

**AMENDMENT NO. 1
TO PROFESSIONAL SERVICES AGREEMENT
BETWEEN Novia Strategies Inc. AND
THE NATIVIDAD MEDICAL CENTER
FOR
Consulting Services**

This Amendment No. 1 to Professional Services Agreement (“Agreement”), dated July 5, 2012, is entered into by and between the County of Monterey, on behalf of Natividad Medical Center (“NMC”), and Novia Strategies Inc. (Contractor), with respect to the following:

RECITALS

WHEREAS, the County and Contractor wish to amend the Agreement to increase the amount of the Agreement because of an increase in the amount payable for services rendered.

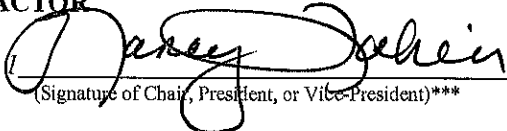
AGREEMENT

NOW, THEREFORE, the parties agree to amend the Agreement as follows:

1. Contractor will continue to provide NMC with the same general scope of services as stated in the original Agreement (No.1), although the amount of service shall be modified as set forth in Amendment 1 to Exhibit A, described below.
2. Exhibit A to the Agreement is replaced with Amendment-1 to Exhibit A, attached to this Amendment. All references in the Agreement to Exhibit A shall be construed to refer to Amendment No. 1 to Exhibit A.
3. The last line of Section 1. “PAYMENTS BY NMC” shall be amended by removing, “*The total amount payable by NMC to CONTRACTOR under this Agreement shall not exceed the sum of \$100,000.*” and replacing it with “*The total amount payable by County to CONTRACTOR under Agreement No. (DO3266) shall not exceed the total sum of \$200,000 for the full term of the Agreement.*”
4. Except as provided herein, all remaining terms, conditions and provisions of the Agreement are unchanged and unaffected by this Amendment No. 1 and shall continue in full force and effect as set forth in the Agreement.
5. A copy of this Amendment shall be attached to the original Agreement (No. DO3266).
6. The effective date of this Amendment is February 15, 2013.

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment on the basis set forth in this document and have executed this Amendment on the day and year set forth herein.

CONTRACTOR

Signature 1 
(Signature of Chair, President, or Vice-President)***

Dated 1-11-13

Printed Name Nancy Laker

Title CEO + Managing Principal

Signature 2 _____
(Signature of Secretary, Asst. Secretary, CFO, Treasurer or Asst. Treasurer) ***

Dated _____

Printed Name _____

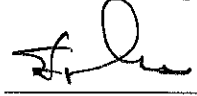
Title _____

***INSTRUCTIONS: If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in and individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Agreement.

NATIVIDAD MEDICAL CENTER

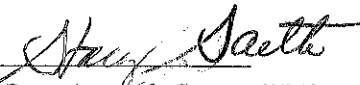
Signature _____
Purchasing Manager

Dated _____

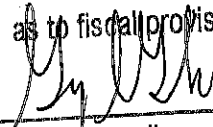
Signature 
NMC - CEO

Dated 1/31/13

Approved as to Legality and Legal Form:
Charles J. McKee, County Counsel

By 
Deputy Attorney for County and NMC

Dated: 2/2, 2013

Reviewed as to fiscal provisions

Auditor-Controller
County of Monterey
2-4-13

**AMENDMENT NO. 1 TO
EXHIBIT A TO AGREEMENT WITH NOVIA STRATEGIES, INC.**

Novia Strategies, Inc.
July 5, 2012 through June 30, 2013

I. CONTACT INFORMATION

CONTRACTOR;

Nancy Lakier
CEO and Managing Partner
Novia Strategies, Inc.
13029 Danielson Street, Suite 200
Poway, CA 92064
(858) 486-6030

Theresa Brandon
Vice President and Director
Novia Strategies, Inc.
13029 Danielson Street, Suite 200
Poway, CA 92064
(858) 486-6030

COUNTY:

Harry Weis
Chief Executive Officer
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
(831) 783-2563

Janine Ray-Bouyea
Human Resources Director
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
(831) 783-2701

II. SCOPE OF WORK

A. Project Description

The Board of Supervisors and the NMC Board of Trustees shall each establish an Ad-Hoc Compensation Committee (collectively, "Committees") to assist NMC in the

development of a comprehensive strategy regarding job classification and compensation at NMC for both management and non-management positions.

The Committees shall hold joint meetings to assist NMC in addressing various Human Resource issues at NMC, including, but not limited to the following:

- Development of a new compensation strategy based on market practices of all major components of compensation and applied to positions at NMC (including setting of compensation, identification and selection of salary surveys representative of NMC's hiring market, frequency of review of compensation, and eligibility of NMC employees for incentive bonuses)
- Sustainability of proposed compensation strategy currently and in the future
- Development of Incentive Compensation Plan, which will meet the needs of a multi-level NMC Executive Leadership Team

COUNTY would like to engage Novia Strategies ("Novia" or "CONTRACTOR") to support the Committees' work in addressing the various Human Resources issues at NMC ("Project").

NMC anticipates the Committees shall accomplish its tasks over the next several months through bi-weekly joint meetings.

B. Services

CONTRACTOR shall provide the following services ("Services"):

1. Act as independent facilitator of joint meetings of the Committees:
 - Attend approximately sixteen bi-weekly joint meetings. Attendance at additional meetings shall require an increase in the scope of work and maximum liability under the Agreement pursuant to an amendment to this Agreement, subject to approval by the Board of Supervisors.
 - Prepare and provide a project implementation plan and meeting agendas to ensure meeting times are used effectively
 - Facilitate discussions, including establishing ground rules, to ensure the joint meetings are conducted in a productive environment with open, relevant discussion where all participants have an opportunity and are encouraged to express ideas or concerns
 - Ensure exchange of appropriate information necessary for meeting participants to make informed recommendations
 - Manage the process to the requested outcomes, as specified above, to assist the Committees in meeting timelines set by the Committees

2. Review for accuracy draft notes and minutes of joint Committee meetings, which will be recorded by NMC staff providing clerical support at joint Committee meetings, and distribute drafts for final approval
3. Provide materials that, in Novia's sole discretion and professional judgment, educate and inform the Committees on industry practices. However, Novia is not bound under this agreement to provide any materials or analytics to the Committees.
4. Maintain records of discussion, questions, and outcomes

C. Project Approach

During the Project, joint Committee meetings are anticipated to be held on alternate weeks at a pre-determined location and on a pre-established schedule, agreed to by Committee members with input from NMC and CONTRACTOR. Committee members will attend in person. The CONTRACTOR project consultant will be in attendance at these meetings, unless CONTRACTOR determines that the topics to be discussed can effectively be facilitated by the use of video conferencing. With a desire to minimize travel expenses, the decision to facilitate in person or via teleconference will be at the discretion of CONTRACTOR.

D. Project Staffing

Theresa Brandon, CPA - Theresa is the Human Resources Practice Lead for Novia Strategies. She has extensive experience in compensation and benefit plan design both within and without the healthcare industry. Her financial background lends itself to ensuring financial and strategic goals of the organization are properly incorporated into compensation strategies. Her projects have included redesign of benefit and compensation plans in both standalone hospitals and facilities included as part of larger systems. Success of the projects has been enhanced by her ability to engage stakeholders in objectively reviewing past practices and building consensus on new strategies. Theresa is currently involved as the Novia project lead for pay practices redesign, for a 17 hospital system, with a \$1 billion dollar payroll. Strategizing with senior leadership across the system, she and her team are facilitating alignment of the practices, while addressing both organizational goals and marketplace dynamics. Theresa holds a degree in Accounting from the University of Tulsa, as well as the designation of S.P.H.R.

Theresa will provide Project oversight to ensure the Project deliverables are met.

Kathy Frederick, MBA, BS – Kathy is a senior Human Resource professional with over 25 years of Healthcare experience ranging from a small city-owned hospital to a large not-for-profit health care system ranked as one of the top 100 employers by Fortune Magazine. Kathy has worked in both private sector hospitals serving in a variety of roles including Assistant Administrator at a multi-campus safety net teaching hospital in

southern California and as HR Director and Employment Manager at two separate hospital districts. Her experience includes the areas of labor and employee relations, recruiting/executive search, regulatory compliance and standardization, strategic planning, change management, compensation, and training. She has been a key player in the development of strategic plans with long and short-term goals, served on compensation committees to draft total reward philosophies and implementation plans, and created business plans with measureable ROI goals. Kathy has also conducted job studies to evaluate selection criteria and appropriate compensation packages. She has also collaborated in the design of non-management base and merit pay programs, incentives and executive compensation programs. Kathy received her Master's (MBA) and Bachelor's in Business Administration (BS) from San Diego State University.

Kathy will facilitate the joint Committee meetings and interface with members of the Committees to ensure they are provided with the level of support necessary for them to participate effectively.

III. COUNTY'S OBLIGATIONS

This section lists COUNTY's responsibilities important to enabling the success of the Project:

1. COUNTY shall commit the necessary resources and management involvement as described herein to support CONTRACTOR's Services.
2. COUNTY shall provide clerical assistance during the meetings, by recording and preparing Committee meeting notes and minutes
3. COUNTY shall provide all materials to be presented or reviewed by the Committee, by providing all such materials to Novia for timely distribution to all parties, by agreed upon deadlines, to ensure appropriate review by Committee members prior to the scheduled meetings
4. The overall definition and scope of the work to be performed, and its adequacy in addressing COUNTY's needs, is COUNTY's responsibility. COUNTY shall perform all management functions and make all management decisions in connection with the Services, and shall assign a competent individual to oversee the Services. COUNTY is also responsible for the implementation of actions identified in the course of this engagement and results achieved from using any CONTRACTOR service or deliverables. Any timing or fee estimate COUNTY has provided for this engagement takes into account the agreed-upon level of assistance from COUNTY and commitment of the COUNTY's resources.

III. PAYMENT PROVISIONS

1. COUNTY shall pay CONTRACTOR according to Section 5, PAYMENT CONDITIONS, of this agreement.

2. CONTRACTOR shall bill the COUNTY for professional services at a billing rate of \$3,225 per day (billed at a minimum of four hours) and includes all travel and expenses.
3. While CONTRACTOR has extensive experience in analytics involving the structuring of Human Resources alternatives, the scope of this project, at the request of NMC, does not encompass any fees for research or analytics. Should the Committees desire such additional services, pricing will be provided for those items as requested and submitted to NMC for approval prior to any such work commencing.
4. CONTRACTOR shall submit an invoice to the COUNTY no later than the 10th of the month following the month of service. Invoices shall be submitted to:

Janine Ray-Bouyea
Human Resources Director
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
(831) 783-2563

IV. ADDITIONAL PROVISIONS

- A. Maximum Liability. The maximum amount to be paid by COUNTY to CONTRACTOR under this agreement shall not exceed Two hundred thousand dollars (\$200,000.00). This amount may be amended by written agreement between the parties, subject to approval by the Board of Supervisors. CONTRACTOR shall notify the Human Resources Director in writing when fifty percent (50%) and seventy-five percent (75%) of the maximum liability has been spent. CONTRACTOR agrees it shall not exceed the \$200,000 estimate without COUNTY's express prior approval.
- B. Reimbursement for Expenses. COUNTY will not reimburse CONTRACTOR for any non-attorney staff time or overtime for secretarial, clerical, or word processing costs connected with preparing required status reports, time spent to provide information for a fee audit, or for work not authorized by COUNTY.
- C. Reporting Requirements. CONTRACTOR shall provide COUNTY with such reports as may be requested by COUNTY in connection with the performance of services hereunder.
- D. Section 6.1 is deleted in its entirety and replaced with the following:

Termination Upon Written Notice. CONTRACTOR and COUNTY agree that COUNTY may terminate the services of CONTRACTOR effective immediately for

any reason by giving written notice to CONTRACTOR, and that CONTRACTOR may terminate the Agreement effective immediately for any reason by giving written notice to COUNTY. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.”

E. Section 6.2 is deleted in its entirety and replaced with the following:

“NMC may cancel and terminate this Agreement for good cause effective immediately upon written notice to CONTRACTOR. ‘Good cause’ includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If NMC terminates this Agreement for good cause, NMC shall pay for services performed by Contractor pursuant to this Agreement up to and including the date of termination. NMC may proceed with the work in any manner which NMC deems proper.”

F. Section 7.0 is deleted in its entirety and replaced with the following:

“Mutual Indemnification.

1. CONTRACTOR shall indemnify, defend, and hold harmless COUNTY, its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by CONTRACTOR and/or its agents, employees or subcontractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of personnel employed by COUNTY. It is the intent of the parties to this Agreement to provide the broadest possible coverage for COUNTY. The Contractor shall reimburse COUNTY for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which CONTRACTOR is obligated to indemnify, defend and hold harmless COUNTY under this Agreement.
2. COUNTY shall indemnify, defend, and hold harmless CONTRACTOR, its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by COUNTY and/or its agents, employees or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of personnel employed by CONTRACTOR. It is the intent of the parties to this Agreement to provide the broadest possible coverage for CONTRACTOR. COUNTY shall reimburse CONTRACTOR for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which COUNTY is obligated to indemnify, defend and hold harmless CONTRACTOR under this Agreement.”

COUNTY OF MONTEREY AGREEMENT FOR PROFESSIONAL SERVICES
(NOT TO EXCEED \$100,000)

This Professional Services Agreement (hereinafter "Agreement") is made by and between Natividad Medical Center ("NMC"), a general acute care teaching hospital wholly owned and operated by the County of Monterey, which is a political subdivision of the State of California and **Novia Strategies, Inc.** hereinafter "CONTRACTOR").

In consideration of the mutual covenants and conditions set forth in this Agreement, the parties agree as follows:

SERVICES TO BE PROVIDED. NMC hereby engages CONTRACTOR to perform, and CONTRACTOR hereby agrees to perform, the services described in **Exhibit A** in conformity with the terms of the Agreement. The services are generally described as follows: **Provide facilitation and related consulting services regarding County Board of Supervisors and NMC Board of Trustees Ad-Hoc Compensation Committees.**

1. **PAYMENTS BY NMC.** NMC shall pay the CONTRACTOR in accordance with the payment provisions set forth in **Exhibit A**, subject to the limitations set forth in this Agreement. The total amount payable by NMC to CONTRACTOR under this Agreement shall not exceed the sum of **\$100,000**.
2. **TERM OF AGREEMENT.** The term of this Agreement is from **July 5, 2012 through June 30, 2013** unless sooner terminated pursuant to the terms of this Agreement. This Agreement is of no force or effect until signed by both CONTRACTOR and NMC and with NMC signing last and CONTRACTOR may not commence work before NMC signs this Agreement.
3. **ADDITIONAL PROVISIONS/EXHIBITS.** The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

Exhibit A/Schedule A: Scope of Services/Payment Provisions

4. **PERFORMANCE STANDARDS.**

- 4.1. CONTRACTOR warrants that CONTRACTOR and Contractor's agents, employees, and subcontractors performing services under this Agreement are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this Agreement and are not employees of NMC, or immediate family of an employee of NMC.
- 4.2. CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this Agreement that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.

4.3. CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this Agreement, except as otherwise specified in this Agreement. CONTRACTOR shall not use NMC premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

5. PAYMENT CONDITIONS.

5.1. CONTRACTOR shall submit to the Contract Administrator an invoice on a form acceptable to NMC. If not otherwise specified, the CONTRACTOR may submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, together with an itemized basis for Administrator or his or her designee shall certify the invoice, either in the requested amount or in such other amount as NMC approves in conformity with this Agreement, and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.

5.2. CONTRACTOR shall not receive reimbursement for travel expenses unless set forth in this Agreement.

6. TERMINATION.

~~6.1. During the term of this Agreement, NMC may terminate the Agreement for any reason by giving written notice of termination to the CONTRACTOR at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.~~

~~6.2. NMC may cancel and terminate this Agreement for good cause effective immediately upon written notice to Contractor. "Good cause" includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If NMC terminates this Agreement for good cause, NMC may be relieved of the payment of any consideration to Contractor, and NMC may proceed with the work in any manner, which NMC deems proper. The cost to NMC shall be deducted from any sum due the CONTRACTOR under this Agreement.~~

~~7. INDEMNIFICATION: CONTRACTOR shall indemnify, defend and hold harmless NMC and the County of Monterey (hereinafter "County"), its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by CONTRACTOR and/or its agent, employees or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of personnel employed by NMC. It is the intent of the parties to this Agreement to provide the broadest possible coverage for NMC. The CONTRACTOR shall reimburse NMC for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the CONTRACTOR is obligated to indemnify, defend and hold harmless NMC and the County under this Agreement.~~

8. INSURANCE.

8.1. Evidence of Coverage:

Prior to commencement of this Agreement, the CONTRACTOR shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, the CONTRACTOR upon request shall provide a certified copy of the policy or policies.

Executed by the insurance carrier shall accompany the certificate. In addition, the CONTRACTOR upon request shall provide a certified copy of the policy or policies.

This verification of coverage shall be sent to NMC's Contracts/Purchasing Department, unless otherwise directed. The CONTRACTOR shall not receive a "Notice to Proceed" with the work under this Agreement until it has obtained all insurance required and NMC has approved such insurance. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

- 8.2. Qualifying Insurers: All coverage's except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A-VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by NMC's Contracts/Purchasing Director.
- 8.3. Insurance Coverage Requirements: Without limiting Contractor's duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

Commercial general liability insurance, including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broad form Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

Exemption/Modification (Justification attached; subject to approval).

Business automobile liability insurance, covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit for Bodily Injury and Property Damage of not less than \$500,000 per occurrence.

Exemption/Modification (Justification attached; subject to approval).

Workers' Compensation Insurance, If CONTRACTOR employs other in the performance of this Agreement, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

Exemption/Modification (Justification attached; subject to approval).

Professional liability insurance, if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the CONTRACTOR shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this Agreement.

Exemption/Modification (Justification attached; subject to approval).

8.4. Other Insurance Requirements:

All insurance required by this Agreement shall be with a company acceptable to NMC and issued and executed by an admitted insurer authorized to transact insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONTRACTOR completes its performance of services under this Agreement.

Each liability policy shall provide that NMC shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for CONTRACTOR and additional insured with respect to claims arising from each subcontractor, if any, performing work under this Agreement, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional insureds with respect to liability arising out of the Contractor's work, including ongoing and completed operations, and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the Contractor's insurance. The required endorsement form for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement form for Automobile Additional Insured Endorsement is ISO Form CA 20 48 02 99.

Prior to the execution of this Agreement by NMC, CONTRACTOR shall file certificates of insurance with NMC's Contracts/Purchasing Department, showing that the CONTRACTOR has in effect the insurance required by this Agreement. The CONTRACTOR shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

CONTRACTOR shall at all times during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, without demand by NMC, annual certificates to NMC's Contracts/Purchasing Department. If the certificate is not received by the expiration date, NMC shall notify CONTRACTOR and CONTRACTOR shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CONTRACTOR to maintain such insurance is a default of this Agreement, which entitles NMC, at its sole discretion, to terminate the Agreement immediately.

9. RECORDS AND CONFIDENTIALITY.

9.1. Confidentiality, CONTRACTOR and its officers, employees, agents and subcontractors shall comply with any and all federal, state, and local laws, which provide for the confidentiality of records and

other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from NMC or prepared in connection with the performance of this Agreement, unless NMC specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to NMC any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this Agreement except for the sole purpose of carrying out Contractor's obligations under this Agreement.

- 9.2. NMC Records. When this Agreement expires or terminates, CONTRACTOR shall return to NMC any NMC records which CONTRACTOR used or received from NMC to perform services under this Agreement.
- 9.3. Maintenance of Records. CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal state, and County rules and regulations related to services performed under this Agreement. CONTRACTOR shall maintain such records for a period of at least three years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the three year period, then CONTRACTOR shall retain said records until such action is resolved.
- 9.4. Access to and Audit of Records. NMC shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONTRACTOR and its subcontractors related to services provided under this Agreement. Pursuant to Government Code section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the parties to this Agreement may be subject, at the request of NMC or as part of any audit of NMC, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.
- 9.5. Royalties and Inventions. NMC shall have a royalty-free, exclusive and irrevocable license to reproduce, publish, and use, and authorize other to do so, all original computer programs, writings, sound recordings, pictorial reproductions, drawings, and other works of similar nature produced in the course of or under this Agreement. CONTRACTOR shall not publish any such material without the prior written approval of NMC.
- 10. NON-DISCRIMINATION**. During the performance of this Agreement, Contractor, and its subcontractors, shall not unlawfully discriminate against any person because of race, religious creed, color, sex, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age (over 40), or sexual orientation, either in Contractor's employment practices or in the furnishing of services to recipients. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment and all persons receiving and requesting services are free of such discrimination. CONTRACTOR and any subcontractor shall, in the performance of this Agreement, full comply with all federal, state, and local laws and regulations which prohibit discrimination. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.
- 11. COMPLIANCE WITH TERMS OF STATE OR FEDERAL GRANT**. If this Agreement has been or will be funded with monies received by NMC pursuant to a contract with the state or federal government in which NMC is the grantee, CONTRACTOR will comply with all the provisions of said contract, and said provisions shall be deemed a part of this Agreement, as though fully set forth herein. Upon request, NMC will deliver a copy of said contract to Contractor, at no cost to Contractor.

12. INDEPENDENT CONTRACTOR. In the performance of work, duties, and obligations under this Agreement, CONTRACTOR is at all times acting and performing as an independent CONTRACTOR and not as an employee of NMC. No offer or obligation of permanent employment with NMC or particular County department or agency is intended in any manner, and CONTRACTOR shall not become entitled by virtue of this Agreement to receive from NMC any form of employee benefits including but not limited to sick leave, vacation, retirement benefits, workers' compensation coverage, insurance or disability benefits. CONTRACTOR shall be solely liable for and obligated to pay directly all applicable taxes, including federal and state income taxes and social security, arising out of Contractor's performance of this Agreement. In connection therewith, CONTRACTOR shall defend, indemnify, and hold NMC and the County of Monterey harmless from any and all liability, which NMC may incur because of Contractor's failure to pay such taxes.

13. NOTICES. Notices required under this Agreement shall be delivered personally or by first-class, postage per-paid mail to NMC and Contractor's contract administrators at the addresses listed below.

FOR NATIVIDAD MEDICAL CENTER:	FOR CONTRACTOR:
Contracts/Purchasing Manager	Nancy Lakier
_____	CEO and Managing Partner
1441 Constitution Blvd, Salinas, CA. 93906	Novia Strategies, Inc
_____	13029 Danielson Street, Suite 200
Address	Poway, CA 92064
831.755.4111	_____
_____	Address
Phone	(858) 486-6030
_____	_____
Phone	Phone

14. MISCELLANEOUS PROVISIONS.

- 14.1. Conflict of Interest. CONTRACTOR represents that it presently has no interest and agrees not to acquire any interest during the term of this Agreement, which would directly, or indirectly conflict in any manner or to any degree with the full and complete performance of the professional services required to be rendered under this Agreement.
- 14.2. Amendment. This Agreement may be amended or modified only by an instrument in writing signed by NMC and the Contractor.
- 14.3. Waiver. Any waiver of any terms and conditions of this Agreement must be in writing and signed by NMC and the Contractor. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms or conditions in this Agreement.
- 14.4. Contractor. The term "Contractor" as used in this Agreement includes Contractor's officers, agents, and employees acting on Contractor's behalf in the performance of this Agreement.

- 14.5. Disputes. CONTRACTOR shall continue to perform under this Agreement during any dispute.
- 14.6. Assignment and Subcontracting. The CONTRACTOR shall not assign, sell, or otherwise transfer its interest or obligations in this Agreement without the prior written consent of NMC. None of the services covered by this Agreement shall be subcontracted without the prior written approval of NMC. Notwithstanding any such subcontract, CONTRACTOR shall continue to be liable for the performance of all requirements of this Agreement.
- 14.7. Successors and Assigns. This Agreement and the rights, privileges, duties, and obligations of NMC and CONTRACTOR under this Agreement, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, and heirs.
- 14.8. Compliance with Applicable Law. The parties shall comply with all applicable federal, state, and local laws and regulations in performing this Agreement.
- 14.9. Headings. The headings are for convenience only and shall not be used to interpret the terms of this Agreement.
- 14.10. Time is of the Essence. Time is of the essence in each and all of the provisions of this Agreement.
- 14.11. Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of California.
- 14.12. Non-exclusive Agreement. This Agreement is non-exclusive and both NMC and CONTRACTOR expressly reserve the right to contract with other entities for the same or similar services.
- 14.13. Construction of Agreement. NMC and CONTRACTOR agree that each party has fully participated in the review and revision of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendment to this Agreement.
- 14.14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
- 14.15. Integration. This Agreement, including the exhibits, represents the entire Agreement between NMC and the CONTRACTOR with respect to the subject matter of this Agreement and shall supersede all prior negotiations, representations, or agreements, either written or oral, between NMC and CONTRACTOR as of the effective date of this Agreement, which is the date that NMC signs the Agreement.
- 14.16. Interpretation of Conflicting Provisions. In the event of any conflict or inconsistency between the provisions of this Agreement and the Provisions of any exhibit or other attachment to this Agreement, the provisions of this Agreement shall prevail and control.

NATIVIDAD MEDICAL CENTER

By: [Signature]
NMC Contracts Purchasing Agent

Date: 7-21-12

By: [Signature]
Department Head (if applicable)

Date: 7/23/12

By: [Signature]
Stacy Saetta
Deputy County Counsel

Date: 7/25/12

Approved as to Fiscal Provisions
By: [Signature]
Auditor/Controller

Date: 7-27-12

CONTRACTOR

NOVIA STRATEGIES
Contractor's Business Name***

[Signature]
Signature of Chair, President, or Vice-President

NANCY LAKIER PRESIDENT
Name and Title

Date: 7-11-12

By: [Signature]
(Signature of Secretary, Asst. Secretary, CFO, Treasurer
or Asst. Treasurer)

NANCY LAKIER TREASURER
Name and Title

Date: 7-11-12

***INSTRUCTIONS: If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in and individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Agreement.

EXHIBIT A TO AGREEMENT WITH NOVIA STRATEGIES, INC.

Novia Strategies, Inc.
July 5, 2012 through June 30, 2013

I. CONTACT INFORMATION

CONTRACTOR;

Nancy Lakier
CEO and Managing Partner
Novia Strategies, Inc.
13029 Danielson Street, Suite 200
Poway, CA 92064
(858) 486-6030

Theresa Brandon
Vice President and Director
Novia Strategies, Inc.
13029 Danielson Street, Suite 200
Poway, CA 92064
(858) 486-6030

COUNTY:

Harry Weis
Chief Executive Officer
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
(831) 783-2563

Janine Ray-Bouyea
Human Resources Director
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
(831) 783-2701

II. SCOPE OF WORK

A. Project Description

The Board of Supervisors and the NMC Board of Trustees shall each establish an Ad-Hoc Compensation Committee (collectively, "Committees") to assist NMC in the

development of a comprehensive strategy regarding job classification and compensation at NMC for both management and non-management positions.

The Committees shall hold joint meetings to assist NMC in addressing various Human Resource issues at NMC, including, but not limited to the following:

- Development of a new compensation strategy based on market practices of all major components of compensation and applied to positions at NMC (including setting of compensation, identification and selection of salary surveys representative of NMC's hiring market, frequency of review of compensation, and eligibility of NMC employees for incentive bonuses)
- Sustainability of proposed compensation strategy currently and in the future
- Development of Incentive Compensation Plan, which will meet the needs of a multi-level NMC Executive Leadership Team

COUNTY would like to engage Novia Strategies ("Novia" or "CONTRACTOR") to support the Committees' work in addressing the various Human Resources issues at NMC ("Project").

NMC anticipates the Committees shall accomplish its tasks over the next several months through bi-weekly joint meetings.

B. Services

CONTRACTOR shall provide the following services ("Services");

1. Act as independent facilitator of joint meetings of the Committees:
 - Attend approximately seven or eight bi-weekly joint meetings. Attendance at additional meetings shall require an increase in the scope of work and maximum liability under the Agreement pursuant to an amendment to this Agreement, subject to approval by the Board of Supervisors.
 - Prepare and provide a project implementation plan and meeting agendas to ensure meeting times are used effectively
 - Facilitate discussions, including establishing ground rules, to ensure the joint meetings are conducted in a productive environment with open, relevant discussion where all participants have an opportunity and are encouraged to express ideas or concerns
 - Ensure exchange of appropriate information necessary for meeting participants to make informed recommendations

- Manage the process to the requested outcomes, as specified above, to assist the Committees in meeting timelines set by the Committees
- 2. Review for accuracy draft notes and minutes of joint Committee meetings, which will be recorded by NMC staff providing clerical support at joint Committee meetings, and distribute drafts for final approval
- 3. Provide materials that, in Novia's sole discretion and professional judgment, educate and inform the Committees on industry practices. However, Novia is not bound under this agreement to provide any materials or analytics to the Committees.
- 4. Maintain records of discussion, questions, and outcomes

C. Project Approach

During the Project, joint Committee meetings are anticipated to be held on alternate weeks at a pre-determined location and on a pre-established schedule, agreed to by Committee members with input from NMC and CONTRACTOR. Committee members will attend in person. The CONTRACTOR project consultant will be in attendance at these meetings, unless CONTRACTOR determines that the topics to be discussed can effectively be facilitated by the use of video conferencing. With a desire to minimize travel expenses, the decision to facilitate in person or via teleconference will be at the discretion of CONTRACTOR.

D. Project Staffing

Theresa Brandon, CPA - Theresa is the Human Resources Practice Lead for Novia Strategies. She has extensive experience in compensation and benefit plan design both within and without the healthcare industry. Her financial background lends itself to ensuring financial and strategic goals of the organization are properly incorporated into compensation strategies. Her projects have included redesign of benefit and compensation plans in both standalone hospitals and facilities included as part of larger systems. Success of the projects has been enhanced by her ability to engage stakeholders in objectively reviewing past practices and building consensus on new strategies. Theresa is currently involved as the Novia project lead for pay practices redesign, for a 17 hospital system, with a \$1 billion dollar payroll. Strategizing with senior leadership across the system, she and her team are facilitating alignment of the practices, while addressing both organizational goals and marketplace dynamics. Theresa holds a degree in Accounting from the University of Tulsa, as well as the designation of S.P.H.R.

Theresa will provide Project oversight to ensure the Project deliverables are met.

Kathy Frederick, MBA, BS - Kathy is a senior Human Resource professional with over 25 years of Healthcare experience ranging from a small city-owned hospital to a large not-for-profit health care system ranked as one of the top 100 employers by Fortune

Magazine. Kathy has worked in both private sector hospitals serving in a variety of roles including Assistant Administrator at a multi-campus safety net teaching hospital in southern California and as HR Director and Employment Manager at two separate hospital districts. Her experience includes the areas of labor and employee relations, recruiting/executive search, regulatory compliance and standardization, strategic planning, change management, compensation, and training. She has been a key player in the development of strategic plans with long and short-term goals, served on compensation committees to draft total reward philosophies and implementation plans, and created business plans with measureable ROI goals. Kathy has also conducted job studies to evaluate selection criteria and appropriate compensation packages. She has also collaborated in the design of non-management base and merit pay programs, incentives and executive compensation programs. Kathy received her Master's (MBA) and Bachelor's in Business Administration (BS) from San Diego State University.

Kathy will facilitate the joint Committee meetings and interface with members of the Committees to ensure they are provided with the level of support necessary for them to participate effectively.

III. COUNTY'S OBLIGATIONS

This section lists COUNTY's responsibilities important to enabling the success of the Project:

1. COUNTY shall commit the necessary resources and management involvement as described herein to support CONTRACTOR's Services.
2. COUNTY shall provide clerical assistance during the meetings, by recording and preparing Committee meeting notes and minutes
3. COUNTY shall provide all materials to be presented or reviewed by the Committee, by providing all such materials to Novia for timely distribution to all parties, by agreed upon deadlines, to ensure appropriate review by Committee members prior to the scheduled meetings
4. The overall definition and scope of the work to be performed, and its adequacy in addressing COUNTY's needs, is COUNTY's responsibility. COUNTY shall perform all management functions and make all management decisions in connection with the Services, and shall assign a competent individual to oversee the Services. COUNTY is also responsible for the implementation of actions identified in the course of this engagement and results achieved from using any CONTRACTOR service or deliverables. Any timing or fee estimate COUNTY has provided for this engagement takes into account the agreed-upon level of assistance from COUNTY and commitment of the COUNTY's resources.

III. PAYMENT PROVISIONS

1. COUNTY shall pay CONTRACTOR according to Section 5, PAYMENT CONDITIONS, of this agreement.
2. CONTRACTOR shall bill the COUNTY for professional services at a billing rate of \$3,225 per day (billed at a minimum of four hours) and includes all travel and expenses.
3. While CONTRACTOR has extensive experience in analytics involving the structuring of Human Resources alternatives, the scope of this project, at the request of NMC, does not encompass any fees for research or analytics. Should the Committees desire such additional services, pricing will be provided for those items as requested and submitted to NMC for approval prior to any such work commencing.
4. CONTRACTOR shall submit an invoice to the COUNTY no later than the 10th of the month following the month of service. Invoices shall be submitted to:

Janine Ray-Bouyea
Human Resources Director
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906
(831) 783-2563

IV. ADDITIONAL PROVISIONS

- A. Maximum Liability. The maximum amount to be paid by COUNTY to CONTRACTOR under this agreement shall not exceed one hundred thousand dollars (\$100,000.00). This amount may be amended by written agreement between the parties, subject to approval by the Board of Supervisors. CONTRACTOR shall notify the Human Resources Director in writing when fifty percent (50%) and seventy-five percent (75%) of the maximum liability has been spent. CONTRACTOR agrees it shall not exceed the \$100,000 estimate without COUNTY's express prior approval.
- B. Reimbursement for Expenses. COUNTY will not reimburse CONTRACTOR for any non-attorney staff time or overtime for secretarial, clerical, or word processing costs connected with preparing required status reports, time spent to provide information for a fee audit, or for work not authorized by COUNTY.
- C. Reporting Requirements. CONTRACTOR shall provide COUNTY with such reports as may be requested by COUNTY in connection with the performance of services hereunder.
- D. Section 6.1 is deleted in its entirety and replaced with the following:

“Termination Upon Written Notice. CONTRACTOR and COUNTY agree that COUNTY may terminate the services of CONTRACTOR effective immediately for any reason by giving written notice to CONTRACTOR, and that CONTRACTOR may terminate the Agreement effective immediately for any reason by giving written notice to COUNTY. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.”

E. Section 6.2 is deleted in its entirety and replaced with the following:

“NMC may cancel and terminate this Agreement for good cause effective immediately upon written notice to CONTRACTOR. ‘Good cause’ includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If NMC terminates this Agreement for good cause, NMC shall pay for services performed by Contractor pursuant to this Agreement up to and including the date of termination. NMC may proceed with the work in any manner which NMC deems proper.”

F. Section 7.0 is deleted in its entirety and replaced with the following:

“Mutual Indemnification.

1. CONTRACTOR shall indemnify, defend, and hold harmless COUNTY, its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by CONTRACTOR and/or its agents, employees or subcontractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of personnel employed by COUNTY. It is the intent of the parties to this Agreement to provide the broadest possible coverage for COUNTY. The Contractor shall reimburse COUNTY for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which CONTRACTOR is obligated to indemnify, defend and hold harmless COUNTY under this Agreement.
2. COUNTY shall indemnify, defend, and hold harmless CONTRACTOR, its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by COUNTY and/or its agents, employees or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of personnel employed by CONTRACTOR. It is the intent of the parties to this Agreement to provide the broadest possible coverage for CONTRACTOR. COUNTY shall reimburse CONTRACTOR for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which COUNTY is obligated to indemnify, defend and hold harmless CONTRACTOR under this Agreement.”

HIPAA BUSINESS ASSOCIATE AGREEMENT

This HIPAA Business Associate Agreement ("Agreement") is made by and between the County of Monterey, a political subdivision of the State of California, on behalf of Natividad Medical Center ("Covered Entity") and Novia Strategies, Inc., a California corporation ("Business Associate") and is effective as of June 26, 2012.

RECITALS

A. Covered Entity wishes to disclose certain information to Business Associate, some of which may constitute protected health information ("PHI") or electronic protected health information as defined below;

B. Covered Entity may have certain obligations as a Covered Entity under the regulations set forth at 45 C.F.R. Parts 160 and 164 (the "Privacy and Security Rules") issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA") and under the Health Information Technology for Economic and Clinical Health Act ("HITECH Act") and the regulations issued pursuant to the HITECH Act (collectively referred to herein as the "HITECH Act Requirements");and

C. Covered Entity and Business Associate intend to protect the privacy, security and integrity of PHI disclosed to Business Associate, as a Business Associate of Covered Entity, pursuant to this Agreement in compliance with the Privacy and Security Rules and the HITECH Act Requirements.

NOW, THEREFORE, in consideration of the mutual promises below and the exchange of information pursuant to this Agreement, the parties agree as follows:

I. DEFINITIONS

For the purposes of this Agreement, all capitalized terms shall have the meaning set forth in the Privacy or Security Rules or the HITECH Act Requirements, except as expressly provided herein. In addition, the following capitalized terms shall be defined as set forth below.

- A. **Breach.** "Breach" shall have the meaning given to such term in 45 C.F.R. § 164.402.
- B. **Business Associate.** "Business Associate" shall have the meaning given to such term under the Privacy and Security Rules, including, but not limited to, 45 C.F.R. § 160.103.
- C. **Covered Entity.** "Covered Entity" shall have the meaning given to such term under the Privacy and Security Rules, including, but not limited to, 45 C.F.R. § 160.103.
- D. **Designated Record Set.** "Designated record set" shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. § 164.501.

- E. **Electronic Protected Health Information.** "Electronic protected health information" (or "EPHI") shall have the same meaning given to such term under the Security Rule, including, but not limited to, 45 C.F.R. § 160.103.
- F. **Individual.** "Individual" shall have the same meaning given to such term under the Privacy and Security Rules, including, but not limited to, 45 C.F.R. § 160.103.
- G. **Protected Health Information.** "Protected health information" or "PHI" shall have the same meaning given to such term under the Privacy and Security Rules, including, but not limited to, 45 C.F.R. § 160.103.
- H. **Secretary.** "Secretary" shall mean the Secretary of the Department of Health and Human Services or his or her designee.
- I. **Unsecured Protected Health Information.** "Unsecured Protected Health Information" or "Unsecured PHI" shall have the same meaning given to such term in 45 C.F.R. § 164.402.

II. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

A. Use and Disclosure of PHI.

1. Business Associate may use or disclose Covered Entity's PHI received or created by Business Associate (or its agents and subcontractors) to perform functions, activities or services for or on behalf of Covered Entity as set forth in the Professional Services Agreement between the Parties dated June 26, 2012 (the "Services Agreement"), provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity.
2. Business Associate may use PHI (i) for the proper management and administration of Business Associate, or (ii) to carry out Business Associate's legal responsibilities.
3. Business Associate may disclose PHI for Business Associate's proper management and administration if (i) the disclosure is required by law, or (ii) Business Associate obtains reasonable assurances from the person to whom the PHI is disclosed that it will be held confidentially and used, or further disclosed, only as required by law or for the purpose for which it was disclosed to the person, and the person agrees to notify Business Associate of any instances that it becomes aware in which the confidentiality of the PHI has been breached.

B. **Limitation on Disclosure.** Business Associate agrees not to use or further disclose Covered Entity's PHI other than as permitted or required by this Agreement, or as required by law.

C. **Safeguards.** Business Associate agrees to have in place Administrative, Physical, and Technical Safeguards in compliance with the Security Rule that reasonably and appropriately protect the confidentiality, integrity, and availability

of the PHI that it creates, receives, maintains or transmits on behalf of Covered Entity pursuant to the Agreement and to prevent the use or disclosure of Covered Entity's PHI other than as provided for in this Agreement, or as required by law.

- D. **Reporting of Uses/Disclosures Not Provided for in Agreement.** Business Associate agrees to report to Covered Entity uses or disclosures of Covered Entity's PHI not provided for in this Agreement or any Security Incident, of which Business Associate becomes aware, within ten (10) days of first learning of any such uses or disclosures. If such use or disclosure is a Breach of Unsecured PHI, to the extent possible, Business Associate will notify Covered Entity of the following information: (1) a brief description of what happened, including the date of the Breach and the date of the discovery of the Breach; (2) the identification of each individual whose Unsecured PHI was breached; (3) a description of the types of Unsecured PHI that were involved in the Breach; (4) any steps individuals should take to protect themselves from potential harm resulting from the Breach; and (5) a brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to individuals, and to protect against any further breaches.
- E. **Use of Agents and Subcontractors.** Business Associate agrees to ensure that its agents (including subcontractors) to whom it provides PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, agree in writing to the same restrictions and conditions that apply to Business Associate pursuant to this Agreement with respect to such PHI.
- F. **Access to PHI in a Designated Record Set.** Business Associate agrees to provide access, upon written request by Covered Entity, to PHI in a Designated Record Set to Covered Entity in order to meet the requirements of 45 C.F.R. § 164.524.
- G. **Amendment of PHI in a Designated Record Set.** To the extent Business Associate has PHI contained in a Designated Record Set, it agrees to make such information available to Covered Entity for amendment at the written request of Covered Entity, in order for Covered Entity to meet the requirements of 45 C.F.R. § 164.526.
- H. **Incorporation of Amendments.** To the extent Business Associate has PHI contained in a designated record set, which is subject to valid amendment pursuant to 45 C.F.R. §164.526 of the Privacy Rule, it agrees to incorporate amendments presented by Covered Entity, upon Covered Entity's written request.
- I. **Accounting of Certain Disclosures.** To the extent Business Associate makes a disclosure that must be accounted for pursuant to 45 C.F.R. §164.528 of the Privacy Rule, it will report the requisite account information to Covered Entity, upon Covered Entity's written request for such information.
- J. **Availability of Books and Records.** Business Associate will make available its internal practices, books, and records relating to the use and disclosure of PHI to the Secretary for purposes of determining Covered Entity's compliance with the Privacy Rule or the Security Rule.

- K. **Mitigation.** Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI in violation of the requirements of this Agreement.

III. OBLIGATIONS OF COVERED ENTITY

- A. **Changes/Revocation of Individual Authorization.** Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
- B. **Agreed-to Restrictions.** Covered Entity shall notify Business Associate of any restrictions to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that such restrictions may affect Business Associate's use or disclosure of PHI.

IV. TERM AND TERMINATION

- A. **Term.** The term of this Agreement shall begin as of the effective date and shall remain in effect so long as Business Associate retains any PHI created or received on behalf of Covered Entity.
- B. **Termination.**
 - 1. Upon a material breach of this Agreement by Business Associate, Covered Entity shall either: (i) provide an opportunity for Business Associate to cure the breach or end the violation within the time specified by Covered Entity, or (ii) immediately terminate this Agreement and the Services Agreement.
 - 2. Upon termination of this Agreement or the Services Agreement for any reason, Business Associate shall return and/or destroy all PHI received or created pursuant to this Agreement that Business Associate maintains in any form and shall retain no copies of such information. If return or destruction of such PHI is not feasible, Business Associate will continue to extend protections of this Agreement to such information and limit further use or disclosure of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

V. MISCELLANEOUS

- A. **No Third-Party Beneficiaries.** Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity, Business Associate and their respective successors and assigns, any rights, remedies, obligations or liabilities whatsoever.
- B. **Modifications to Privacy or Security Rule or HITECH Act Requirements.** If the Privacy or Security Rule or HITECH Act Requirements are modified in any way impacting this Agreement, Covered Entity and Business Associate shall,

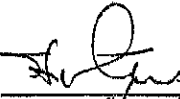
prior to the compliance date for such modifications, amend this Agreement, as appropriate, to ensure compliance with such modifications.

- C. **Regulatory References.** A reference in this Agreement to a section in the Privacy Rule or Security Rule or HITECH Act Requirements means the section as in effect or as amended.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date set forth above.

Natividad Medical Center

Novia Strategies, Inc.,
a California corporation

By: 
Name: Nancy Weis
Title: CEO

By: 
Name: Nancy Lakier,
Title: CEO & Managing Partner

Dated: 7-22, 2012

Dated: 7-11, 2012