

COOPERATIVE ENDEAVOR AGREEMENT

BY AND AMONG

LOUISIANA CHILDREN'S MEDICAL CENTER;

WEST JEFFERSON HOLDINGS, LLC;

CHILDREN'S HOSPITAL OF NEW ORLEANS;

AND

**JEFFERSON PARISH HOSPITAL DISTRICT NO. 1,
PARISH OF JEFFERSON, STATE OF LOUISIANA,**

D/B/A

WEST JEFFERSON MEDICAL CENTER

DATED FEBRUARY [____], 2015

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B	Amended and Restated Operating Agreement of Newco
C	Amendment to LCMC Bylaws
D	Master Hospital Lease
E	[RESERVED]
F	Assignment and Assumption Agreement
G	Medical Records Agreement
H	Escrow Agent Agreement
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J	Formal Authorization of Jefferson Parish Council
K	Formal Authorization of LCMC Board
L	Parish Letter

COOPERATIVE ENDEAVOR AGREEMENT

THIS COOPERATIVE ENDEAVOR AGREEMENT (this “CEA” or “Agreement”) is made and entered into this [_____] day of February, 2015 (the “Effective Date”), by and among Louisiana Children’s Medical Center, a Louisiana nonprofit corporation (“LCMC”), West Jefferson Holdings, LLC, a Louisiana limited liability company, of which LCMC is the sole member (“Newco”), and Jefferson Parish Hospital District No. 1, Parish of Jefferson, State of Louisiana, d/b/a West Jefferson Medical Center (the “District”). LCMC, Newco and the District are collectively referred to herein as the “Parties,” and each, as a “Party.” Children’s Hospital, a Louisiana nonprofit corporation (“Children’s”), is entering into this Agreement solely for purposes of its obligations under Sections 5.3 and 12.3(c). Capitalized terms not otherwise defined herein shall have the meanings set forth on Schedule 1.

RECITALS

WHEREAS, the District is a hospital service district established within Jefferson Parish, Louisiana (the “Parish”) pursuant to LA R.S. § 46:1051 and the Jefferson Parish, Louisiana Code of Ordinances § 17-16, with its principal place of business located at 1101 Medical Center Boulevard, Marrero, Louisiana;

WHEREAS, the District has endeavored to provide the highest quality of health care services to the citizens of the District;

WHEREAS, the District owns a facility located at 1101 Medical Center Boulevard, Marrero, Louisiana for the operation of a general acute care hospital known as West Jefferson Medical Center (the “Hospital”) and maintains clinical and other health care operations that support Hospital operations at other locations owned by the District or leased from third parties and set forth on Schedule 1.1 (collectively with the Hospital, the “Facilities”);

WHEREAS, the District owns interests in various entities and joint ventures related to the provision of health care as set forth on Schedule 1.2 (collectively, the “Ventures”);

WHEREAS, the changing health care delivery system and Louisiana’s health care reform effort is driving providers to remodel the delivery of care through partnerships and cooperative efforts between the public and private sectors, and thereby deliver care on a more efficient, cost-effective basis through integrated delivery systems;

WHEREAS, the District has determined that the Facilities can best be operated to meet the needs of the citizens of the District if they receive the benefits of being part of LCMC, a larger academically-affiliated health system;

WHEREAS, the LCMC health care system (the “LCMC System” or “System”) includes LCMC, Children’s, Touro Infirmery, a Louisiana nonprofit corporation (“Touro”) and the University Medical Center Management Corporation (currently operating the Interim Louisiana State University (“LSU”) Public Hospital, and which will include University Medical Center upon its opening), a Louisiana nonprofit corporation;

WHEREAS, Children's operates a leading children's hospital and is a direct affiliate of LCMC, which is Children's sole and controlling member;

WHEREAS, Newco was established for the purpose of operating assets leased to it by the District under the terms hereof and of the Master Hospital Lease (as defined herein);

WHEREAS, the LCMC System has extensive experience in nonprofit hospital operations and finances, maintains ongoing academic relationships with LSU, Tulane University, and other academic and community organizations throughout the Parish, New Orleans and Louisiana, and is committed to the growth and expansion of the charitable clinical, teaching and research missions in the communities it serves;

WHEREAS, to maintain the viability of Hospital operations and the current range of patient care services and programs provided at the Facilities in the future, and to protect and enhance the Facilities' vital role in the District, the Parties desire to bring LCMC's financial, operational and relationship expertise and resources to the Facilities for the benefit of the citizens of the District, by entering into a series of transactions under terms that are more specifically described herein, including:

- the District will lease to Newco the Hospital Real Property (as hereinafter defined) owned by the District pursuant to the Master Hospital Lease;
- Newco will assume the leases for the Hospital Real Property leased by the District pursuant to the terms and conditions of this CEA;
- Newco will assume responsibility for Hospital operations during the Term in accordance with and subject to the terms and conditions of this CEA and the Master Hospital Lease;
- Newco will lease the equipment owned by the District that is used in connection with the Facilities (the "Owned Equipment") pursuant to the terms of the Master Hospital Lease;
- Newco will have the right to use the consumable inventory of the District that is used in connection with the Facilities pursuant to this Agreement and the Assignment and Assumption Agreement (as hereinafter defined);
- Newco will assume the Accounts Receivable (as hereinafter defined) as well as such contracts, workforce obligations, accounts payable and other Liabilities of the Facilities as described herein;
- LCMC shall commit that an aggregate of Three Hundred Forty Million Dollars (\$340,000,000) will be expended for Capital Expenditures over the Commitment Period to support the operations of Newco and the Facilities in accordance with this CEA and the Master Hospital Lease;

- the District will assist in transitioning Hospital operations to Newco;
- Newco and LCMC will commit to supporting the clinical and research missions of the Facilities in accordance with this CEA;
- the Parties shall enter into such other or additional transactions or agreements as the Parties mutually agree may be necessary to effect the foregoing (the foregoing collectively referred to as the “Contemplated Transactions”);

WHEREAS, Children’s is entering into this Agreement solely for purposes of its obligations under Sections 5.3 and 12.3(c);

WHEREAS, among other things, the Contemplated Transactions will seek to: (a) transform the health care delivery landscape in New Orleans through the creation of an integrated healthcare delivery network that provides the entire continuum of care from pediatrics to geriatrics, and that benefits the citizens of the District, and the greater New Orleans area, (b) allow for an enhanced integrated delivery system well-positioned for the challenges of healthcare reform and population health management in the future, (c) enhance physician recruitment and engagement at the Facilities through development of high quality, open medical staffs with significant community involvement, a commitment to medical research and education, the establishment of a physician network that may participate in clinical integration, and a commitment to pluralistic physician alignment models, and (d) achieve for the Facilities the benefits of scale achieved by a larger health system by providing for greater standardization and cost efficiency, allowing for the ability to leverage best practices and generate operational efficiencies;

WHEREAS, LCMC is willing and desires to provide to the Facilities, either directly or through Newco and its ability to call on the resources of its affiliates, the financial resources, operational expertise, and other necessary resources, and to take steps to develop expanded programs and service lines and provide additional opportunities for network expansion, in each case to the extent set forth herein, taking advantage of the strength and breadth of the LCMC System, generally with their unique combination of an academic medical center, community and children’s hospitals and affiliated physicians;

WHEREAS, it will be necessary for the Hospital to govern itself in accordance with best practices as a member of the LCMC System, all with the goal of providing quality health care to the District and greater New Orleans communities;

WHEREAS, the Parties recognize the importance of, and desire to ensure, the continued provision of charitable care at the Hospital;

WHEREAS, the Louisiana Constitution in Article VII, Section 14(C) permits the Parties to engage in this cooperative endeavor for the public purpose of providing health care services;

WHEREAS, the District has the legal authority to provide the health care services that are the subject of this cooperative endeavor, and to enter into this CEA;

WHEREAS, the Parties desire to enter into this CEA, as well as the other Contemplated Transactions, to facilitate and advance the goals recited herein; and

WHEREAS, the Parties intend and expect that this CEA and the Contemplated Transactions will benefit the State of Louisiana (the "State"), the Parish and the District, and the Contemplated Transactions are not gratuitous.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

**ARTICLE 1
STATEMENT OF PUBLIC PURPOSE**

Section 1.1 Public Purpose. In accordance with Article VII, Section 14(C) of the Louisiana Constitution, the Parties enter into this CEA for the public purpose of providing health care services to the citizens of the District (the "Public Purpose").

**ARTICLE 2
NEWCO STRUCTURE, ORGANIZATION AND GOVERNANCE**

Section 2.1 Organization of Newco. Subject to the terms and conditions set forth in this Agreement, the Parties agree that, on the Closing Date (as hereinafter defined), Newco shall be subject to the Articles of Organization (the "Articles") in the form attached hereto as Exhibit A, and LCMC shall thereby be the sole member of Newco as of and after the Closing Date. The Articles and the Operating Agreement of Newco in the form attached hereto as Exhibit B (the "Operating Agreement", and together with the Articles, the "Governing Documents") shall become effective as of the Closing Date.

Section 2.2 Governance.

2.2(a) Newco.

(i) Newco Governance and Reserve Powers. Effective as of the Closing Date, the governance of Newco shall be established as set forth in the Governing Documents. LCMC, as the sole member of Newco, shall have such reserved powers with respect to the governance of Newco as are set forth in the Governing Documents. The Newco Board will oversee the day-to-day operations of the Facilities, develop the Facilities' operating and capital budgets, develop strategic plan recommendations, provide input with respect to local compensation recommendations, and take primary responsibility for matters related to medical staff processes, clinical quality and safety, fundraising and other statutorily mandated accreditation and regulatory issues, subject to the reserve powers of LCMC.

(ii) **Initial Board Composition.** The initial Board of Managers of Newco shall be comprised of the persons set forth on Schedule 2.2, which persons shall include (A) all of the current members of the Board of Directors of the Hospital, (B) to the extent not currently a member of the current Board of Directors of the Hospital, (1) the CEO of Newco immediately following the Closing, and (2) the President of the medical staff of the Hospital immediately following the Closing (the “Ex Officio Designees”), and (C) two (2) persons to be designated by LCMC as representatives of the System (the “LCMC System Designees”). The initial term of each initial member of the Newco Board following the Closing (other than the Ex Officio Designees and LCMC System Designees), is set forth opposite such person’s name on Schedule 2.2 (the “Elected Managers”). In the event that the size of the Newco Board is subsequently expanded, such additional members of the Newco Board shall be appointed by LCMC in its sole discretion, all as more fully set forth in the Operating Agreement.

(iii) **Reappointment of Newco Managers.** Upon the expiration of the term of each Elected Manager (or any earlier resignation or removal in accordance with the Operating Agreement), their successors shall be appointed by LCMC, in its capacity as the sole corporate member of Newco, from a slate of nominees recommended to the nominating committee of the Newco Board by the District (provided that LCMC may, in its sole discretion, elect not to appoint any of such nominees and require the nominating committee to provide LCMC with additional nominees) all as more fully set forth in the Operating Agreement.

2.2(b) **Newco Representation on the LCMC Board of Trustees.** From and after the Closing Date, and for so long as the CEA shall remain in effect, (i) the Chairman of the Newco Board and the President of the Hospital medical staff shall each be entitled to serve as an ex-officio voting member on the LCMC Board of Trustees, and (ii) one (1) at-large voting member of the LCMC Board of Trustees shall be nominated by the Newco Board, subject to LCMC’s ratification in accordance with LCMC’s amended bylaws, a copy of which amendment is attached here as Exhibit C, and which amendment will be effective no later than the first regular meeting of LCMC’s Board of Trustees following the Closing Date.

**ARTICLE 3
MASTER HOSPITAL LEASE; HOSPITAL OPERATIONS**

Section 3.1 Master Hospital Lease; Expropriated Parcel.

3.1(a) **Lease of Leased Premises.** Subject to the terms and conditions of this Agreement, at the Closing, the District and Newco shall enter into that certain Master Hospital Lease Agreement (“Master Hospital Lease”), substantially in the form attached hereto as Exhibit D for lease of the Hospital Real Property (the “Leased Premises”) and the Owned Equipment. Newco’s use of Hospital space outside of the Leased Premises

shall be accomplished through the assignment and assumption of various leases as described in Section 3.6.

3.1(b) Expropriated Parcel. The Parties acknowledge that a portion of the Hospital Owned Real Property, a description of which is set forth on Schedule 3.1(b) attached hereto was acquired by the District via an expropriation of privately owned land (the "Expropriated Parcel"). The Parties hereby agree that, until the earlier of the expiration or earlier termination of the Master Hospital Lease, Newco will have the option (the "Expropriation Option"), but not the obligation, from and after March 29, 2034 (the "Option Exercise Date"), to include the Expropriated Parcel as part of the Leased Premises (as defined in the Master Hospital Lease), subject to the terms of this Agreement and the terms of the Master Hospital Lease. Notwithstanding anything contained herein or in the Master Hospital Lease, the Expropriated Parcel shall not be part of the Leased Premises (as defined in the Master Hospital Lease), unless and until Newco duly exercises the Expropriation Option. The following applies to the Expropriation Option:

(i) Newco shall be deemed to have exercised its Expropriation Option as of the Option Exercise Date, unless it provides the District with notice, prior to the Option Exercise Date, of its election to decline to exercise the Expropriation Option and to lease the Expropriated Parcel.

(ii) The Parties hereby acknowledge and agree that the consideration provided under the Master Hospital Lease is sufficient consideration for the exercise of the Expropriation Option and the rent for the Expropriated Parcel.

(iii) Until the earlier of (A) the Option Exercise Date, (B) the date on which Newco elects not to exercise the Expropriation Option, and (C) expiration or earlier termination of the Master Hospital Lease, the District shall maintain the Expropriated Parcel as unimproved green space, and shall keep the Expropriated Parcel free from blight. The District's obligations under this section shall be a predial servitude on the Expropriated Parcel for the benefit of the Leased Premises (as defined in the Master Hospital Lease).

(iv) At the Closing of the Contemplated Transactions, at the request of Newco, an extract of the Expropriation Option and the servitude described above in a form approved by the District (which consent shall not be unreasonably withheld or delayed) may be recorded against the Expropriated Parcel in the Office of the Parish Recorder of the Parish of Jefferson.

Section 3.2 Transfer of Control and Operation.

3.2(a) Assigned Assets. Subject to the terms and conditions of this Agreement, the Master Hospital Lease and the terms of the Assignment and Assumption Agreement attached hereto as Exhibit F, at the Closing, the District shall assign to Newco, and Newco shall assume, the business, control and operation of the Facilities (the

“Assignment”), including all right, title and interest of the District in all assets, properties, contracts and businesses used or held for use in, or otherwise constituting or relating to, the operations of the Facilities (the “Hospital Business”, and such assets, properties, contracts and businesses, and the goodwill associated therewith the “Assigned Assets”), free of all debt, liens and Encumbrances other than the Permitted Encumbrances, subject to obtaining any applicable consent set forth on Schedule 6.12(d)), and except for the Excluded Assets. Except for any Excluded Assets, the Assigned Assets shall include, but shall not be limited to:

(i) All of the District’s rights, to the extent assignable, or transferable, to all licenses, program participations, provider numbers, permits, approvals, certificates of exemption, franchises, accreditations and registrations and other governmental licenses, permits or approvals issued to or used by the District with respect to the operations of the Facilities;

(ii) All accounts receivable of the Hospital Business (the “Accounts Receivable”);

(iii) All inventories of supplies, drugs, food, and medical, surgical, office and janitorial supplies and other disposables and consumables of the Facilities (the “Inventory”);

(iv) All other current assets of the District with respect to the operation of the Hospital Business (excluding, for the avoidance of doubt, any cash or any Investments (except to the extent of an adjustment pursuant to Section 3.3(c) or Section 4.4 hereof));

(v) All deposits, prepayments and similar amounts;

(vi) All vehicles, machinery, equipment, tools, furniture, office equipment, computer hardware, materials and other items of tangible personal property of every kind used or usable in connection with the Hospital Business (the “Equipment”), including, without limitation, the Owned Equipment, and to the extent assignable or transferable, all common law, express and implied warranties of any manufacturer or vendor covering the Equipment;

(vii) All documents, records, operating manuals and files with respect to the operation of the Facilities, including, without limitation, all patient records and medical records (including, without limitation, all patient charts, pathology records, X-rays, CT scans and any and all other records, reports, slides and images related to patient diagnosis, care or treatment) and medical and administrative libraries subject to ongoing access rights of the District in accordance with applicable law and a medical records agreement to be finalized by the Parties by the Closing Date and attached hereto as Exhibit G (the “Medical Records Agreement”);

(viii) The District's Medicare provider agreement with CMS (the "Medicare Provider Agreement") and the corresponding Medicare provider number assigned to the District by CMS (the "Medicare Provider Number");

(ix) The District's Medicaid provider agreement (the "Medicaid Provider Agreement") and corresponding Medicaid Provider Number assigned by the State of Louisiana (the "Medicaid Provider Number");

(x) The Benefit Plans (including their related assets, trusts, insurance policies, and third party administrative services agreements) that are listed on Schedule 3.2(a) (each, an "Assumed Benefit Plan");

(xi) All of the District's rights in and to all Assigned Rights, including, without limitation, all of the District's rights in and to the Ventures (subject, in each case, to obtaining any applicable consent set forth on Schedule 6.12(d));

(xii) All of the District's right in and to all of the patents and copyrights included within the Intellectual Property, and all licenses to Intellectual Property, to the extent assignable, including but not limited to all trade names and business names necessary to the operation of the Hospital Business (subject to the License Agreement); and

(xiii) All of the going concern value and goodwill associated with the Assigned Assets

3.2(b) Excluded Assets. For the avoidance of doubt, notwithstanding anything herein to the contrary, the Assigned Assets shall not include any of the following (the "Excluded Assets"), which shall be retained by the District or a related third party, as applicable:

(i) The Facilities' cash and Investments as recorded on the District's most recent interim balance sheets as of Closing;

(ii) The Hospital's Trustee Held Funds as recorded on the District's most recent interim balance sheets as of Closing (except to the extent of an adjustment pursuant to Section 3.3(c) or Section 4.4 hereof);

(iii) Any records which the District is required by law to retain in its possession (other than the files and records transferred pursuant to the terms of the Medical Records Agreement); provided that Newco shall, from time to time at its reasonable request and its cost and expense, to the extent permitted by applicable law, have access to, and be permitted to make and retain copies of, any such records;

(iv) All assets disposed of or exhausted in the ordinary course of business consistent with District's past practices prior to Closing; provided, that

the District shall not dispose of any asset having a fair market value in excess of Twenty-Five Thousand Dollars (\$25,000) without the prior written consent of LCMC, which consent shall not be unreasonably withheld;

(v) Prepaid expenses, claims for refunds and rights to offset in respect thereof, in each case solely with respect to the Excluded Liabilities and Excluded Assets;

(vi) Transition Patient Payments;

(vii) Any Pension Plan (and its related assets), and any other Benefit Plan (and its related assets) that is not an Assumed Benefit Plan;

(viii) Any of the contracts and agreements of the District set forth on Schedule 3.2(b), (“Excluded Contracts”); and

(ix) Such other assets as may be set forth on Schedule 3.2(b), which Schedule 3.2(b) may be updated at any time by LCMC prior to the Closing to include additional assets.

3.2(c) Assumed and Excluded Liabilities. Subject to the terms and conditions of this Agreement, the Master Hospital Lease and the Assignment and Assumption Agreement, at the Closing, it is the intent of the Parties that Newco shall assume those Liabilities of the Hospital Business set forth on Schedule 3.2(c)(i) (the “Assumed Liabilities”), which Schedule 3.2(c)(i) may be updated at any time by the Parties prior to the Closing to include additional Assumed Liabilities. Except for the Assumed Liabilities, Newco is not assuming any liens, claims, security interests, charges, privileges, pledges, mortgages, deeds of trust, encumbrances, obligations or other Liabilities of the Facilities or the District (the “Excluded Liabilities”), which Excluded Liabilities shall include, but shall not be limited to:

(i) Any Liability to the extent arising from or relating to any Excluded Asset;

(ii) Any Long Term Indebtedness and any Liability to the extent arising out of or relating to the Long Term Indebtedness, including any costs related to any defeasance thereof or any Encumbrance associated therewith;

(iii) Any Liability to third parties to the extent arising from or relating to any act or omission by the District following the Effective Time;

(iv) Except to the extent included in the calculation of the Final Working Capital, any Liability to current or former Hospital Personnel and their beneficiaries arising out of or relating to their employment or association with the District or its Affiliates, including, without limitation, any Liability for payment for “sick time,” vacation time or other accrued paid time off; extended illness

banks; severance and any Liabilities under any employment, severance or similar agreement or any policy of the Hospital Business to make any bonus, severance or other payments to any current or former Hospital Personnel as a result of the consummation of the Contemplated Transactions; or loss of employment with the District or its Affiliates; or any act or omission by the District related to the foregoing;

(v) Any Liability, as well as any interest, civil monetary penalties or criminal fines or Liabilities resulting therefrom or relating thereto, under any Legal Requirements (including any Health Care Law) with respect to the Hospital Business to the extent caused by, relating to, or arising from, the acts or omissions of the District or the Facilities or any of their employees or agents (including, without limitation, any Hospital Personnel), to the extent the same arise from billings for services provided prior to the Effective Time, including any Liabilities for fraud, Federal False Claims Act violations, violations of the Stark Law or Federal Anti-Kickback Statutes, or arising out of erroneous, inaccurate, mistaken or wrong coding, charging, billing or collections procedures;

(vi) All Liabilities arising under claims or potential claims for medical malpractice or general liability to the extent arising from events that occurred prior to the Effective Time with respect to the operation of the Hospital Business; provided that if any claim arises from a course of diagnosis or treatment part of which occurred before and, part of which occurred after the Effective Date, the Parties' respective liabilities (if any) therefor shall be proportional to their degree of fault during the period which they, respectively, operated the Hospital Business;

(vii) Any Liability under Environmental Laws to the extent arising out of facts, circumstances or conditions on, in, under or from the Facilities or any operations of the Hospital Business, in each case to the extent existing, initiated or initially occurring prior to the Effective Time, which does not include (i) any Liability under Environmental Laws to the extent arising out of or with respect to the actions of, or actions conducted on behalf of, Newco Parties (e.g., disturbance by or on behalf of Newco Parties of any asbestos-containing materials that were present at or in the Facilities prior to the Effective Time), (ii) any exacerbation of environmental conditions caused by Newco Parties, or (iii) any release of hazardous substances to the extent first initiated after the Effective Time, which, for purposes of clarification with respect to each of the foregoing (i) – (iii) would not include actions undertaken by or on behalf of Newco Parties that are required pursuant to any Order of any Governmental Body to address any Liability that is an Excluded Liability under this Section 3.2(c)(vii), unless such actions are undertaken in a negligent manner (for the purposes of clarification, Excluded Liabilities includes any Liability under Environmental Laws arising from a release of hazardous substances that occurred prior to the Effective Time, except to the extent caused or exacerbated by or on behalf of Newco Parties);

(viii) Any Liability for any Indebtedness (to the extent not expressly assumed as an Assumed Liability);

(ix) Any Encumbrances which are not Permitted Encumbrances;

(x) Any Liability, whenever arising, relating to (A) any Benefit Plan, that is not an Assumed Benefit Plan, including, without limitation, any Pension Plan and (B) any other plan, program or arrangement that provides compensation or benefits (other than pursuant to an Assigned Contract) (collectively, (A) and (B), the “Excluded Benefit Plans”); and any Liability arising under or with respect to any Assumed Benefit Plan caused by, relating to, or arising from, acts or omissions occurring prior to the Effective Time;

(xi) Any civil Liability to the extent accruing, arising out of, or relating to any claims regarding any act or omission occurring in the operation of the Hospital Business, or of any Person acting as an agent of the District or the Hospital Business, including, without limitation, their respective directors, officers, employees, agents and representatives, claimed to violate any Legal Requirement or Order or any third party payor contract, in each case to the extent such act or omission occurred prior to the Effective Time;

(xii) Any Liability arising under or out of any Assigned Right to the extent relating to periods on or prior to the Effective Time, including, without limitation, (i) any new or accelerated Liability arising out of the attempted assignment of an Assigned Right to Newco pursuant to the Contemplated Transactions unless Newco agrees in writing following the date hereof to accept such accelerated Liability; provided that in the event that Newco refuses to accept such accelerated Liability, such Assigned Right may become an Excluded Asset at the sole option of the District, and (ii) any Liability for the District’s breach or failure on or prior to the Effective Time to perform pursuant to any Assigned Right;

(xiii) Any Liability arising under or out of any Excluded Contract, including, without limitation, any termination or similar penalties or payments resulting from termination of an Excluded Contract;

(xiv) Any Liability for brokerage fees, commissions or finders’ or similar fees or expenses or indemnification or similar obligations in connection with the Contemplated Transaction;

(xv) Any Liability for any of the items set forth on Schedule 3.2(c)(ii); and

(xvi) Any other Liability (other than an Assumed Liability), whether known or unknown, to the extent arising out of or relating to the conduct of the

Hospital Business or the ownership of any of the Assigned Assets prior to the Effective Time.

Section 3.3 Consideration and Payments.

3.3(a) Total Consideration. The total consideration to be provided by Newco to the District in connection with the Master Hospital Lease and the Contemplated Transactions (the “Total Consideration”), shall be the sum of (i) Two Hundred Twenty-Five Million Dollars (\$225,000,000) (the “Initial Consideration”) which includes the Prepaid Rent under the Master Hospital Lease in accordance with the allocation set forth on Schedule 3.3(a) (which Schedule shall be agreed between the Parties as of or prior to the Effective Time) and which shall be paid on the Closing Date, (ii) an additional Twenty Million Dollars (\$20,000,000) of Performance Consideration (as hereinafter defined), (iii) the assumption of post-closing obligations under the Assigned Assets in accordance with the terms hereof, (iv) the District’s right to retain certain cash, the Investments and the Trustee Held Funds, (v) the assignment and assumption and allocation between the parties of the Final Working Capital, in each case to be paid in accordance with Section 3.3(b) and Section 3.3(d) and adjusted in accordance with Section 4.4 hereof, and (vi) other elements of consideration set forth herein.

3.3(b) Closing Payment. At Closing, Newco shall pay to the District the following (the “Closing Payment”):

- (i) Two Hundred Twenty-Five Million Dollars (\$225,000,000);
- (ii) Plus/Minus the amount by which the Estimated Working Capital is more or less than the Target Working Capital (such amount to be subsequently adjusted as needed post-Closing pursuant to Section 4.4); and
- (iii) Less the Escrow Amount as set forth in Section 3.3(c).

3.3(c) Closing Payment Adjustments. At Closing, Newco shall deposit into an escrow account (the “Escrow Account”) with Liberty Bank (“Escrow Agent”) Twenty Million Dollars (\$20,000,000) (the “Escrow Amount”) to secure the payment of any Shortfall in connection with the adjustment to the Facilities’ Specified Working Capital as set forth in Section 4.4(h) and the other obligations of the District hereunder, including, without limitation, the District’s obligations under Article 12 hereof, pursuant to the terms of an escrow agreement by and among Newco, LCMC, the District and the Escrow Agent substantially in the form of Exhibit H hereof (the “Escrow Agreement”) to be entered into by Newco, LCMC, the District and the Escrow Agent at the Closing. On the third (3rd) anniversary of the Closing Date (the “Responsibility Escrow Release Date”), the Escrow Agent shall deliver to the District all remaining amounts in the Escrow Account; provided, however, that on the Responsibility Escrow Release Date, Escrow Agent shall retain as part of the Escrow Account, to the extent available, an amount equal to the aggregate of all outstanding amounts asserted as claims hereunder in good faith in writing by LCMC, Newco or any other Claiming Person pursuant to Section

12.4 prior to the Responsibility Escrow Release Date and in such amounts as have been finally resolved pending payment, or which have not been finally resolved (“Retained Amounts”). Retained Amounts retained by Escrow Agent on the Responsibility Escrow Release Date pursuant to this Section 3.3(c) shall be paid by Escrow Agent in accordance with Article 12 on such later date(s) that all applicable claims duly made prior to the Responsibility Escrow Release Date have been finally resolved in accordance with Article 12, as applicable, with any balance remaining after resolution of all such claims to be delivered to the District.

3.3(d) Performance Consideration. As part of the Total Consideration, additional consideration (“Performance Consideration”) shall be paid by Newco to the District for foreseeable steady financial performance of the Hospital Business in accordance with, and subject to the terms of, this Section 3.3(d).

(i) The Performance Consideration will be in the amount of Six Million Six Hundred Sixty-Seven Thousand Dollars (\$6,667,000) per year, for each of the first three (3) years during the Term (each a “Performance Year”), and the Performance Consideration for each Performance Year shall be paid no later than ninety (90) days following the last day of each such Performance Year (each, a “Due Date”).

(ii) No later than each sixty (60) days following the end of each Performance Year, Newco shall deliver, or cause to be prepared and delivered, to the District a statement (a “Performance Statement”) of (1) the Operating EBIDA for the applicable Performance Year, and (2) the excess unreimbursed cost identified by Newco, as set forth in its unaudited financial statements, associated with providing care to the uninsured and to the underinsured in the District for such Performance Year (“Indigent Costs”).

(iii) Notwithstanding anything to the contrary contained in this Agreement, in the event that the annual Operating EBIDA of Newco for any Performance Year (or, if financial information for the entire twelve (12) month Performance Year is not reasonably available, then for such lesser period of the Performance Year as is reasonably available) is less than seven and one half percent (7.5%), the Performance Consideration for that Performance Year may be offset, at the discretion of Newco, by the Indigent Costs for such Performance Year; provided that in no event shall more than Twenty Million Dollars (\$20,000,000) of unreimbursed cost associated with provided care to the uninsured and underinsured, in the aggregate for the first three (3) years during the Term, be offset as against the Performance Consideration. In the event of the delivery of any Performance Statement Objection, unless and until the full and final resolution of any dispute related thereto, in no event shall LCMC or Newco be deemed to be in breach of this Agreement with respect to any offset made in accordance with the Performance Statement.

(iv) For purposes of this Section 3.3(d), “Operating EBIDA” shall mean Earnings from Operations before Interest Expense, Depreciation and Amortization, determined in accordance with Generally Accepted Accounting Principles, consistently applied by LCMC and Newco.

(v) Prior to the Closing Date, and as a condition of Newco's payment of any Performance Consideration, LCMC and Newco shall have obtained a valuation opinion acceptable to LCMC confirming that the fair market value of the leasehold interest under the Master Hospital Lease and the Assigned Assets are not collectively less than Two Hundred Forty-Five Million Dollars (\$245,000,000) (assuming, for such valuation purposes only, that the financial performance of the Hospital Business would not require that any offset be made to any Performance Consideration pursuant to Section 3.3(d)(iii) hereof).

(vi) For the avoidance of doubt, the Initial Consideration shall not be subject to adjustment or recoupment regardless of any offsets made to the Performance Consideration hereunder.

Section 3.4 Provider Number Matters; Other Payor Arrangements.

3.4(a) The Parties shall cooperate to file all necessary documents and forms with CMS as well as all required forms with the Louisiana Department of Health and Hospitals, to ensure the assignment and assumption of the Medicare Provider Number, the Medicare Provider Agreement, the Medicaid Provider Number and the Medicaid Provider Agreement by and to Newco.

3.4(b) Upon expiration or termination of the Master Hospital Lease, the Parties shall cooperate to file all necessary documents and forms with CMS as well as all required forms with the Louisiana Department of Health and Hospitals, and will work with the District to ensure, at the District's request, the assignment and assumption of the Medicare Provider Number, the Medicare Provider Agreement, the Medicaid Provider Number and the Medicaid Provider Number Agreement by and to the District.

3.4(c) As of the Closing Date, Newco shall assume (to the extent they are Assigned Contracts) or, in accordance with their terms, the Parties in coordination with one another will terminate, other payor agreements of the Facilities and, in each case will take all commercially reasonable actions to ensure that such termination does not result in any Liability to the Hospital.

Section 3.5 Medical Records. On the Closing Date, the Parties shall enter into the Medical Records Agreement. The Parties will arrange for Newco to become the custodian of the Facilities' patient records for the Initial Lease Term and any Additional Lease Term, and Newco shall maintain such records in accordance with the Legal Requirements; provided that, to the extent permissible by applicable law, the District and its agents and attorneys, at their cost and expense, shall have access to such records as needed for litigation and other appropriate

purposes, in each case in accordance with, and subject to, the terms and conditions set forth in the Medical Records Agreement and the Legal Requirements.

Section 3.6 Assignment of Rights. On the Closing Date, the Parties shall enter into an Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit F to provide for the assignment and assumption by Newco (except as otherwise already leased to Newco pursuant to the terms of the Master Hospital Lease) of (a) the contracts and agreements maintained by the District or the Hospital Business for the operation of the Hospital Business, other than the Excluded Contracts (the “Assigned Contracts”), (b) except for any Excluded Assets, all of the District’s right, title and interest in all ownership interests (by contract, agreement or otherwise) of the District in all partnerships and other entities (including, without limitation, the Ventures so listed) (the “Assigned Interests,” and together with the Assigned Contracts, the “Assigned Rights”), except in the case of (a) or (b), for any contract or agreement for which counsel to any Party has issued a written opinion, following consultation with counsel for the other Parties, that there is a substantial likelihood that such contract or agreement either violates any applicable Legal Requirement or the assignment, assumption or performance of which by Newco would violate any applicable Legal Requirement (and each such contract or agreement (each, an “Illegal Contract”) shall be deemed an Excluded Contract), (c) the District’s right title and interest in all other Assigned Assets, and (d) the Assumed Liabilities. The Parties shall use their respective commercially reasonable efforts to cause and effect the assignment and assumption of all such rights and obligations by Newco.

Section 3.7 Grants, Funds and Foundation Support.

3.7(a) Grants and Funds. Any and all restricted grants, trust funds and other funds maintained by the District for the support of the Hospital shall continue to be used for the purposes contained in the instruments establishing such grants and funds, in accordance with the terms and conditions therein set forth (“Restricted Funds”). Any and all unrestricted grants, trust funds and other funds maintained by the District or in any Affiliate, for the support of or use by the Hospital, shall be assigned and transferred to Newco at Closing (“Unrestricted Funds”).

3.7(b) West Jefferson Hospital Foundation. Promptly following the date hereof, the District shall in writing formally request that following the Closing, the West Jefferson Hospital Foundation (the “Foundation”) continue in its role as a supportive organization for the Hospital, including the continuation of efforts to raise grants, gift and other donations, but it is acknowledged that the District cannot legally bind the Foundation.

Section 3.8 Insurance and Premiums. Throughout the Term of this CEA and in accordance with the terms of the Master Hospital Lease, Newco shall maintain in effect such policies or programs of self-insurance of property/casualty, general liability, and other insurance covering the Facilities, Assigned Assets and Hospital Business, of such kinds and in such amounts as are customary and reasonably available in the market for nonprofit hospitals in Louisiana.

Section 3.9 Settlement of Cost Reports. The Parties shall provide one another with information and cooperate reasonably with one another as necessary to file, settle and resolve any cost report matters.

Section 3.10 Transition Patients; Payments.

3.10(a) Transition Patients. The Parties agree that all District patients hospitalized at the Hospital at the Closing shall become Newco patients as of the Closing (each such patient, a "Transition Patient").

3.10(b) Payments. The Parties acknowledge and agree that Transition Patients are those persons who have an episode "Start of Care" date, on or prior to the Closing Date, but continue to receive services as part of that episode of care after the Closing Date. For all such Transition Patients (irrespective of payer): (i) Newco shall timely bill patients and/or third party payors for the episode of care following the discharge of the Transition Patient; (ii) the District shall be entitled to retain an amount equal to the ratio of the charges incurred by the Transition Patients prior to the Closing Date, divided by the total charges incurred by the Transition Patients while being treated at the Hospital during such episode of care, applied to total payments; and (iii) Newco shall retain amounts in excess of those the District is entitled to retain pursuant to clause (ii), above. Any amounts owed by Newco to the District pursuant to this Section 3.10 (collectively, "Transition Patient Payments") shall be paid within ten (10) days of receipt by Newco of the corresponding payments from payors or patients. Notwithstanding the foregoing, and in order to avoid double counting of the same item, charges related to Transition Payments which are included as accounts receivable in the calculation of the Final Working Capital shall not be included as Transition Patient Payments.

Section 3.11 Litigation Cooperation. Each Party shall provide information, testimony and reasonable cooperation to the other Party in litigation brought against a Party, its directors, officers or employees based upon a claim of negligence, malpractice or any other cause of action, arising under this Agreement, the Master Hospital Lease or any other agreement entered into in connection with the Contemplated Transactions, except when the other Party is a named adverse party. To the extent a third party asserts a claim against the District for an alleged loss or injury that occurred prior to the Closing, the District and its counsel shall be responsible for investigating and defending such suit. Conversely, to the extent a third party asserts a claim against any of the Facilities (or District) or LCMC for an alleged loss or injury that occurred following the Closing, LCMC and its counsel shall be responsible for investigating and defending such suit.

Section 3.12 Use of Names. The District hereby grants to Newco a royalty free license to use the name "West Jefferson Medical Center" as a trademark and service mark pursuant to the License Agreement, and does, effective as of the Closing, hereby authorize Newco to register all rights necessary to or, as applicable, authorize Newco to, register to do business under the same. All marks used in association with the operation of the Facilities, shall be licensed to Newco for the duration of the Term, subject to customary limitations to be set forth in, and pursuant to the terms of, the license agreement to be entered into between the

Parties, to be finalized by the Parties by the Closing Date and attached hereto as Exhibit I (the “License Agreement”). All trade names and business names under which the District has operated the Facilities are, effective as of the Closing, hereby assigned to Newco for use as business names and d/b/a names (collectively “Trade Names”).

Section 3.13 Compliance with Privacy and Data Security Laws. The Parties agree that the District will not be required under this Agreement to perform, provide or make available any products, services, tools, reports or other functions under this Agreement pursuant to which District receives from a Party, or receives, creates, transmits or maintains for or on behalf of a Party, any Protected Health Information (as defined in 45 C.F.R. § 160.103) in a manner that would make the District a business associate (as defined in 45 C.F.R. § 160.103) to that Party; provided that to the extent required for the Parties to fulfill their duties and obligations under this Agreement, the Master Hospital Lease and any other agreements entered into between the Parties in connection with the Contemplated Transactions, the Parties will enter into customary business associate agreements.

Section 3.14 HITECH Act Payments. Notwithstanding anything to the contrary contained herein, any HITECH Act payments received following the Closing shall belong to Newco.

Section 3.15 Obligated Group. At any time on after the Closing, LCMC may, at its discretion, cause Newco to become a member of the LCMC Obligated Group.

ARTICLE 4 CLOSING AND ADJUSTMENTS

Section 4.1 Conditions Precedent to Closing. The obligation of any Party to close the Contemplated Transactions shall be contingent upon the fulfillment, prior to or simultaneously with the Closing, of the following conditions:

4.1(a) Representations and Warranties Correct. The representations and warranties of each of LCMC, Newco and the District contained in this Agreement shall be true, complete and correct in all material respects as of the date hereof and as of the Closing Date as if made at and as of such date (except for any representation or warranty qualified by “material” or “Material Adverse Effect” or similar qualifier, which shall be true and correct in all respects), and each of LCMC and Newco, on the one hand, and the District, on the other hand, shall have delivered to the other a certificate, dated as of the Closing Date, of the President and Chief Executive Officer in the case of each of LCMC and Newco, and the Chairperson of the District Board, certifying such.

4.1(b) Corporate Action. All necessary corporate and other actions shall have been taken by each of LCMC, Children’s, Newco and the District as of the Closing Date to effectuate the Contemplated Transactions.

4.1(c) Pending or Actual Material Adverse Effect. There shall not be pending nor shall there have occurred an uncured Material Adverse Effect.

4.1(d) Third Party Consents and Other Actions. All of the regulatory approvals required from Governmental Bodies, corporate approvals and other third-party consents and other actions necessary for consummation of the Contemplated Transactions (including but not limited to defeasance of the Long Term Indebtedness as of the Closing Date) set forth on Schedule 4.1(d) shall have been obtained or taken, as applicable, prior to the Closing Date (the “Required Consents, Permits and Approvals”).

4.1(e) Intentionally omitted.

4.1(f) Long Term Indebtedness.

(i) Defeasance. The Long Term Indebtedness shall be defeased, effective as of the Closing Date, by the District at its sole cost and expense.

(ii) Bond Counsel. Delivery by Bond Counsel acceptable to the Assured Guaranty, FSA, the Trustee and the District of an opinion stating that the Long Term Indebtedness has been deemed paid within the meaning of Section 1201 of the Bond Ordinance or Section 1201 of the Bond Indenture, as applicable, and that such Long Term Indebtedness is no longer Outstanding.

(iii) Release of Mortgage. A Termination and Release of Mortgage executed by The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) releasing the Second Amended and Restated Mortgage and Security Agreement Securing Future Advances (the “Mortgage”) , in form reasonably acceptable to LCMC and suitable for recording in the mortgage records of Jefferson Parish, Louisiana.

(iv) Termination Statements. UCC-3 Termination statements executed by the Trustee releasing the lien of the assignment and the Mortgage and terminating all prior UCC-1 financing statements filed in connection with any Long Term Indebtedness, in form reasonably acceptable to LCMC and suitable for filing with the records of New Orleans or Jefferson Parish, Louisiana.

4.1(g) No Restraints. No temporary restraining order, preliminary or permanent injunction or other Order preventing any of the Contemplated Transactions shall have been issued against any Party by any Governmental Body.

4.1(h) No Proceedings. There shall not be pending or threatened any Proceeding (i) seeking to obtain from a Party any damages or other relief as the result of the Contemplated Transactions that may be material to such Party, or (ii) challenging or seeking to restrain or prohibit any of the Contemplated Transactions. For purposes of this Section 4.1(h), “material” shall mean amounts in dispute of at least Ten Million Dollars (\$10,000,000).

4.1(i) Performance. As of the Closing Date, each of LCMC, Newco and the District shall have performed and complied with all of the agreements, covenants and

other provisions of this Agreement that are required to be performed or complied with by such entities prior to the Closing Date, and each of LCMC and Newco, on the one hand, and the District, on the other hand, shall deliver to the other Parties a certificate, dated as of the Closing Date, of the President and Chief Executive Officer, in the case of each of LCMC and Newco, and the Chairperson of the District Board, certifying such.

4.1(j) **Estimated Balance Sheet.** The Balance Sheet delivered by the District to LCMC and Newco pursuant to Section 4.4(a) shall have been reasonably acceptable to LCMC.

4.1(k) **No Targeted Enactment.** The Parish shall have delivered to LCMC and Newco a letter substantially in the form of Exhibit L which provides that it does not intend to enact a statute targeted specifically at the operations of Newco.

4.1(l) **Laundry Transition Services.** The Parties will have developed a written agreement to govern the provision of laundry services to Newco, by the District, on a temporary basis post-Closing, via the current laundry service provider of the Hospital, Associated Hospital Services, Inc. Such agreement shall (i) incorporate commercially reasonable terms for the provision of such laundry services, (ii) provide that the laundry services are given to Newco at the cost charged to the District for such services; (iii) allow Newco a transition of period of up to twelve (12) months to obtain another laundry service provider, and (iv) become effective as of the Effective Time.

Section 4.2 Title and Survey.

4.2(a) LCMC acknowledges and agrees that it has ordered a certain commitment for title insurance from The Capdevielle Title Corporation, as agent for Chicago Title Insurance Company (the "Title Company") which pertains to the Hospital Real Property but excludes the Expropriated Parcel (the "Initial Title Report"; any updates to the Initial Title Report shall be known as an "Updated Title Report"). LCMC also acknowledges and agrees that it has ordered a survey (individually, a "Survey" and, collectively, the "Surveys") for each Hospital Real Property from Dufrene Surveying & Engineering, Inc. LCMC shall cause a copy of the Initial Title Report, any Updated Title Reports and the Surveys to be delivered to the District concurrently with the delivery thereof to LCMC. It shall be a condition precedent to LCMC's obligations to close the Contemplated Transactions that the Title Company is prepared to issue a title policy pursuant to such Initial Title Report or Updated Title Report ("Title Policy") that insures Newco's leasehold interest in the Hospital Real Property for the full fair market leasehold value of the Hospital Real Property, and includes extended coverage and such endorsements as LCMC may reasonably request, including but not limited to access, survey, tax parcel, zoning, comprehensive, contiguity (if applicable), and subdivision endorsements, and does not contain any Unacceptable Encumbrances or Required Removal Items (except to the extent LCMC is required to close subject to such items as set forth in subsections 4.2(e) and 4.2(f) below). If the Title Company requires the use of a legal description for any of the Hospital Real Property in order to issue the Title Policy other than the legal descriptions provided by the District as exhibits to the form of Master

Hospital Lease attached as Exhibit B hereto, and such legal descriptions are verified in writing and certified to the District by a surveyor commissioned by LCMC or Newco as covering the same property as depicted in Exhibit B to the Master Hospital Lease, the Parties will agree to substitute such legal descriptions into the Master Hospital Lease and for purposes of this Agreement. No later than ten (10) Business Days after the date of LCMC's receipt of the Title Report (the "Title Report Objection Date"), LCMC shall furnish to the District a writing (the "Title Report Objection Notice") specifying any Encumbrance or Survey exceptions to title to the Hospital Real Property which LCMC believes are not Permitted Encumbrances (as defined herein) and for which it is not required to accept title (an "Existing Unacceptable Encumbrance"). A "Future Unacceptable Encumbrance" shall mean all Encumbrances that are not Permitted Encumbrances that (i) the Title Company may, at a later date, include on any subsequent Schedule B to the Updated Title Report that were not included in the Initial Title Report, and (ii) any new matters on any Surveys received subsequent to the Title Report Objection Date. LCMC shall have ten (10) Business Days (the "Updated Title Report Objection Date") from its receipt of notice of any Future Unacceptable Encumbrances to notify the District in writing of any objection to same (an "Updated Title Report Objection Notice"). LCMC's failure to timely deliver either the Title Report Objection Notice or any Updated Title Report Objection Notice on or prior to the Title Report Objection Date or the Updated Title Report Objection Date (as the case may be) shall constitute LCMC's irrevocable acceptance of any matters shown on the Title Report, the Updated Title Report and/or the Survey (as applicable), and LCMC shall be deemed to have unconditionally waived any right to object to any matters set forth therein and same shall be deemed to be Permitted Encumbrances.

4.2(b) The District shall notify LCMC, in writing, within ten (10) Business Days after its receipt of the Title Report Objection Notice or any Updated Title Report Objection Notice (as the case may be) whether it elects to do any of the following, at its sole option: (i) attempt to cure any Unacceptable Encumbrances or Required Removal Items (as such terms are hereinafter defined); provided, however the District's failure to successfully effectuate any such cure shall not give rise to any liability to the District under the terms of this Agreement except as expressly set forth herein, or (ii) contest LCMC's characterization of any such Unacceptable Encumbrance or Required Removal Items.

4.2(c) The District shall be deemed to have satisfactorily "cured" an Unacceptable Encumbrance or Required Removal Item if it: (i) causes the Title Company to either (1) omit such Unacceptable Encumbrance or Required Removal Item on an Updated Title Report, or (2) affirmatively insure over such matter (in either case by indemnifying the Title Company or depositing a reasonable sum sufficient with the Title Company in order to discharge such Unacceptable Encumbrance or Required Removal Item), (ii) bonds over the Unacceptable Encumbrance or Required Removal Item, such that the Title Company will not charge LCMC more than its standard rates to issue the Title Policy without exception for such Unacceptable Encumbrance or Required Removal Item, (iii) removes such Unacceptable Encumbrance or Required Removal Item from

record, (iv) provides a credit at Closing in the amount of the Liquidated Monetary Lien against the Closing Payment set forth in Section 3.3(b) herein, or (v) provides a credit at Closing in the amount that is agreed to by LCMC and the District for any such Unacceptable Encumbrance or Required Removal Item against the Closing Payment set forth in Section 3.3(b) herein (the occurrence of any items (i) through (v) shall be known as a “Curing Event”). In the event that the Title Company refuses to omit or insure over the Unacceptable Encumbrance or Required Removal Item in question, but the District, in its sole discretion, obtains another nationally recognized title insurance company (a “Replacement Title Insurance Company”) that is willing to omit such Unacceptable Encumbrance or Required Removal Item or affirmatively insure over such matter, and provide the same insurance at the standard rates then in effect, then the District shall have the right to cause the Replacement Title Insurance Company to issue said title insurance policy. Procuring a Replacement Title Insurance Company to issue a title insurance policy in accordance with the foregoing conditions shall also be deemed to be a Curing Event. Any Unacceptable Encumbrance or Required Removal Item that is cured by means of a Curing Event shall then be deemed to be a Permitted Encumbrance.

4.2(d) At or prior to the Closing, subject to the requirements in this Section 4.2(d) pertaining to the clearance of any Required Removal Items, with respect to the existence of any Existing Unacceptable Encumbrances or any Future Unacceptable Encumbrances (Existing Unacceptable Encumbrances and Future Unacceptable Encumbrances, which are not deemed to be Permitted Encumbrances, shall be collectively referred to herein as “Unacceptable Encumbrances” or individually as an “Unacceptable Encumbrance”), the District may elect (but shall not be obligated except as otherwise provided in this Agreement) to cure, or cause to be cured, at its expense each such Unacceptable Encumbrance. Notwithstanding the foregoing, the District will be obligated to cure, prior to or at Closing, at the District’s sole cost and expense, each of the following items (each item shall be known as a “Required Removal Item”): (i) any monetary liens that encumber any portion of the Hospital Real Property which: (1) are in liquidated amounts and may be satisfied solely by the payment of money, (2) are caused by the District, and (3) are not liens relating to any Assumed Liabilities or Encumbrances for mechanics’, carriers’, workers’, repairers’ and other similar Encumbrances with respect to amounts not yet due and payable or due but not delinquent or being contested in good faith as specified within the Permitted Encumbrance definition contained herein (a monetary lien that satisfies all of these criteria shall be referred to herein as a “Liquidated Monetary Lien”), and (ii) any non-monetary Unacceptable Encumbrances affecting any portion of the Hospital Real Property that are: (1) not deemed to be a Permitted Encumbrance, (2) are voluntarily and expressly consented to by the District, and (3) are recorded against the Hospital Real Property subsequent to the date hereof and prior to the Closing Date.

4.2(e) On the Closing Date, in the event an Unacceptable Encumbrance or Required Removal Item remains uncured, the Parties shall have the following rights and obligations:

(i) the District shall be entitled to, at its election, (1) cure the Unacceptable Encumbrance or Required Removal Item in accordance with the provisions herein, or (2) if the District has exercised diligent efforts to cure such Unacceptable Encumbrance or Required Removal Item prior to Closing, but has been unable to effectuate such cure, and such cure may reasonably be effectuated within ninety (90) days after the scheduled Closing, District may request a reasonable adjournment of the Closing (not to exceed ninety (90) days) for the purpose of effectuating (or causing to be effectuated) such cure (in the event of an adjourned closing, the new closing date shall be known as the “Adjourned Closing Date”);

(ii) If the Closing is not adjourned, or upon the Adjourned Closing Date, there still exists any uncured Unacceptable Encumbrance or Required Removal Item which does not, individually or in the aggregate give rise to a Material Adverse Effect, LCMC shall be obligated to consummate the transaction and shall receive a credit at Closing in the amount of all Liquidated Monetary Liens against the Closing Payment set forth in Section 3.3(b) herein; in such event LCMC shall not receive any other credit toward the Closing Payment set forth in Section 3.3(b) herein but LCMC shall reserve its rights under Section 11.4 herein to bring an action for money damages after the Closing based upon any uncured Unacceptable Encumbrance or Required Removal Item, and such action shall not be subject to the limitations set forth in Section 12.6 herein.

(iii) If the Closing is not adjourned, or upon the Adjourned Closing Date, there still exists an uncured Unacceptable Encumbrance or Required Removal Item which does give rise to a Material Adverse Effect, LCMC may elect to terminate this Agreement pursuant to Section 11.2(a) as its sole and exclusive remedy, by providing notice to the District as required under Section 11.3(a). Within ten (10) days from its receipt of the notice, the District may elect, in its sole discretion, to either: (i) cure the Unacceptable Encumbrance(s) or Required Removal Item(s) (as the case may be) within the ten (10) day time period, or (ii) if the Closing has not previously been adjourned, exercise its right to adjourn the Closing as set forth herein, in which case LCMC rights shall be stayed subject to the next sentence. If the District so cures such that a Material Adverse Effect does not exist, on or before the expiration of such ten (10) day period or on or before the Adjourned Closing Date (if applicable), then LCMC shall no longer have the right to terminate this Agreement, but the provisions of Section 4.2(e)(ii) above shall apply to the extent that any Unacceptable Encumbrance or Required Removal Items remain uncured.

4.2(f) Each Party reserves its right to Dispute pursuant to Section 11.4 of this Agreement whether (i) an Encumbrance is or is not an Unacceptable Encumbrance or Required Removal Item, (ii) an Unacceptable Encumbrance or Required Removal Item has been cured or remains uncured, and (iii) whether or not an Unacceptable Encumbrance or Required Removal Item gives rise to a Material Adverse Effect.

Section 4.3 Closing. The closing of the Contemplated Transactions (the “Closing”) shall take place at 9:00 a.m. at a location to be agreed between the Parties, on the fifth Business Day following satisfaction or waiver of all conditions precedent and other matters required to be completed at or prior to the Closing, or on such later date as may be mutually agreed to by the Parties (the “Closing Date”). The Closing shall be deemed to have occurred and to be effective as of 12:01 a.m. on the Closing Date (the “Effective Time”).

Section 4.4 Closing and Post-Closing Adjustments.

4.4(a) Closing Balance Sheet and Estimated Adjustment Schedules. No later than fifteen (15) days following the end of each calendar month following the date hereof and prior to the Closing, the District shall deliver, or cause to be prepared and delivered, to Newco and LCMC a Balance Sheet for such month, which Balance Sheet shall include a statement of the components of Specified Working Capital as of the Effective Time, in each case, calculated in accordance with this Agreement and certified by the Chief Financial Officer of the Facilities; provided that the components of Specified Working Capital shall be calculated in a manner consistent with Schedule 4.4(a) attached hereto. No later than ten (10) Business Days prior to the Closing, the District shall deliver, or cause to be prepared and delivered, to Newco and LCMC the most recent unaudited financial statement prepared by the District which shall include a Balance Sheet for the month immediately preceding the month during which the Closing will occur, which Balance Sheet shall include a statement of the components of Specified Working Capital as of the Effective Time, in each case calculated in accordance with this Agreement and certified by the Chief Financial Officer of the Facilities and which Balance Sheet and calculation of Specified Working Capital must be reasonably acceptable to LCMC. Such Balance Sheet or calculation of Specified Working Capital shall not bind Newco or LCMC with respect to the final determination of the Final Balance Sheet or the Final Adjustment Schedules (or any components thereof). Such Balance Sheet and the calculations of Specified Working Capital thereon are referred to as the “Estimated Balance Sheet” and the “Estimated Working Capital,” respectively.

4.4(b) Estimated Adjustment. In the event that the Estimated Working Capital (i) exceeds the Target Working Capital, the Closing Payment shall be increased by the amount of such excess, or (ii) is less than the Target Working Capital, the Closing Payment shall be reduced by the amount of such shortfall.

4.4(c) Closing Balance Sheet and Preliminary Schedules. Within one hundred eighty (180) days after the Closing Date, the District shall cause to be prepared and delivered to Newco and LCMC audited financial statements for the periods beginning on January 1, 2014 and ending December 31, 2014, and beginning on January 1, 2015 and ending at the Effective Time (the “Stub Period”) with the report and certification thereon from LaPorte CPAs & Business Advisors, the Facilities’ independent certified public accounting firm, including a Balance Sheet as of the Effective Time (the “Closing Balance Sheet”) together with schedules (the “Closing Adjustment Schedules”) setting forth as of the Effective Time the Specified Working Capital calculated in accordance with the Closing Balance Sheet.

4.4(d) **Objection to Closing Balance Sheet and Preliminary Schedules.** After the Closing Balance Sheet is delivered to Newco and LCMC pursuant to Section 4.4(c), Newco and LCMC shall have sixty (60) days from the date of its receipt of the Closing Balance Sheet to review and respond to it in accordance with this Section 4.4(d). If Newco or LCMC object to the Closing Balance Sheet or any of the calculations as of the Effective Time of Working Capital, then Newco or LCMC shall inform the District on or before the last day of such sixty (60) day period by delivering written notice to the District (the “Balance Sheet Objection”) setting forth a reasonably specific description of the basis and calculations of the Balance Sheet Objection and the adjustments to the Closing Balance Sheet and the Closing Adjustment Schedules that Newco and LCMC believe should be made. If no Balance Sheet Objection is delivered to the District within such sixty (60) day period, then Newco and LCMC shall be deemed to have accepted the Closing Balance Sheet and the Closing Adjustment Schedules.

4.4(e) **Response to Balance Sheet Objection.** If a Balance Sheet Objection is timely delivered to the District pursuant to Section 4.4(d), then the District shall have sixty (60) days from the date of its receipt of the Balance Sheet Objection to review and respond to the Balance Sheet Objection by delivering written notice to Newco and LCMC specifying the scope of its disagreement with the information contained in it. If no such written notice is delivered to Newco and LCMC within such sixty (60) day period, then the District shall be deemed to have accepted the Balance Sheet Objection.

4.4(f) **Dispute Resolution Following Objection.**

(i) **Negotiation.** If the District delivers a written notice to Newco and LCMC in response to a Balance Sheet Objection pursuant to Section 4.4(e) (a “Balance Sheet Objection Response”), then the Chief Executive Officer of the Hospital and a designated District representative shall promptly meet (in person, by telephone or otherwise) and attempt in good faith to resolve any dispute or disagreement relating to the Closing Balance Sheet and the calculation of Specified Working Capital set forth on the Closing Adjustment Schedules (the “Balance Sheet Dispute”); provided that any such resolution shall be subject to the approval of LCMC. If they are unable to resolve the Balance Sheet Dispute within thirty (30) days of the delivery of the Balance Sheet Objection Response, then the Chairman of the Board of Directors of LCMC and the District representative shall promptly meet (in person, by telephone or otherwise) and attempt in good faith to resolve the Balance Sheet Dispute.

(ii) **Resolution by Expert Advisory Firm.** If LCMC, Newco and the District are unable to resolve the Balance Sheet Dispute within sixty (60) days following the timely delivery of a Balance Sheet Objection Response, then, at any time thereafter, each of Newco and LCMC on the one hand, or the District on the other hand, may elect, by providing written notice to the other Parties to have the Balance Sheet Dispute resolved by two (2) separate national or regional third party financial experts or firms (but only if such experts/firms have not been engaged by any of the Parties in any material capacity in the last five (5) years

(each a “Financial Advisor”) on the basis of the standards set forth in this Agreement, and only with respect to the remaining items of dispute so submitted to the Financial Advisors (the “Unresolved Changes”). Each of LCMC and Newco, on the one hand, and the District on the other hand, upon any such election, shall as promptly as practicable engage its own Financial Advisor to represent it with respect to the Balance Sheet Dispute. The Financial Advisors shall be instructed to use every reasonable effort to perform their services within thirty (30) days after submission of the Balance Sheet Dispute to them and, in any case, as soon as practicable after such submission. In the event that the Financial Advisors reach actual agreement (or agreement within ten percent (10%)) on resolution of the Balance Sheet Dispute, LCMC and Newco, on the one hand, and the District, on the other hand, shall abide by the decision of the Financial Advisors (or equally split any difference less than ten percent (10%) between their calculations). In the event that the Financial Advisors cannot come to any such agreement, the Financial Advisors shall choose a national or regional independent accounting firm (the “CPA Firm”) to settle the dispute, and all parties shall abide by its determination with respect to the matter.

(iii) Payment of Fees of Financial Advisors. The fees and expenses of the CPA Firm shall be borne pro rata by the District and Newco in inverse proportion to the allocation of the dollar amount of the Unresolved Changes, in the aggregate, between the District and Newco such that the party with whom the CPA Firm agrees more closely pays a lesser proportion of the fees and expenses.

4.4(g) Final Balance Sheet and Final Adjustment Schedules. As used in this Agreement, the “Final Balance Sheet” and “Final Adjustment Schedules” shall be: (i) the Closing Balance Sheet and the Closing Adjustment Schedule (including the calculation of Specified Working Capital set forth thereon) if no Balance Sheet Objection is delivered to the District during the sixty (60) day period specified in Section 4.4(d); or (ii) the Closing Balance Sheet and the Closing Adjustment Schedules (including the calculation of Specified Working Capital set forth thereon), adjusted in accordance with the Balance Sheet Objection, if the District does not provide Newco and LCMC with a written notice of disagreement in response to the Balance Sheet Objection within the sixty (60) day period specified in Section 4.4(e); or (iii) the Closing Balance Sheet and the Closing Adjustment Schedules (including the calculation of Specified Working Capital set forth thereon), as adjusted by (A) the written agreement of Newco, LCMC and the District in accordance with Section 4.4(f)(i) and/or (B) the Financial Advisors or the CPA Firm in accordance with Section 4.4(f)(ii). The Specified Working Capital set forth in the Final Adjustment Schedules is referred to as the “Final Working Capital.”

4.4(h) Payment of Adjustment Amount.

(i) The Total Consideration shall be adjusted (A) upward by the amount, if any, by which the Final Working Capital exceeds the Estimated Working Capital, or (B) downward by the amount, if any, by which the Final Working Capital is less than the Estimated Working Capital.

(ii) On or before the thirtieth (30th) Business Day following the determination of the Final Balance Sheet and the Final Adjustment Schedules, if the aggregate adjustments made pursuant to Section 4.4(h)(i) result in (A) an upward adjustment to the Total Consideration, then Newco shall deliver to the District the amount, if any, of any such adjustment (an “Overage”), or (B) a downward adjustment to the Total Consideration, then the District shall deliver to Newco the amount, if any, of such adjustment (a “Shortfall”).

ARTICLE 5 CAPITAL COMMITMENTS

Section 5.1 Commitment Funds. LCMC and Newco covenant that during the Term and over the period beginning on the Closing Date and ending on the fifteen (15) year anniversary of the Closing Date (the “Commitment Period”), a minimum of Three Hundred Forty Million Dollars (\$340,000,000) (the “Commitment Funds”) shall be expended by Newco regardless of funding source for Capital Expenditures for the Facilities and for other related health care projects in the Facilities’ service area in the District, or outside of the Parish if for (a) the benefit of the Facilities, or (b) the improvement of health care services within the District. “Capital Expenditures” shall mean any capital expenditures for depreciable assets (consistent with GAAP) whether such capital is budgeted or unbudgeted; or base requirement capital or replacement capital, including, without limitation, capital expenditures for de novo development or expansion of a department, program, service or facility (whether for inpatient or outpatient services), any leases for a term of greater than thirty-six (36) months (valued at the net present value thereof), any replacements, renovations, upgrades or capital expenditures for any of the Facilities, or any owned facilities or any facilities leased for a term of greater than thirty-six (36) months (valued at the net present value thereof), including any capitalized interest on any Indebtedness incurred in connection with any of the foregoing.

Section 5.2 Expending of Commitment Funds. During the Term, an aggregate of (a) a Ninety-Five Million Dollar (\$95,000,000) portion of the Commitment Funds shall have been expended for Capital Expenditures in accordance with Section 5.1 within the first five (5) years of the Commitment Period (the “Initial Period”), (b) a Two Hundred Ten Million Dollar (\$210,000,000) aggregate portion of the Commitment Funds shall have been expended for Capital Expenditures in accordance with Section 5.1 within the first ten (10) years of the Commitment Period (the “Second Period”) and (c) the full amount of the Commitment Funds shall have been expended for Capital Expenditures prior to the expiration of the entire Commitment Period (each of the Initial Period, the Second Period and the full Commitment Period, a “Period”). Funds shall be deemed to have been expended for Capital Expenditures during the applicable period if such funds have been actually expended or LCMC, Newco or any Affiliate thereof has entered into a binding and non-terminable (except for breach) agreement for the expenditure of the applicable Capital Expenditures. If during the Term LCMC and Newco fail, despite the preceding obligations, to fully expend for Capital Expenditures a part of such Commitment Funds during any particular Period, then within ninety (90) days following the end of such Period, LCMC shall cause an amount equal to any such shortfall to be paid in immediately available funds to the District (a “Shortfall Payment”); provided that (a) such funds

shall be used exclusively for healthcare purposes within the District and (b) the amount of any Shortfall Payment made shall be deemed to have been expended for Capital Expenditures for purposes of determining whether the applicable thresholds for spend-down of Commitment Funds have been met for any Period. Notwithstanding anything to the contrary contained herein, in the event that the Master Hospital Lease is terminated pursuant to Section 10.3 thereof (Casualty), all obligations under this Article 5 shall immediately terminate and be of no further force and effect.

Section 5.3 Children's Commitment. In consideration for the direct and indirect benefits to Children's to be derived from the performance by LCMC and Newco of this Agreement, during the Term, Children's hereby (a) guarantees to the District that to the extent necessary, Children's shall ensure that LCMC has sufficient funds to fulfill its obligations under Sections 5.1 and 5.2 hereof as and when due, and (b) subject to Section 12.3 hereof, agrees that it may be joined in any action against Newco or LCMC, or recovery may be had against Children's, for any payment obligations hereunder due to the District, in an independent action against Children's without the District first exhausting any remedy or claim against Newco or LCMC.

Section 5.4 Annual Reporting.

5.4(a) LCMC Report. During the Term, no later than ninety (90) days following each anniversary of the Closing Date, LCMC shall deliver, or cause to be prepared and delivered, to the District a statement of the total amount of Commitment Funds which were expended for Capital Expenditures during such one-year period (each such statement, an "Annual Statement").

5.4(b) Objections. After an Annual Statement is delivered to the District pursuant to Section 5.4(a), the District shall have sixty (60) days from the date of its receipt of such Annual Statement to review and respond to it in accordance with this Section 5.4(b). If the District objects to such Annual Statement, then the District shall inform LCMC on or before the last day of such sixty (60) day period by delivering written notice to LCMC (the "Annual Statement Objection") setting forth a reasonably specific description of its objections to the Annual Statement. If no Annual Statement Objection is delivered to the District within such sixty (60) day period, then District shall be deemed to have accepted the Annual Statement.

5.4(c) Negotiation and Dispute Resolution. If the District timely delivers an Annual Statement Objection, then the Chief Executive Officer of Newco and a designated District representative shall promptly meet (in person, by telephone or otherwise) and attempt in good faith to resolve any dispute or disagreement relating to Annual Statement; provided that any such resolution shall be subject to the approval of LCMC. If they are unable to resolve such dispute within thirty (30) days of the delivery of the Annual Statement Objection, then the parties shall (i) first attempt to resolve such dispute in accordance with Sections 11.3(b) and 11.3(c) hereof and (ii) in the event such dispute cannot be resolved in such manner, submit such dispute to non-binding mediation in accordance with Section 11.4(b) hereof.

ARTICLE 6
DISTRICT REPRESENTATIONS AND WARRANTIES

The District represents and warrants that, except as set forth in the disclosure schedules attached hereto in reference to Article 6 (the “District Disclosure Schedules”), the statements contained in this Article 6 are true and correct as of the date hereof and as of the Closing Date. The District Disclosure Schedules shall be arranged in paragraphs corresponding to the numbered paragraphs contained in this Article 6.

Section 6.1 Organization and Standing. The District is a hospital service district organized under the laws of the State of Louisiana. The District is validly existing and in good standing under the laws of the State of Louisiana, with full power and authority to conduct its activities with respect to the Hospital Business as it is now being conducted, to own or use the Facilities and assets to be leased or provided hereunder, and to perform all its obligations under this Agreement, including the corporate power and authority to operate the Hospital Business as now conducted.

Section 6.2 Enforceability; Authority; No Conflict.

6.2(a) This Agreement constitutes the legal, valid and binding obligation of the District, enforceable against it in accordance with its terms. Upon the execution and delivery by the District of the Master Hospital Lease, the Medical Records Agreements, the Assignment and Assumption Agreement and the License Agreement (each, a “Related Agreement”), each Related Agreement will constitute the legal, valid and binding obligation of the District, enforceable against the District in accordance with its terms subject only to (i) applicable bankruptcy, reorganization, insolvency, moratorium, and other laws affecting creditor’s rights generally, and (ii) limitation on the enforcement of equitable remedies. The District has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and each Related Agreement to which it is a party and to perform its obligations under this Agreement and such Related Agreements, and each such action has been duly authorized by all necessary action by the District Board. A certified copy of Resolution Number [_____] adopted in a properly noticed meeting of the Governing Authority of the District on [_____] is attached as Exhibit J.

6.2(b) Neither the execution and delivery by the District of this Agreement and of the Related Agreements, nor the performance by the District of its respective obligations hereunder and thereunder, nor the consummation of any of the Contemplated Transactions hereby and thereby will, directly or indirectly (with or without notice or lapse of time):

- (i) Breach (A) any provision of any of the governing documents of the District or the Facilities or (B) any resolution of the Parish Council then in effect.
- (ii) Breach or, to the District’s Knowledge, give any Governmental Body or other person the right to challenge any of the Contemplated Transactions,

or to exercise any remedy or obtain any relief under, any Legal Requirement to which the District or the Facilities may be subject; provided that the Required Consents, Permits and Approvals have been obtained.

(iii) Except as set forth on Schedule 6.2(b)(iii), contravene, conflict with or result in a violation or breach of any of the terms or requirements of, result in the acceleration of any rights or obligations under, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by the District or the Facilities, including, without limitation, any Permit.

(iv) Cause Newco or LCMC to become subject to, or to become liable for the payment of, any Liability of the District or the Facilities other than the Assumed Liabilities or matters for which LCMC or Newco is responsible as provided herein.

Section 6.3 Employee Benefits.

6.3(a) All employee pension benefit plans as defined in Section 3(2) of ERISA and employee health or welfare benefit plans as defined in Section 3(1) of ERISA whether or not subject to ERISA (collectively the “Benefit Plans”) covering Hospital Personnel have been administered in accordance with Legal Requirements and with their respective terms in all material respects, to the extent such plans are established and administered by the District.

6.3(b) Schedule 6.3(b) contains a complete and correct list of all material Benefit Plans. The District has made available to LCMC, with respect to all such material Benefit Plans, true, complete and correct copies of the following: (i) the current plan documents for each Benefit Plan; (ii) all current trust agreements, annuity contracts or other funding instruments related to each Benefit Plan; (iii) all current contracts with third-party administrators, consultants, and other independent contractors that relate to each Benefit Plan; and (iv) all current summary plan descriptions regarding each Benefit Plan currently in effect.

6.3(c) With respect to each Assumed Benefit Plan: (i) if such plan is funded, Schedule 6.3(c) discloses the value of the plan’s assets and liabilities as of the most recent calendar quarter end; (ii) if such plan is intended to qualify under Section 401 of the Code, such plan has received a favorable determination letter from the IRS with respect to such qualification for the most recently completed remedial amendment cycle, and either has a pending determination letter application on file with the IRS or for which the current remedial amendment cycle is still open, and since the date of the most recent determination letter, nothing has occurred that has or is reasonably likely to adversely affect such qualification; (iii) there has not been any announced plan or legally binding commitment to amend or modify any such plan in a manner that would result in any material increase in the Liabilities or obligations under such plan; (iv) no such plan is under audit by an Governmental Body and there has been no notification of a pending

audit; and (v) no insurance company that insures benefits under, or third-party administrator that provides services with respect to, any such plan has notified the District that it intends to terminate its contract or that premiums or fees will be increasing.

6.3(d) Except as set forth on Schedule 6.3(d), there are no (and during the past three (3) years there have been no) Proceedings, claims or suits pending or, to the District's Knowledge, threatened, by any Governmental Body or by any participant or beneficiary (other than routine claims for benefits) against any of the Benefit Plans. The District does not have any liability in respect of, or obligation to provide, post-retirement medical, life insurance benefits or other welfare benefits for any service providers (or the spouses, dependents or beneficiaries of any service providers), whether under a Benefit Plan or otherwise, except as required to comply with Section 4980B of the Code or any similar Legal Requirements and at the sole cost of such individuals.

Section 6.4 Compliance with Legal Requirements. Except as set forth on Schedule 6.4, or which otherwise would not have a Material Adverse Effect on the Hospital Business: (a) the Hospital Business is, and for the last three (3) years has been operated, in material compliance with all Legal Requirements, including Health Care Laws; and (b) in connection with the District's operation of the Hospital Business, no Governmental Body and no third-party payor has alleged in writing, nor has the District or any of the Facilities received any notice of, any material violation of any Health Care Law within the last three (3) years. Without limiting the generality of the foregoing, to the District's Knowledge and except as set forth on Schedule 6.4:

6.4(a) Permits, Licenses and Accreditation. The Hospital Business has all permits and licenses and other Governmental Authorizations (including any applicable waivers) required by all Legal Requirements ("Permits"), and neither the District nor the Hospital Business is in violation of any of Permit. A true, correct and complete list of all Permits is set forth on Schedule 6.4(a). Each Permit is in full force and effect. The Hospital is owned and operated by the District and is duly licensed as an acute care hospital by the State of Louisiana. The Hospital has valid Medicare and Medicaid provider numbers.

6.4(b) Accreditations. The Hospital is accredited by the JC. With respect to the most recent survey report of the Hospital by the JC, the District has caused to be taken all material actions required to be taken pursuant to such report, and neither the District nor any of the Facilities has received notice of any change in the JC accreditation status of the Hospital. There is no pending or threatened investigation of the District or any of the Facilities by the JC which investigation is not otherwise conducted in the ordinary course of business.

6.4(c) Medicare/Medicaid Participation. The Hospital Business and all Hospital Personnel who are medical providers are participating in or otherwise authorized to receive reimbursement from Medicare and Medicaid. To the District's Knowledge, no condition exists or event has occurred which in itself or with the giving of notice or the

lapse of time or both would result in the suspension, revocation, impairment, forfeiture or non-renewal of the Hospital or the Hospital Personnel by any such Medicare or Medicaid payer program. No Hospital Personnel is an Excluded Provider. In the event it is determined prior to the Closing Date that any Hospital Personnel is or becomes an Excluded Provider, that individual shall be prohibited from performing services at the Hospital.

6.4(d) **Fraud and Abuse.** Neither the Hospital nor any Hospital Personnel has engaged in any of the following activities in violation of law or regulation: (i) knowingly and willfully making or causing to be made a false statement or representation of a fact in any application for any benefit or payment; (ii) knowingly and willfully making or causing to be made any false statement or representation of a fact for use in determining rights to any benefit or payment; (iii) knowingly and willingly concealing any event affecting the initial or continued right to receive any benefit or payment with intent to fraudulently secure such benefit or payment in an amount or quantity greater than that which is due or which is authorized; or (iv) knowingly and willfully soliciting or receiving any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind or offering to pay or receive such remuneration (A) in return for referring an individual to a person for the furnishing or arranging for the furnishing or any item or service for which payment may be made in whole or in part by Medicare or Medicaid, or (B) in return for purchasing, leasing, or ordering or arranging for or recommending purchasing, leasing or ordering any good, facility, service or item for which payment may be made in whole or in part by Medicare or Medicaid. Neither the District nor the Hospital is a party to any Corporate Integrity Agreement or similar settlement, compliance or oversight agreement with any Governmental Body relating to the Hospital Business.

Section 6.5 Legal Proceedings; Orders. There is no pending or, to the District's Knowledge, threatened Proceeding that challenges, or that seeks as a remedy preventing, delaying, making illegal or otherwise interfering with, the Contemplated Transactions. To the District's Knowledge, no event has occurred or circumstance exists that would give rise to or serve as a basis for the commencement of any such Proceeding. Except as set forth on Schedule 6.5, neither the District nor any of the Facilities are subject to any Order, including, without limitation, any Order that would limit or affect the District's ability to enter into this Agreement or the Related Agreements or consummate the Contemplated Transactions. Except as set forth on Schedule 6.5, there is no material Proceeding pending, or to the District's Knowledge threatened against, or affecting the District, the Hospital Business or any Hospital Personnel (in such capacity) and, to the District's Knowledge, there is no basis for any of the foregoing. Schedule 6.5 also sets forth a true, correct and complete list of all material Proceedings to which the District, the Hospital Business or any Hospital employee (in such capacity) is a party that has been settled or for which a final judgment has been entered within the last three (3) years. For purposes of this Section 6.5, "material" shall mean settlements or judgments of at least Two Hundred Fifty Thousand Dollars (\$250,000) or which provide for a remedy other than money damages.

Section 6.6 Insurance; Malpractice. All clinical employees of the Hospital have been continuously insured for professional malpractice claims during the lesser of (i) the last three (3) years, or (ii) the period during which such persons have been authorized to provide professional medical services on behalf of the Facilities. All clinical Hospital employees are named insureds covered under the Louisiana Patient's Compensation Fund. To the District's Knowledge, no Hospital Personnel has failed to give any notice or present any claim under any applicable insurance policy in a due and timely fashion. The District has maintained in effect for the past three (3) years and continues to maintain in effect such policies of insurance as are customary in its geographic market for an acute care hospital of size and scope of the operations of the Hospital, with such limits and other terms of coverage as are commercially reasonable for an acute care hospital similar in size and scope to the Hospital. Schedule 6.6 sets forth a true and correct list and description of all current fire, casualty, liability, professional liability, workers compensation and all other insurance coverage (including self-insurance) insurance arrangements and other contracts or arrangements for the transfer or sharing of insurance risks maintained by the District with respect to the Hospital Business and the District has delivered to LCMC true, correct and complete copies of the same.

Section 6.7 Financial Statements. The District has furnished to LCMC (a) the audited financial statements as they relate to the Hospital Business for the three (3) most recent fiscal years, the balance sheet and the related statements of income, and changes in financial position of the Hospital Business for the three (3) most recent fiscal years with available reports thereon from an independent certified public accounting firm (the "Audited Financial Statements"), including any management letters regarding the internal operations of the Hospital with respect to such fiscal year that have been delivered to the District, and (b) unaudited interim financial statements as they relate to the Hospital Business for the monthly periods from the close of the most recently completed fiscal year through November 30, 2014, and shall furnish such unaudited interim financial statements for the monthly periods through the month ending immediately prior to the Closing Date (collectively referred to as the "Unaudited Financial Statements") (the Audited Financial Statements and the Unaudited Financial Statements are sometimes referred to herein collectively as the "Financial Statements"). The Financial Statements have been prepared in accordance with generally accepted Government Accounting Standards ("GAS"), except, in the case of the Unaudited Financial Statements, for the absence of footnotes and year-end adjustments, reflect all Liabilities of the Hospital Business, including all identified material contingent Liabilities, and fairly present the financial position of the Hospital Business and the results of operations and changes in financial position as of the dates and for the periods specified. Except as set forth in the Financial Statements, the Hospital Business has not incurred any Liability other than in the ordinary course of business. Since the date of the most recent Audited Financial Statements, the Hospital Business has not incurred any Liabilities other than in the ordinary course of business and consistent with past practice.

Section 6.8 Title to Assets Other than Real Property. The District has good and marketable title to its Equipment and assets, including, without limitation, the Hospital Business, reflected on the Financial Statements or acquired since the date of such Financial Statements (other than properties and assets disposed of in the ordinary course of business consistent with past practices since the date of the most recent Financial Statements), including, without

limitation, the interests in the Ventures as set forth on Schedule 1.2, and all such properties and assets are free and clear of any and all Encumbrances (including, without limitation, with respect to any of the Ventures, any current obligation to make any additional investment (in the form of a loan, capitalization or otherwise)) other than the Permitted Encumbrances; provided that the liens and other Encumbrances associated with the Long Term Indebtedness will be released effective as of the Closing Date and shall not be deemed Permitted Encumbrances on or following the Closing. Other than the interests in the Ventures as set forth on Schedule 1.2 and any Investments, the District does not own, directly or indirectly, beneficially or of record, or has any operational control over or any obligation to acquire, any membership interest or other equity interests (or any securities or other rights convertible or exchangeable into membership or other equity interests) of any Person, nor does the District have any direct or indirect equity or ownership interest or investment, or any obligation to incur such investment (in the form of a loan, capitalization or otherwise), in any Person. There is no pending or, to the Knowledge of the District, currently contemplated capital call or similar obligation with respect to any of the Ventures and, to the Knowledge of the District, there are no claims or other Liabilities of any of the Ventures which could reasonably be expected to result in any such capital call or similar obligation as of the date hereof. Each item of equipment that has a replacement value of at least Fifty Thousand Dollars (\$50,000) has been maintained and operated in compliance in all material respects with all original equipment manufacturer's specifications and procedures and is otherwise in good working order and repair. Schedule 6.8 sets forth a true, correct and complete listing, as of December 31, 2014, of all of the personal property of the District used in the operation of the Hospital Business.

Section 6.9 Real Estate. The real property listed on Schedule 6.9(i) is a true, correct and complete list of all real property owned by the District that is used in connection with the Hospital Business (the "Hospital Real Property"). The District has good and marketable title to the Hospital Real Property, free and clear of any and all mortgages, pledges, security interests, liens, charges, claims, restrictions and other encumbrances ("Encumbrances") except for Permitted Encumbrances; provided that liens and other the Encumbrances associated with any Long Term Indebtedness will be released effective as of the Closing Date and shall not be deemed Permitted Encumbrances on or following the Closing. The "Permitted Encumbrances" mean, collectively: (i) any Encumbrances for taxes not yet due or payable and those taxes being contested in good faith or that may thereafter be paid without penalty, (ii) any Leases and lease obligations described in Schedule 6.10 of the District Disclosure Schedules, (iii) with respect to the Hospital Real Property, (y) from and after the Closing, any Encumbrances, easements or other restrictions and matters disclosed in title reports, updated title reports, policies of title insurance and/or a survey delivered to or obtained by LCMC, NewCo or Children's on or prior to the Closing, but only to the extent not otherwise subject to any objection of LCMC pursuant to Section 4.2 and (z) only with respect to the use of the term "Permitted Encumbrance" in the Master Hospital Lease, from and after the Closing, any Encumbrances, easements or other restrictions and matters which are of public record or would be disclosed by a customary survey of the applicable property as of the Closing, (iv) mechanics', carriers', workers', repairers' and other similar Encumbrances with respect to amounts not yet due and payable or due but not delinquent or being contested in good faith, (v) pledges, deposits or other Encumbrances to the performance of bids, trade contracts (other than for borrowed money), leases or statutory

obligations (including workers' compensation, unemployment insurance or other social security legislation, but excluding Encumbrances for taxes), (vi) zoning, entitlement and other land use and environmental regulations by any Governmental Body, (vii) any Encumbrance affecting the fee interest of any Leased Real Property not created by the District, (viii) title of a lessor under a capital or operating lease, (ix) minor encroachments including but not limited to foundations and retaining walls, (x) variations, if any, between tax lot lines and property lines (xi) the Encumbrances listed on Schedule 6.9(ii), and (xii) any other imperfections of title, easements, covenants, rights of way and building and use restrictions arising as a matter of law or otherwise, Encumbrances, exceptions, reservations and limitations that could not be reasonably expected to, individually or in the aggregate, interfere in any material respect with the operations of the Hospital Business in a manner consistent with their current use, and (xiii) any Encumbrance caused by, claiming through or consented in writing to by LCMC, Newco or Children's or their Affiliates. Notwithstanding the forgoing, a Required Removal Item shall not be a Permitted Encumbrance.

Section 6.10 Leases.

6.10(a) Each of the leases or subleases of real property in connection with Hospital Business (and all amendments and modifications) to which (i) the District is a party as a tenant is set forth on Schedule 6.10(a)(i); and (ii) the District is a landlord or sublandlord is set forth on Schedule 6.10(a)(ii) (collectively, the "Leases"). The District has delivered to LCMC true, correct and complete copies of the Leases to LCMC, to the extent in the District's possession or control. Except as disclosed in Schedule 6.10(a): (A) the Leases are in full force and effect and are binding and enforceable against each of the parties thereto in accordance with their respective terms (subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and except for limitations upon the availability of equitable remedies, including specific performance); (B) neither the District nor any of the Facilities has received written notice from the other party to any Lease claiming that either the District or any of the Facilities is in default in any material respect thereunder and that such default remains uncured; and (C) there has not occurred any event which would constitute a breach of or default, in any material respect, in the performance of any covenant, agreement or condition contained in any Lease, nor has there occurred any event which, with the passage of time or the giving of notice, or both, would constitute such a material breach or default.

6.10(b) There are no tenants or other persons or entities occupying any space in the real estate subject to the Leases under Section 6.10(a)(i) (the "Leased Real Property") and together with the Hospital Real Property, the "Real Property"), other than pursuant to the tenant leases described in Schedule 6.10(a)(ii).

Section 6.11 Taxes.

6.11(a) With respect to the Hospital Business, the District has duly prepared and filed all federal, state, parish and local tax returns required to be filed, including, without limitation, to the extent applicable, income, sales, single business, payroll, premium,

withholding, informational, real estate, school and, personal property tax returns, and all such returns were true, correct, and complete. All taxes due by reason of the operations conducted by the District with respect to the Hospital Business have been paid, and all taxes which the District is obligated to withhold from accounts owing to employees, creditors, and third parties with respect to the Hospital Business have been properly withheld. All such taxes for which the District has become obligated pursuant to elections made have been paid, if due, and adequate reserves have been established for all taxes accrued but not yet payable. There is no tax lien, whether imposed by any federal, state, parish or local taxing authority outstanding against the assets, properties or businesses of the District as they relate to the Facilities and the Hospital Business. Other than regular property assessments, there is no pending examination or Proceeding by any Governmental Body relating to the assessment or collection of any such taxes, interest, or penalties thereon, nor are there any facts that would provide a basis for any such assessment or collection. With respect to the Hospital Business, the District has not filed any consent or agreement to extend the period for assessment or collection of any such taxes.

6.11(b) Except as set forth in Schedule 6.11(b), the District is exempt from federal income tax pursuant to Section 501(a) of the Internal Revenue Code (the “Code”) by reason of being described in Section 501(c)(3) of the Code, and the District is a “hospital” within the meaning of Section 170(b)(1)(A)(iii) of the Code and is not a private foundation under Section 509(a) of the Code. In addition, the District’s income is excluded from gross income under Section 115 of the Code because the District’s income accrues to a political subdivision of a state, and the District is a “State institution” within the meaning of Section 1.6033-2(g)(1)(v) of the Treasury Regulations. Because the District is exempt from taxation under Section 501(a) of the Code and a “State institution” within the meaning of Section 1.6033-2(g)(1)(v) of the Treasury Regulations, it is not required to file Forms 990. There is no Proceeding pending or, to the District’s Knowledge, threatened, nor, to the District’s Knowledge, are there any existing circumstances that, in any case, could reasonably be anticipated to result in the loss or revocation of such tax exemption.

Section 6.12 Contracts and Other Commitments.

6.12(a) Schedule 6.12(a) sets forth a true, correct and complete list of all written agreements, contracts and understandings of the District or otherwise relating to the Hospital Business which (i) are (A) with a physician who refers patients or services to the Hospital Business, (B) with any entity that refers patients or services to the Hospital Business or, to the Knowledge of District, any entity in which any physician that has a beneficial ownership interest in such entity refers patients or services to the Hospital Business, or (C) are Affiliate Contracts (including, with respect to each of (A)-(C), if applicable, any Leases), (ii) are not terminable by the District nor any of the Facilities upon twelve (12) months or less notice without material penalty or material additional obligation), (iii) are joint venture, partnership, limited liability company agreement, residency training agreement, or affiliation agreements involving or affecting the

Hospital Business (including, without limitation, any agreement or arrangement relating to any of the Ventures), or (iv) have an individual value, or otherwise involve consideration or Liabilities, in excess of One Hundred Thousand Dollars (\$100,000) (collectively, “Material Contracts”). Except as set forth on Schedule 6.12(a), neither the District nor the Hospital Business is party to or otherwise bound by any Material Contract.

6.12(b) The District has provided LCMC with true, correct and complete copies of all Material Contracts and each other contract of the District, if any, which contains any restrictions on competition or contracting, or any most-favored nation (or similar) clause, including, in all cases, all amendments and/or modifications thereto. All such contracts have been provided by the District’s legal counsel via two online data rooms serviced by Intralinks, Inc. Such contracts have been provided in the data room titled “West Jefferson Medical Center” in Folder D (titled “Contracts”), and in the data room titled “West Jefferson Medical Center – CLEAN ROOM MEMBERS ONLY” in Folder D (titled “Contracts”), Folder O (titled “Reimbursement”) and Folder S (titled “Sensitive”).

6.12(c) Each of the Material Contracts is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms (subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors’ rights generally and except for limitations upon the availability of equitable remedies, including specific performance).

6.12(d) Except as set forth in Schedule 6.12(d), none of the Contemplated Transactions (including, without limitation, the assignment of any Material Contract to Newco) would (i) breach, violate or conflict with the terms of any such Material Contract, or (ii) create in any party to any Material Contract the right to revise the terms of, to terminate, to accelerate any obligation of the District or the Hospital Business under, any such Material Contract. Each Assigned Right is legal, valid and in full force and effect. The District is not in breach or default in any material respect under any term or condition under any Assigned Right, and no act or omission has occurred, that with or without the passage of time would constitute any such breach or default. To the District’s Knowledge, no other party to any Assigned Right is in breach or default in any material respect under any term or condition under any Assigned Right, and no act or omission has occurred, that with or without the passage of time would constitute any such breach or default.

Section 6.13 Reimbursement Contracts. Neither the Louisiana Department of Health and Hospitals, nor CMS, during the past five (5) years has refused to enter into or has terminated any participation agreement pursuant to which the District or the Hospital was entitled to reimbursement for services or facilities provided to patients. The District is a party to participation agreements/approvals with Medicare and Medicaid with respect to payment for services to beneficiaries and insureds and is eligible to participate therein, which participation agreements/approvals are currently in full force and effect, and no event has occurred which,

with or without the giving of notice or passage of time or both, would constitute a material default thereunder.

Section 6.14 Other Approvals. Except as set forth in Schedule 6.14, no consents, approvals, qualifications, orders or authorizations of, or filings with, any governmental authority, including any court or other Governmental Body, by the District, are required in connection with its valid execution, delivery, or performance of this Agreement or any Related Agreement at Closing.

Section 6.15 Cost Reports and Appraisals. The District has delivered to LCMC true and correct copies of (a) all cost reports which the District has filed with Medicare and Medicaid for the last five (5) years with respect to the Facilities, as well as all material correspondence and other documents relating to any disputes and/or settlements involving more than Fifty Thousand Dollars (\$50,000) with Medicare and Medicaid or any other third party payor within the last five (5) years regarding the Hospital Business; and (b) all formal third-party appraisals of the Facilities' assets. The Medicare, Medicaid and other third party payor cost reports of the Hospital Business were filed when due. Except for disputes between the District and the intermediary which concern the payment of an individual claim (as opposed to such disputes concerning the right of the District to receive Medicare, Medicaid and other third party payor reimbursement generally or to participate in Medicare, Medicaid or other third party payor programs), there is no pending dispute between the District and any Governmental Body or the Medicare fiscal intermediary regarding Hospital cost reports other than with respect to adjustments thereto made in the ordinary course of business which do not appear likely to involve amounts in excess of Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate. To the District's Knowledge, the Hospital Business is not subject to any pending but unassessed Medicare or Medicaid claim payment adjustments, except to the extent the District has established adequate reserves for such adjustments. With regard to the Financial Statements, the net patient accounts receivable reflect fairly the amounts expected to be received from all third party payors, including Medicare and Medicaid. In addition, neither the District nor the Hospital Business has claimed or received reimbursement from the Medicare, Medicaid or any other third party payor programs in excess of the amounts permitted by Legal Requirements, except and to the extent that such liability for overpayment already has been satisfied or disclosed in the Financial Statements and for which an adequate provision has otherwise expressly been made in the Financial Statements.

Section 6.16 Medicare and Medicaid Certification. With respect to the Hospital Business, the District and/or the Facilities have met and do meet, without material exception, the conditions for participation in the Medicare and Medicaid programs, and there are no pending or, to the District's Knowledge, any threatened Proceedings or investigations under such programs involving the District or the Hospital Business or any basis for the revocation or limitation on such participation. There is no pending or, to the District's Knowledge, threatened criminal, civil, or administrative action, audit, or investigation by a fiscal intermediary or by the federal government with respect to the District or the Hospital Business, which could reasonably be anticipated to adversely affect, in any material respect, the right of the Hospital Business to receive Medicare and Medicaid reimbursement or to participate in the Medicare and Medicaid

programs, or which could reasonably be anticipated to otherwise adversely affect, in any material respect, the receipt of Medicare and Medicaid reimbursement by the Hospital Business.

Section 6.17 Environmental Liabilities and Issues. Except as set forth in Schedule 6.17 or in any environmental report listed therein:

6.17(a) The District and the Hospital are in material compliance with all Environmental Laws affecting the Hospital Business.

6.17(b) Neither the District nor the Hospital has received written notice of any material Liability under any Environmental Law with respect to the Hospital Business, nor, to the District's Knowledge, is the District responsible for any material Liability of any other Person under any Environmental Law with respect to any threatened actions, suits, orders, claims, legal proceedings or other proceedings. Within the last five (5) years, the District has not received written notice of any complaint, order, directive, citation, notice of responsibility, notice of potential responsibility, from any Governmental Body or any other Person or any information request from a Governmental Body arising out of or attributable to any environmental condition with respect to the Hospital Business or the Real Property.

6.17(c) The District has been duly issued, and currently has and will maintain through the Closing Date, all material approvals and permits required under any Environmental Law with respect to the Hospital Business or the Real Property. The District is in compliance in all material respects with all such approvals and permits. Except in accordance with such approvals and permits, there has been no release of material regulated by such approvals and permits at, on, under, or from the Real Property in violation, in any material respect, of Environmental Laws.

6.17(d) No Encumbrance in favor of any Person relating to or in connection with any claim under any Environmental Law has been filed or has attached to the Real Property, other than Permitted Encumbrances.

6.17(e) The District has made available to LCMC all material documents in its possession or control pertaining to the environmental history of the Hospital Business and the Real Property.

6.17(f) Section 6.17 of this Agreement contains the sole and exclusive representations of the District with respect to Environmental Laws, hazardous substances and other environmental matters.

Section 6.18 Interim Changes. Except as set forth in Schedule 6.18, between November 30, 2014 and the date hereof, there has not been:

6.18(a) Any material change in the financial condition, assets, liabilities, properties or results of operation of the Hospital Business, other than as may be disclosed

in any financial statement for any subsequent period which has been disclosed by the District prior to the date hereof;

6.18(b) Any material damage, destruction or loss, whether or not covered by insurance;

6.18(c) Any disposition of any material property, rights or other assets owned by or employed by the Hospital Business or the cancellation or release of any debts or claims;

6.18(d) Any mortgage, pledge or subjection to lien, security interest or any other encumbrance of any of the assets of the District or the Hospital Business, real or personal, tangible or intangible, including the Assigned Assets, other than routine equipment leases in the ordinary course of business consistent with prior practice;

6.18(e) Any grant or incurrence of any increase in the compensation of any Hospital Personnel outside of the ordinary course of business or anticipated other than as a result of pre-existing contractual obligations disclosed in the District Disclosure Schedules;

6.18(f) Other than as set forth on Schedule 6.12(a), any entry into any new Material Contract or any amendment or termination of any existing Material Contract other than in the ordinary course of business consistent with prior practice;

6.18(g) Any change in any method of accounting or accounting principle, practice or policy, except as required by changes in law, regulations or accounting rules generally applied to hospitals;

6.18(h) Any capital expenditure or commitment for additions to property, plant, equipment, intangible or capital assets or for any other purpose, except in accordance with the Facilities budget;

6.18(i) Any entry by the District into any other material transaction with respect to the Hospital Business;

6.18(j) Any event or condition of any character which has had or reasonably could be expected to have a Material Adverse Effect; and

6.18(k) Any agreement or commitment that could reasonably be expected to result in any of the foregoing.

Section 6.19 Indebtedness. Schedule 6.19 includes an accurate and complete list of all Indebtedness with respect to the Hospital Business (the "Hospital Indebtedness"). Schedule 6.19 also includes an accurate and complete list of all material agreements related to the Hospital Indebtedness. Except as disclosed in Schedule 6.19, all such agreements are in full force and effect, the District is not in breach of or default in any material respect under any terms or provision of any of the Hospital Indebtedness, nor do any conditions exist concerning the

Hospital Business which might adversely affect the tax-exempt nature, if applicable, of the Hospital Indebtedness or the exclusion of interest on the Hospital Indebtedness from gross income for purposes of federal income taxation.

Section 6.20 Intellectual Property. With respect to the Hospital Business, the District owns or possesses adequate licenses or other rights to use all of the patents, copyrights, trademarks, trade names, business names, service marks, and logos and all applications and registrations therefor and licenses thereof in use at present in connection with the Hospital Business (the “Intellectual Property”). All registered and issued patents and copyrights and material trademarks, trade names, business names, service marks and logos, and all applications and registrations therefor are set forth in Schedule 6.20. All intellectual property licenses that are Material Contracts are set forth in Schedule 6.12(a). Except as set forth on Schedule 6.20, no material rights in the Intellectual Property have been granted to others by the District. To the District’s Knowledge, use of the Intellectual Property as used by the District in connection with the Hospital Business does not infringe upon the patents, trade secrets, trade names, trademarks, service marks, copyrights or other intellectual property rights of any other Person. No third party has asserted to the District or the Hospital in writing that its use of any Intellectual Property or the conduct of the Hospital Business by the District infringes the patents, trade secrets, trade names, trademarks, service marks, copyrights or other intellectual property rights of any other Person.

Section 6.21 Grants. Schedule 6.21 includes an accurate and complete list of all Restricted Funds and all Unrestricted Funds as of February 1, 2015.

Section 6.22 Affiliates. Schedule 6.22 sets forth a complete and accurate list of all Affiliates of the District. Except as set forth on Schedule 6.22, neither the Parish nor any other Affiliate of the District or any of the Facilities, nor, to the Knowledge of the District, any officer, director or employee of the District, the Parish or any other Affiliate of the District (or any of their immediate family members) owns or otherwise has any rights in any of the assets, properties, contracts and businesses used or held for use in, or otherwise constituting or relating to, the operations of the Facilities (any contract set forth on Schedule 6.22 is an “Affiliate Contract”).

ARTICLE 7 NEWCO REPRESENTATIONS AND WARRANTIES

Newco represents and warrants that, except as set forth in the disclosure schedules attached hereto in reference to Article 7 (the “Newco Disclosure Schedules”), the statements contained in this Article 7 are true and correct as of the date hereof and as of the Closing. The Newco Disclosure Schedules shall be arranged in paragraphs corresponding to the numbered paragraphs contained in this Article 7.

Section 7.1 Organization and Good Standing. Newco is a Louisiana limited liability company, of which LCMC is the sole member. Newco is validly existing and in good standing under the laws of the State of Louisiana, with full limited liability company power and authority to conduct its operations as it is now being conducted, to own or use the properties and

assets that it purports to own or use, and to perform all its obligations under this Agreement, including the limited liability company power and authority to operate the Hospital Business.

Section 7.2 Classification for Tax Purposes. Newco has not elected to be treated as an association pursuant to Section 301.7701-3(a) of the Treasury Regulations and therefore, for federal tax purposes, is disregarded as an entity separate from LCMC.

Section 7.3 Enforceability; Authority; No Conflict.

7.3(a) This Agreement constitutes the legal, valid and binding obligation of Newco, enforceable against it in accordance with its terms subject only to (i) applicable bankruptcy, reorganization, insolvency, moratorium, and other laws affecting creditor's rights generally, and (ii) limitation on the enforcement of equitable remedies. Upon the execution and delivery by Newco of any Related Agreement, each Related Agreement will constitute the legal, valid and binding obligation of Newco, enforceable against it in accordance with its terms subject only to (i) applicable bankruptcy, reorganization, insolvency, moratorium, and other laws affecting creditor's rights generally, and (ii) limitation on the enforcement of equitable remedies. Newco has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and such Related Agreements to which it is a party and to perform its obligations under this Agreement and such Related Agreements, and such action has been duly authorized by all necessary action by LCMC's Board of Trustees on behalf of LCMC as the sole member of Newco. A copy of the authorizing consent resolution or certified meeting minutes is attached as Exhibit K.

7.3(b) Neither the execution and delivery of this Agreement or the Related Agreements by Newco, nor the consummation or performance of the actions contemplated by this Agreement or any of the Related Agreements by Newco will, directly or indirectly (with or without notice or lapse of time) (i) breach any provision of any of the Governing Documents of Newco; (ii) breach any resolution adopted by Newco's Board of Managers then in effect; or (iii) breach or, to Newco's Knowledge, give any Governmental Body or other person the right to challenge any of the Contemplated Transactions, or to exercise any remedy or obtain any relief under, any Legal Requirement to which Newco may be subject; provided that all Permits are obtained by LCMC prior to or at Closing as set forth on Schedule 6.2(b)(ii).

Section 7.4 Other Approvals. Except as set forth in Schedule 7.4, no consents, approvals, qualifications, orders or authorizations of, or filings with, any Governmental Body, including any court or other governmental third party, by Newco are required in connection with its valid execution, delivery, or performance of this Agreement or any Related Agreement by Newco at the Closing.

Section 7.5 Legal Proceedings; Orders. There is no pending or, to Newco's Knowledge, threatened Proceeding against Newco that challenges, or that would reasonably be expected to have the effect of preventing, materially delaying, making illegal or otherwise materially interfering with, the actions contemplated by this Agreement. To Newco's

Knowledge, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding. There is no Order to which Newco is subject that would limit or affect in any Newco's ability to enter into this Agreement or consummate the actions contemplated by this Agreement at the Closing.

**ARTICLE 8
LCMC REPRESENTATIONS AND WARRANTIES**

LCMC represents and warrants that, except as set forth in the disclosure schedules attached hereto in reference to Article 8 (the "LCMC Disclosure Schedules"), the statements contained in this Article 8 are true and correct as of the date hereof and as of the Closing. The LCMC Disclosure Schedules shall be arranged in paragraphs corresponding to the numbered paragraphs contained in this Article 8.

Section 8.1 Organization and Standing. Each of LCMC and Children's is a duly organized nonprofit corporation in the State of Louisiana and is validly existing and in good standing in the State of Louisiana and is qualified to do business in the State of Louisiana. Each of LCMC and Children's has the requisite corporate power and authority to own and operate its properties and assets and to carry on its businesses and operations as presently conducted.

Section 8.2 Tax-Exempt Status. Each of LCMC and Children's is exempt from federal income tax pursuant to Section 501(a) of the Code by reason of being described in Section 501(c)(3) of the Code and is not a private foundation under Section 509(a) of the Code. There is no Proceeding pending or, to LCMC's Knowledge, threatened, nor to LCMC's Knowledge are there any existing circumstances that, in any case, could reasonably be anticipated to result in the loss or revocation of its or Children's tax exemption.

Section 8.3 Enforceability; Authority; No Conflict.

8.3(a) This Agreement constitutes the legal, valid and binding obligation of each of LCMC and Children's, as applicable, enforceable against each such Party in accordance with its terms subject only to (i) applicable bankruptcy, reorganization, insolvency, moratorium, and other laws affecting creditor's rights generally, and (ii) limitation on the enforcement of equitable remedies. Upon the execution and delivery by LCMC of any Related Agreement, each Related Agreement will constitute the legal, valid and binding obligation of LCMC enforceable against it in accordance with its terms subject only to (i) applicable bankruptcy, reorganization, insolvency, moratorium, and other laws affecting creditor's rights generally, and (ii) limitation on the enforcement of equitable remedies. Each of LCMC and Children's has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and, with respect to LCMC, such Related Agreements to which it is a party and to perform its obligations under this Agreement and, with respect to LCMC, such Related Agreements, and such action has been duly authorized by all necessary action by LCMC's Board of Trustees and Children's Board of Directors, as applicable. A copy of the authorizing consent resolution or certified meeting minutes for each of LCMC and Children's is attached as Exhibit K.

8.3(b) Neither the execution and delivery of this Agreement or the Related Agreements by LCMC or Children's, nor the consummation or performance of the actions contemplated by this Agreement or any of the Related Agreements by LCMC or Children's, will directly or indirectly (with or without notice or lapse of time) breach (i) any provision of any of the Governing Documents of LCMC or Children's, (ii) any resolution adopted by LCMC's Board of Trustees then in effect, or (iii) any resolution adopted by Children's Board of Directors then in effect.

Section 8.4 Other Approvals. Except as set forth in Schedule 8.4, no consents, approvals, qualifications, orders or authorizations of, or filings with, any Governmental Body, including any court or other governmental third party, by LCMC or Children's are required in connection with their valid execution, delivery, or performance of this Agreement at the Closing.

Section 8.5 Compliance with Legal Requirements. Except as set forth on Schedule 8.5, and except as would not have a Material Adverse Effect on LCMC or Children's, to the Knowledge of LCMC: (a) LCMC and Children's are, and for the last three (3) years have been operated, in material compliance with all Legal Requirements, including Health Care Laws, Labor and Employment Laws and Environmental Laws; and (b) in connection with LCMC and Children's operation of their businesses, no Governmental Body, no third-party payor and no other Person has alleged in writing, nor has either LCMC or Children's received any notice of, any material violation of or material Liability related to any Legal Requirement, including any Health Care Law, Labor and Employment Law or Environmental Law within the last three (3) years.

Section 8.6 Legal Proceedings; Orders. There is no pending or, to the Knowledge of LCMC, threatened Proceeding against LCMC or Children's that challenges, or that would reasonably be expected to have the effect of preventing, materially delaying, making illegal or otherwise materially interfering with, the actions contemplated by this Agreement. To the Knowledge of LCMC, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding. There is no Order to which LCMC or Children's is subject that would limit or affect LCMC's or Children's ability to enter into this Agreement or consummate the actions contemplated by this Agreement at the Closing.

Section 8.7 Environmental Liabilities. Except as set forth on Schedule 8.7, to the Knowledge of LCMC, there are no facts, circumstances, or conditions existing, initiated or occurring prior to the Closing Date, which have had, or could reasonably be expected to result in, any material Liability to LCMC or Children's or their Affiliates under any Environmental Law or with respect to hazardous substances. For purposes of this Section 8.7, "material" shall mean any uninsured liability or loss incurred exceeding One Million Dollars (\$1,000,000).

Section 8.8 Other Legal Obligations. Neither LCMC, nor Children's nor any Affiliate of any of the foregoing, is a party to a binding contract or agreement that would reasonably be expected to cause LCMC, Newco or Children's to be unable to fulfill its obligations under this Agreement in all material respects.

ARTICLE 9
INTERIM COVENANTS PRIOR TO CLOSING

Section 9.1 Communications. Each Party shall promptly advise the other Parties of all material (and non-privileged) communications which any of them receives pertaining to the Contemplated Transactions which are received from Governmental Bodies. Except to the extent required to comply with applicable Legal Requirements, the Parties also agree to exercise reasonable efforts to discuss and consult with each other with respect to their respective public communications regarding this Agreement and the Contemplated Transactions, and with respect to describing the Contemplated Transactions to their work force, physicians, or respective donor communities.

Section 9.2 Covenants of the District.

9.2(a) In the period between the execution of this Agreement and the Closing Date, with respect to the Facilities, except as otherwise herein provided, without the prior written consent of LCMC, which shall not be unreasonably delayed, conditioned or withheld, neither the District nor the Hospital, either directly or indirectly, shall:

- (i) Make any material change in the accounting principles and practices of the Facilities, except as necessary to conform with Legal Requirements or GAS;
- (ii) Merge or consolidate with or into any corporation or other entity;
- (iii) Hire, or, without cause, terminate the employment of, any Senior Officer of the Hospital;
- (iv) Enter into any new Material Contract or modify any existing Material Contract in any material respect;
- (v) Increase compensation payable or to become payable or make any bonus payment to or otherwise enter into one or more bonus arrangements with any Hospital Personnel or independent contractor of the Facilities, except in the ordinary course of business substantially in accordance with existing policies and not in the aggregate (for all Hospital Personnel and independent contractors of the Facilities) exceeding One Million Dollars (\$1,000,000);
- (vi) Grant to any Hospital Personnel any material increase in compensation, bonus or fringe or other benefits, except in the ordinary course of business consistent with past practice or other than as required under any Benefit Plan or by applicable Legal Requirements;
- (vii) Grant to any Hospital Personnel any increase in severance or termination pay or any right to receive any severance or termination pay or pay any amount to any such individual not otherwise due in an aggregate amount

exceeding (for all Hospital Personnel) Five Hundred Thousand Dollars (\$500,000);

(viii) Establish, adopt, enter into, amend or terminate any deferred compensation, consulting, severance, change of control, termination, retention, deal bonus or indemnification contract with any Hospital Personnel or any contract with any Hospital Personnel the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving the Facilities of a nature contemplated by this Agreement;

(ix) Establish, adopt, enter into, amend, terminate or make any contribution to any Benefit Plan other than as required by applicable Legal Requirements;

(x) Establish, adopt, amend, or terminate any insurance policy, contract, arrangement or agreement, with respect to any Hospital Personnel, except as is necessary to comply with applicable Legal Requirements or with respect to existing provisions of any such policy, contract, arrangement or agreement, other than in the ordinary course of business, consistent with past practices, but in no event with respect an aggregate amount exceeding (for all Hospital Personnel) Five Hundred Thousand Dollars (\$500,000);

(xi) Except as required pursuant to existing written agreements or Benefit Plans in effect prior to the execution of this Agreement and disclosed in the District Disclosure Schedules, or as otherwise required by applicable Legal Requirements, establish, adopt, enter into or amend any collective bargaining agreement, plan, trust, fund, policy or arrangement for the benefit of any Hospital Personnel or any of their beneficiaries, except, in each case, as would not result in a material increase in the cost of maintaining such collective bargaining agreement, plan, trust, fund, policy or arrangement;

(xii) Provide any funding for any rabbi trust or similar arrangement with respect to Hospital Personnel;

(xiii) Enter into any agreement, plan or arrangement to do any of the foregoing with respect to Hospital Personnel;

(xiv) Mortgage, sell, lease or otherwise transfer or encumber any of the material assets of the Facilities, except for Permitted Encumbrances in the ordinary course of business consistent with past practice;

(xv) Incur any single or series of related obligations or other Liability (absolute or contingent) in excess of Fifty Thousand Dollars (\$50,000) individually or Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate, except (A) current Liabilities incurred in the ordinary course of business, and (B) obligations under contracts entered into in the ordinary course of business;

provided that the obligations assumed do not extend beyond twelve (12) months from the effective date of the execution of such contract;

(xvi) Cancel any debts or claims, except in the ordinary course of business consistent with past practice;

(xvii) Incur any capital expenditures in excess of Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate unless already included in the capital or other budget of the Facilities;

(xviii) take any action, fail to take any action, enter into any agreement or consummate any transaction that would prevent the District from performing the Contemplated Transactions or performing its obligations under this Agreement or any Related Agreement or otherwise materially and adversely affect the Hospital Business; or

(xix) Agree or commit to any of the foregoing.

9.2(b) The District shall make all contributions to each Benefit Plan that are required through the Closing Date.

9.2(c) The District shall continue to pay all compensation, vacation pay, and benefits due through the Closing Date to all Hospital Personnel and independent contractors.

9.2(d) During the due diligence period and prior to the Closing Date, the District shall use reasonable efforts to make officers of the Hospital available to representatives of LCMC for general information discussions, upon reasonable advance request.

Section 9.3 Access to Information. Prior to close of the Contemplated Transactions, each Party shall allow the other Party and its counsel, accountants, and other representatives reasonable access to all of its properties, employees and other personnel, books, contracts, commitments, and records, and shall furnish such existing statements (financial and otherwise), records, reports, documents, and other information concerning its operations as its counsel may reasonably request from time to time; provided, however, that such access does not include the right to conduct subsurface or invasive environmental investigations at any Party's property without the prior written consent of that Party and provided further than neither LCMC, Children's, Newco nor any of their Affiliates shall be obligated to provide the District with a level of access and information on a basis greater than the level of access and information provided to the District prior to the date hereof.

Section 9.4 Maintenance of Business and Properties. Prior to the Closing, the District shall use reasonable efforts to preserve, protect and maintain the Hospital Business (including, without limitation, its properties and assets) as a going concern consistent with past practice and not other than in the ordinary course of business.

Section 9.5 Notification of Significant Events. Prior to the Closing, the District will notify LCMC of any material lawsuits, claims, administrative actions or other Proceedings asserted or commenced against it or any of its respective officers, trustees or directors, as applicable, other than those occurring in the ordinary course of business and covered by adequate insurance. Each Party shall promptly give notice in writing of the occurrence of any event, or the failure of any event to occur that results in a breach of any representation or warranty of the Party or a failure by it to comply with any covenant, condition or agreement contained herein.

Section 9.6 Consents and Approvals. Except as otherwise provided in this Agreement, until the Closing, the District: (a) shall comply in all material respects with all applicable Legal Requirements; (b) shall keep, hold and maintain all material certificates of need, certificates of exemption, accreditations, licenses and other permits necessary for the conduct and operation of the Hospital Business; (c) shall use reasonable commercial efforts and cooperate fully with the other Parties to timely obtain all consents, approvals, exemptions and authorizations of third parties, whether governmental or private, make all filings, and give all notices which may be necessary or desirable on its part under all applicable Legal Requirements and under all contracts, agreements and commitments to which it is a party or by which it is bound in order to consummate the Contemplated Transactions, including the assignment of all Hospital Medicare and Medicaid provider numbers and agreements to Newco; and (d) shall cause each of the Facilities, as applicable, to maintain its applicable accreditation by the JC and any other accrediting entity or agency as well as its status as a provider of health care services eligible for payment under Medicare and Medicaid.

Section 9.7 Accounting. Prior to the Closing, each of LCMC, Newco and the District for the Facilities shall maintain its books of account in the usual, regular and ordinary manner in accordance with Generally Accepted Accounting Principles (“GAAP”) or GAS, as applicable, consistently applied and on a basis consistent with prior years, including the consistent use of assumptions, practices, procedures and terminology, and shall not make or cause to be made, except as may be required by changes in GAAP or GAS, as applicable, or as may be required by its accountants, any material changes in its accounting methods or practices, including, as applicable, methods or practices (a) establishing reserves on any patient and note receivables; (b) establishing reserves for all third-party settlements; and (c) and determining the value of any other accounts which are subjectively determined.

Section 9.8 Further Acts and Assurances. On or after the date of this Agreement, a Party, at the reasonable request of another Party and without further consideration, shall promptly do each and every act and thing as may be necessary or reasonably expected of such Party to consummate and perform the Contemplated Transactions, including but not limited to (a) executing and delivering, or causing to be executed and delivered, to the requesting Party all such documents and instruments as are reasonably required to evidence the terms of this Agreement, in addition to those otherwise required by this Agreement, in form and substance reasonably satisfactory to the requesting Party; (b) furnishing documents; (c) filing reports, returns, applications, filings and other documents and instruments; (d) assisting in good faith in any litigation, threatened litigation or claim and cooperating therein with other parties and their advisors and representatives, including providing relevant documents and evidence and

maintaining confidentiality in connection with such litigation or threatened litigation or claims against the Party from whom such cooperation is requested; (e) cooperating with each other in exercising any right or pursuing any claim related to this Agreement, whether by litigation or otherwise, other than rights and claims running against the Party from which such cooperation is requested; and (f) cooperating with each other to finalize and file payor reports and reconciliations, and to comply with any payor audit requests.

**ARTICLE 10
POST CLOSING COVENANTS**

Section 10.1 Employment Matters.

10.1(a) The Parties currently anticipate that the senior management at the Hospital shall be retained following the Closing Date, will continue to function in their current capacities at the Hospital and be integrated into the overall management team operations for LCMC. Subject to the ongoing reviews that would be customary with respect to their positions, it is intended that the Chief Executive Officer (“CEO”) of the Hospital will report to the LCMC CEO, as well as to the Newco Board. Other senior management of the Hospital will report to its CEO, and will be expected also to maintain a “dotted line” responsibility to corresponding senior management of LCMC. The Parties also agree that Newco shall offer employment to all or nearly all other employees of the Facilities, and maintain such persons’ employment and their current length of service credit, subject to customary pre-employment background checks and the exigencies of the market place, for a period of no less than eighteen (18) months following the Closing Date, unless otherwise approved by the Newco Board. The Parties acknowledge that LCMC shall not immediately integrate the Facilities’ existing human resource functions, and shall work with current Hospital management on a collaborative and coordinated basis to evaluate all employment-related programs and functions, so as to develop an approach that meets the needs of all Hospital employees, and positions the LCMC System as the region’s employer of choice. LCMC also expects to add staffing, employment and career advancement infrastructure to facilitate internal advanced educational and career opportunities for Hospital employees as an integral part of the LCMC workforce. Notwithstanding the foregoing, nothing in this Section 10.1 shall limit the right of LCMC, Newco or their Affiliates to terminate the employment of any employee of Newco or to determine or change the terms and conditions of such employment at any time in accordance with entity policy, procedures and processes.

10.1(b) Newco shall be solely responsible for providing continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”) to any current or former Hospital employee, or any of the dependents thereof, who have a “qualifying event” on, prior to, or after the Closing Date (each of the foregoing a “Covered COBRA Electee”); provided that the District shall be responsible for all costs and expenses incurred by Newco in providing such COBRA coverage. Newco shall, as soon as practicable following the end of each calendar quarter, send an invoice for (i) the amount of benefits paid by Newco’s self-insured group health plans on behalf of any Covered COBRA Electee during such period (which are not reimbursable by Newco’s

stop-loss insurance policy) minus (ii) the amount of COBRA premiums paid by all Covered COBRA Electees during such period. The District shall remit the amount so invoiced to Newco within thirty (30) days of receipt of the invoice.

Section 10.2 Charity Care.

10.2(a) The Parties acknowledge and agree that Newco shall cause the Hospital to maintain its existing charity care policies and practices (or put in place comparable policies and practices) following the Closing, subject to (i) the review and approval of the Newco Board, and to be consistent with other members of the LCMC System in providing such services as part of their respective missions in and around New Orleans, (ii) the ongoing obligation of the Facilities to comply with any applicable state or federal Legal Requirements, and (iii) such amendments as may be made to such policy from time to time by the Newco Board in a manner consistent with Legal Requirements and the Public Purpose.

10.2(b) LCMC is committed during the Term to continuing to deploy at least an average of thirty percent (30%) of the Children's annual community benefits initiative for the benefit of the children of Jefferson Parish, Louisiana.

Section 10.3 Medical Staff. The Parties acknowledge and agree that all medical staff members of the Facilities with privileges in good standing as of the Closing will maintain such privileges immediately following the Closing. Consistent with the Public Purpose, Newco shall maintain an open medical staff unless otherwise determined by the Newco Board to be in the best interests of the Hospital. Newco shall cause the Hospital to maintain the current medical staff bylaws of the Hospital following the Closing, subject to revision in order to comply with regulatory and accreditation requirements and in the ordinary course of bylaws review, in a manner that takes into account the role of the medical staff in accordance with custom and practice within the industry. Nothing herein shall prevent Newco from entering into or continuing any existing exclusive contracts with qualified providers for hospital based physician services, including, but not limited to, anesthesia, radiology or pathology.

Section 10.4 Service Commitments. The Parties acknowledge and agree that during the Term, Newco, through the Hospital, shall continue to provide all of the services currently being provided to the community by the Hospital for a minimum of two (2) years following the Closing Date. Following such period no material changes shall be made to the breadth and scope of such services, except (a) absent a material deterioration in the overall financial condition of the Hospital, but subject to input from the Newco Board, (b) in the event a material service line is no longer viable from a financial viewpoint, subject to input by the Newco Board, (c) in accordance with a community needs assessment, or (d) as may be generally conformed over time to be consistent with community and LCMC System needs, as determined by the Newco Board and LCMC, in each case, subject to overall strategic planning initiatives within the LCMC System.

Section 10.5 Affiliations. Members of the LCMC System and the Hospital maintain relationships with LSU and Tulane, as well as a number of other academic institutions,

and a variety of community partners throughout greater New Orleans. Together, and working with its Affiliates, during the Term, LCMC will use commercially reasonable efforts to enhance these relationships and further expand these collaborations and affiliations for the benefit of all of the Parties.

Section 10.6 Permitted and Required Uses for the Facilities. Pursuant to the terms of the Master Hospital Lease and this CEA, the Facilities shall be used and occupied by Newco solely for a hospital, medical business offices, medical staff offices, medical clinics and related or customary uses incidental thereto (“Permitted Uses”), and for no other purposes without the prior written consent of the District, which shall not be unreasonably withheld, conditioned or delayed, as long as (a) throughout the Term of the Master Hospital Lease and this CEA, Newco shall be licensed by the Louisiana Department of Health and Hospitals (and any successors thereto) to operate the Hospital; (b) shall maintain accreditation for the Hospital from the JC (and any successors thereto); (c) shall maintain certification of the Hospital by CMS and the Louisiana Department of Health and Hospitals for Louisiana Medicaid (collectively, the “Licensing and Accreditation Standard”); and (d) shall operate the Hospital as a general acute care hospital in material compliance with the Licensing and Accreditation Standard (but if any failure to strictly comply with the Licensing and Accreditation Standard would endanger the health and safety of persons or prevent the Hospital from being operated as a general acute care hospital, then Newco shall comply to the extent necessary to avoid such negative consequences) (the “Required Use”). Notwithstanding the foregoing, in the event Newco operates within the District a general, acute care hospital satisfying the Licensing and Accreditation Standard (a “Qualifying Hospital”), whether or not located on the Leased Premises, Newco may use the existing Hospital for any Permitted Use, and the requirement to operate the Hospital in accordance with the Required Use shall be satisfied so long as such other Qualifying Hospital is being operated as set forth above.

Section 10.7 Community Benefit Payments. During the Term, Newco shall make additional payments (the “Community Benefit Payments”) to the District in the aggregate amount of Three Million Dollars (\$3,150,000) for use at the District’s discretion for items that the District deems beneficial to the community, in accordance with the following schedule:

- 10.7(a) \$1,150,000, payable at Closing;
- 10.7(b) \$750,000, payable no later than January 31, 2016;
- 10.7(c) \$750,000, payable no later than January 31, 2017; and
- 10.7(d) \$500,000, payable no later than January 31, 2018.

Section 10.8 Amendment of Bylaws or Operating Agreement. During the Term, neither Newco nor LCMC shall amend its bylaws or Operating Agreement, as applicable, in a manner that contravenes in any material respect the rights of the District described in this Agreement or in the Related Agreements.

Section 10.9 Uninsured Patients. At all times during the Term, the Parties shall work collaboratively and exercise their commercially reasonable efforts to secure funding from the State for the cost of the services provided to uninsured patients who are provided services by the Facilities.

Section 10.10 Cooperation with Respect to Government Payment Programs. The Parties acknowledge and agree that neither LCMC, Newco, nor any of their respective Affiliates shall have any obligation with respect to Section 17-20 of the Jefferson Parish Code of Ordinance regarding the provision of medical services to prisoners at the Parish jail and that any Liability arising out of relating thereto shall be deemed an Excluded Liability.

Section 10.11 Community Needs. District Community Health Needs. The Parties agree that the District was formed and exists for the purpose of meeting the health care needs of the citizens residing within the geographical boundaries of Jefferson Parish Hospital Service District No. 1, (hereinafter referred to as the “Westbank Community”), and nothing herein shall preclude the District from providing health related services that are not otherwise adequately provided for in the Westbank Community in accordance with the provisions of this Section 10.11 and any requirements placed upon it by the Louisiana State Constitution or the Louisiana Revised Statutes. The Parties further agree that the public purpose which led to and is inherent within this Agreement is in order for the District to assure the delivery of health care in the Westbank Community by Newco, as an affiliate of LCMC over the term of this Agreement and the Master Hospital Lease, and to collaboratively and on an ongoing basis assess health care delivery needs in the Westbank Community so that both the value of the assets and operations transferred to Newco can be preserved on a financially sound basis, and the needs of the residents of the Westbank Community can be met. Accordingly, the District, LCMC and Newco wish to avoid unnecessary and costly duplication of services in the Westbank Community and, therefore have agreed to the processes set forth in this Section 10.11.

10.11(a) The District (and any successor in interest) will not engage in the ownership or operation, directly or indirectly, of any entity that provides a health care service which is offered by Newco in the Westbank Community, and is adequately and readily available and accessible to the citizens of the Westbank Community on or after the Closing Date, except that in assessing whether ambulatory surgery center services are adequately and readily available and accessible, consideration will be given to whether outpatient surgery is available and accessible to the citizens of the Westbank Community from any of the healthcare service providers within the Westbank Community.

10.11(b) Notwithstanding the foregoing, there will be no limitations on the District’s ability to engage in the following (“District Health Mission Initiatives”):

- (i) Health education and screening;
- (ii) Health prevention in the form of inoculations, annual physicals, and other health prevention activities;
- (iii) Insurance enrollment education and promotion;

(iv) Intergovernmental transfers to support the provision of health care in the Westbank Community;

(v) Health Clinics in and focused in all material respects upon underserved/indigent populations within the Westbank Community; and

(vi) Any of the health care services currently being provided by the Jefferson Parish Health Department, or the Jefferson Parish Human Services Authority.

10.11(c) In the event the District determines, as a result of a needs assessment based on generally recognized industry criteria for such an assessment, that a health related service is not otherwise available and accessible in the Westbank Community or that is required to ensure that the citizens of the Westbank Community have adequate availability and access to health care related services, then the District shall provide a Community Health Needs Notice (a “Notice”) of such to CSC (as defined below) and to Newco. The Notice will set forth the District’s proposal to furnish services to meet the identified unmet need. The Notice will set forth the following information:

(i) The basis for the determination by the District, and the data and needs assessment upon which it was based; and

(ii) The District’s proposal to furnish services to meet the identified unmet need with reasonably adequate detail to allow Newco to evaluate the scope and costs of a new service.

Following receipt of a Notice, a membership meeting of CSC shall take place including representatives of Newco, LCMC and the District to discuss the existence of the unmet need as set forth in the Notice, and if there is agreement, will explore potential alternatives to collaboratively meet the identified unmet need. This meeting will occur within sixty (60) days of the receipt of the Notice, and shall be attended by the members of CSC and, without limitation, shall also include the Chair of the District and the Chief Executive Officers of Newco and LCMC. If the CSC members are able to agree on the effort to proceed (following consultation with their respective representatives), they shall set forth in writing the agreed approach to meet the unmet need (each such agreed approach, an “Action Plan”). If Newco agrees to take the required steps to meet the unmet need, the District shall not duplicate those efforts.

10.11(d) If after the CSC membership meeting the Parties do not agree on the existence of an unmet need or on the terms of an Action Plan, either member of CSC, WJC and LCMC on the one hand, or the District on the other hand, may invoke the dispute resolution provisions of the CEA. If the result of the dispute resolution process is that there is not an unmet need, the District will not proceed with the creation of the services in question.

10.11(e) If the parties agree on an unmet need as set forth herein, but Newco does not elect to create a new service or facility to address that need, the District may proceed to do so, but agrees to proceed within the ninety (90) days following the Newco election not to proceed, to initiate the health service facilities or operations it has identified in the notice. If the District elects to create the new service or facility to address the unmet need, if the expenditure required to do so is in excess of Five Million Dollars (\$5,000,000), then the District will have twelve (12) months to initiate the development of the necessary facilities and operations. If the expenditure required to establish the new service or facility is less than Five Million Dollars (\$5,000,000), then the period shall be six (6) months. If the periods are not met, then the District will not proceed until there is a new Notice and the process again proceeds as set forth above following the receipt of that Notice.

10.11(f) If the Parties agree on an Action Plan, and Newco elects to create a new service or facility under the terms of such Action Plan, if the expenditure required to do so is in excess of Five Million Dollars (\$5,000,000), then Newco will have twelve (12) months to initiate the development of the necessary facilities and operations. If the expenditure required to establish the new service or facility is less than Five Million Dollars (\$5,000,000), then the period shall be six (6) months.

10.11(g) In the event the District believes that, following the periods set forth above, the initiation of the Action Plan by Newco has not occurred, or during any construction or service development period, reasonable progress has not been made, the District will provide notice to Newco of the deficiency. Newco will thereafter have a reasonable time to cure the deficiency, which period shall be not less than ninety (90) days. If the cure has not occurred as to those deficiencies which may reasonably be cured within that time frame, or for those for which a longer period of time is reasonably required and reasonable efforts have not been made to effect a cure during that time period, then the District may initiate steps to provide the service in question itself during the ensuing six (6) months from the date a cure should reasonably have been completed. The parties agree that the Notice may not be served within eighteen (18) months following the close of the Transaction.

10.11(h) Community Services Collaborative.

(i) The District and Newco agree to create a Louisiana Partnership embodied in a partnership agreement to be entered and made effective as of the Effective Date consistent with the terms set forth herein, to be known as the Community Services Collaborative (“CSC”) to provide a vehicle to allow the parties to collaboratively monitor and address any service needs by the residents of the Westbank Community. It shall be funded initially with One Hundred Fifty Thousand Dollars (\$150,000) of the Community Benefit Payments made hereunder, with a like amount contributed by Newco, and staff support from Newco, with the ability to retain outside consultants as the partners may determine appropriate. Its term shall be coextensive with the term of this Agreement and the Master Hospital Lease. Its functions shall be as follows:

- (a) Gathering information about health care services and service delivery;
- (b) Promoting the appropriate establishment and continuation of needed hospital health services at the Hospital or at affiliated providers within the Westbank Community;
- (c) Collaborating on the evaluation on community needs;
- (d) Considering the needs of the indigent and underinsured in the Westbank Community;
- (e) Discussing potential joint efforts to address such needs; and
- (f) Monitoring Newco's performance under this Agreement and the Master Hospital Lease; and
- (g) Ongoing monitoring of the performance of a non-hospital campus clinical site of Newco providing services to the Westbank Community (which, for clarity, shall be a single, existing clinic selected by the parties prior to the Closing). Through CSC, the District and Newco will monitor clinic performance and jointly consider services that might appropriately be offered in the clinic to meet community needs (subject to the overall authority of Newco as the licensee for the site and the operator under the terms and conditions of the CEA and Master Lease). To the extent that the selected clinic generates a positive operating margin from its operations, such margin will be contributed to CSC. Within CSC, the parties will consider and attempt to reach agreement on where any such contribution may be spent on Westbank Community services or benefits. In the event the parties cannot reach agreement, available distributions shall be distributed, with the District receiving twenty-five percent (25%) of such distributions and seventy-five (75%) going to Newco. Distributions to each of the parties are agreed to be used for community benefits in the Westbank Community. The participation in such margin will not require the District to be responsible in any way for losses of CSC or any further obligations for capital contributions as they might be related to operations at the agreed clinic site. In the event the operations of the clinical site are wound up or terminated, the parties will make best efforts to agree on a substitute site, with the purpose of continuing to provide health care services in the Westbank Community, and comparable monitoring and related responsibilities, and sharing of margin; and
- (h) Such other functions as the parties determine are reasonable and appropriate.

(ii) On an annual basis, CSC will review health care services utilization data from residents of the Westbank Community to consider areas of interest and changing population demographics.

(iii) Newco will share any community needs assessment as it may perform in response to any regulatory requirements. In such preparation, when a community needs assessment is required to have community participation, the District will be notified and asked to make recommendations as to participants in the process.

(iv) In the event the foregoing process results in either party proceeding to develop facilities or services to meet an unmet need, each party may proceed directly, and further proceeding through the CSC is not a requirement of this Section 10.11.

(v) During the existence of the CSC, which will be co-extensive with this Agreement and is a material element of this Agreement and its goals, the District shall not operate a competing health care service to Newco, except as may be otherwise set forth in this Section 10.11 for the purposes of meeting an unmet health care services need for the residents of the Westbank Community.

(vi) Governance of CSC shall be by member vote and each member, Newco and the District, respectively, will each have a fifty percent (50%) vote. An affirmative action or vote of the CSC governing body shall require the approval of both members.

(vii) All disputes between the members of CSC shall be resolved in a manner consistent with the dispute resolution provisions of Sections 11.3(b) and (c), and 11.4(b) herein.

(viii) Notwithstanding the foregoing, nothing in this Section 10.11 shall prohibit or limit the District from performing its legislative and constitutional duties or obligations as provided for in the Louisiana Constitution and/or Louisiana Revised Statutes.

ARTICLE 11 TERM, TERMINATION, AND REMEDIES

Section 11.1 Term. Unless otherwise terminated as provided herein, this Agreement shall remain in effect for an initial term of forty-five (45) years following the Closing (such term from the Closing Date though the end of such forty-five (45) year period, the “Initial Term”). In addition to the Initial Term, Newco shall have the right for this Agreement to be automatically renewed for up to two (2) additional fifteen (15) year terms (each an “Additional Term” and together with the Initial Term, the “Term”) if Newco (with the approval of LCMC) advises the District in writing at least one hundred eighty (180) days in advance of the end of the then current Term that it desires to extend the Term for such Additional Term. Each Additional

Term shall be under the same terms and conditions as are set forth herein. Further, this CEA shall be automatically renewed upon renewal of the Master Hospital Lease.

Section 11.2 Termination. This Agreement shall terminate prior to the expiration of the Term only upon the expiration or termination of the Master Hospital Lease or in accordance with this Section 11.2 and for no other reason. Any termination of this CEA following the Closing shall be subject to the Termination Wind Down Period provided in Section 11.5 below. Subject to the foregoing, this CEA shall terminate upon the mutual agreement of all of the Parties or at the end of the Initial Term or an Additional Term if not renewed as set forth herein, and (subject to compliance with the provisions of Section 11.3 and 11.4 hereof) may otherwise be terminated prior to the expiration of the Term only for the following (each, a “Potential Terminating Breach”):

11.2(a) Prior to the Closing, by LCMC or Newco if a breach of any representation, warranty or covenants or agreement on the part of the District set forth in this Agreement shall have occurred which, have or, if uncured, could reasonably be expected to have a Material Adverse Effect; provided that LCMC and Newco shall not have the right to terminate this Agreement pursuant to this clause if LCMC or Newco is then in material breach of any of their respective representations, warranties, covenants or agreements hereunder and such breach shall have had, or, if uncured, could reasonably be expected to have, a Material Adverse Effect.

11.2(b) Prior to the Closing, by the District if a breach of any representation, warranty or covenants or agreement on the part of LCMC or Newco set forth in this Agreement shall have occurred which, have or, if uncured, would cause a Material Adverse Effect; provided that the District shall not have the right to terminate this Agreement pursuant to this clause if the District is then in material breach of any of its respective representations, warranties, covenants or agreements hereunder and such breach shall have had, or, if uncured, could reasonably be expected to have, a Material Adverse Effect.

11.2(c) Prior to the Closing, by any Party if the Closing shall have not occurred by September 30, 2015; provided that at such time such Party (or any of its Affiliates, as applicable) is not in material breach of any of its respective representations, warranties, covenants or agreements hereunder and such breach shall have had, or, if uncured, could reasonably be expected to have, a Material Adverse Effect.

11.2(d) Prior to the Closing, by the District if the LCMC System, on a consolidated basis, shall have less than three hundred twenty-five (325) days’ cash on hand; provided that at such time the District is not in material breach of any of its respective representations, warranties, covenants or agreements hereunder and such breach shall have had, or, if uncured, could reasonably be expected to have, a Material Adverse Effect.

11.2(e) By LCMC if there is a change in (or a new interpretation of) any Legal Requirements, whether statutory, regulatory or rule set forth by a Governmental Body, or

any there is entered any final judgment of any court of competent jurisdiction, in either case that would prevent or require that Newco no longer be a direct Affiliate of LCMC and the Parties are unable to agree, following the process in Section 11.3, on terms to amend the CEA or otherwise address the consequences of the change in or new interpretation of the law; provided that if the Parties are unable to reach a new agreement or otherwise address such consequences of any such change or new interpretation or judgment, no Party shall be liable or responsible for any damages suffered by any other Party as a result of a termination pursuant to this subsection.

11.2(f) By the District, following the Closing, upon any material breach by LCMC, Children's or Newco, as applicable, of their respective obligations set forth in Sections 5.1 and 5.2 (but, for clarity, solely with respect to a failure to timely make a Shortfall Payment, if applicable).

11.2(g) By the District, upon the entry of a court order for relief in any involuntary case commenced against the Newco, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, which is not vacated within one hundred twenty (120) days, or the entry of a decree or order by a court having jurisdiction appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of, or for Newco or a substantial part of the properties of Newco, or an order winding up or liquidating the affairs of Newco, and the continuance of any such decree or order unstayed and in effect for one hundred twenty (120) consecutive days.

11.2(h) By LCMC or Newco, upon commencement by the District of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or by the District, upon commencement by Newco of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted.

11.2(i) By LCMC or Newco, in the event that the District's obligations pursuant to Section 12.2 hereof with respect to Newco Losses, but for the District Cap, would exceed Eighty Million Dollars (\$80,000,000) in total and otherwise remain unsatisfied.

11.2(j) By the District, in the event that Newco's, LCMC's or Children's obligations pursuant to Section 12.3 hereof with respect to District Losses, but for the LCMC Cap, would exceed Eighty Million Dollars (\$80,000,000) in total and otherwise remain unsatisfied.

Section 11.3 Process for Addressing Alleged Breaches, Including Potential Terminating Breaches. If there is an alleged breach of this Agreement or any Related Agreement, including but not limited to a Potential Terminating Breach, the Parties shall proceed as follows:

11.3(a) Notice and Cure Period. A Party asserting any breach of this Agreement or any Related Agreement, including a Potential Terminating Breach, shall provide the other Parties written notice of such breach, which notice shall include a detailed description of the basis for such breach and the non-breaching Party's requirements

(consistent with the terms of this Agreement) to remedy such asserted breach. Except as otherwise set forth in Section 4.2 herein, the Party asserted to have breached the Agreement shall be entitled to a ninety (90) day cure period (the “Cure Period”), or such other time period agreed to by the Parties, to cure the asserted breach; provided the Cure Period shall be extended to the extent that the Party asserted to have so breached shall have made reasonably diligent efforts to cure within the initial ninety (90) day period, and thereafter continues to diligently pursue such cure to completion.

11.3(b) Consultative Process. If such alleged breach is not cured within the Cure Period (as may be extended), the Parties shall for a period of up to ten (10) Business Days engage in the Consultative Process to attempt to resolve the dispute.

11.3(c) Executive Level Negotiations. If an alleged breach is not resolved in the Consultative Process pursuant to Section 11.3(b), the Chair of the District Board of Directors (acting within the authority granted by the District Board of Directors) and the CEOs of Newco and LCMC (and Children’s, if applicable), or in each case his or her designee, shall discuss and negotiate in good faith for up to thirty (30) calendar days to attempt to resolve the issue.

11.3(d) Termination Right. If the dispute regarding the asserted breach is not resolved pursuant to the procedures in Section 11.3(a)-(c), and such breach is a Potential Terminating Breach, the non-breaching Party shall have the right to terminate this Agreement by delivering written notice of such termination to the other Parties specifying the effective date of such termination (the “Termination Notice”). Such termination right shall be in addition to any other remedies which the non-breaching Party may have at law or equity (subject to any limitations otherwise contained in this Agreement, including, without limitation, Article 12); provided that if a Party receiving a Termination Notice disputes the basis on which the termination option is being exercised, then such Party shall promptly commence the dispute resolution process under Section 11.4(b) and a Party’s right to terminate this Agreement shall be tolled pending final resolution of such dispute.

Section 11.4 Exclusive Remedies.

11.4(a) Except as otherwise set forth in the Master Hospital Lease, the sole and exclusive remedies of the Parties under this Agreement and any Related Agreement (including, without limitation, any breach of this Agreement or any Related Agreement) shall be (i) money damages awarded for claims made post-Closing by a court of competent jurisdiction; (ii) specific performance and injunctive relief ordered by a court of competent jurisdiction, for claims made post-Closing (provided, that no specific performance remedy granted hereunder shall be interpreted to enlarge the obligations of LCMC, Newco or Children’s hereunder with respect to availability and expenditure of the Commitment Funds pursuant to Sections 5.1 and 5.2 hereof), provided that specific performance may not be sought as against LCMC or Children’s; and (iii) a Party’s right to terminate this Agreement, if applicable, pursuant to Section 11.2 hereof.

11.4(b) In the event of a dispute arising out of or relating to this Agreement or any Related Agreement, the creation of this Agreement or any Related Agreement, the subject matter hereof or thereof, any breach of this Agreement or any Related Agreement or the relationship between the Parties (including, without limitation, any dispute regarding whether any Party has the right to terminate this Agreement or any Related Agreement) (a “Dispute”), that, in any such case, is not or cannot be resolved pursuant to Section 11.3, then such Dispute may, with the mutual consent of the disputing parties, be resolved through non-binding mediation. The mediators shall, in good faith, approximate the extent to which each Party prevailed and may award the costs of the mediation process and reasonable attorney’s fees and expenses consistent with such approximation. In the event that a Dispute is not resolved by the mediators to the satisfaction of any Party, such Dispute may be brought for review by a court of competent jurisdiction.

Section 11.5 Wind Down Period Upon Termination Following Closing. Any termination of this Agreement following the Closing and permitted under this Article 11, whether an Agreed Termination or a termination as a result of a Potential Terminating Breach shall be subject to a period of time determined by the non-breaching Party if termination occurs as a result of a Potential Terminating Breach, or as mutually agreed between the Parties in the event of an Agreed Termination, not to exceed six (6) months (the “Termination Wind Down Period”), during which the Parties will collaborate to transition Hospital operations to the District in good faith and in an orderly fashion to assure the Public Purpose continues to be satisfied at all times. The Termination Wind Down Period shall begin two (2) days after the terminating Party or Parties deliver a Termination Notice to the other Parties, or, in the event that a Termination Notice is subject to dispute, two (2) days following the full and final resolution of such dispute (the “Wind Down Commencement Date”). Subject to the ultimate authority of the Newco Board of Managers, during the Termination Wind Down Period, the District, Newco and LCMC will establish a transition committee (the “Transition Committee”) with half of the persons serving on the Transition Committee appointed by the District (and the remaining members to be appointed by LCMC), to work with the Newco Board of Managers in the transition of Hospital operations. The Parties will continue to comply with the terms and conditions of this Agreement during the Termination Wind Down Period.

11.5(a) During the Termination Wind Down Period, Newco shall, effective on the date of termination, take the following actions:

(i) Surrender or convey, as applicable, to the District, the Facilities (together with all fixtures and improvements);

(ii) Transfer to the District, pursuant to one or more conveyance agreements with then-customary terms reasonably acceptable to the Parties, all of Newco’s interest in (A) assets of the types of the Assigned Assets described herein that are related to or associated with the Hospital Operations conducted by Newco immediately preceding such transfer, but (1) with respect to tangible assets (such as Owned Equipment), only to the extent such assets are located in the Facilities and are necessary to operate the Facilities in accordance with the applicable Requirements, (2) with respect to intangible assets (such as the

District's interests in the Ventures and Intellectual Property), limited to the intangible assets that are specifically Assigned Assets, but only to the extent such intangible Assigned Assets then exist (and, for clarity, in no event shall Newco be required to maintain or retain any such interest in any of the Ventures); provided, however, (i) to the extent Newco has incorporated any copyrights included within Intellectual Property into operations outside the Facility, the District shall grant a perpetual, non-transferable, non-exclusive, sublicensable license to Newco to continue to use, and to create derivative works of, such transferred-back Intellectual Property, in connection with such continued operations outside the Facility, and (ii) with respect to new copyrighted works owned by Newco for use in its operations of the Facility under this Agreement (which, for clarity, would not be assigned to the District), Newco shall grant the District a perpetual, non-transferable, non-exclusive, sublicensable license to continue to use, and to create derivative works of, such copyrighted works in connection with such continued operations at the Facility, and (iii) with respect to patented technology owned by Newco and used in the Facility just prior to termination (which for clarity, would not be assignable to the District) and essential to the operation of the Facility (“Essential Patented Technology”), Newco agrees to negotiate a non-transferable, non-sublicensable license to such Essential Patented Technology on such commercially reasonable terms to be determined during the Wind Down period; and (B) all owned or leased personal and intangible property which are located in or directly part of the Facilities and are necessary to operate the Facilities in accordance with the applicable Requirements; and

(iii) Assign to the District, pursuant to one or more assignment agreements with then-customary terms reasonably and mutually agreed upon by the Parties, claims and liabilities of the types of Assumed Liabilities described herein, but excluding any leasehold mortgages or other liens on the Facilities incurred by LCMC, Children’s or Newco.

11.5(b) For the avoidance of doubt, in no event shall Newco be obligated to transfer to the District any facilities or assets of Newco other than (i) the Facilities, and (ii) any assets located at the Facilities that are necessary to operate the Facilities in accordance with the applicable Requirements.

ARTICLE 12 FINANCIAL RESPONSIBILITY

Section 12.1 Survival. All representations, warranties and all covenants and obligations in (a) Sections 6.7, 6.12, 6.18, 6.20, 6.21 and 8.8 of this Agreement required to be complied with or performed at or prior to the Closing shall survive the Closing for a period of two (2) years, (b) the portions of Section 6.3 and 6.11 of this Agreement required to be complied with or performed at or prior to the Closing shall survive for a period of sixty (60) days following any applicable statute of limitation, (c) Sections 6.2, 7.3 and 8.3 of this Agreement required to be complied with or performed at or prior to the Closing shall survive indefinitely, and (d) all other sections of this Agreement required to be complied with or performed at or prior

to the Closing shall survive the Closing for a period of five (5) years; provided further that a Party's rights under Section 12.2 or 12.3 hereof, as applicable, with respect to any of the foregoing shall be preserved to the extent that notice of a claim is delivered on or prior to expiration, if any, of such survival period.

Section 12.2 Financial Responsibility of the District. The District agrees to pay to Newco, LCMC and each of their respective officers, directors, employees, agents and Affiliates (collectively, the "Newco Parties"), those amounts which will hold the Newco Parties harmless against and in respect of any and all payments, damages, claims, demands, losses, expenses, costs, obligations and Liabilities, including reasonable attorneys' fees (collectively "Losses"), incurred by any Newco Party ("Newco Losses") to the extent that such Losses arise or result from, or are related to: (a) any breach or failure of the District to perform any of their representations, warranties, commitments, obligations, covenants or conditions hereunder or under any Related Agreement; (b) any Excluded Liability; (c) any re-contracting for any services subject to any Assigned Right which are reasonably required as a result of a failure to obtain at or prior to the Closing a consent to the assignment of such Assigned Right to Newco, (d) any actions or omissions of the District or any of their respective agents with respect to the Hospital Business taken prior to the Closing or following the Term, or (e) the operation of the Hospital Business by the District prior to the Closing or following the Term. Except with respect to any obligation under this Section 12.2 with respect to either (i) a breach of Section 2.5 of the Master Hospital Lease (warranty of peaceful possession), or (ii) any Long Term Indebtedness or any Pension Plan (including, without limitation, any Excluded Liability related thereto), which shall not be subject to any limitations, and subject to Section 11.2(i), the maximum aggregate amount the Newco Parties may recover from the District pursuant to this Section 12.2 shall be Fifty Million Dollars (\$50,000,000) (the "District Cap"), except for any Liability with respect to the Hospital Business for acts or omissions arising or occurring prior to the Effective Time by the District or the Facilities or any of their employees or agents (including, without limitation, any Hospital Personnel), for violations of the Federal False Claims Act, violations of the Stark Law or Federal Anti-Kickback Statutes, or arising out of erroneous, inaccurate, mistaken or wrong coding, charging, billing or collections procedures.

Section 12.3 Financial Responsibility of Newco, LCMC and Children's.

12.3(a) Subject to Section 12.3(d), Newco agrees to pay to the District and its officers, directors, employees, agents and Affiliates ("District Parties"), those amounts which will hold the District Parties harmless against and in respect of any and all Losses incurred by any District Party ("District Losses") to the extent that such Losses arise or result from or are related to, (i) any breach or failure of Newco or LCMC to perform any of its representations, warranties, commitments, obligations or covenants hereunder or under any Related Agreement; (ii) any Assumed Liability, (iii) any acts or omissions of Newco or LCMC or any of their agents or employees in connection with the Hospital Business taken following the Closing and during the Term, or (iv) the operation of the Hospital Business by Newco following the Closing and during the Term.

12.3(b) In the event that pursuant to a final judgment of a court of competent jurisdiction, Newco shall be required to pay any amounts to any District Parties pursuant

to Section 12.3(a) hereof and Newco shall fail to pay such amounts, subject to the limitations set forth in Section 12.3(d), LCMC shall pay all such amounts to the applicable District Party.

12.3(c) In the event that LCMC shall be obligated to be financially responsible to the District Parties for Losses pursuant to Section 12.3(b) hereof, subject to the limitations set forth in Section 12.3(d), Children's shall advance to LCMC the amount of such Losses.

12.3(d) Notwithstanding anything to the contrary contained herein or in any Related Agreement, in no event shall Newco's, LCMC's and Children's collective obligations for a breach of this Agreement or any Related Agreement or any of the transactions contemplated hereby or thereby, including without limitation any obligations to make any payments pursuant to Section 12.3(a)-(c), exceed Fifty Million Dollars (\$50,000,000) in the aggregate (the "LCMC Cap"), except to the extent for (i) any obligations specifically arising under Sections 5.1 through 5.3 hereof; and (ii) any obligations or Liabilities (including but not limited to the costs of remediation) for violation(s) of Environmental Laws or release(s) of hazardous materials or substances to the extent caused by or on behalf of any of the Newco Parties following the Effective Date and which impact the Hospital Real Property, which for the purposes of clarification would not include actions undertaken by or on behalf of Newco Parties that are required pursuant to any Order of any Governmental Body to address any Liability that is an Excluded Liability under Section 3.2(c)(vii), unless such actions are undertaken in a negligent manner.

Section 12.4 Third-Party Claims.

12.4(a) Promptly after receipt by a Person with rights under either Section 12.2 or 12.3 hereof (a "Claiming Person") of notice of the assertion of a Third-Party Claim against it, such Claiming Person shall give notice to the Person obligated to be financially responsible pursuant to Section 12.2 or 12.3, as applicable (a "Responsible Person") of the assertion of such Third-Party Claim; provided that the failure to notify the Responsible Person will not relieve the Responsible Person of any liability that it may have to any Claiming Person, except to the extent that the Responsible Person demonstrates that the defense of such Third-Party Claim is prejudiced by the Claiming Person's failure to give such notice.

12.4(b) If a Claiming Person gives notice to the Responsible Person pursuant hereto of the assertion of a Third-Party Claim, the Responsible Person shall be entitled to participate in the defense of such Third-Party Claim and, to the extent that it wishes (unless (i) the Responsible Person is also a Person against whom the Third-Party Claim is made and the Claiming Person determines in good faith that joint representation would be inappropriate, or (ii) the Responsible Person fails to provide reasonable assurance to the Claiming Person of its financial capacity to defend such Third-Party Claim and/or provide financial responsibility with respect to such Third-Party Claim), to assume the defense of such Third-Party Claim with counsel satisfactory to the Claiming Person.

After notice from the Responsible Person to the Claiming Person of its election to assume the defense of such Third-Party Claim, the Responsible Person shall not, so long as it diligently conducts such defense, be liable to the Claiming Person under this Article 12 for any fees of other counsel or any other expenses with respect to the defense of such Third-Party Claim, in each case subsequently incurred by the Claiming Person in connection with the defense of such Third-Party Claim, other than reasonable costs of investigation. If the Responsible Person assumes the defense of a Third-Party Claim, no compromise or settlement of such Third-Party Claim may be effected by the Responsible Person without the Claiming Person's prior written consent unless (i) there is no finding or admission of any violation of a Legal Requirement or any violation of the rights of any Person; (ii) the sole relief provided is monetary damages that are paid in full by the Responsible Person; and (iii) the Claiming Person shall have no liability with respect to any compromise or settlement of such Third-Party Claims effected without its consent.

12.4(c) Notwithstanding the foregoing, if a Claiming Person determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it other than as a result of monetary damages for which it would be entitled to compensation under this Agreement or that the Losses therefrom could reasonably be expected to exceed any limitations, if any, on the Responsible Person's obligations therefor, the Claiming Person may, by notice to the Responsible Person, assume the exclusive right to defend, compromise or settle such Third-Party Claim, but the Responsible Person will not be bound by any determination of any Third-Party Claim so defended for the purposes of this Agreement or any compromise or settlement effected without its prior written consent (which may not be unreasonably withheld or delayed).

12.4(d) With respect to any Third-Party Claim subject to Section 12.2 or 12.3 hereof: (i) both the Claiming Person and the Responsible Person, as the case may be, shall keep the other Person fully informed of the status of such Third-Party Claim and any related Proceedings at all stages thereof where such Person is not represented by its own counsel, and (ii) the Parties agree (each at its own expense) to render to each other such assistance as they may reasonably require of each other and to cooperate in good faith with each other in order to ensure the proper and adequate defense of any Third-Party Claim.

12.4(e) With respect to any Third-Party Claim subject to subject to Section 12.2 or 12.3 hereof, the Parties agree to cooperate in such a manner as to preserve in full (to the extent possible) the confidentiality of all Confidential Information and the attorney-client and work-product privileges. In connection therewith, each Party agrees that, to the extent allowed by law: (i) it will use its commercially reasonable efforts, in respect of any Third-Party Claim in which it has assumed or participated in the defense, to avoid production of Confidential Information (consistent with applicable law and rules of procedure), and (ii) all communications between any Party hereto and counsel responsible for or participating in the defense of any Third-Party Claim shall, to the extent possible, be made so as to preserve any applicable attorney-client or work-product privilege.

Section 12.5 Other Claims. A claim pursuant to Section 12.2 or 12.3 hereof for any matter not involving a Third-Party Claim may be asserted by notice to the Party from whom financial responsibility is sought and shall be paid promptly after such notice.

Section 12.6 Limitations on Losses; Materiality. A Party shall not be liable for Losses pursuant to Section 12.2 or 12.3, as applicable, for breaches of any representation or warranty, unless the aggregate amount of Losses pursuant thereto exceeds Two Hundred Fifty Thousand Dollars (\$250,000); but in such event the District or LCMC, as applicable, shall be liable in full for all such Losses from the first dollar. Following the Closing, in determining the existence or the extent of a breach of a representation or warranty in Article 6 hereunder, any “materiality,” “Material Adverse Effect” or similar qualifier contained in such representation or warranty shall be disregarded.

ARTICLE 13 GENERAL PROVISIONS

Section 13.1 Interpretation. In this Agreement, unless a clear contrary intention appears:

13.1(a) The singular number includes the plural number and vice versa.

13.1(b) Reference to any Person includes such Person’s successors and permitted assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually.

13.1(c) Reference to any gender includes the other gender.

13.1(d) Reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof.

13.1(e) Reference to any Legal Requirement means such Legal Requirement as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Legal Requirement means that provision of such Legal Requirement from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision.

13.1(f) “[H]ereunder,” “hereof,” “hereto,” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof.

13.1(g) “[I]ncluding” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term.

13.1(h) “[O]r” is used in the inclusive sense of “and/or.”

13.1(i) With respect to the determination of any period of time, “from” means “from and including” and “to” means “to but excluding.”

13.1(j) References to “day,” rather than the defined term “Business Day,” shall mean a calendar day.

13.1(k) References to documents, instruments or agreements shall be deemed to refer as well to all Addenda, Exhibits, Schedules or Amendments thereto.

Section 13.2 Legal Representation of the Parties. This Agreement was negotiated by the signatories hereto with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any signatory hereto shall not apply to any construction or interpretation hereof.

Section 13.3 Expenses. Except as otherwise provided in this Agreement, each Party to this Agreement will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the Contemplated Transactions, including all fees and expense of its representatives. If this Agreement is terminated, the obligation of each Party to pay its own fees and expenses will be subject to any rights of such Party arising from any breach of this Agreement by another Party.

Section 13.4 Public Announcements. Subject to all applicable Legal Requirements, the Parties shall coordinate to ensure that any public announcement, press release or similar publicity with respect to this Agreement or the Contemplated Transactions will be issued, if at all, at such time and in such manner as the Parties shall mutually determine.

Section 13.5 Notices. Except as otherwise provided in this Agreement, any notice, payment, demand, request or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be duly given by the applicable Party if personally delivered to the applicable Party, or if sent certified or registered mail, at its address set forth below:

If to the District:

Jefferson Parish Attorney
200 Derbigny Street
Gretna, LA 70053-5850

With a copy to:

Hogan Lovells US LLP
555 13th Street, NW
Washington, DC 20004
Attn: Clifford D. Stromberg

If to Newco, Children’s or LCMC to:

West Jefferson Holdings, LLC
200 Henry Clay Avenue
New Orleans, LA 70118

and:

Louisiana Children’s Medical Center
200 Henry Clay Avenue
New Orleans, LA 70118

Attention: President & CEO

Attention: President & CEO

With copy to:

and:

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

Foley & Lardner LLP
111 Huntington Avenue, Suite 2500
Boston, MA 02199
Attention: J. Mark Waxman

or to such other address as such Party may from time to time specify by written notice to the other Parties.

Any such notice shall, for all purposes, be deemed to be given and received:

- (i) if by hand, when delivered;
- (ii) if given by nationally recognized and reputable overnight delivery service, the Business Day on which the notice is actually received by the Party; or
- (iii) if given by certified mail, return receipt requested, postage prepaid, three (3) Business Days after posted with the United States Postal Service.

Section 13.6 Jurisdiction; Service of Process. Subject to Section 11.4(b), any Proceeding brought by any of the Parties to enforce its rights under this CEA may be brought in the 24th Judicial District for the Parish of Jefferson, Louisiana, or, if it has or can acquire jurisdiction, in the United States District Court for the Eastern District of Louisiana, and each of the Parties irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of such Proceeding shall be heard and determined only in any such court and agrees not to bring any Proceeding arising out of or relating to any such claims in any other court. The Parties agree that any of them may file a copy of this Section with any court as written evidence of the knowing, voluntary and bargained agreement between the Parties irrevocably to waive any objections to venue or to convenience of forum. Process in any Proceeding referred to in the first sentence of this section may be served on any party anywhere in the world.

Section 13.7 Entire Agreement and Modification. This Agreement supersedes all prior agreements, whether written or oral, among the Parties with respect to its subject matter and constitutes (along with the other documents and Exhibits delivered pursuant to this Agreement) a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by the District, LCMC, Children's and Newco.

Section 13.8 Assignments, Successors and No Third-Party Rights. No Party may assign any of its rights or delegate any of its obligations under this Agreement or any of the Related Agreements without the prior written consent of the other Parties, not to be unreasonably withheld or delayed, and subject to the terms of the Master Hospital Lease, as applicable to assignments by Newco. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the Parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this Section.

Section 13.9 Severability. The invalidity or unenforceability of any term or provision of this Agreement will not affect the validity or enforceability of the remaining terms and provisions hereof that reasonably can be given effect apart from the invalid or unenforceable part.

Section 13.10 Construction. The headings of Articles and Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to “Articles,” and “Sections” refer to the corresponding Articles and Sections of this Agreement.

Section 13.11 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 13.12 Governing Law. This Agreement will be governed by and construed under the laws of the State of Louisiana without regard to conflicts-of-laws principles that would require the application of any other law.

Section 13.13 Execution of Agreement. This Agreement may be executed in two (2) or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile or electronically scanned (.pdf) shall be deemed to be their original signatures for all purposes.

Section 13.14 Compliance with Health Care Laws. This Agreement is intended to comply with all Health Care Laws and nothing herein is intended to require, nor shall the Agreement be construed or interpreted as requiring, directly or indirectly, explicitly or implicitly, any Party to take any action that would violate any Health Care Law.

Section 13.15 Access to Records. To the extent that the services provided under this Agreement are deemed by the Secretary of the Department of Health and Human Services, the U.S. Comptroller General, or the Secretary’s or Comptroller’s delegate, to be subject to the provisions of Section 952 of Public Law 96-499, the Parties, until the expiration of four (4) years subsequent to the furnishing of services under this Agreement, shall make available, upon

written request to the Secretary, the Comptroller, or any of their duly authorized representatives this Agreement, and the books, documents and records of the Parties that are necessary to certify the nature and extent of the charges to each Party. If any Party carries out any of its duties under the Agreement through a subcontract, with a value of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period, with a related organization (as that term is defined with regard to a provider in 42 C.F.R. § 413.17(1)), such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization upon written request shall make available, to the Secretary, the Comptroller, or any of their duly authorized representatives the subcontract, and books, documents, and records of such organization that are necessary to verify the nature and extent of such costs. If any Party is requested to disclose any books, documents, or records relevant to this Agreement for the purpose of an audit or investigation relating directly to the provision of services under this Agreement, such Party shall notify the other Parties of the nature and scope of such request and shall make available to the other Parties, upon written request, all such books, documents, or records. This Section is included pursuant to and is governed by the requirements of federal law. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by the Parties or any of the Parties' representatives by virtue of this Agreement.

Section 13.16 LCMC, Children's and Newco Not Intended to be Public Bodies. Nothing in this Agreement is intended, and it is not the intent of the Parties to cause or result in LCMC, Children's or Newco being considered a public or quasi-public body, Governmental Authority or subdivision thereof, other public entity or otherwise subject to public inspection laws of the State, public audit or other disclosure procedures generally applicable to public bodies in the State.

Section 13.17 Discrimination Clause. The Parties shall abide by the requirements of the following as applicable: Title VI of the Civil Rights Act of 1964 and Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, Federal Executive Order 11246 as amended, the Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, the Fair Housing Act of 1968 as amended, and the requirements of the Americans with Disabilities Act of 1990. The Parties agree not to discriminate in their employment practices, and will render services under this Agreement without regard to race, color, religion, sex, sexual orientation, national origin, veteran status, political affiliation, or disabilities.

Section 13.18 Force Majeure. Any delay or failure by any Party or other signatory hereto with respect to any of their respective obligations hereunder shall be excused if and to the extent caused by the occurrence of a Force Majeure.

Section 13.19 Withdrawal and System Reorganization. Subject to the terms of the Master Hospital Lease, nothing in this Agreement shall be deemed to prevent or restrict LCMC from (a) merging or consolidating Newco with or into any other Affiliate of LCMC, so long as LCMC's and Children's respective obligations hereunder remain intact and Newco's obligation hereunder and under each Related Agreement are intact with the successor entity, or (b)

becoming, merging into, or creating a successor in interest which will assume the rights and obligations under the CEA and the Related Agreements.

Section 13.20 Further Assurances. Each party hereto shall cooperate reasonably at all times from and after the date hereof with respect to all of the matters described herein, and shall execute such further documents as may be reasonably requested for the purpose of giving effect to, or evidencing or giving notice of, the transactions contemplated by this Agreement.

[Signatures on following page.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Witnesses:

JEFFERSON PARISH HOSPITAL DISTRICT
NO. 1, PARISH OF JEFFERSON, STATE OF
LOUISIANA, D/B/A WEST JEFFERSON
MEDICAL CENTER

By: _____
Date: _____

LOUISIANA CHILDREN'S MEDICAL
CENTER

By: _____
Date: _____

WEST JEFFERSON HOLDINGS, LLC

By: _____
Date: _____

CHILDREN'S HOSPITAL
OF NEW ORLEANS

By: _____
Date: _____

SCHEDULES

Please see the attached.

EXHIBITS

Please see the attached.

SCHEDULE 1

DEFINITIONS

“Accounts Receivable” has the meaning set forth in Section 3.2(a)(ii).

“Action Plan” has the meaning set forth in Section 10.11.

“Actual Service Line Costs” has the meaning set forth in Section 3.3(d)(i).

“Additional Term” has the meaning set forth in Section 11.1.

“Adjourned Closing Date” has the meaning set forth in Section 4.2.

“Affiliate” means a Person that directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, another Person.

“Affiliate Contract” has the meaning set forth in Section 6.22.

“Agreement” has the meaning set forth in the preamble.

“Agreed Termination” means termination of the CEA upon the mutual agreement of all of the Parties or at the end of the Initial Term or an Additional Term if not renewed as set forth herein

“Annual Statement” has the meaning set forth in Section 5.4(a).

“Annual Statement Objection” has the meaning set forth in Section 5.4(b).

“Articles” has the meaning set forth in Section 2.1.

“Assigned Assets” has the meaning set forth in Section 3.2(a).

“Assigned Contracts” has the meaning set forth in Section 3.6.

“Assigned Interests” has the meaning set forth in Section 3.6.

“Assigned Rights” has the meaning set forth in Section 3.6.

“Assignment” has the meaning set forth in Section 3.2(a).

“Assumed Benefit Plan” has the meaning set forth in Section 3.2(a)(x).

“Assumed Liabilities” has the meaning set forth in Section 3.2(c).

“Assured Guaranty” means Assured Guaranty Municipal Corp.

“Audited Financial Statements” has the meaning set forth in Section 6.7.

“Balance Sheet” shall mean a balance sheet of the District for the Hospital Business showing the net book value of the Hospital Business, as of a specified time, of the respective categories of assets and liabilities set forth in the balance sheet for the fiscal year ended December 31, 2013 (the “Recent Balance Sheet”). Each Balance Sheet shall be prepared in accordance with GAS, be in form and level of detail as nearly as possible identical to the Recent Balance Sheet (to the extent consistent with GAS) and be accompanied by schedules setting forth in reasonable detail all assets and liabilities included therein.

“Balance Sheet Dispute” has the meaning set forth in Section 4.4(f)(i).

“Balance Sheet Objection” has the meaning set forth in Section 4.4(d).

“Balance Sheet Objection Response” has the meaning set forth in Section 4.4(f)(i).

“Benefit Plans” has the meaning set forth in Section 6.3(a).

“Bond Counsel” has the meaning set forth in the Bond Ordinance.

“Bond Indenture” means General Hospital Revenue Bond Trust Indenture dated as of November 1, 2008, as amended and restated by a First Amended and Restated General Hospital Revenue Bonds Trust Indenture dated as of October 1, 2011 by and between the District and the Trustee, as supplemented and amended through the Fourth Supplemental Trust Indenture dated as of October 1, 2011 (as so amended and restated).

“Bond Ordinance” means Parish Council Ordinance No. 20458 adopted on September 2, 1988, as amended and restated by Ordinance No. 20476 adopted September 23, 1988, which supplemented and amended Ordinance No. 19831.

“Business Days” means Monday through Friday, except for federal or Louisiana state holidays.

“Capital Expenditures” has the meaning set forth in Section 5.1.

“CEA” has the meaning set forth in the preamble.

“CEO” has the meaning set forth in Section 10.1.

“Children’s” has the meaning set forth in the preamble.

“Claiming Person” has the meaning set forth in Section 12.4(a).

“Closing” has the meaning set forth in Section 4.2.

“Closing Adjustment Schedules” has the meaning set forth in Section 4.4(c).

“Closing Balance Sheet” has the meaning set forth in Section 4.4(c).

“Closing Date” has the meaning set forth in Section 4.2.

“Closing Payment” has the meaning set forth in Section 3.3(b).

“CMS” means the Centers for Medicare/Medicaid Services, an agency of the U.S. Department of Health and Human Services.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commitment Funds” has the meaning set forth in Section 5.1.

“Commitment Period” has the meaning set forth in Section 5.1.

“Community Benefit Payments” has the meaning set forth in Section 10.7.

“Confidential Information” includes, to the extent allowed by law, any and all of the following information of any Party that has been or may hereafter be disclosed in any form, whether in writing, orally, electronically or otherwise, or otherwise made available by observation, inspection or otherwise by any Party or its representatives (collectively, a “Disclosing Party”) to the other party or its representatives (collectively, a “Receiving Party”):

- (i) all information that is a trade secret under applicable trade secret or other law;
- (ii) all information concerning product specifications, data, know-how, formulae, compositions, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current and planned research and development, current and planned manufacturing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, market studies, business plans, computer hardware, software and computer software and database technologies, systems, structures and architectures;
- (iii) all information concerning the business and affairs of the Disclosing Party (which includes historical and current financial statements, financial projections and budgets, tax returns and accountants’ materials, historical, current and projected sales, capital spending budgets and plans, business plans, strategic plans, marketing and advertising plans, publications, client and customer lists and files, contracts, the names and backgrounds of key personnel and personnel training techniques and materials, however documented), and all information obtained from review of the Disclosing Party’s documents or property or discussions with the Disclosing Party regardless of the form of the communication; and
- (iv) all notes, analyses, compilations, studies, summaries and other material prepared by the Receiving Party to the extent containing or based, in whole or in part, upon any information included in the foregoing.

“Control” (including the term “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of management policies of a Person, whether through membership in a nonprofit corporation, appointment of the board of directors or board of supervisors, ownership of voting securities, by contract, as trustee or executor, or otherwise.

“Consultative Process” means an open, good faith dialogue among the appropriate individuals designated or identified by each Party on breaches, disputes or issues of concern to or affecting the Contemplated Transactions. Unless this Agreement provides that the Consultative Process is to proceed automatically, the Consultative Process shall commence upon receipt of written notice from the Party requesting the Consultative Process by the other Party.

“Contemplated Transactions” has the meaning set forth in the recitals.

“Covered COBRA Electee” has the meaning set forth in Section 10.1(b).

“CSC” has the meaning set forth in Section 10.11.

“Cure Period” has the meaning set forth in Section 11.3(a).

“Curing Event” has the meaning set forth in Section 4.2.

“Disclosing Party” has the meaning set forth in the definition of Confidential Information.

“Dispute” has the meaning set forth in Section 11.4(b).

“District” has the meaning set forth in the preamble.

“District Cap” has the meaning set forth in Section 12.2.

“District Disclosure Schedules” has the meaning set forth in the preamble to Article 6.

“District Health Mission Initiatives” has the meaning set forth in Section 10.11.

“District Losses” has the meaning set forth in Section 12.3(a).

“District Parties” has the meaning set forth in Section 12.3(a).

“Effective Date” has the meaning set forth in the preamble.

“Effective Time” has the meaning set forth in Section 4.2.

“Elected Managers” has the meaning set forth in Section 2.2(a)(ii).

“Encumbrances” has the meaning set forth in Section 6.9.

“Environmental Laws” means the federal, state, regional, county or local environmental laws, regulations, ordinances, rules applicable policies and common law in effect on the date hereof and as of the Effective Time relating to the use, refinement, handling, treatment, removal, storage, production, manufacture, transportation or disposal, emission, discharge, release or threatened release of hazardous substances, or relating to exposure to hazardous substances or protection of the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), as the same may be amended or modified to the date hereof and as of the Effective Time, including Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., each as may have been amended or supplemented, and any applicable environmental transfer statutes or laws.

“Equipment” has the meaning set forth in Section 3.2(a)(vi).

“ERISA” means the Employee Retirement Income Security Act of 1974.

“Escrow Account” has the meaning set forth in Section 3.3(c).

“Escrow Agent” has the meaning set forth in Section 3.3(c).

“Escrow Agreement” has the meaning set forth in Section 3.3(c).

“Escrow Amount” has the meaning set forth in Section 3.3(c).

“Essential Patented Technology” has the meaning set forth in Section 11.5(a)(iii).

“Estimated Balance Sheet” has the meaning set forth in Section 4.4(a).

“Estimated Working Capital” has the meaning set forth in Section 4.4(a).

“Excluded Assets” has the meaning set forth in Section 3.2(b).

“Excluded Benefit Plans” has the meaning set forth in Section 3.2(c)(x).

“Excluded Contract” has the meaning set forth in Section 3.2(b)(viii).

“Excluded Liabilities” has the meaning set forth in Section 3.2(c).

“Excluded Provider” means an individual or entity who or that is excluded from participating in any state or federal health care program pursuant to 42 U.S.C. § 1320a-7.

“Existing Unacceptable Encumbrances” has the meaning set forth in Section 4.2.

“Ex Officio Designees” has the meaning set forth in Section 2.2(a)(ii).

“Facility” has the meaning set forth in the recitals.

“Final Adjustment Schedules” has the meaning set forth in Section 4.4(g).

“Final Balance Sheet” has the meaning set forth in Section 4.4(g).

“Final Working Capital” has the meaning set forth in Section 4.4(g).

“Financial Advisor” has the meaning set forth in Section 4.4(f)(ii).

“Financial Statements” has the meaning set forth in Section 6.7.

“Force Majeure” shall mean any (i) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, war, blockade, insurrection, riot or civil disturbance; (ii) labor dispute or strike; (iii) order or judgment of any governmental authority, if not the result of willful or negligent action of a party, or (iv) any other causes beyond the reasonable control of the Party whose performance is affected, any of which results in loss, delay or inability of any party to perform the obligations hereunder.

“Foundation” has the meaning set forth in Section 3.7(b).

“Future Unacceptable Encumbrances” has the meaning set forth in Section 4.2.

“GAAP” has the meaning set forth in Section 9.7.

“GAS” has the meaning set forth in Section 6.7.

“Governing Documents” has the meaning set forth in Section 2.1.

“Governmental Authorization” means any consent, license, registration or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

“Governmental Body” or “Governmental Bodies” means any:

- (i) nation, state, county, parish, city, town, borough, village, district or other jurisdiction;
- (ii) federal, state, local, municipal, foreign or other government;
- (iii) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers);
- (iv) multinational organization or body;

- (v) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or
- (vi) official of any of the foregoing.

“Health Care Laws” means all applicable federal or state or local laws, statutes, rules, codes and regulations relating to the delivery of and/or payment for health care services, 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; (vi) 42 U.S.C. §§ 1395dd, et. seq., which is commonly referred to as the “Emergency Medical Treatment and Active Labor Act” (EMTALA).

“Hospital” has the meaning set forth in the recitals.

“Hospital Business” has the meaning set forth in Section 3.2(a).

“Hospital Indebtedness” has the meaning set forth in Section 6.19.

“Hospital Personnel” means, whether singular or plural, all persons who are those employees or contractors of the District providing services at the Facilities or for the Hospital Business.

“Hospital Real Property” has the meaning set forth in Section 6.9.

“Illegal Contract” has the meaning set forth in Section 3.6.

“Indebtedness” means with respect to any person or entity at any date, without duplication, all obligations of such person or entity:

- (i) under leases required to be capitalized in accordance with GAAP or GAS, as the case may be;
- (ii) for borrowed money or in respect of loans or advances and all accrued interest, prepayment premiums or penalties and fees on the foregoing which would be payable if such obligations were paid in full as of such date;
- (iii) to pay the deferred purchase price of property or services recorded on the books of such person or entity, except for (1) trade and similar accounts payable and accrued expenses arising in the ordinary course of business and not past due, (2) employee compensation and other obligations arising from employee benefit programs and agreements or other similar employment arrangements payable at times, and in amounts, in the ordinary course of business and not past due and (3) obligations in respect of advances received in the ordinary course of business;

- (iv) in respect of performance bonds, banker's acceptances and letters of credit, including standby letters of credit;
- (v) deferred compensation; or
- (vi) all obligations of others guaranteed by such Person, including contingent obligations and obligations under derivative, hedging, swap, foreign exchange or similar instruments.

Indebtedness includes (1) any and all accrued interest, prepayment premiums, make-whole premiums or penalties and fees or expenses (including attorneys' fees) associated with the prepayment of any Indebtedness, (2) all obligations under checks drawn (or to be drawn) against deposit accounts prior to the Closing but not yet presented for payment and under cash or bank account overdrafts, (3) accounts payable relating to the purchase of capital assets, (4) credit card payables of such person or entity that are past due or credit card payables related to non-business activities.

"Initial Period" has the meaning set forth in Section 5.2.

"Initial Term" has the meaning set forth in Section 11.1.

"Initial Title Report" has the meaning set forth in Section 4.2.

"Intellectual Property" has the meaning set forth in Section 6.20.

"Inventory" has the meaning set forth in Section 3.2(a)(iii).

"Investments" means marketable securities held by the District passively or solely for investment purposes, which shall specifically include any of the Ventures.

"JC" means The Joint Commission.

"Knowledge" A Party will be deemed to have knowledge of a particular fact or other matter if any of the following individuals is actually aware of that fact or matter: in the case of the District, Nancy Cassagne, Michael Adcock, Angela Greener, Madeline Browning, Dr. Alfred Abuaza, Eric Yankovich and Stacey Ballard; and in the case of Newco or LCMC, Greg Feirn and Suzanne Haggard.

"Labor and Employment Laws" means all applicable laws, rules and regulations which relate to the employment of labor, including without limitation hiring, terms and conditions of employment, terminations, collective bargaining, compensation, classification of employees, wages, hours, overtime pay, occupational safety and health, work authorization, equal employment opportunity, affirmative action, immigration, withholding of income taxes on wages, unemployment compensation, worker's compensation, employee privacy, right to know, social security contributions, and state disability insurance laws.

"LCMC" has the meaning set forth in the preamble.

“LCMC Cap” has the meaning set forth in Section 12.3(d).

“LCMC Disclosure Schedules” has the meaning set forth in the preamble to Article 8.

“LCMC System” has the meaning set forth in the recitals.

“LCMC System Designees” has the meaning set forth in Section 2.2(a)(ii).

“Leases” has the meaning set forth in Section 6.10(a).

“Leased Premises” has the meaning set forth in Section 3.1(a).

“Leased Real Property” has the meaning set forth in Section 6.10(b).

“Legal Requirement” means any federal, state, local, municipal, foreign, international, multinational or other constitution, law, ordinance, code, regulation, statute or treaty, including without limitation Health Care Laws.

“Liability” means with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Licensing and Accreditation Standard” has the meaning set forth in Section 10.6.

“Long Term Indebtedness” means the Indebtedness of the District consisting of (i) the District’s (West Jefferson Medical Center) Fixed Rate Hospital Revenue Bonds, Series 1998B, (ii) District’s (West Jefferson Medical Center) Fixed Rate Hospital Revenue Refunding Bonds, Series 2009A-2, (iii) District’s (West Jefferson Medical Center) Hospital Revenue and Refunding Bonds, Series 2011A and (iv) any other Indebtedness with a term of greater than one year that is secured by a pledge of the revenues of the Hospital or by a mortgage or other lien encumbering all or substantially all of the Hospital Real Property.

“Losses” has the meaning set forth in Section 12.2.

“LSU” has the meaning set forth in the recitals.

“Master Hospital Lease” has the meaning set forth in Section 3.1(a).

“Material Adverse Effect” means any condition, change, event, violation, inaccuracy, circumstance or effect that individually or in the aggregate, could reasonably be expected to result in: (i) for any Party hereto, uninsured liabilities or losses incurred (including, without limitation, lost revenues and asset values) exceeding Ten Million Dollars (\$10,000,000); (ii) the inability of any tax-exempt entity that is a Party hereto to maintain its Section 501(c)(3) tax-exempt and Section 509(a) public charity status under the Code; (iii) the inability of LCMC or

the Facilities to operate as licensed health care facilities; (iv) the debarment or exclusion of any Party hereto from participation in the Medicare or Medicaid programs; (v) the imposition of criminal sanctions or penalties that would have a material impact on the financial performance of any Party hereto; (vi) the cancellation or revocation without prompt replacement of material insurance coverage of any Party hereto; (vii) final loss of accreditation of any Party hereto from the JC or, if applicable, a comparable accreditation agency recognized by CMS that allows for deemed status for purposes of participation in Medicare and Medicaid; (viii) an inability of any Party hereto to materially perform obligations under the this Agreement; or (ix) insolvency of any Party hereto. Notwithstanding anything to the contrary, “Material Adverse Effect” shall not include for any Party: (i) changes in financial or operating performance due to or caused by seasonal changes consistent with prior years’ experience; (ii) changes or proposed changes to any applicable laws, reimbursement rates or policies of governmental agencies or bodies that are generally applicable to hospitals or healthcare facilities and that do not disproportionately affect the applicable entities; (iii) general business, industry or economic conditions that do not disproportionately affect the applicable entities relative to the impact of such conditions on hospitals and healthcare facilities nationally; (iv) any anticipated reduction in benefits or payments from government payors, or (iv) changes in GAAP.

“Material Contracts” has the meaning set forth in Section 6.12(a).

“Medicaid Provider Agreement” has the meaning set forth in Section 3.2(a)(ix).

“Medicaid Provider Number” has the meaning set forth in Section 3.2(a)(ix).

“Medical Records Agreement” has the meaning set forth in Section 3.2(a)(vii).

“Medicare Provider Agreement” has the meaning set forth in Section 3.2(a)(viii).

“Medicare Provider Number” has the meaning set forth in Section 3.2(a)(viii).

“Mortgage” has the meaning set forth in Section 4.1(f)(iii).

“Newco” has the meaning set forth in the preamble.

“Newco Board” means the Board of Managers of Newco.

“Newco Disclosure Schedules” has the meaning set forth in the preamble to Article 7.

“Newco Losses” has the meaning set forth in Section 12.2.

“Newco Parties” has the meaning set forth in Section 12.2.

“Notice” has the meaning set forth in Section 10.11.

“Operating Agreement” has the meaning set forth in Section 2.1.

“Order” means any order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Body or arbitrator.

“Outstanding” has the meaning set forth in the Bond Ordinance.

“Overage” has the meaning set forth in Section 4.4(h)(ii).

“Owned Equipment” has the meaning set forth in the recitals.

“Parish” has the meaning set forth in the recitals.

“Party” has the meaning set forth in the preamble.

“Pension Plan” means any employee pension benefit plan as defined in Section 3(2) of ERISA, whether or not governed by ERISA, including but not limited to the Retirement Plan for the Employees of West Jefferson Medical Center, as amended and in effect from time to time.

“Period” has the meaning set forth in Section 5.2.

“Permits” has the meaning set forth in Section 6.4(a).

“Permitted Encumbrances” has the meaning set forth in Section 6.9.

“Permitted Uses” has the meaning set forth in Section 10.6.

“Person” means an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Body.

“Potential Terminating Breach” has the meaning set forth in Section 11.2.

“PPI” has the meaning set forth in Section 3.3(d).

“Prepaid Rent” has the meaning set forth in Section 3.3(a).

“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.

“Public Purpose” has the meaning set forth in Section 1.1.

“Qualifying Hospital” has the meaning set forth in Section 10.6.

“Real Property” has the meaning set forth in Section 6.10(b).

“Receiving Party” has the meaning set forth in the definition of Confidential Information.

“Recent Balance Sheet” has the meaning set forth in the definition of Balance Sheet.

“Related Agreement” has the meaning set forth in Section 6.2(a).

“Replacement Title Insurance Company” has the meaning set forth in Section 4.2.

“Required Consents, Permits and Approvals” has the meaning set forth in Section 4.1(d).

“Requirements” means the requirements of (i) all applicable federal, state, local and parish rules, laws, ordinances, governmental regulations, resolutions, common laws, orders, judgments, rulings, codes and decrees and (ii) the JC (including the Environment of Care Standards of the JC) and any other applicable accrediting agency and any successors thereto, including the CMS Conditions of Participation to the extent applicable to the Facility in question.

“Required Removal Items” has the meaning set forth in Section 4.2.

“Required Use” has the meaning set forth in Section 10.6.

“Responsible Person” has the meaning set forth in Section 12.4(a).

“Responsibility Escrow Release Date” has the meaning set forth in Section 3.3(c).

“Restricted Funds” has the meaning set forth in Section 3.7(a).

“Retained Amounts” has the meaning set forth in Section 3.3(c).

“Second Period” has the meaning set forth in Section 5.2.

“Senior Officer” means Nancy Cassagne, Michael Adcock, Angela Greener, Madeline Browning and Dr. Alfred Abuaza.

“Shortfall” has the meaning set forth in Section 4.4(h)(ii).

“Shortfall Payment” has the meaning set forth in Section 5.2.

“Specified Working Capital” means an amount equal to the difference between (i) the current assets of the District with respect to the operation of the Hospital Business, but limited to the following categories: net patient receivables, cost report settlements, other receivables, inventory, prepaid insurance, deposits and other prepaid expenses, and (ii) the current liabilities of the District with respect to the operation of the Hospital Business, but limited to the following categories: accounts payable, accrued liabilities, accrued payroll, accrued retirement (excluding any amounts related to the Pension Plan), and other current Liabilities (excluding any amounts related to notes payable and the Supplemental Executive Retirement Plan), in each case, as such terms are utilized in the Unaudited Financial Statements. To the extent that the Parties reasonably agree that any amounts included in deposits, above will be paid to the District and not to Newco, such amounts will be excluded from the Specified Working Capital calculation. For

the avoidance of doubt, Specified Working Capital will not include cash and cash equivalents, investments, deferred compensation, other current liabilities relating to notes payable and the Supplemental Executive Retirement Plan, accrued retirement related to the Pension Plan, accrued health insurance, reserve for malpractice, current portion – bonds payable, in each case, as such terms are utilized in the Unaudited Financial Statements.

“Stub Period” has the meaning set forth in Section 4.4(c).

“State” has the meaning set forth in the recitals.

“Survey” has the meaning set forth in Section 4.2.

“System” has the meaning set forth in the recitals.

“Target Working Capital” means Twenty Six Million Five Hundred Seventy Three Thousand Dollars (\$26,573,000).

“Term” has the meaning set forth in Section 11.1.

“Termination Notice” has the meaning set forth in Section 11.3(d).

“Termination Wind Down Period” has the meaning set forth in Section 11.5.

“Title Company” has the meaning set forth in Section 4.2.

“Title Policy” has the meaning set forth in Section 4.2.

“Total Consideration” has the meaning set forth in Section 3.3(a).

“Touro” has the meaning set forth in the recitals.

“License Agreement” has the meaning set forth in Section 3.12.

“Transition Committee” has the meaning set forth in Section 11.5.

“Transition Patient” has the meaning set forth in Section 3.10(a).

“Transition Patient Payments” has the meaning set forth in Section 3.10(b).

“Trustee” has the meaning set forth in Section 4.1(f)(iii).

“Trustee Held Funds” means all principal, interest, project and reserve held with respect to any Long Term Indebtedness, in each case calculated in accordance with GAS.

“Unacceptable Encumbrances” has the meaning set forth in Section 4.2.

“Unaudited Financial Statements” has the meaning set forth in Section 6.7.

“Unresolved Changes” has the meaning set forth in Section 4.4(f)(ii).

“Unrestricted Funds” has the meaning set forth in Section 3.7(a).

“Updated Title Report” has the meaning set forth in Section 4.2.

“Updated Title Report Objection Date” has the meaning set forth in Section 4.2.

“Updated Title Report Objection Notice” has the meaning set forth in Section 4.2.

“Venture” has the meaning set forth in the recitals.

“Westbank Community” has the meaning set forth in Section 10.11.

“Wind Down Commencement Date” has the meaning set forth in Section 11.5.