or constituent regulated under CERCLA; oil and petroleum products and natural gas, natural gas liquids, liquefied natural gas and synthetic gas usable for fuel; pesticides regulated under the FIFRA; asbestos and asbestos-containing materials, PCBs and other substances regulated under the TSCA; source material, special nuclear material, by-product material and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act or the Nuclear Waste Policy Act; chemicals subject to the OSHA Hazard Communication Standard (29 CFR Sections 1910.1200 et seq.); industrial process and pollution control wastes whether or not hazardous within the meaning of RCRA and any other hazardous substance, pollutant or contaminant regulated under any other Environmental Law.

- (ff) "Health Care Laws" shall mean all federal, state or local laws, statutes, codes, ordinances, regulation manuals or principles of common law relating to healthcare regulatory matters, including without limitation (i) 42 U.S.C. §§ 1320a-7, 7a and 7b, which are commonly referred to as the "Federal Anti-Kickback Statute"; (ii) 42 U.S.C. § 1395nn, which is commonly referred to as the "Stark Law"; (iii) 31 U.S.C. §§ 3729-3733, which is commonly referred to as the "Federal False Claims Act"; (iv) Titles XVIII and XIX of the Social Security Act, implementing regulations and program manuals; and (v) 42 U.S.C. §§ 1320d-1320d-8 and 42 C.F.R. §§ 160, 162 and 164, which is commonly referred to as HIPAA.
- (gg) "Impositions" shall have the meaning provided in Section 1.6.
- (hh) "Initial Encumbrances" shall have the meaning provided in Section 1.9(a).
- (ii) "Interest Rate" shall mean the judicial interest rate published annually by the Louisiana Commissioner of Financial Institutions.
- (jj) "Land" shall mean Lot 19-A, as such lot is more particularly described on Exhibit "A" attached hereto and made a part hereof.
- (kk) "Law" shall mean any federal, state, local, municipal, foreign, international, multinational or other constitution, law, ordinance, principle of common law, code, regulation, statute or treaty.
- (ll) "Lease" shall mean this Ground Lease and Development Agreement and all amendments, modifications, extensions and renewals hereof and exhibits attached hereto.
- (mm) "Liability Insurance" shall have the meaning provided in Section 5.1(a).
- (nn) "Lot 20-A" shall have the meaning set forth in the Recitals.
- (oo) "LSU" shall mean the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, a public constitutional corporation of the State of Louisiana, provided, however, that if this Lease and the leasehold estate hereby created shall be assigned or transferred in accordance with the terms of and in the manner specifically permitted by this Lease, then, from and after the date of such assignment or transfer and until the next permitted assignment or transfer, the term "LSU" shall mean the permitted assignee or transferee.
- (pp) "LSU Indemnified Party" shall have the meaning set forth in Section 7(e).
- (qq) "LSU Medical Education Building" shall have the meaning set forth in the Recitals.

- (rr) "Manage" or "Managed" or "Management" means to generate, manufacture, process, treat, store, use, re-use, refine, recycle, reclaim, blend or burn for energy recovery, incinerate, accumulate speculatively, transport, transfer, dispose of or abandon Hazardous Materials.
- (ss) "Material Change" shall have the meaning provided in Section 2.1.3(c).
- (tt) "Non-Terminating Event of Default" shall have the meaning set forth in Section 4.1(b).
- (uu) "Notice" shall have the meaning provided in Section 9.3.
- (vv) "OLOL" shall mean Our Lady of the Lake Hospital, Inc., a Louisiana non-profit corporation, provided, however, that if this Lease and the landlord's interest herein shall be assigned or transferred in accordance with the terms of and in the manner specifically permitted by this Lease, then, from and after the date of such assignment or transfer and until the next permitted assignment or transfer, the term "OLOL" shall mean the permitted assignee or transferee.
- (ww) "OLOL Building Rules" means all rules, regulations policies and procedures regarding the use and occupancy of any buildings on the OLOL Campus, attached hereto as Exhibit "E".
- (xx) "OLOL Campus" shall mean the multi-acre campus, including the acute care hospital, the OLOL College and other facilities, located in Baton Rouge, Louisiana, and operating under the sponsorship of the Franciscan Missionaries of Our Lady.
- (yy) "OLOL Indemnified Party" shall have the meaning set forth in Section 7(d).
- (zz) "ORM" shall have the meaning set forth in Section 5.4.
- (aaa) "Party" and "Parties" shall have the meaning set forth in the Preamble.
- (bbb) "Permitted Encumbrances" shall have the meaning provided in Section 1.9(b), attached hereto as Exhibit "B-2".
- (ccc) "Permitted Use" shall have the meaning provided in Section 3.2.2(a).
- (ddd) "Person" shall mean and include an individual, corporation, partnership, joint venture, estate, trust, unincorporated association or any federal, state, county or municipal government or any bureau, department, authority or agency thereof.
- (eee) "Potential Terminating Event of Default" shall have the meaning set forth in Section 4.1(a).

- (fff) “Proceeding” means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any governmental body or arbitrator.
- (ggg) “Recognized Environmental Condition” shall mean the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property. The term includes hazardous substances or petroleum products even under conditions in compliance with laws. The term is not intended to include de minimis conditions that generally do not present a material risk of harm to public health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies.
- (hhh) "Reimbursed Cost" shall have the meaning set forth in Section 3.1.2(e).
- (iii) "Release" or "Released" shall mean any actual or threatened spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, presence, dumping, migration from adjacent property or disposing of Hazardous Materials into the environment, as "environment" is defined in CERCLA.
- (jjj) "Rent" shall have the meaning provided in Section 1.5.
- (kkk) "Required Approval" shall have the meaning set forth in Section 2.1.2(b) and shall also apply to Capital Improvements by LSU under Section 2.3.
- (lll) “Required Permits” shall be deemed to include, to the extent not previously obtained (i) all zoning approvals/variances or site approvals and any amendments, if necessary, (ii) preliminary development and preliminary location approvals and amendments, if necessary, (iii) highway access and intersection approvals, (iv) FAA approvals, including, if necessary, a determination of no hazard to air, navigation, approvals, (v) environmental approvals and amendments, if necessary, and (vi) all other permits, approvals, endorsements and consents and amendments, if necessary (but not including any operational licenses, permits or approvals) permitting the development, construction and operation of the Work or any Capital Improvements by LSU under Section 2.3.
- (mmm) "Replacement" shall have the meaning provided in Section 5.5(a).
- (nnn) "Replacement Cost" shall mean the actual replacement cost of the LSU Medical Education Building (excluding foundation and excavation costs, but including the cost of debris removal and of replacing all Equipment appurtenant to, located in

or used in connection with the LSU Medical Education Building) without physical depreciation.

- (ooo) "Response" or "Respond" shall mean action taken in compliance with Environmental Laws to correct, remove, remediate, cleanup, prevent, mitigate, monitor, evaluate, investigate, assess or abate the Release of a Hazardous Material.
- (ppp) "Restrictive Covenants" shall have the meaning set forth in Section 2.1.1(c).
- (qqq) "Shared Space" shall have the meaning provided in Section 3.2.7.
- (rrr) "Significant Portion" shall mean such portion of the Land as, when so taken, would leave remaining a balance of the Land which, due either to the area so taken or the location of the part so taken in relation to the part not so taken, would not in the Parties' reasonable estimation, under economic conditions, market conditions, applicable zoning laws or building regulations then existing or prevailing, readily accommodate a new LSU Medical Education Building (or restored LSU Medical Education Building) of a nature similar (in color, style, architecture, floor plans, facade, shape, height, configuration, landscaping and overall aesthetic sense) to the LSU Medical Education Building existing at the date of such taking and after performance of all covenants, agreements, terms and provisions herein and by law required to be performed and paid by LSU.
- (sss) "Space Lessee" shall have the meaning provided in Section 3.2.5(d).
- (ttt) "Space Lease" shall have the meaning provided in Section 3.2.5(b).
- (uuu) "Term" shall mean the term of this Lease as set forth in Section 1.3 hereof.
- (vvv) "Termination Notice" shall have the meaning set forth in Section 4.3(d).
- (www) "Third Party Claim" means any claim against either an OLOL Indemnified Party or an LSU Indemnified Party, as appropriate, by a third party, whether or not involving a Proceeding.
- (xxx) "Work" shall mean the construction of (i) the LSU Medical Education Building, (ii) the surface parking on the Land, and (iii) the additional surface parking on Lot 20-A, and any other alterations, additions, changes or improvements related thereto.

## **EXHIBIT "A"**

### **THE LAND**

Lot 19-A, Calais Office Park, First Filing  
(5246 Brittany Drive, Baton Rouge, LA 70808)

A certain tract or parcel of land designated as "Lot 19-A", located in Section Fifty-Two (52), Township Seven South (T-7-S), Range One East (R-1-E), Greensburg Land District, East Baton Rouge Parish, State of Louisiana containing 59,588 Square Feet (1.368 Acres). Said tract or parcel is more particularly described as follows:

Commencing at a point being a found one-half inch diameter iron pipe at the Northeast corner of Lot C-1-A1 being on the Easterly right of way limits of Didesse Drive; thence South 28 40'05" West along said right of way limits of Didesse Drive a distance of 204.92 feet to a found one-half inch diameter iron pipe; thence South 61 45'23" East a distance of 210.04 feet to a calculated point being the point of beginning

thence South 60 50'55" East a distance of 209.97 feet to a found one-half inch diameter iron pipe being on the Westerly right of way limits of Brittany Drive; thence South 28 40'00" West along said Westerly right of way limits of Brittany Drive a distance of 282.29 feet to a placed one-half inch diameter iron pipe; thence North 61 39'42" West a distance of 210.00 feet to a calculated point; thence North 28 40'20" East a distance of 285.27 feet to a calculated point being the point of beginning.

Said tract or parcel is bounded as follows: Northerly by Lot C-1-A1, Calais Office Park, First Filing; Easterly by the right of way limits of Brittany Drive; Southerly by Lot 20-A, Calais Office Park, First Filing and Westerly by Lot 27, Calais Office Park, First Filing being property now or formerly of Gregory M. Brown, and Lot 28, Calais Office Park, First Filing being property now or formerly of the Dermatology Clinic.

**EXHIBIT "A-1"**

**PARKING AREAS ON LOTS 20-A and C-1-A1**



Parking Space  
Plan.PDF

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## **EXHIBIT "B-1"**

### **INITIAL ENCUMBRANCES**

1. Restrictive Covenants for Calais Office Park, First Filing dated July 14, 1972, filed and recorded with the Clerk and Recorder for the Parish of East Baton Rouge, State of Louisiana as Original 62, Bundle 8032 on July 20, 1972.
2. A 7.5 foot servitude along the north side of Lot 19-A, as shown on official subdivision map.
3. A 7.5 foot servitude across the rear of subject property, as shown on official subdivision map.
4. A 25 foot building line across the front of subject property, as shown on official subdivision map.
5. All other matters shown on that certain ALTA Boundary Survey by Patin Engineers and Surveyors, Inc., Cletus Langlois, R.L.S., dated December 18, 2008.

**EXHIBIT "B-2"**

**PERMITTED ENCUMBRANCES**

TO BE ATTACHED AFTER CONSTRUCTION OF  
LSU MEDICAL EDUCATION BUILDING

**EXHIBIT "C"**

**OLOL BIDDING PROCESS**



DOC381.PDF

<b>OUR LADY OF THE LAKE REGIONAL MEDICAL CENTER</b>			
<b>Policy Manual:</b>	<b>Organizational</b>	<b>Section:</b>	Finance
<b>Title:</b>	<b>Competitive Bidding</b>	<b>Policy Reference #:</b>	OrgOps/FN/002
		<b>Supersedes #:</b>	AD/A/024
<b>Date of Origination:</b>	June 28, 1996	<b>Review Date:</b>	June 1, 2006
<b>Revision Date:</b>			

**POLICY:**

To ensure that Our Lady of the Lake RMC (OLOL) receives competitive pricing on purchased supplies and services.

**DEFINITIONS:**

1. Project Architect: an independent contractor engaged by the hospital to oversee the logistics of construction projects, including the review of General Contractor and sub-contractor invoices.
2. Installment Agreements: an agreement/purchase which requires two or more payments, is represented by a written binding agreement, and covers a specified period of time.

**PROCEDURES:****Construction Projects**

1. For construction projects greater than \$50,000, three written General Contractor bids should be obtained and reviewed by the Assistant Administrator of Plant Management, Senior Vice President and President and the "Project Architect".
2. If the lowest bidder is not selected or three bids are not obtained, the reason must be documented and retained with the bids by the Assistant Administrator of Plant Management.
3. Construction bids must be retained on file by the Assistant Administrator of Plant Services for at least one year following the completion of the project.
4. The selection of the "Project Architect" must be approved by the Assistant Administrator of Plant Management and the Senior Vice President or President.

**Capital Expenditures and Non-Stock Requisitions****A. Requisitions less than \$1,000:**

1. The requisitioning department must complete the appropriate requisition forms (see Corporate Purchasing Policy), obtain the appropriate approval (see Level of Authorization for Purchases Policy) and submit the approved forms to the Purchasing Department for ordering.
2. If considered necessary, the Purchasing agent may obtain additional competitive pricing.
3. The Purchasing agent in Materials Management is the only person authorized to place the order with the vendor.

**B. Requisitions \$1,000 - \$9,999.99:**

1. A minimum of three price quotes from qualified vendors must be obtained.
2. A properly trained and authorized employee of the requisitioning department may obtain the quotes but must submit the quotes to the Purchasing Department for ordering.

3. The Purchasing agent must either 1) verify quotes obtained by the department; 2) independently obtain price quotes, or 3) combination of 1) and 2). Regardless, the Purchasing agent must obtain or verify a minimum of three price quotes prior to ordering.
4. The Purchasing agent in Materials Management is the only person authorized to place the order with the vendor.

C. Requisitions \$10,000 and over:

1. A minimum of three written price quotes from qualified vendors must be obtained.
2. A properly trained and authorized employee of the requisitioning department may obtain the quotes but must submit the quotes to the Purchasing Department for ordering.
3. The Purchasing agent must either 1) verify quotes obtained by the department; 2) independently obtain written price quotes, or 3) combination of 1) and 2). Regardless, the Purchasing agent must obtain or verify a minimum of three written price quotes prior to ordering.
4. The Purchasing agent in Materials Management is the only person authorized to place the order with the vendor.

Installment Agreements

A. Agreements less than \$10,000 annually:

1. The requisitioning department must complete the appropriate requisition forms (see Corporate Purchasing Policy), obtain the appropriate approval (see Level of Authorization for Purchases Policy) and submit the approved forms to the Purchasing Department for contracting.
2. If considered necessary, a Purchasing agent may obtain additional competitive pricing.
3. The Director of Purchasing must execute the agreement with the vendor.

B. Agreements \$10,000 and over:

1. A minimum of three written price quotes from qualified vendors must be obtained. If three price quotes are not obtained, the reason must be documented and maintained by the Director of Purchasing.
2. The requisitioning department may obtain the quotes but must submit the quotes to the Purchasing Department for contracting.
3. The Purchasing agent must either 1) verify quotes obtained by the department; 2) independently obtain written price quotes, or 3) combination of 1) and 2). Regardless, the Purchasing agent must obtain or verify a minimum of three written price quotes prior to contracting.
4. The Director of Purchasing must execute the agreement with the vendor.
5. All renewable installment agreements (i.e., housekeeping, dietary, equipment leases, maintenance, etc.) must be reviewed for efficiency annually and bid on by a minimum of three qualified vendors at least once every three years.

*Any deviations from the above policy and the reasons must be clearly documented and submitted to both the requisitioning department's Division Head and the Director of Purchasing.*

Stock Supplies and Pharmaceuticals

1. All departmental stock supply requisitions are handled exclusively by Purchasing.
2. All pharmaceuticals are handled exclusively by Pharmacy.

3. However, supplier/vendor contracts for stock supplies and pharmaceuticals must be bid on by a minimum of three qualified vendors at least once every three years.
4. Contracts with purchase groups (e.g., VHA) are not subject to the above policy, however, such contracts should be monitored for efficiency on an annual basis.

**REFERENCES:**

Please refer to the following policies for further purchasing requirements and instructions.

1. Corporate Purchasing Policy (OrgOps/GN/002)
2. Levels of Authorization for Purchases Policy (OrgOps/GN/009)

**EXHIBIT "D"**

**ETHICAL AND RELIGIOUS DIRECTIVES OF OLOL**



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Document



This fifth edition of the *Ethical and Religious Directives for Catholic Health Care Services* was developed by the Committee on Doctrine of the United States Conference of Catholic Bishops (USCCB) and approved as the national code by the full body of the USCCB at its November 2009 General Meeting. This edition of the *Directives*, which replaces all previous editions, is recommended for implementation by the diocesan bishop and is authorized for publication by the undersigned.

*Msgr. David J. Malloy, STD*  
*General Secretary, USCCB*

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## Preamble

Health care in the United States is marked by extraordinary change. Not only is there continuing change in clinical practice due to technological advances, but the health care system in the United States is being challenged by both institutional and social factors as well. At the same time, there are a number of developments within the Catholic Church affecting the ecclesial mission of health care. Among these are significant changes in religious orders and congregations, the increased involvement of lay men and women, a heightened awareness of the Church's social role in the world, and developments in moral theology since the Second Vatican Council. A contemporary understanding of the Catholic health care ministry must take into account the new challenges presented by transitions both in the Church and in American society.

Throughout the centuries, with the aid of other sciences, a body of moral principles has emerged that expresses the Church's teaching on medical and moral matters and has proven to be pertinent and applicable to the ever-changing circumstances of health care and its delivery. In response to today's challenges, these same moral principles of Catholic teaching provide the rationale and direction for this revision of the *Ethical and Religious Directives for Catholic Health Care Services*.

These Directives presuppose our statement *Health and Health Care* published in 1981.<sup>1</sup> There we presented the theological principles that guide the Church's vision of health care, called for all Catholics to share in the healing mission of the Church, expressed our full commitment to the health care ministry, and offered encouragement to all those who are involved in it. Now, with American health care facing even more dramatic changes, we reaffirm the Church's commitment to health care ministry and the distinctive Catholic identity of the Church's institutional health care services.<sup>2</sup> The purpose of these *Ethical and Religious Directives* then is twofold: first,

to reaffirm the ethical standards of behavior in health care that flow from the Church's teaching about the dignity of the human person; second, to provide authoritative guidance on certain moral issues that face Catholic health care today.

The *Ethical and Religious Directives* are concerned primarily with institutionally based Catholic health care services. They address the sponsors, trustees, administrators, chaplains, physicians, health care personnel, and patients or residents of these institutions and services. Since they express the Church's moral teaching, these Directives also will be helpful to Catholic professionals engaged in health care services in other settings. The moral teachings that we profess here flow principally from the natural law, understood in the light of the revelation Christ has entrusted to his Church. From this source the Church has derived its understanding of the nature of the human person, of human acts, and of the goals that shape human activity.

The Directives have been refined through an extensive process of consultation with bishops, theologians, sponsors, administrators, physicians, and other health care providers. While providing standards and guidance, the Directives do not cover in detail all of the complex issues that confront Catholic health care today. Moreover, the Directives will be reviewed periodically by the United States Conference of Catholic Bishops (formerly the National Conference of Catholic Bishops), in the light of authoritative church teaching, in order to address new insights from theological and medical research or new requirements of public policy.

The Directives begin with a general introduction that presents a theological basis for the Catholic health care ministry. Each of the six parts that follow is divided into two sections. The first section is in expository form; it serves as an introduction and provides the context in which concrete issues can be discussed from the perspective of the Catholic faith. The second section is in prescriptive form; the directives promote and protect the truths of the Catholic faith as those truths are brought to bear on concrete issues in health care.

## General Introduction

The Church has always sought to embody our Savior's concern for the sick. The gospel accounts of Jesus' ministry draw special attention to his acts of healing: he cleansed a man with leprosy (Mt 8:1-4; Mk 1:40-42); he gave sight to two people who were blind (Mt 20:29-34; Mk 10:46-52); he enabled one who was mute to speak (Lk 11:14); he cured a woman who was hemorrhaging (Mt 9:20-22; Mk 5:25-34); and he brought a young girl back to life (Mt 9:18, 23-25; Mk 5:35-42). Indeed, the Gospels are replete with examples of how the Lord cured every kind of ailment and disease (Mt 9:35). In the account of Matthew, Jesus' mission fulfilled the prophecy of Isaiah: "He took away our infirmities and bore our diseases" (Mt 8:17; cf. Is 53:4).

Jesus' healing mission went further than caring only for physical affliction. He touched people at the deepest level of their existence; he sought their physical, mental, and spiritual healing (Jn 6:35, 11:25-27). He "came so that they might have life and have it more abundantly" (Jn 10:10).

The mystery of Christ casts light on every facet of Catholic health care: to see Christian love as the animating principle of health care; to see healing and compassion as a continuation of Christ's mission; to see suffering as a participation in the redemptive power of Christ's passion, death, and resurrection; and to see death, transformed by the resurrection, as an opportunity for a final act of communion with Christ.

For the Christian, our encounter with suffering and death can take on a positive and distinctive meaning through the redemptive power of Jesus' suffering and death. As St. Paul says, we are "always carrying about in the body the dying of Jesus, so that the life of Jesus may also be manifested in our body" (2 Cor 4:10). This truth does not lessen the pain and fear, but gives confidence and grace for bearing suffering rather than being overwhelmed by it. Catholic health care ministry bears witness to the truth that, for those who are in Christ, suffering and death are

the birth pangs of the new creation. "God himself will always be with them [as their God]. He will wipe every tear from their eyes, and there shall be no more death or mourning, wailing or pain, [for] the old order has passed away" (Rev 21:3-4).

In faithful imitation of Jesus Christ, the Church has served the sick, suffering, and dying in various ways throughout history. The zealous service of individuals and communities has provided shelter for the traveler; infirmaries for the sick; and homes for children, adults, and the elderly.<sup>3</sup> In the United States, the many religious communities as well as dioceses that sponsor and staff this country's Catholic health care institutions and services have established an effective Catholic presence in health care. Modeling their efforts on the gospel parable of the Good Samaritan, these communities of women and men have exemplified authentic neighborliness to those in need (Lk 10:25-37). The Church seeks to ensure that the service offered in the past will be continued into the future.

While many religious communities continue their commitment to the health care ministry, lay Catholics increasingly have stepped forward to collaborate in this ministry. Inspired by the example of Christ and mandated by the Second Vatican Council, lay faithful are invited to a broader and more intense field of ministries than in the past.<sup>4</sup> By virtue of their Baptism, lay faithful are called to participate actively in the Church's life and mission.<sup>5</sup> Their participation and leadership in the health care ministry, through new forms of sponsorship and governance of institutional Catholic health care, are essential for the Church to continue her ministry of healing and compassion. They are joined in the Church's health care mission by many men and women who are not Catholic.

Catholic health care expresses the healing ministry of Christ in a specific way within the local church. Here the diocesan bishop exercises responsibilities that are rooted in his office as pastor, teacher, and priest. As the center of unity in the diocese and coordinator of ministries in the local church, the diocesan bishop fosters the mission of Catholic health care in

a way that promotes collaboration among health care leaders, providers, medical professionals, theologians, and other specialists. As pastor, the diocesan bishop is in a unique position to encourage the faithful to greater responsibility in the healing ministry of the Church. As teacher, the diocesan bishop ensures the moral and religious identity of the health care ministry in whatever setting it is carried out in the diocese. As priest, the diocesan bishop oversees the sacramental care of the sick. These responsibilities will require that Catholic health care providers and the diocesan bishop engage in ongoing communication on ethical and pastoral matters that require his attention.

In a time of new medical discoveries, rapid technological developments, and social change, what is new can either be an opportunity for genuine advancement in human culture, or it can lead to policies and actions that are contrary to the true dignity and vocation of the human person. In consultation with medical professionals, church leaders review these developments, judge them according to the principles of right reason and the ultimate standard of revealed truth, and offer authoritative teaching and guidance about the moral and pastoral responsibilities entailed by the Christian faith.<sup>6</sup> While the Church cannot furnish a ready answer to every moral dilemma, there are many questions about which she provides normative guidance and direction. In the absence of a determination by the magisterium, but never contrary to church teaching, the guidance of approved authors can offer appropriate guidance for ethical decision making.

Created in God's image and likeness, the human family shares in the dominion that Christ manifested in his healing ministry. This sharing involves a stewardship over all material creation (Gn 1:26) that should neither abuse nor squander nature's resources. Through science the human race comes to understand God's wonderful work; and through technology it must conserve, protect, and perfect nature in harmony with God's purposes. Health care professionals pursue a special vocation to share in carrying forth God's life-giving and healing work.

The dialogue between medical science and Christian faith has for its primary purpose the common good of all human persons. It presupposes that science and faith do not contradict each other. Both are grounded in respect for truth and freedom. As new knowledge and new technologies expand, each person must form a correct conscience based on the moral norms for proper health care.

## PART ONE

# The Social Responsibility of Catholic Health Care Services

### *Introduction*

Their embrace of Christ's healing mission has led institutionally based Catholic health care services in the United States to become an integral part of the nation's health care system. Today, this complex health care system confronts a range of economic, technological, social, and moral challenges. The response of Catholic health care institutions and services to these challenges is guided by normative principles that inform the Church's healing ministry.

First, Catholic health care ministry is rooted in a commitment to promote and defend human dignity; this is the foundation of its concern to respect the sacredness of every human life from the moment of conception until death. The first right of the human person, the right to life, entails a right to the means for the proper development of life, such as adequate health care.<sup>7</sup>

Second, the biblical mandate to care for the poor requires us to express this in concrete action at all levels of Catholic health care. This mandate prompts us to work to ensure that our country's health care delivery system provides adequate health care for the poor. In Catholic institutions, particular attention should be given to the health care needs of the poor, the uninsured, and the underinsured.<sup>8</sup>

Third, Catholic health care ministry seeks to contribute to the common good. The common good is realized when economic, political, and social conditions ensure protection for the fundamental rights of all individuals and enable all to fulfill their common purpose and reach their common goals.<sup>9</sup>

Fourth, Catholic health care ministry exercises responsible stewardship of available health care

resources. A just health care system will be concerned both with promoting equity of care—to assure that the right of each person to basic health care is respected—and with promoting the good health of all in the community. The responsible stewardship of health care resources can be accomplished best in dialogue with people from all levels of society, in accordance with the principle of subsidiarity and with respect for the moral principles that guide institutions and persons.

Fifth, within a pluralistic society, Catholic health care services will encounter requests for medical procedures contrary to the moral teachings of the Church. Catholic health care does not offend the rights of individual conscience by refusing to provide or permit medical procedures that are judged morally wrong by the teaching authority of the Church.

### *Directives*

1. A Catholic institutional health care service is a community that provides health care to those in need of it. This service must be animated by the Gospel of Jesus Christ and guided by the moral tradition of the Church.
2. Catholic health care should be marked by a spirit of mutual respect among caregivers that disposes them to deal with those it serves and their families with the compassion of Christ, sensitive to their vulnerability at a time of special need.
3. In accord with its mission, Catholic health care should distinguish itself by service to and advocacy for those people whose social condition puts them at the margins of our society and makes them particularly vulnerable to discrimination: the poor; the uninsured and the underinsured; children and the unborn; single parents; the elderly; those with incurable diseases and chemical dependencies; racial minorities; immigrants and refugees. In particular, the person with mental or physical disabilities, regardless of the cause or severity, must be treated as a unique person of

incomparable worth, with the same right to life and to adequate health care as all other persons.

4. A Catholic health care institution, especially a teaching hospital, will promote medical research consistent with its mission of providing health care and with concern for the responsible stewardship of health care resources. Such medical research must adhere to Catholic moral principles.
5. Catholic health care services must adopt these Directives as policy, require adherence to them within the institution as a condition for medical privileges and employment, and provide appropriate instruction regarding the Directives for administration, medical and nursing staff, and other personnel.
6. A Catholic health care organization should be a responsible steward of the health care resources available to it. Collaboration with other health care providers, in ways that do not compromise Catholic social and moral teaching, can be an effective means of such stewardship.<sup>10</sup>
7. A Catholic health care institution must treat its employees respectfully and justly. This responsibility includes: equal employment opportunities for anyone qualified for the task, irrespective of a person's race, sex, age, national origin, or disability; a workplace that promotes employee participation; a work environment that ensures employee safety and well-being; just compensation and benefits; and recognition of the rights of employees to organize and bargain collectively without prejudice to the common good.
8. Catholic health care institutions have a unique relationship to both the Church and the wider community they serve. Because of the ecclesial nature of this relationship, the relevant requirements of canon law will be observed with regard to the foundation of a new Catholic health care institution; the substantial revision of the mission of an institution; and the sale, sponsorship transfer, or closure of an existing institution.

9. Employees of a Catholic health care institution must respect and uphold the religious mission of the institution and adhere to these Directives. They should maintain professional standards and promote the institution's commitment to human dignity and the common good.

## PART TWO

# The Pastoral and Spiritual Responsibility of Catholic Health Care

### *Introduction*

The dignity of human life flows from creation in the image of God (Gn 1:26), from redemption by Jesus Christ (Eph 1:10; 1 Tm 2:4-6), and from our common destiny to share a life with God beyond all corruption (1 Cor 15:42-57). Catholic health care has the responsibility to treat those in need in a way that respects the human dignity and eternal destiny of all. The words of Christ have provided inspiration for Catholic health care: "I was ill and you cared for me" (Mt 25:36). The care provided assists those in need to experience their own dignity and value, especially when these are obscured by the burdens of illness or the anxiety of imminent death.

Since a Catholic health care institution is a community of healing and compassion, the care offered is not limited to the treatment of a disease or bodily ailment but embraces the physical, psychological, social, and spiritual dimensions of the human person. The medical expertise offered through Catholic health care is combined with other forms of care to promote health and relieve human suffering. For this reason, Catholic health care extends to the spiritual nature of the person. "Without health of the spirit, high technology focused strictly on the body offers limited hope for healing the whole person."<sup>11</sup> Directed to spiritual needs that are often appreciated more deeply during times of illness, pastoral care is an integral part of Catholic health care. Pastoral care encompasses the full range of spiritual services, including a listening presence; help in dealing with powerlessness, pain, and alienation; and assistance in recognizing and responding to God's will with greater joy and peace. It should be acknowledged, of course, that technological

advances in medicine have reduced the length of hospital stays dramatically. It follows, therefore, that the pastoral care of patients, especially administration of the sacraments, will be provided more often than not at the parish level, both before and after one's hospitalization. For this reason, it is essential that there be very cordial and cooperative relationships between the personnel of pastoral care departments and the local clergy and ministers of care.

Priests, deacons, religious, and laity exercise diverse but complementary roles in this pastoral care. Since many areas of pastoral care call upon the creative response of these pastoral caregivers to the particular needs of patients or residents, the following directives address only a limited number of specific pastoral activities.

### *Directives*

10. A Catholic health care organization should provide pastoral care to minister to the religious and spiritual needs of all those it serves. Pastoral care personnel—clergy, religious, and lay alike—should have appropriate professional preparation, including an understanding of these Directives.
11. Pastoral care personnel should work in close collaboration with local parishes and community clergy. Appropriate pastoral services and/or referrals should be available to all in keeping with their religious beliefs or affiliation.
12. For Catholic patients or residents, provision for the sacraments is an especially important part of Catholic health care ministry. Every effort should be made to have priests assigned to hospitals and health care institutions to celebrate the Eucharist and provide the sacraments to patients and staff.
13. Particular care should be taken to provide and to publicize opportunities for patients or residents to receive the sacrament of Penance.
14. Properly prepared lay Catholics can be appointed to serve as extraordinary ministers of Holy

Communion, in accordance with canon law and the policies of the local diocese. They should assist pastoral care personnel—clergy, religious, and laity—by providing supportive visits, advising patients regarding the availability of priests for the sacrament of Penance, and distributing Holy Communion to the faithful who request it.

15. Responsive to a patient's desires and condition, all involved in pastoral care should facilitate the availability of priests to provide the sacrament of Anointing of the Sick, recognizing that through this sacrament Christ provides grace and support to those who are seriously ill or weakened by advanced age. Normally, the sacrament is celebrated when the sick person is fully conscious. It may be conferred upon the sick who have lost consciousness or the use of reason, if there is reason to believe that they would have asked for the sacrament while in control of their faculties.
16. All Catholics who are capable of receiving Communion should receive Viaticum when they are in danger of death, while still in full possession of their faculties.<sup>12</sup>
17. Except in cases of emergency (i.e., danger of death), any request for Baptism made by adults or for infants should be referred to the chaplain of the institution. Newly born infants in danger of death, including those miscarried, should be baptized if this is possible.<sup>13</sup> In case of emergency, if a priest or a deacon is not available, anyone can validly baptize.<sup>14</sup> In the case of emergency Baptism, the chaplain or the director of pastoral care is to be notified.
18. When a Catholic who has been baptized but not yet confirmed is in danger of death, any priest may confirm the person.<sup>15</sup>
19. A record of the conferral of Baptism or Confirmation should be sent to the parish in which the institution is located and posted in its baptism/confirmation registers.



20. Catholic discipline generally reserves the reception of the sacraments to Catholics. In accord with canon 844, §3, Catholic ministers may administer the sacraments of Eucharist, Penance, and Anointing of the Sick to members of the oriental churches that do not have full communion with the Catholic Church, or of other churches that in the judgment of the Holy See are in the same condition as the oriental churches, if such persons ask for the sacraments on their own and are properly disposed.

With regard to other Christians not in full communion with the Catholic Church, when the danger of death or other grave necessity is present, the four conditions of canon 844, §4, also must be present, namely, they cannot approach a minister of their own community; they ask for the sacraments on their own; they manifest Catholic faith in these sacraments; and they are properly disposed. The diocesan bishop has the responsibility to oversee this pastoral practice.

21. The appointment of priests and deacons to the pastoral care staff of a Catholic institution must have the explicit approval or confirmation of the local bishop in collaboration with the administration of the institution. The appointment of the director of the pastoral care staff should be made in consultation with the diocesan bishop.
22. For the sake of appropriate ecumenical and interfaith relations, a diocesan policy should be developed with regard to the appointment of non-Catholic members to the pastoral care staff of a Catholic health care institution. The director of pastoral care at a Catholic institution should be a Catholic; any exception to this norm should be approved by the diocesan bishop.

## PART THREE

# The Professional-Patient Relationship

### *Introduction*

A person in need of health care and the professional health care provider who accepts that person as a patient enter into a relationship that requires, among other things, mutual respect, trust, honesty, and appropriate confidentiality. The resulting free exchange of information must avoid manipulation, intimidation, or condescension. Such a relationship enables the patient to disclose personal information needed for effective care and permits the health care provider to use his or her professional competence most effectively to maintain or restore the patient's health. Neither the health care professional nor the patient acts independently of the other; both participate in the healing process.

Today, a patient often receives health care from a team of providers, especially in the setting of the modern acute-care hospital. But the resulting multiplication of relationships does not alter the personal character of the interaction between health care providers and the patient. The relationship of the person seeking health care and the professionals providing that care is an important part of the foundation on which diagnosis and care are provided. Diagnosis and care, therefore, entail a series of decisions with ethical as well as medical dimensions. The health care professional has the knowledge and experience to pursue the goals of healing, the maintenance of health, and the compassionate care of the dying, taking into account the patient's convictions and spiritual needs, and the moral responsibilities of all concerned. The person in need of health care depends on the skill of the health care provider to assist in preserving life and promoting health of body, mind, and spirit. The patient, in turn, has a responsibility to use these physical and mental resources in the service of moral and spiritual goals to the best of his or her ability.

When the health care professional and the patient use institutional Catholic health care, they also accept its public commitment to the Church's understanding of and witness to the dignity of the human person. The Church's moral teaching on health care nurtures a truly interpersonal professional-patient relationship. This professional-patient relationship is never separated, then, from the Catholic identity of the health care institution. The faith that inspires Catholic health care guides medical decisions in ways that fully respect the dignity of the person and the relationship with the health care professional.

### *Directives*

23. The inherent dignity of the human person must be respected and protected regardless of the nature of the person's health problem or social status. The respect for human dignity extends to all persons who are served by Catholic health care.
24. In compliance with federal law, a Catholic health care institution will make available to patients information about their rights, under the laws of their state, to make an advance directive for their medical treatment. The institution, however, will not honor an advance directive that is contrary to Catholic teaching. If the advance directive conflicts with Catholic teaching, an explanation should be provided as to why the directive cannot be honored.
25. Each person may identify in advance a representative to make health care decisions as his or her surrogate in the event that the person loses the capacity to make health care decisions. Decisions by the designated surrogate should be faithful to Catholic moral principles and to the person's intentions and values, or if the person's intentions are unknown, to the person's best interests. In the event that an advance directive is not executed, those who are in a position to know best the patient's wishes—usually family members and loved ones—should participate in

the treatment decisions for the person who has lost the capacity to make health care decisions.

26. The free and informed consent of the person or the person's surrogate is required for medical treatments and procedures, except in an emergency situation when consent cannot be obtained and there is no indication that the patient would refuse consent to the treatment.
27. Free and informed consent requires that the person or the person's surrogate receive all reasonable information about the essential nature of the proposed treatment and its benefits; its risks, side-effects, consequences, and cost; and any reasonable and morally legitimate alternatives, including no treatment at all.
28. Each person or the person's surrogate should have access to medical and moral information and counseling so as to be able to form his or her conscience. The free and informed health care decision of the person or the person's surrogate is to be followed so long as it does not contradict Catholic principles.
29. All persons served by Catholic health care have the right and duty to protect and preserve their bodily and functional integrity.<sup>16</sup> The functional integrity of the person may be sacrificed to maintain the health or life of the person when no other morally permissible means is available.<sup>17</sup>
30. The transplantation of organs from living donors is morally permissible when such a donation will not sacrifice or seriously impair any essential bodily function and the anticipated benefit to the recipient is proportionate to the harm done to the donor. Furthermore, the freedom of the prospective donor must be respected, and economic advantages should not accrue to the donor.
31. No one should be the subject of medical or genetic experimentation, even if it is therapeutic, unless the person or surrogate first has given

free and informed consent. In instances of non-therapeutic experimentation, the surrogate can give this consent only if the experiment entails no significant risk to the person's well-being. Moreover, the greater the person's incompetency and vulnerability, the greater the reasons must be to perform any medical experimentation, especially nontherapeutic.

32. While every person is obliged to use ordinary means to preserve his or her health, no person should be obliged to submit to a health care procedure that the person has judged, with a free and informed conscience, not to provide a reasonable hope of benefit without imposing excessive risks and burdens on the patient or excessive expense to family or community.<sup>18</sup>
33. The well-being of the whole person must be taken into account in deciding about any therapeutic intervention or use of technology. Therapeutic procedures that are likely to cause harm or undesirable side-effects can be justified only by a proportionate benefit to the patient.
34. Health care providers are to respect each person's privacy and confidentiality regarding information related to the person's diagnosis, treatment, and care.
35. Health care professionals should be educated to recognize the symptoms of abuse and violence and are obliged to report cases of abuse to the proper authorities in accordance with local statutes.
36. Compassionate and understanding care should be given to a person who is the victim of sexual assault. Health care providers should cooperate with law enforcement officials and offer the person psychological and spiritual support as well as accurate medical information. A female who has been raped should be able to defend herself against a potential conception from the sexual assault. If, after appropriate testing, there is no evidence that conception has occurred already, she may be treated with medications that would

prevent ovulation, sperm capacitation, or fertilization. It is not permissible, however, to initiate or to recommend treatments that have as their purpose or direct effect the removal, destruction, or interference with the implantation of a fertilized ovum.<sup>19</sup>

37. An ethics committee or some alternate form of ethical consultation should be available to assist by advising on particular ethical situations, by offering educational opportunities, and by reviewing and recommending policies. To these ends, there should be appropriate standards for medical ethical consultation within a particular diocese that will respect the diocesan bishop's pastoral responsibility as well as assist members of ethics committees to be familiar with Catholic medical ethics and, in particular, these Directives.

## PART FOUR

### Issues in Care for the Beginning of Life

#### *Introduction*

**T**he Church's commitment to human dignity inspires an abiding concern for the sanctity of human life from its very beginning, and with the dignity of marriage and of the marriage act by which human life is transmitted. The Church cannot approve medical practices that undermine the biological, psychological, and moral bonds on which the strength of marriage and the family depends.

Catholic health care ministry witnesses to the sanctity of life "from the moment of conception until death."<sup>20</sup> The Church's defense of life encompasses the unborn and the care of women and their children during and after pregnancy. The Church's commitment to life is seen in its willingness to collaborate with others to alleviate the causes of the high infant mortality rate and to provide adequate health care to mothers and their children before and after birth.

The Church has the deepest respect for the family, for the marriage covenant, and for the love that binds a married couple together. This includes respect for the marriage act by which husband and wife express their love and cooperate with God in the creation of a new human being. The Second Vatican Council affirms:

This love is an eminently human one. . . . It involves the good of the whole person. . . . The actions within marriage by which the couple are united intimately and chastely are noble and worthy ones. Expressed in a manner which is truly human, these actions signify and promote that mutual self-giving by which spouses enrich each other with a joyful and a thankful will.<sup>21</sup>

Marriage and conjugal love are by their nature ordained toward the begetting and educating of children. Children are really the supreme gift of marriage and contribute very substantially to the welfare of their parents. . . . Parents should regard as their proper mission the task of transmitting human life and educating those to whom it has been transmitted. . . . They are thereby cooperators with the love of God the Creator, and are, so to speak, the interpreters of that love.<sup>22</sup>

For legitimate reasons of responsible parenthood, married couples may limit the number of their children by natural means. The Church cannot approve contraceptive interventions that "either in anticipation of the marital act, or in its accomplishment or in the development of its natural consequences, have the purpose, whether as an end or a means, to render procreation impossible."<sup>23</sup> Such interventions violate "the inseparable connection, willed by God . . . between the two meanings of the conjugal act: the unitive and procreative meaning."<sup>24</sup>

With the advance of the biological and medical sciences, society has at its disposal new technologies for responding to the problem of infertility. While we rejoice in the potential for good inherent in many of these technologies, we cannot assume that what is technically possible is always morally right. Reproductive technologies that substitute for the marriage act are not consistent with human dignity. Just as the marriage act is joined naturally to procreation, so procreation is joined naturally to the marriage act. As Pope John XXIII observed:

The transmission of human life is entrusted by nature to a personal and conscious act and as such is subject to all the holy laws of God: the immutable and inviolable laws which must be recognized and observed. For this reason, one cannot use means and follow methods which could be licit in the transmission of the life of plants and animals.<sup>25</sup>

Because the moral law is rooted in the whole of human nature, human persons, through intelligent reflection on their own spiritual destiny, can discover and cooperate in the plan of the Creator.<sup>26</sup>

### *Directives*

38. When the marital act of sexual intercourse is not able to attain its procreative purpose, assistance that does not separate the unitive and procreative ends of the act, and does not substitute for the marital act itself, may be used to help married couples conceive.<sup>27</sup>
39. Those techniques of assisted conception that respect the unitive and procreative meanings of sexual intercourse and do not involve the destruction of human embryos, or their deliberate generation in such numbers that it is clearly envisaged that all cannot implant and some are simply being used to maximize the chances of others implanting, may be used as therapies for infertility.
40. Heterologous fertilization (that is, any technique used to achieve conception by the use of gametes coming from at least one donor other than the spouses) is prohibited because it is contrary to the covenant of marriage, the unity of the spouses, and the dignity proper to parents and the child.<sup>28</sup>
41. Homologous artificial fertilization (that is, any technique used to achieve conception using the gametes of the two spouses joined in marriage) is prohibited when it separates procreation from the marital act in its unitive significance (e.g., any technique used to achieve extracorporeal conception).<sup>29</sup>
42. Because of the dignity of the child and of marriage, and because of the uniqueness of the mother-child relationship, participation in contracts or arrangements for surrogate motherhood is not permitted. Moreover, the commercialization of such surrogacy denigrates the dignity of women, especially the poor.<sup>30</sup>
43. A Catholic health care institution that provides treatment for infertility should offer not only technical assistance to infertile couples but also should help couples pursue other solutions (e.g., counseling, adoption).
44. A Catholic health care institution should provide prenatal, obstetric, and postnatal services for mothers and their children in a manner consonant with its mission.
45. Abortion (that is, the directly intended termination of pregnancy before viability or the directly intended destruction of a viable fetus) is never permitted. Every procedure whose sole immediate effect is the termination of pregnancy before viability is an abortion, which, in its moral context, includes the interval between conception and implantation of the embryo. Catholic health care institutions are not to provide abortion services, even based upon the principle of material cooperation. In this context, Catholic health care institutions need to be concerned about the danger of scandal in any association with abortion providers.
46. Catholic health care providers should be ready to offer compassionate physical, psychological, moral, and spiritual care to those persons who have suffered from the trauma of abortion.
47. Operations, treatments, and medications that have as their direct purpose the cure of a proportionately serious pathological condition of a pregnant woman are permitted when they cannot be safely postponed until the unborn child is viable, even if they will result in the death of the unborn child.
48. In case of extrauterine pregnancy, no intervention is morally licit which constitutes a direct abortion.<sup>31</sup>
49. For a proportionate reason, labor may be induced after the fetus is viable.

50. Prenatal diagnosis is permitted when the procedure does not threaten the life or physical integrity of the unborn child or the mother and does not subject them to disproportionate risks; when the diagnosis can provide information to guide preventative care for the mother or pre- or post-natal care for the child; and when the parents, or at least the mother, give free and informed consent. Prenatal diagnosis is not permitted when undertaken with the intention of aborting an unborn child with a serious defect.<sup>32</sup>
51. Nontherapeutic experiments on a living embryo or fetus are not permitted, even with the consent of the parents. Therapeutic experiments are permitted for a proportionate reason with the free and informed consent of the parents or, if the father cannot be contacted, at least of the mother. Medical research that will not harm the life or physical integrity of an unborn child is permitted with parental consent.<sup>33</sup>
52. Catholic health institutions may not promote or condone contraceptive practices but should provide, for married couples and the medical staff who counsel them, instruction both about the Church's teaching on responsible parenthood and in methods of natural family planning.
53. Direct sterilization of either men or women, whether permanent or temporary, is not permitted in a Catholic health care institution. Procedures that induce sterility are permitted when their direct effect is the cure or alleviation of a present and serious pathology and a simpler treatment is not available.<sup>34</sup>
54. Genetic counseling may be provided in order to promote responsible parenthood and to prepare for the proper treatment and care of children with genetic defects, in accordance with Catholic moral teaching and the intrinsic rights and obligations of married couples regarding the transmission of life.

## PART FIVE

### Issues in Care for the Seriously Ill and Dying

#### *Introduction*

Christ's redemption and saving grace embrace the whole person, especially in his or her illness, suffering, and death.<sup>35</sup> The Catholic health care ministry faces the reality of death with the confidence of faith. In the face of death—for many, a time when hope seems lost—the Church witnesses to her belief that God has created each person for eternal life.<sup>36</sup>

Above all, as a witness to its faith, a Catholic health care institution will be a community of respect, love, and support to patients or residents and their families as they face the reality of death. What is hardest to face is the process of dying itself, especially the dependency, the helplessness, and the pain that so often accompany terminal illness. One of the primary purposes of medicine in caring for the dying is the relief of pain and the suffering caused by it. Effective management of pain in all its forms is critical in the appropriate care of the dying.

The truth that life is a precious gift from God has profound implications for the question of stewardship over human life. We are not the owners of our lives and, hence, do not have absolute power over life. We have a duty to preserve our life and to use it for the glory of God, but the duty to preserve life is not absolute, for we may reject life-prolonging procedures that are insufficiently beneficial or excessively burdensome. Suicide and euthanasia are never morally acceptable options.

The task of medicine is to care even when it cannot cure. Physicians and their patients must evaluate the use of the technology at their disposal. Reflection on the innate dignity of human life in all its dimensions and on the purpose of medical care is indispensable for formulating a true moral judgment about the use of technology to maintain life. The use

of life-sustaining technology is judged in light of the Christian meaning of life, suffering, and death. In this way two extremes are avoided: on the one hand, an insistence on useless or burdensome technology even when a patient may legitimately wish to forgo it and, on the other hand, the withdrawal of technology with the intention of causing death.<sup>37</sup>

The Church's teaching authority has addressed the moral issues concerning medically assisted nutrition and hydration. We are guided on this issue by Catholic teaching against euthanasia, which is "an action or an omission which of itself or by intention causes death, in order that all suffering may in this way be eliminated."<sup>38</sup> While medically assisted nutrition and hydration are not morally obligatory in certain cases, these forms of basic care should in principle be provided to all patients who need them, including patients diagnosed as being in a "persistent vegetative state" (PVS), because even the most severely debilitated and helpless patient retains the full dignity of a human person and must receive ordinary and proportionate care.

### *Directives*

55. Catholic health care institutions offering care to persons in danger of death from illness, accident, advanced age, or similar condition should provide them with appropriate opportunities to prepare for death. Persons in danger of death should be provided with whatever information is necessary to help them understand their condition and have the opportunity to discuss their condition with their family members and care providers. They should also be offered the appropriate medical information that would make it possible to address the morally legitimate choices available to them. They should be provided the spiritual support as well as the opportunity to receive the sacraments in order to prepare well for death.
56. A person has a moral obligation to use ordinary or proportionate means of preserving his or her life. Proportionate means are those that in the

judgment of the patient offer a reasonable hope of benefit and do not entail an excessive burden or impose excessive expense on the family or the community.<sup>39</sup>

57. A person may forgo extraordinary or disproportionate means of preserving life. Disproportionate means are those that in the patient's judgment do not offer a reasonable hope of benefit or entail an excessive burden, or impose excessive expense on the family or the community.
58. In principle, there is an obligation to provide patients with food and water, including medically assisted nutrition and hydration for those who cannot take food orally. This obligation extends to patients in chronic and presumably irreversible conditions (e.g., the "persistent vegetative state") who can reasonably be expected to live indefinitely if given such care.<sup>40</sup> Medically assisted nutrition and hydration become morally optional when they cannot reasonably be expected to prolong life or when they would be "excessively burdensome for the patient or [would] cause significant physical discomfort, for example resulting from complications in the use of the means employed."<sup>41</sup> For instance, as a patient draws close to inevitable death from an underlying progressive and fatal condition, certain measures to provide nutrition and hydration may become excessively burdensome and therefore not obligatory in light of their very limited ability to prolong life or provide comfort.
59. The free and informed judgment made by a competent adult patient concerning the use or withdrawal of life-sustaining procedures should always be respected and normally complied with, unless it is contrary to Catholic moral teaching.
60. Euthanasia is an action or omission that of itself or by intention causes death in order to alleviate suffering. Catholic health care institutions may never condone or participate in euthanasia or assisted suicide in any way. Dying patients who

request euthanasia should receive loving care, psychological and spiritual support, and appropriate remedies for pain and other symptoms so that they can live with dignity until the time of natural death.<sup>42</sup>

61. Patients should be kept as free of pain as possible so that they may die comfortably and with dignity, and in the place where they wish to die. Since a person has the right to prepare for his or her death while fully conscious, he or she should not be deprived of consciousness without a compelling reason. Medicines capable of alleviating or suppressing pain may be given to a dying person, even if this therapy may indirectly shorten the person's life so long as the intent is not to hasten death. Patients experiencing suffering that cannot be alleviated should be helped to appreciate the Christian understanding of redemptive suffering.
62. The determination of death should be made by the physician or competent medical authority in accordance with responsible and commonly accepted scientific criteria.
63. Catholic health care institutions should encourage and provide the means whereby those who wish to do so may arrange for the donation of their organs and bodily tissue, for ethically legitimate purposes, so that they may be used for donation and research after death.
64. Such organs should not be removed until it has been medically determined that the patient has died. In order to prevent any conflict of interest, the physician who determines death should not be a member of the transplant team.
65. The use of tissue or organs from an infant may be permitted after death has been determined and with the informed consent of the parents or guardians.
66. Catholic health care institutions should not make use of human tissue obtained by direct abortions even for research and therapeutic purposes.<sup>43</sup>

## PART SIX

### Forming New Partnerships with Health Care

#### Organizations and Providers

##### *Introduction*

Until recently, most health care providers enjoyed a degree of independence from one another. In ever-increasing ways, Catholic health care providers have become involved with other health care organizations and providers. For instance, many Catholic health care systems and institutions share in the joint purchase of technology and services with other local facilities or physicians' groups. Another phenomenon is the growing number of Catholic health care systems and institutions joining or co-sponsoring integrated delivery networks or managed care organizations in order to contract with insurers and other health care payers. In some instances, Catholic health care systems sponsor a health care plan or health maintenance organization. In many dioceses, new partnerships will result in a decrease in the number of health care providers, at times leaving the Catholic institution as the sole provider of health care services. At whatever level, new partnerships forge a variety of interwoven relationships: between the various institutional partners, between health care providers and the community, between physicians and health care services, and between health care services and payers.

On the one hand, new partnerships can be viewed as opportunities for Catholic health care institutions and services to witness to their religious and ethical commitments and so influence the healing profession. For example, new partnerships can help to implement the Church's social teaching. New partnerships can be opportunities to realign the local delivery system in order to provide a continuum of health care to the community; they can witness to a responsible stewardship of limited health care



resources; and they can be opportunities to provide to poor and vulnerable persons a more equitable access to basic care.

On the other hand, new partnerships can pose serious challenges to the viability of the identity of Catholic health care institutions and services, and their ability to implement these Directives in a consistent way, especially when partnerships are formed with those who do not share Catholic moral principles. The risk of scandal cannot be underestimated when partnerships are not built upon common values and moral principles. Partnership opportunities for some Catholic health care providers may even threaten the continued existence of other Catholic institutions and services, particularly when partnerships are driven by financial considerations alone. Because of the potential dangers involved in the new partnerships that are emerging, an increased collaboration among Catholic-sponsored health care institutions is essential and should be sought before other forms of partnerships.

The significant challenges that new partnerships may pose, however, do not necessarily preclude their possibility on moral grounds. The potential dangers require that new partnerships undergo systematic and objective moral analysis, which takes into account the various factors that often pressure institutions and services into new partnerships that can diminish the autonomy and ministry of the Catholic partner. The following directives are offered to assist institutionally based Catholic health care services in this process of analysis. To this end, the United States Conference of Catholic Bishops (formerly the National Conference of Catholic Bishops) has established the Ad Hoc Committee on Health Care Issues and the Church as a resource for bishops and health care leaders.

This new edition of the *Ethical and Religious Directives* omits the appendix concerning cooperation, which was contained in the 1995 edition. Experience has shown that the brief articulation of the principles of cooperation that was presented there did not sufficiently forestall certain possible misin-

terpretations and in practice gave rise to problems in concrete applications of the principles. Reliable theological experts should be consulted in interpreting and applying the principles governing cooperation, with the proviso that, as a rule, Catholic partners should avoid entering into partnerships that would involve them in cooperation with the wrongdoing of other providers.

### *Directives*

67. Decisions that may lead to serious consequences for the identity or reputation of Catholic health care services, or entail the high risk of scandal, should be made in consultation with the diocesan bishop or his health care liaison.
68. Any partnership that will affect the mission or religious and ethical identity of Catholic health care institutional services must respect church teaching and discipline. Diocesan bishops and other church authorities should be involved as such partnerships are developed, and the diocesan bishop should give the appropriate authorization before they are completed. The diocesan bishop's approval is required for partnerships sponsored by institutions subject to his governing authority; for partnerships sponsored by religious institutes of pontifical right, his *nihil obstat* should be obtained.
69. If a Catholic health care organization is considering entering into an arrangement with another organization that may be involved in activities judged morally wrong by the Church, participation in such activities must be limited to what is in accord with the moral principles governing cooperation.
70. Catholic health care organizations are not permitted to engage in immediate material cooperation in actions that are intrinsically immoral, such as abortion, euthanasia, assisted suicide, and direct sterilization.<sup>41</sup>

71. The possibility of scandal must be considered when applying the principles governing cooperation.<sup>45</sup> Cooperation, which in all other respects is morally licit, may need to be refused because of the scandal that might be caused. Scandal can sometimes be avoided by an appropriate explanation of what is in fact being done at the health care facility under Catholic auspices. The diocesan bishop has final responsibility for assessing and addressing issues of scandal, considering not only the circumstances in his local diocese but also the regional and national implications of his decision.<sup>46</sup>
72. The Catholic partner in an arrangement has the responsibility periodically to assess whether the binding agreement is being observed and implemented in a way that is consistent with Catholic teaching.

## Conclusion

Sickness speaks to us of our limitations and human frailty. It can take the form of infirmity resulting from the simple passing of years or injury from the exuberance of youthful energy. It can be temporary or chronic, debilitating, and even terminal. Yet the follower of Jesus faces illness and the consequences of the human condition aware that our Lord always shows compassion toward the infirm.

Jesus not only taught his disciples to be compassionate, but he also told them who should be the special object of their compassion. The parable of the feast with its humble guests was preceded by the instruction: "When you hold a banquet, invite the poor, the crippled, the lame, the blind" (Lk 14:13). These were people whom Jesus healed and loved.

Catholic health care is a response to the challenge of Jesus to go and do likewise. Catholic health care services rejoice in the challenge to be Christ's healing compassion in the world and see their ministry not only as an effort to restore and preserve health but also as a spiritual service and a sign of that final healing that will one day bring about the new creation that is the ultimate fruit of Jesus' ministry and God's love for us.

## Notes

1. United States Conference of Catholic Bishops, *Health and Health Care: A Pastoral Letter of the American Catholic Bishops* (Washington, DC: United States Conference of Catholic Bishops, 1981).
2. Health care services under Catholic auspices are carried out in a variety of institutional settings (e.g., hospitals, clinics, outpatient facilities, urgent care centers, hospices, nursing homes, and parishes). Depending on the context, these Directives will employ the terms "institution" and/or "services" in order to encompass the variety of settings in which Catholic health care is provided.
3. *Health and Health Care*, p. 5.
4. Second Vatican Ecumenical Council, *Decree on the Apostolate of the Laity (Apostolicam Actuositatem)* (1965), no. 1.
5. Pope John Paul II, Post-Synodal Apostolic Exhortation *On the Vocation and the Mission of the Lay Faithful in the Church and in the World (Christifideles Laici)* (Washington, DC: United States Conference of Catholic Bishops, 1988), no. 29.
6. As examples, see Congregation for the Doctrine of the Faith, *Declaration on Procured Abortion* (1974); Congregation for the Doctrine of the Faith, *Declaration on Euthanasia* (1980); Congregation for the Doctrine of the Faith, *Instruction on Respect for Human Life in Its Origin and on the Dignity of Procreation: Replies to Certain Questions of the Day (Donum Vitae)* (Washington, DC: United States Conference of Catholic Bishops, 1987).
7. Pope John XXIII, Encyclical Letter *Peace on Earth (Pacem in Terris)* (Washington, DC: United States Conference of Catholic Bishops, 1963), no. 11; *Health and Health Care*, pp. 5, 17-18; *Catechism of the Catholic Church*, 2nd ed. (Washington, DC: Libreria Editrice Vaticana–United States Conference of Catholic Bishops, 2000), no. 2211.
8. Pope John Paul II, *On Social Concern, Encyclical Letter on the Occasion of the Twentieth Anniversary of "Populorum Progressio" (Sollicitudo Rei Socialis)* (Washington, DC: United States Conference of Catholic Bishops, 1988), no. 43.
9. United States Conference of Catholic Bishops, *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy* (Washington, DC: United States Conference of Catholic Bishops, 1986), no. 80.
10. The duty of responsible stewardship demands responsible collaboration. But in collaborative efforts, Catholic institutionally based health care services must be attentive to occasions when the policies and practices of other institutions are not compatible with the Church's authoritative moral teaching. At such times, Catholic health care institutions should determine whether or to what degree collaboration would be morally permissible. To make that judgment, the governing boards of Catholic institutions should adhere to the moral principles on cooperation. See Part Six.
11. *Health and Health Care*, p. 12.
12. Cf. *Code of Canon Law*, cc. 921-923.
13. Cf. *ibid.*, c. 867, § 2, and c. 871.
14. To confer Baptism in an emergency, one must have the proper intention (to do what the Church intends by Baptism) and pour water on the head of the person to be baptized, meanwhile pronouncing the words: "I baptize you in the name of the Father, and of the Son, and of the Holy Spirit."
15. Cf. c. 883, 3<sup>o</sup>.
16. For example, while the donation of a kidney represents loss of biological integrity, such a donation does not compromise functional integrity since human beings are capable of functioning with only one kidney.
17. Cf. directive 53.
18. *Declaration on Euthanasia*, Part IV; cf. also directives 56-57.
19. It is recommended that a sexually assaulted woman be advised of the ethical restrictions that prevent Catholic hospitals from using abortifacient procedures; cf. Pennsylvania Catholic Conference, "Guidelines for Catholic Hospitals Treating Victims of Sexual Assault," *Origins* 22 (1993): 810.
20. Pope John Paul II, "Address of October 29, 1983, to the 35th General Assembly of the World Medical Association," *Acta Apostolicae Sedis* 76 (1984): 390.
21. Second Vatican Ecumenical Council, *Pastoral Constitution on the Church in the Modern World (Gaudium et Spes)* (1965), no. 49.
22. *Ibid.*, no. 50.
23. Pope Paul VI, Encyclical Letter *On the Regulation of Birth (Humanae Vitae)* (Washington, DC: United States Conference of Catholic Bishops, 1968), no. 14.
24. *Ibid.*, no. 12.

25. Pope John XXIII, Encyclical Letter *Mater et Magistra* (1961), no. 193, quoted in Congregation for the Doctrine of the Faith, *Donum Vitae*, no. 4.
26. Pope John Paul II, Encyclical Letter *The Splendor of Truth (Veritatis Splendor)* (Washington, DC: United States Conference of Catholic Bishops, 1993), no. 50.
27. "Homologous artificial insemination within marriage cannot be admitted except for those cases in which the technical means is not a substitute for the conjugal act but serves to facilitate and to help so that the act attains its natural purpose" (*Donum Vitae*, Part II, B, no. 6; cf. also Part I, nos. 1, 6).
28. *Ibid.*, Part II, A, no. 2.
29. "Artificial insemination as a substitute for the conjugal act is prohibited by reason of the voluntarily achieved dissociation of the two meanings of the conjugal act. Masturbation, through which the sperm is normally obtained, is another sign of this dissociation: even when it is done for the purpose of procreation, the act remains deprived of its unitive meaning: 'It lacks the sexual relationship called for by the moral order, namely, the relationship which realizes "the full sense of mutual self-giving and human procreation in the context of true love"' (*Donum Vitae*, Part II, B, no. 6).
30. *Ibid.*, Part II, A, no. 3.
31. Cf. directive 45.
32. *Donum Vitae*, Part I, no. 2.
33. Cf. *ibid.*, no. 4. (Washington, DC: United States Conference of Catholic Bishops, 1988), no. 43.
34. Cf. Congregation for the Doctrine of the Faith, "Responses on Uterine Isolation and Related Matters," July 31, 1993, *Origins* 24 (1994): 211-212.
35. Pope John Paul II, Apostolic Letter *On the Christian Meaning of Human Suffering (Salvifici Doloris)* (Washington, DC: United States Conference of Catholic Bishops, 1984), nos. 25-27.
36. United States Conference of Catholic Bishops, *Order of Christian Funerals* (Collegeville, Minn.: The Liturgical Press, 1989), no. 1.
37. See *Declaration on Euthanasia*.
38. *Ibid.*, Part II.
39. *Ibid.*, Part IV; Pope John Paul II, Encyclical Letter *On the Value and Inviolability of Human Life (Evangelium Vitae)* (Washington, DC: United States Conference of Catholic Bishops, 1995), no. 65.
40. See Pope John Paul II, Address to the Participants in the International Congress on "Life-Sustaining Treatments and Vegetative State: Scientific Advances and Ethical Dilemmas" (March 20, 2004), no. 4, where he emphasized that "the administration of water and food, even when provided by artificial means, always represents a *natural means* of preserving life, not a *medical act*." See also Congregation for the Doctrine of the Faith, "Responses to Certain Questions of the United States Conference of Catholic Bishops Concerning Artificial Nutrition and Hydration" (August 1, 2007).
41. Congregation for the Doctrine of the Faith, Commentary on "Responses to Certain Questions of the United States Conference of Catholic Bishops Concerning Artificial Nutrition and Hydration."
42. See *Declaration on Euthanasia*, Part IV.
43. *Donum Vitae*, Part I, no. 4.
44. While there are many acts of varying moral gravity that can be identified as intrinsically evil, in the context of contemporary health care the most pressing concerns are currently abortion, euthanasia, assisted suicide, and direct sterilization. See Pope John Paul II's *Ad Limina* Address to the bishops of Texas, Oklahoma, and Arkansas (Region X), in *Origins* 28 (1998): 283. See also "Reply of the Sacred Congregation for the Doctrine of the Faith on Sterilization in Catholic Hospitals" (*Quaecumque Sterilizatio*), March 13, 1975, *Origins* 6 (1976): 33-35: "Any cooperation institutionally approved or tolerated in actions which are in themselves, that is, by their nature and condition, directed to a contraceptive end . . . is absolutely forbidden. For the official approbation of direct sterilization and, *a fortiori*, its management and execution in accord with hospital regulations, is a matter which, in the objective order, is by its very nature (or intrinsically) evil." This directive supersedes the "Commentary on the Reply of the Sacred Congregation for the Doctrine of the Faith on Sterilization in Catholic Hospitals" published by the National Conference of Catholic Bishops on September 15, 1977, in *Origins* 7 (1977): 399-400.
45. See *Catechism of the Catholic Church*: "Scandal is an attitude or behavior which leads another to do evil" (no. 2284); "Anyone who uses the power at his disposal in such a way that it leads others to do wrong becomes guilty of scandal and responsible for the evil that he has directly or indirectly encouraged" (no. 2287).
46. See "The Pastoral Role of the Diocesan Bishop in Catholic Health Care Ministry," *Origins* 26 (1997): 703.

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## EXHIBIT "E"

### OLOL BUILDING RULES

The OLOL Building Rules are attached to and form a part of the Lease. All of the definitions set forth in the Lease shall be deemed applicable in these OLOL Building Rules as if reproduced herein in their entirety. (For purposes of these OLOL Building Rules, a "lessee" shall include LSU and any Space Lessees.)

1. OLOL may from time to time adopt appropriate systems and procedures for the security or safety of the LSU Medical Education Building, and lessee will comply with OLOL's reasonable requirements relative to such systems and procedures, provided that such adoption shall not be implemented or made effective without the prior written consent of LSU, which consent shall not be unreasonably withheld.

2. No lessee will be permitted to place or install any object (including without limitation radio and television antennas, loudspeakers, sound amplifiers, microwave dishes, solar devices, or similar devices) on the exterior of the LSU Medical Education Building or on the roof of the LSU Medical Education Building without the written consent of OLOL, which shall not be unreasonably withheld.

3. No sign, placard, picture, name, advertisement, or written notice visible from the exterior of the LSU Medical Education Building or the Land will be inscribed, painted, affixed, or otherwise displayed by lessee on any part of the LSU Medical Education Building or the Land without the prior written consent of OLOL. Other than draperies and blinds, material visible from outside the LSU Medical Education Building will not be permitted.

4. No lessee will in any way deface any part of the Land or the exterior of LSU Medical Education Building of which they form a part.

5. Any moving company employed by Lessee, if any, must be a locally recognized professional mover, whose primary business is the performing of relocation services, and must be bonded and fully insured. A certificate or other verification of such insurance must be received and approved by OLOL prior to the start of any moving operations. Insurance must be sufficient, in OLOL's sole opinion, to cover all personal liability, theft or damage to the LSU Medical Education Building or the Land. Special care must be taken to prevent damage to foliage and landscaping during adverse weather. Lessee will be responsible for the provision of LSU Medical Education Building security during all moving operations. Except to the extent caused by the negligence, fault or intentional act of OLOL or its agents or employees, OLOL will not be responsible for loss of or damage to any such property from any cause, and all damage done to the LSU Medical Education Building or the Land by moving or maintaining such property will be repaired at the expense of lessee.

6. No lessee will use or keep on the Land or in the LSU Medical Education Building any kerosene, gasoline, or inflammable or combustible or explosive fluid or material or chemical substance other than limited quantities of such materials or substances reasonably necessary for the operation or maintenance of office equipment or limited quantities of cleaning fluids and solvents required in lessee's normal operations in the LSU Medical Education Building. No

lessee will use or keep or permit to be used or kept any foul or noxious gas or substance on the Land.

7. OLOL will have the right to prohibit any advertising by lessee mentioning the LSU Medical Education Building that, in OLOL's reasonable opinion, tends to impair the reputation of OLOL, and upon written notice from OLOL, lessee will refrain from or discontinue such advertising.

8. Lessee will not permit bicycles or other vehicles inside or on the sidewalks outside the LSU Medical Education Building except in areas designated from time to time by OLOL for such purposes.

9. Each lessee will store all its trash and garbage on the Land. No material will be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage without being in violation of any law or ordinance governing such disposal. No furniture, appliances, equipment, or flammable products of any type may be disposed of in the LSU Medical Education Building exterior trash receptacles.

10. Canvassing, peddling, soliciting, and distributing handbills or any other written materials on the Land are prohibited, and each lessee will cooperate to prevent the same.

11. Smoking in or on the Land or the LSU Medical Education Building is absolutely prohibited.

12. OLOL will not be liable for loss of or damage to any vehicle or any contents of such vehicle or accessories to any such vehicle, or any property left in any of the parking areas, resulting from fire, theft, vandalism, accident, conduct of other users of the parking areas and other persons, or any other casualty or cause, except to the extent caused by the negligence, fault or intentional act of OLOL or its agents or employees. Further, lessee understands and agrees that: (a) OLOL will not be obligated to provide any traffic control, security protection or operator for the parking areas; (b) lessee uses the parking areas at its own risk; and (c) OLOL will not be liable for personal injury or death, or theft, loss of, or damage to property, except to the extent caused by OLOL or its agents or employees. To the extent allowed by Law, Lessee waives and releases OLOL from any and all liability arising out of the use of the parking areas by lessee or its employees and agents, whether brought by any of such persons or any other person, except to the extent of the negligence, fault or intentional act of Lessor or its agents or employees.

13. Lessee and lessee's employees and agents will use the parking areas solely for the purpose of parking passenger model cars, small vans, and small trucks, and lessee will comply in all respects with any rules and regulations that may be promulgated by OLOL from time to time with respect to the parking areas. Lessee will use its best reasonable efforts to require that any employee's vehicle parked in any of the parking spaces will be kept in proper repair and will not leak excessive amounts of oil, grease or gasoline. If any of the parking areas are at any time used for any purpose by lessee and its employees other than parking as provided above, OLOL shall notify lessee and give lessee a reasonable time for lessee to cure such violation.



14. If the parking areas are damaged or destroyed, or if the use of the parking areas is limited or prohibited by any governmental authority, or the use or operation of the parking areas is limited or prevented by strikes or other labor difficulties or other causes beyond OLOL's control, lessee's inability to use the parking areas will not subject OLOL to any liability to lessee and will not relieve lessee of any of its obligations under this Lease, and this Lease will remain in full force and effect, so long as OLOL provides reasonable parking accommodations to ensure that lessee maintains the ability to park.

15. No act or thing done or omitted to be done by OLOL or OLOL's agent during the Term of the Lease in connection with the enforcement of these rules and regulations will constitute an eviction by OLOL of any lessee nor will it be deemed an acceptance of surrender of the Land by any lessee, and no agreement to accept such termination or surrender will be valid unless in a writing signed by OLOL.

16. OLOL may waive any one or more of these rules and regulations for the benefit of any particular lessee or tenants, but no such waiver by OLOL will be construed as a waiver of such rules and regulations in favor of any other lessee or tenants, nor prevent OLOL from enforcing any such rules and regulations against any or all of the tenants of the LSU Medical Education Building after such waiver.

17. These rules and regulations are in addition to, and will not be construed to modify or amend, in whole or in part the terms, covenants, agreements, and conditions of the Lease.