

**Before the Board of Supervisors
in and for the County of Monterey, State of California**

Agreement No.: A-10999

- a) Approve the Agreement for software licensing and services between Natividad Medical Center (NMC) and 3M Company for the term September 1, 2007 through June 30, 2010 in an amount not to exceed \$135,000; and)
- b) Authorize the Purchasing Manager for Monterey County to issue a Purchase Order to 3M Company for the period September 1, 2007 to June 30, 2008 in an amount not to exceed \$45,000; and)
- c) Modify County Insurance Endorsement requirements.)

Upon motion of Supervisor Salinas, seconded by Supervisor Armenta, and carried by those members present, effective August 28, 2007, the Board hereby:

- a) Approves the Agreement for software licensing and services between Natividad Medical Center (NMC) and 3M Company for the term September 1, 2007 through June 30, 2010 in an amount not to exceed \$135,000; and
- b) Authorizes the Purchasing Manager for Monterey County to issue a Purchase Order to 3M Company for the period September 1, 2007 to June 30, 2008 in an amount not to exceed \$45,000; and
- c) Modifies County Insurance Endorsement requirements.

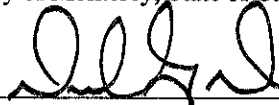
PASSED AND ADOPTED this 28th day August 2007, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, and Potter
 NOES: None
 ABSENT: Supervisor Smith

I, Lew C. Bauman, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 73 for the meeting on August 28, 2007

Dated: August 29, 2007

Lew C. Bauman, Clerk of the Board of Supervisors,
County of Monterey, State of California

By 
 Darlene Drain, Deputy

MONTEREY COUNTY BOARD OF SUPERVISORS

Aug 28, 2007

| | | | |
|--------------------|---|--------------------|------------|
| MEETING: | October 31, 2006 | AGENDA No.: | <i>S-6</i> |
| SUBJECT | a) Approve the Agreement for software licensing and services between Natividad Medical Center (NMC) and 3M Company for the term September 1, 2007 through June 30, 2010 in an amount not to exceed \$135,000; and b) Authorize the Purchasing Manager for Monterey County to issue a Purchase Order to 3M Company for the period September 1, 2007 to June 30, 2008 in an amount not to exceed \$45,000; and c) Modify County Insurance Endorsement requirements. | | |
| DEPARTMENT: | Natividad Medical Center | | |

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a) Approve the Agreement for software licensing and services between Natividad Medical Center (NMC) and 3M Company for the term September 1, 2007 through June 30, 2010 in an amount not to exceed \$135,000; and
- b) Authorize the Purchasing Manager for Monterey County to issue a Purchase Order to 3M Company for the period September 1, 2007 to June 30, 2008 in an amount not to exceed \$45,000; and
- c) Modify County Insurance Endorsement requirements.

SUMMARY/DISCUSSION:

The Medical Necessity software tool will enable Natividad hospital, clinics and physician groups to validate Medicare and MediCal coverage, according to test ordered and coverage before rendering services. This will allow end users to easily identify proper CPT®/ICD-9 codes as well as conduct customized key word searches and common abbreviations. With this application we are able to create, store, retrieve and print requisition forms and Advanced Beneficiary Notices (ABNs) with the capability to produce real-time reports to help track trends. The ability to certify test and coverage relationships and produce ABNs as needed will save the hospital and clinics over \$50,000 in current denied claims.

The Contractor has provided evidence of insurance which meets County Standards, but is unable to provide endorsements. NMC requests that the Board of Supervisors ratify the Agreement understanding that Risk Management is unable to sign the Agreement.

OTHER AGENCY INVOLVEMENT:

This agreement has been reviewed and approved by County Counsel, the Auditor/Controller's office and the NMC Board of Trustees.

FINANCING:

The total cost for this Agreement over the three-year term is estimated to be \$135,000. The cost for Fiscal Year 2007/08 is \$45,000 and is included in the FY 2007/08 Adopted Budget. This action will not require any additional General Fund subsidy.

Report Prepared by:
Sid Cato, Management Analyst
Date: August 10, 2007
Attachments: Agreement

Fs - William Foley

Foley

William Foley
Chief Executive Officer



SOFTWARE LICENSE AND SERVICES AGREEMENT

THIS AGREEMENT shall be effective as of August 9, 2010 between 3M Company, together with its subsidiaries and affiliates, (collectively referred to herein as "3M") having an office at 575 West Murray Boulevard, Murray, Utah 84123-4611 and Natividad Medical Center (hereinafter referred to as "Customer") with offices at 1441 Constitution Boulevard, Salinas, CA, 93906-3100.

Customer contracts for and 3M agrees to furnish the Software and related services described in this Agreement under the terms and conditions of this Agreement.

TERM OF THIS AGREEMENT: Three (3) Years

PAYMENT CYCLE: Annual

FEE SUMMARY

(ITEMIZED ON EXHIBIT B, SOFTWARE AND SERVICES SCHEDULE)

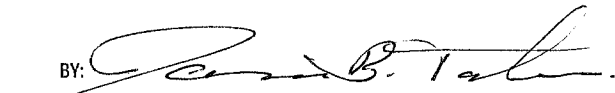
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|---|-------------|
| TOTAL YEAR ONE SOFTWARE LICENSE & SUPPORT FEES: | \$85,558.80 |
| TOTAL ONE TIME, IMPLEMENTATION & TRAINING FEES: | \$1,000.00 |
| TOTAL YEAR ONE CONSULTING SERVICES FEES: | \$0.00 |
| TOTAL YEAR ONE FEES: | \$86,558.80 |


This fee summary does not include incidental expenses, such as freight, freight insurance, and reasonable travel expenses (excluding initial installation and training), which the contract indicates will be billed separately to Customer as they are incurred. It also does not reflect costs of services not obtained through 3M. If Customer elects a payment cycle more frequent than annual, applicable finance charges will apply. 3M RESERVES THE RIGHT TO INCREASE FEES IN THE EVENT CUSTOMER REQUIRES ANY PROVISION TO THIS AGREEMENT BE MATERIALLY MODIFIED.

Customer has read this Agreement, each exhibit, including the disclaimers of warranties, limitations of liability and limitations of remedy, which are contained therein. To indicate their acceptance and agreement to be bound by the terms and conditions of this Agreement, 3M and Customer have executed this Agreement on the date(s) indicated below, to be effective as of the date first indicated above.

NATIVIDAD MEDICAL CENTER

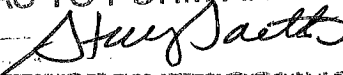
3M COMPANY

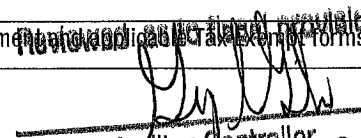
BY: 
 James B. Tatum
 NAME: Director of Purchasing
 TITLE: 7/26/10
 DATE:

BY: 
 NAME: James R. McDonough
 TITLE: Pricing and Contracting Director
 DATE: July 9, 2010

Please fax a purchase order in the amount of \$86,558.80, this signed Agreement and applicable state and federal forms to: (651) 732-8469

APPROVED AS TO FORM AND LEGALITY


 WRITTEN NOTICES UNDER THIS AGREEMENT SHALL BE SENT TO:
 Natividad Medical Center
 1441 Constitution Boulevard
 Salinas, CA, 93906-3100


 Auditor-Controller
 County of Monterey 7-21-10

3M HEALTH INFORMATION SYSTEMS
 575 West Murray Boulevard
 Murray, UT 84123-4611
 Attention: Pricing and Contract Director
 With copy to: Compliance Officer

| | | | | |
|---------------------|----------------|---------------|-------------------|--------------------|
| ISSUE DATE / By: | GPO: | BATCH NUMBER: | CUSTOMER SITE ID: | AGREEMENT NUMBER : |
| 7/9/2010 SHH | AmeriNet, Inc. | 001553 | 2930399 | 001553-10 AN |
| REVISION DATE / BY: | SLA VERSION: | | | |
| | SLSA 04.09 | | | |

1.0 DEFINITIONS

1.1 "Authorized Site" means and includes any facility (such as hospitals, clinics, clinical laboratories, surgical centers or nursing homes) that control, is controlled by, is under common control with Customer, or is under a written management contract with Customer, that is specifically identified as an Authorized Site listed in Exhibit A to this Agreement. "Control" is defined as possessing fifty percent (50%) or more of the voting stock or other ownership interest. If Customer desires to have a facility included as an Authorized Site that does not otherwise meet the "Control" threshold set forth herein, 3M will consider the inclusion of such a facility on a case-by-case basis.

1.2 "Authorized Users" means the employees, contract workers (i.e., individuals employed by a third party assigned to perform, on a temporary basis, the same or similar functions of an Authorized Site's employees) and independent contractors (i.e., self-employed individuals who perform, on a temporary basis, the same or similar functions of an Authorized Site's employees) of an Authorized Site, an admitting physician (a licensed physician who has the privilege to admit patients at an Authorized Site) and a consulting physician (a licensed physician who provides medical consultation at an Authorized Site, or to an admitting physician). 3M will also permit Customer to include, as Authorized Users, consultants and contractors not otherwise included within the foregoing definition provided that (i) the consultant or contractor has a legitimate need to access and use the Software solely on behalf of an Authorized Site, (ii) the consultant or contractor is not, in 3M's reasonable opinion, a competitor of 3M and (iii) Customer requires such consultant or contractor to execute 3M's standard Third Party Access and Confidentiality Agreement. Authorized Users accessing Software (ASP) shall be issued passwords.

1.3 "Documents" means written reference, operations and/or users manuals and other documents, and all revisions thereto, which provide specifications for or instructions for the use of the Software and/or the implementation of the Services, and which are furnished to any Authorized Site by 3M.

1.4 "Equipment" means the central processing unit(s), any peripheral equipment and all interconnecting cables and wires physically located at the Installation Site(s) and/or Authorized Sites that meet or exceed 3M's then current minimum configuration requirements for using the Software, or substitute or backup equipment first approved by 3M in writing. The minimum configuration requirements for the Software (Customer Site Installed "CSI") and the Software (Application Services Provider "ASP") may be different.

1.5 "Installation Site" means the physical location to which 3M shall deliver the Software (CSI) for installation (i.e., "loading") on the Equipment or any substitute location first approved by 3M in writing. All Installation Sites shall be identified in Exhibit A to this Agreement.

1.6 "Services" means the services identified in Exhibit B, Software and Services Schedule to this Agreement, as more particularly described in the scope of work, and when applicable, attached hereto. Services do not include 3M's implementation of the Software (Section 2.2), training provided to Authorized Users (Section 2.3) or Software Support Services (Section 3).

1.7 "Software" means 3M Software and Third Party Content. Provisions of this Agreement referring to Software denoted as "CSI" shall apply only to Software that is implemented by delivery of the Software to the Customer, on physical media or by online download, for installation on the Equipment. References in this Agreement to Software denoted as "ASP" shall apply only to Software that is implemented by enabling the Customer to access and use the functionality of the Software, or the results produced by the use of the Software, remotely via the Internet, Virtual Private Network or other online means without installation of the Software on the Equipment. Provisions of this Agreement referring to Software without denotation to "CSI" or "ASP" shall apply to both types of Software.

1.8 "3M Software" means all copies of 3M-owned computer program(s) identified in Exhibit B, Software Schedule to this Agreement and any Updates thereto.

1.9 "Software Implementation Date" means, with respect to: (i) any particular Software (CSI), the earliest date on which the Software (CSI) is installed (i.e., "loaded") on the Equipment and passes 3M's diagnostic tests for such Software (CSI), or (ii) is put into use by Customer for any purpose other than for testing purposes that takes place before 3M begins its diagnostic tests, whichever occurs first. Customer-installed Software ("CI"), if any, will be presumed to be loaded on the Equipment seven (7) days after shipment by 3M, and (ii) any particular Software (ASP), the earliest date on which an Authorized User is permitted to access the Software (ASP).

1.10 "Term" means the period of time during which this Agreement remains in effect, beginning with the Initial Term and continuing throughout each successive Renewal Term, if any. The "Initial Term" of this Agreement is the period of time set forth on the face of this Agreement commencing on the earliest Software Implementation Date. A "Renewal Term" is the additional period of time that this Agreement remains in effect, pursuant to Section 9.2, following the end of the Initial Term, or an immediately prior Renewal Term.

1.11 "Third Party Content" means all non-3M-owned computer programs and/or materials (including, but not limited to, for example, CPT™ codes) incorporated into, or distributed by 3M for use in conjunction with, 3M Software, together with any Updates or diagnostic support aids thereto which are distributed to any Authorized Site by 3M.

1.12 "Update" means an enhancement or modification to the Software which 3M makes generally available to its customers without an additional or increased license fee.

2.0 SOFTWARE AND SERVICES

2.1 Ownership. Title to all copies of the Software and Documents (including those made by Authorized Users), and to all 3M confidential and proprietary information, shall be and remain vested in 3M and/or its suppliers. 3M also retains title to all media used to supply Software to Customer. Title to the software or other analytical tools that 3M utilizes to provide Services under this Agreement ("Service Tools") shall be and remain vested in 3M and/or its suppliers. No license, express or implied, under any patents, copyrights, trademarks or other property rights to such Service Tools are granted to Customer under this Agreement unless such Service Tools are specifically set forth in Exhibit B.

2.2 Implementation and Training. When applicable 3M's implementation and training personnel will contact Customer shortly after the execution of this Agreement to mutually determine the training schedule.

2.2.1 Software (CSI) Implementation. Software (CSI) must be installed on Customer's Equipment at the designated Installation Site(s). Software shall be installed by 3M; however, certain Software (CSI) may be identified in Exhibit B as Customer-installable ("CI"). Customer shall, at its expense, be responsible to see that all Customer-installable Software (CSI) is installed and placed in working order. Customer shall provide 3M with all relevant specifications and other documents and shall supply all cables, interface hardware and other Equipment reasonably required to integrate and interface the Software (CSI) with Customer's instruments and other computer systems.

2.2.2 Software (ASP) Implementation. means, for purposes of this Agreement, the initial configuration of the database application and establishment of the database and reporting format, if any, establishment of the number of users and user identities, and completion of software download and system build, if any, and delivery of password. Customer shall maintain proper Equipment, instruments and computer systems reasonably necessary to allow Customer to access the 3M ASP Software.

2.3 Training. When applicable to the Software licensed by Customer, 3M shall train a predetermined number of Authorized Users in use of the 3M Software as part of the implementation and training fees (I&T) as set forth on Exhibit B, the Software and Services Schedule (I&T fees include travel-related expenses and per diem provided that implementation and training is scheduled simultaneously for a maximum of one visit. Customer is responsible for the cost of additional visits at 3M's then-current service rates plus any reasonable travel-related expenses incurred). Dependent on the Software licensed, training shall be provided either; (a) on-site at Customer's location, or (b) remotely via i) phone, or ii) web conferencing. In the event on-site training is applicable, Customer shall, at its expense: (i) provide the necessary Authorized Users for training at the scheduled times and training locations, and (ii) provide the necessary training resources including, but not limited to, adequate training facilities, overhead projectors, and personal computers for computer based training.

2.4 Software License. During the Term of this Agreement, 3M grants Customer a nontransferable, nonexclusive license ("License") to permit Authorized Users to access and use the Software and Documents solely for purposes of processing transactions for the Authorized Sites listed in this Agreement. The License granted to Customer does not permit Customer to do or permit any of the following without 3M's prior written consent: (i) make extra copies of the Software or Documents (except for the limited purposes set forth below), (ii) sublicense, lease, lend, transfer or permit access to the Software or Documents (or any copies thereof) to any third party, (iii) permit access to, or the use of, the Software or Documents by any person, facility or entity that is not an Authorized User, (iv) use, or permit the use of, the Software or Documents to process transactions of any entity or facility that has not been specifically listed as an Authorized Site, or (v) disassemble, reverse-engineer or create derivative works based upon the Software. Customer is solely responsible for informing and ensuring that all Authorized Users permitted to access and use the Software or Documents (including all Authorized Users who access and use the Software or Documents from remote locations), comply with the restrictions of Sections 2.4, 2.5 and 4. Notwithstanding the foregoing, Customer may make such copies of the Software (CSI) and/or Documents as are necessary to secure the Customer's data or which are essential to the operation of the Equipment. During any period of Equipment malfunction causing the Software (CSI) to be inoperative, Customer may use the Software (CSI) on other Equipment; however, Customer shall not remove the Software (CSI) from the Installation Site without 3M's written consent, which shall not be unreasonably withheld. Upon thirty (30) days advance notice, at Customer's regular business hours, Customer shall allow 3M, or a third party designated by 3M, to inspect and audit Customer's books, records and use of the Software and Documents solely and exclusively for the purpose of verifying Customer's compliance with its obligations under this Agreement. Any audit shall be paid for by 3M; provided, however, that Customer shall pay for the expense of the audit if the audit reveals a violation of the Agreement.

2.5 Third Party Content. Except as otherwise indicated in this Agreement, all terms and conditions of this Agreement, including the applicable terms and conditions set forth in Exhibit D, if any, shall apply to Third Party Content. 3M reserves the right to add or delete Third Party Content and to revise the provisions of Exhibit D in the event that the licensor of any Third Party Content requires 3M to pass through modified terms and conditions applicable to its Content. In the event of a conflict between the terms and conditions of this Agreement and those set forth in Exhibit D with respect to Third Party Content, the terms and conditions of Exhibit D shall control. If 3M provides Third Party Content to Customer that is accompanied by its own license agreement (e.g., "shrink-wrap" or "click wrap" terms and conditions) such Third Party Content license agreement shall control Customer's use of the Third Party Content. In the event Customer is permitted by a Third Party Content license agreement to change, modify or make any derivative work from the Third Party Content; Customer assumes total responsibility for any resulting Equipment and/or Software malfunctions.

2.6 Remote Coding. Customer is responsible for ensuring that all access to and use of the Software (CSI) by Authorized Users from remote locations ("Remote Coding") is in accordance with terms and conditions of this Agreement including, but not limited to, the use of the Software (CSI) solely for the benefit of the Authorized Sites listed in this Agreement. Security to detect and/or prevent unauthorized access, disclosure or use of protected health information ("PHI") or Customer's Operational Information (as defined in Section 4.2.2) data is the sole responsibility of Customer, and Customer agrees to indemnify and hold 3M harmless from any demands, claims, or suits by a third party for loss, judgment, damages or expenses (including attorney's fees) arising out of or related to unauthorized access, disclosure or use of PHI or Customer's Operational Information in Remote Coding situations.

2.7 Software Security. 3M provides limited utilities and functions as part of the Software to limit access to the Software to authorized personnel. The overall effectiveness of software security depends upon the Customer's proper use of the 3M utilities and functions, and Customer's own policies, procedures and software/hardware security devices. Accordingly, so long as the Software meets the performance warranty set forth in Section 6.3, Customer agrees to indemnify and hold 3M harmless from any demands, claims, or suits by a third party for loss, judgment, damages or expenses (including attorney's fees) arising out of or related to unauthorized access to the Software (CSI) or unauthorized access of Software (ASP) through the use of a Password by an individual other than the Authorized User to whom the Password was assigned.

2.8 Password Security. Customer is responsible for the security of all passwords provided to Customer and its Authorized Users by 3M for access to and use of the Software under this Agreement. In the event that access to, or use of, a Customer's password is permitted by Customer, or gained by an unauthorized party while such password is in the possession of Customer, and subsequently access to, or use of the Software is made by such unauthorized party, Customer shall be solely responsible for any access to, or use of, the Software, or activity or transaction using the Software by such unauthorized party. Customer understands and agrees that the access to, or use of, the Software by any person using a password provided to Customer or its Authorized Users constitutes an authorization by Customer to use such password and access or use the Software, without limitation. Customer shall be solely liable for all access to, or use of, the Software using the Customer's passwords, until 3M has received notification from Customer in writing that the security of such password, and subsequent access or use, is not authorized. Customer agrees to immediately notify 3M of any possession, or use, of its passwords by an unauthorized party of which it becomes aware. Upon such notification, 3M shall terminate such password and issue a new password to Customer.

2.9 Customer's Responsibilities.

2.9.1 Software Operating Results. While 3M makes the Software available for Customer's use, Customer understands and acknowledges that it is solely responsible for the use it makes of the Software including, but not limited to, monitoring and verifying the input to and output from the Software. Accordingly, so long as the Software meets the performance warranty set forth in Section 6.3, Customer agrees to indemnify and hold 3M harmless from any demands, claims, or suits by a third party for loss, judgment, damages or expenses (including attorney's fees) arising out of or related to Customer's use of the Software by Customer or any other person.

2.9.2 Services. 3M's performance of Services, and the timeliness of that performance, depends upon Customer's cooperation and support. 3M's time of performance, if fixed, shall be enlarged to the extent reasonably necessary, in the event that: (a) Customer fails to submit data in the prescribed form or as required by this Agreement, or as necessitated for 3M to complete Services which may become part of this Agreement, (b) any force majeure occurrence including, acts of God, malfunction of any equipment or other cause beyond the control of 3M, (c) special requests by Customer or any governmental agency or other regulatory authority authorized to regulate or supervise Customer that impact 3M's performance of the Services; or (d) if Customer fails to provide any equipment, software, premises, performance or other assistance called for or necessitated by this Agreement. Customer understands and acknowledges that it is solely responsible for, the use the Customer makes of any advice, recommendations, information or data, including evaluations and advice relating to the performance or effectiveness of certain personnel employed by or under contract with Customer (collectively, "Work Product") that 3M supplies to Customer resulting from Services performed under this Agreement. In addition, except for intellectual property infringement, 3M shall have no liability for and Customer agrees to indemnify and hold 3M harmless from any third party demands, claims, or suits by any party for loss, judgment, damages or expenses (including attorney's fees) arising out of or related to use the Customer makes of the Work Product by Customer or any other person.

3.0 SUPPORT SERVICES

3.1 Scope of Support Services. Beginning on the Software Implementation Date and continuing throughout the Term of this Agreement, for so long as Customer licenses the 3M Software uninterrupted and pays the associated license fees, in accordance with this Agreement, 3M shall use commercially reasonable efforts to provide Customer with the following support services ("Support Services") at no additional charge provided that the Software in use by Customer is the most current or the immediately preceding Update level:

3.1.1 Corrections. 3M shall correct significant deviations between the 3M Software and the applicable Documents and any incompatibility between the 3M Software (CSI) and the operating system software of any Equipment, which has been approved by 3M for use with 3M Software.

3.1.2 Updates. 3M shall provide Updates to the 3M Software. 3M will use commercially reasonable efforts to provide Updates to meet the requirements of federal laws and regulations (including, for example, changes to DRG, APC, ICD-9, and CPT™ codes); provided, however, where changes in laws and regulations (including, for example, implementation of ICD-10) are, in 3M's reasonable determination, significant enough to require the development of new software products or new features and/or functions for existing software products, then: (i) 3M may, but is not required to develop the new features, functions and/or software products, and (ii) 3M may charge additional license and support fees in connection with any additional features, functions and/or software products it chooses to develop. Updates for Software (CSI) are designed to be Customer-installable. When on-site support for Updates is requested by Customer, 3M reserves the right to charge Customer 3M's then-current fees for installation and training in connection with Updates which require 3M personnel to provide support at Customer's site. Such charges are not included in the fees listed on the face of this Agreement. 3M will use reasonable efforts to notify Customer of additional charges and/or Equipment necessary to make an Update operational prior to the release of such Update.

3.1.3 Standard Support. Authorized Users can get answers to routine software installation and usage questions within four (4) hours during 3M's normal business hours (excluding 3M holidays) and assistance with a priority one request, within one (1) hour after submitting a support request, by either; a) telephone, or b) electronically by accessing 3M's secure self-help website Customer Care ("Standard Support"). Customer must register with 3M Customer Care to activate the Standard Support Services. For more information on 3M's Standard Support services or to register go to: www.3MCustomerCare.com.

3.1.4 ICD-10 Version of the Software. When federal law and/or implementing regulations require the use and/or submission of data based upon the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, published by the World Health Organization ("ICD-10"), 3M shall provide to its then-current Customers the following Updates: (i) for Customers licensing the ICD-9 version of the 3M Coding and Reimbursement Software and 3M Grouping Software, 3M will provide an Update that replaces the ICD-9 version with an ICD-10 compliant version of the 3M Software, (ii) for Customers licensing the 3M Interface Software (CSI), 3M will provide an Update that will allow the transmission of ICD-10 data, and (iii) for Customers licensing 3M Software (CSI) containing a database, 3M will provide an Update that will accommodate storage and transmission of ICD-10 data. Fees for these Updates will be based upon Customer's then-current Agreement. 3M will increase license fees five percent (5%) in both the year immediately preceding the year in which federal law requires the use and/or submission of ICD-10 based data, and in the year in which federal law requires the use and/or submission of ICD-10 based data (for example, if federal law requires the use and/or submission of data based upon ICD-10 beginning on October 1, 2010, a 3M customer subject to a maximum annual license fee increase of five percent (5%) will receive a five percent (5%) license fee increase during the period between October 1, 2009 and September 30, 2010, and the period between October 1, 2010 and September 30, 2011 such increase to be included on Customer's annual invoice. If 3M develops and commercially releases other software products or services related to ICD-10, Customer may elect to acquire such additional ICD-10 products and/or services at 3M's then-current prices. Customer shall be responsible for any associated installation and/or training requested from 3M. 3M may also charge additional Support Service fees related to new software products. 3M will permit Customers to simultaneously access and use their ICD-9 version of the 3M Software at no additional license charge for a period not to exceed twelve (12) months from the installation of the ICD-10 Update to the Software to permit the coding of those records that require reporting under the ICD-9 regulations. Thereafter, Customer's license for the ICD-9 version of the 3M Software shall terminate. If Customer desires to use the ICD-9 version of the 3M Software longer than provided for herein, Customer must enter into a license agreement for such 3M Software at the then-current license fees.

3.2 Customer's Obligations. To enable 3M to provide Support Services under this Agreement, Customer shall: (i) notify 3M when support is required and report problems to 3M, (ii) allow 3M reasonable access to Customer's system and the reasonable use of necessary site facilities, utilities, data communications and system resources with ready access at no charge and/or requiring 3M or 3M implementation, training or support personnel to enter into any additional access or confidentiality agreements, and (iii) when requested by 3M, collect data and other information necessary for 3M to resolve system problems, and (iv) maintain the database and program libraries as specified by 3M, and (v) obtain any additional Equipment, updates to third party application software and third party operating system Software (as reasonably specified by 3M) necessary to make an Update operational, and (vi) provide time for installation of all Updates (CSI), and (vii) perform regular daily backups, and (viii) provide qualified personnel to work with 3M personnel.

3.3 Modification of Support Services. After the Initial Term of this Agreement (as set forth on the face of this Agreement), 3M may modify the Support Services offered with respect to the Software by giving Customer written notice ninety (90) days prior to any renewal date, including the first renewal date.

4.0 CONFIDENTIAL INFORMATION, TRADE NAMES AND COPYRIGHTS

4.1 Customer's Obligations. Customer acknowledges that this Agreement, the Software, the Documents and the Passwords (where applicable) constitute and/or contain information that is confidential and proprietary trade secrets of 3M and/or its suppliers ("3M Information"). Customer agrees to treat all 3M Information as confidential, to require all Authorized Users who Customer permits access to the Software or the Documents pursuant to Section 2.0 to comply with this Section 4.1, and otherwise use its best efforts to prevent unauthorized disclosure of 3M Information. The obligations of this Section 4.1 shall not apply to any 3M Information, which is public information on the date this Agreement is completely executed, or becomes public information subsequent to such date through acts not

attributable to Customer. The existence of a copyright notice shall not cause or be construed to cause the Software or the Documents to be a published copyrighted work or to be public information or in the public domain. Customer shall not remove the trademarks, trade names or any notice of 3M or 3M's suppliers from any Equipment, Software, Documents or other materials delivered to Customer pursuant to this Agreement, and will cause them to appear on all copies made by Customer pursuant to Section 2.0.

4.2 **3M's Obligations.** 3M acknowledges that in the course of performing this Agreement it may be given access to information that is confidential to Customer or to third parties, including Customer's patients. 3M agrees to treat all such information as confidential in accordance with the following provisions:

4.2.1 **Protected Health Information ("PHI").** To the extent required by the Health Insurance Portability and Accountability Act of 1996, or "HIPAA," and the regulations promulgated there under, the parties shall abide by the terms of Exhibit C, Business Associate Addendum.

4.2.2 **Operational Information.** In addition, 3M agrees to treat all Customer Information other than PHI including, but not limited to, hospital and medical systems, financial and billing data and other operational information (collectively, "Operational Information") as confidential and to use its best efforts to prevent unauthorized disclosure of such items by 3M's employees, agents, representatives and contractors. The obligations of this Section 4.2.2 shall not apply to any Operational Information which is public information on the date this Agreement is completely executed, or becomes public information subsequent to such date through acts not attributable to 3M or its employees, agents, representatives or subcontractors.

5.0 ACCESS TO 3M BOOKS AND RECORDS

5.1 **Access.** To the extent required by applicable law (42 U.S.C. 1395x(v) (1) (l) and 42 CFR Sec. 420.300 through 420.304, or any successor statutes or regulations), until the expiration of four (4) years after the furnishing of services under this Agreement, 3M shall make available upon written request to the Secretary of Health and Human Services ("Secretary") or the Comptroller General, or to any of their duly authorized representatives, this Agreement and such books, documents and records of 3M that are necessary to verify or certify the nature and extent of 3M's invoiced charges for services furnished to Customer.

5.2 **Subcontracts with Related Organizations.** 3M agrees that to the extent required by applicable law, if 3M carries out any of its duties under this Agreement through a subcontract with a related organization with a value or cost of \$10,000 or more over a twelve month period, that subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of services under that subcontract, the related organization will make available, upon written request to the Secretary, or to the Comptroller General, or to any of their duly authorized representatives, the subcontract and such books, documents and records of the related organization that are necessary to verify or certify the nature and extent of the costs incurred by Customer based on 3M's invoiced charges for services furnished by the related organization.

6.0 WARRANTIES AND REPRESENTATIONS

6.1 **Authority.** 3M represents and warrants to Customer that, during the Initial Term of this Agreement and any renewal thereof, it has and will have full power and authority to enter into this Agreement and perform hereunder; and that such entry and performance does not and will not violate any rights of any third party.

6.2 **Non-infringement.** 3M further represents and warrants to Customer that, during the Initial Term of this Agreement and any renewal thereof, the 3M Software and Documents do not infringe any patent, copyright, trademark or trade secret rights of any third party. Customer shall immediately notify 3M of any infringement claim and provide 3M with a copy of any pleadings. The selection of counsel, the conduct of the defense of any lawsuit and any settlement shall be within the sole control of 3M, and at 3M's expense. 3M also agrees to indemnify and hold Customer harmless from any damages or expenses (including attorney's fees) actually and finally awarded against Customer in any lawsuit arising out of or related to 3M's alleged infringement of a third party's intellectual property rights. 3M may, at its option and expense, procure for Customer the right to continue using the allegedly infringing 3M Software, replace it with a non-infringing item, modify it so it becomes non-infringing, or require Customer to return all copies of the allegedly infringing 3M Software to 3M and grant Customer a pro rata credit for the unused portion of the prepaid Software license fee for the current year and terminate the applicable Support Services. THIS SECTION 6.2 STATES THE SOLE AND EXCLUSIVE REMEDY OF CUSTOMER FOR ANY ALLEGED INFRINGEMENT AND IS IN LIEU OF ALL WARRANTIES, EXPRESS OR IMPLIED, IN REGARD THERETO. This warranty does not extend to any Third Party Content.

6.3 Performance Warranties.

6.3.1 **3M Software.** 3M represents and warrants that, so long as Customer has licensed the 3M Software from 3M on a continuous and uninterrupted basis from the Software Implementation Date and, where applicable, has installed and is using the then-current or immediately preceding 3M Software (CSI) Update level, the 3M Software shall perform in substantial accordance with the Documents; however, 3M does not represent or warrant that the operation of the 3M Software will be uninterrupted or error-free. Upon receipt of written notice from Customer that 3M Software fails to meet this warranty, 3M shall provide the Support Services set forth in Section 3.0 of this Agreement. In the event 3M is unable to remedy a breach of warranty in this Section 6.3, Customer shall return all copies of the applicable 3M Software to 3M and 3M shall grant Customer a pro rata credit for

the unused portion of the prepaid Software license fee for the current year and terminate the applicable Support Services. This warranty does not extend to any Third Party Content.

6.3.2 Services. 3M warrants to Customer that the Services will be performed in a good and workmanlike manner. In the event of a breach of the foregoing warranty, 3M's exclusive liability, and Customer's exclusive remedy, shall be for 3M, at its option, to either: (i) re-perform the Services in a manner consistent with this warranty, or (ii) refund to Customer any amounts paid for the Services that fail to meet this warranty and terminate this Agreement without further obligation on the part of either party. The warranty set forth in this Section 6.3.2 constitutes the sole and exclusive remedy provided by 3M with respect to the Services, and such warranty and remedy are in lieu of all other warranties and remedies.

6.3.3 Warranty Exclusions. The warranties set forth in this Agreement do not apply if: (a) the Software is used, in whole or in part, with computer equipment, interfacing or other software other than those recommended in writing by 3M for use with the Software; (b) Customer or anyone other than 3M or its employees in any way maintains, attempts to maintain, modifies or attempts to modify the Software or any part thereof in any manner other than as specified in the Documents, except for those elements of the Software that are specified in the Documents as being user-definable; (c) Customer uses or allows the Software to be used in any manner other than as specified in the Documents; (d) Customer fails to use any new or corrected versions of the Software or any component thereof made available by 3M; (e) Customer fails to follow any written directions or to perform any procedures prescribed by 3M in writing; (f) any abuse, misuse, accident or negligence, in each case other than by 3M or 3M's contractors shall have occurred in relation to the Software; or (g) the non-conformance shall have been caused other than by the Software, 3M or 3M's contractors. If the origin of a problem is determined to be other than non-conformance of the 3M Software or Services to the applicable warranty, and if 3M agrees to provide Customer with Services to further identify and/or remediate the cause of the problem, Customer will pay 3M, for all resources expended in addressing the claim, on a time and materials basis at 3M's then current rates, plus any associated travel, lodging and sustenance expenses actually incurred in accordance with 3M's travel expense policy.

6.4 Disclaimer. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS SECTION 6, 3M AND ITS SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND THOSE ARISING FROM TRADE USAGE OR COURSE OF DEALING.

7.0 LIMITATION OF LIABILITY

7.1 Lost Data or Information. IT IS EXPECTED THAT CUSTOMER WILL PERFORM ROUTINE BACKUPS OF ITS INFORMATION PRIOR TO USING THE SOFTWARE TO PROCESS OR ANALYZE THAT INFORMATION. ACCORDINGLY, 3M AND ITS SUPPLIERS SHALL NOT BE LIABLE TO CUSTOMER FOR ANY LOSS OR DAMAGE RESULTING FROM LOST DATA OR INFORMATION. IN THE EVENT DATA OR INFORMATION IS LOST DUE TO ANY NEGLIGENT ACT OR OMISSION BY 3M OR DUE TO BREACH OF ANY WARRANTY, 3M'S SOLE LIABILITY AND CUSTOMER'S SOLE REMEDY SHALL BE FOR 3M TO USE ITS BEST EFFORTS TO RECOVER THE LOST DATA OR INFORMATION AT NO CHARGE TO CUSTOMER.

7.2 Excluded Damages. NEITHER 3M AND ITS SUPPLIERS, NOR CUSTOMER SHALL BE LIABLE TO THE OTHER UNDER ANY CIRCUMSTANCES FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES OR ECONOMIC LOSS, BASED UPON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY IN TORT OR ANY OTHER LEGAL THEORY EVEN IF 3M OR ITS SUPPLIERS OR CUSTOMER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, REVENUE (EXCEPT FOR LOSS OF PROFITS OR REVENUE TO 3M ARISING FROM CUSTOMER'S FAILURE TO PAY AMOUNTS DUE UNDER THIS AGREEMENT OR CUSTOMER'S BREACH OF SECTION 2.4 or 2.5), EQUIPMENT USE, DATA OR INFORMATION OF ANY KIND.

7.3 Maximum Liability. 3M'S MAXIMUM CUMULATIVE LIABILITY FOR: (i) ALL DAMAGES, COSTS OR EXPENSES OF ANY TYPE OR NATURE RECOVERABLE UNDER LAW OR CONTRACT ARISING OUT OF OR RELATING TO SOFTWARE LICENSED UNDER THIS AGREEMENT IS LIMITED TO THE SUM OF THE SOFTWARE LICENSE FEES ACTUALLY PAID TO 3M BY CUSTOMER FOR THE INITIAL TERM OF THIS AGREEMENT FOR THE SOFTWARE THAT GIVES RISE TO THE LIABILITY, OR ONE MILLION DOLLARS (\$1,000,000), WHICHEVER IS LESS, AND (ii) FOR ALL DAMAGES, COSTS OR EXPENSES OF ANY TYPE OR NATURE RECOVERABLE UNDER LAW OR CONTRACT ARISING OUT OF OR RELATING TO SERVICES PURCHASED UNDER THIS AGREEMENT IS LIMITED TO THE AMOUNT OF THE FEES ACTUALLY PAID TO 3M FOR THE SERVICES PERFORMED THAT GIVE RISE TO THE LIABILITY.

7.4 Essential Elements. The warranty disclaimer and the limitation of liability provisions set forth in this Agreement reflect an informed, voluntary allocation of risk between the parties, and constitute essential elements of the bargain between them. 3M would not have made the Software and/or Services available to Customer at the prices set forth in this Agreement if it did not include such provisions.

8.0 FEES, INVOICING AND PAYMENTS

8.1 Software. License fees for each item of Software are set forth in the Software Schedule and shall be invoiced to Customer as set forth below. If applicable, Customer shall, upon execution of this Agreement, pay 3M the down payment set forth on the face of this Agreement, and the down-payment shall appear on the initial invoice(s) as a credit against the first year license fees. Notwithstanding anything to the contrary contained in any Third Party Software license agreement, Customer shall pay all license fees to 3M with respect to Third Party Software as provided in this Agreement for the Term of this Agreement.

a. First Year of the Initial Term. License fees for the first year, set forth in the Software Schedule and summarized on the face of this Agreement, will be invoiced to Customer on or shortly after the Software Implementation Date; provided, however, that if Customer delays or postpones the Software Implementation Date for more than thirty (30) days beyond the scheduled Software Implementation Date for any reason other than 3M's breach of this Agreement, 3M will invoice Customer the remaining unpaid balance of License fees for the first year.

b. Second and Subsequent Years of the Initial Term. Subject to the provisions of Section 8.1(c) below, Software license fees for the second and subsequent years of the Initial Term shall be communicated to the Customer by e-mail, U.S. mail, or courier prior to the anniversary of the Software Implementation Date and shall be due on the Software Implementation Date. Total license fee increases, if any, in the second and subsequent years of the Initial Term shall not exceed five percent (5%) of the license fee for the immediately preceding year unless otherwise indicated on the Software and Services Schedule.

c. Additional Software and/or Authorized Sites. During the Initial Term or any Renewal Term of this Agreement, the parties, upon mutual consent, may add new items of Software or additional Authorized Sites to this Agreement. For the administrative convenience of the parties, 3M shall prorate the first year's license fees for the new Software and/or Authorized Sites to the next anniversary of the Software Implementation Date of this Agreement. Thereafter, 3M will submit a single invoice for the annual license fees for all Software. The license term for all items of Software shall then co-terminate with the license Term provided for the item of Software having the earliest calendar Software Implementation Date.

d. Renewal after the Initial Term. License fees for years after the Initial Term for which this Agreement is renewed shall be at 3M's then-current license fee less any applicable discount, which shall be communicated to the Customer prior to the end of the Initial Term and the end of any yearly renewal period hereof.

8.2 Software Installation and Training. Charges for Software implementation and training are set forth in the Software and Services Schedule and shall be invoiced on or after Software Implementation Date. If Customer cancels an agreed upon implementation and/or training date less than seven (7) days prior to such date, or if Customer is unprepared to go forward with implementation and/or training on the agreed upon installation and/or training date, then 3M may invoice Customer for any non-refundable travel-related costs and expenses and one day's installation and/or training (as applicable) at 3M's then current rate.

8.3 Services. Charges for Services are set forth in the Software and Services Schedule, and shall be invoiced as set forth therein. As a matter of convenience for the parties, Services with annually recurring fees shall be invoiced in the second and subsequent years on the same invoice with the Software license fees. Travel and related expenses shall be invoiced after such expenses have been incurred.

8.4 Miscellaneous Charges. All charges and fees not specified in this Agreement shall be invoiced to Customer shortly after such charges or fees accrue. Customer shall have the right to approve all miscellaneous charges before they are incurred on behalf of Customer.

8.5 Invoicing Payments. All charges and fees under this Agreement are due and payable in full in U.S. dollars within thirty (30) days after the date of invoice (the "Payment Period"). If Customer disputes an item and/or amount on an invoice for which it intends to withhold payment, it must, during the Payment Period: (i) give 3M a written notice detailing the basis of the dispute (or the invoice shall be deemed undisputed), and (ii) pay all undisputed amounts in full within the Payment Period. 3M may assess a late payment charge on all undisputed amounts at the rate of one percent (1%) per month or the maximum rate permitted by applicable law, whichever is less, on the unpaid amount for each month (or fraction of a month) any payment is late. In the event Customer becomes thirty days past due with respect to any undisputed amounts due on an invoice, 3M may, upon written notice to Customer, immediately suspend the provision of Services set forth in Section 2.0 and/or the Support Services set forth in Section 3.0 until such past due charges are brought current or until this Agreement is terminated for breach as set forth in Section 9.2. Except as specifically set forth in Section 9.2, all amounts paid by Customer to 3M under this Agreement are non-refundable.

8.6 Invoicing Services. As a matter of convenience for the parties, Services shall be invoiced in conjunction with the related Software. Those services with annual fees shall be prorated to the next Software Installation Date on the first year's invoice. Those services with annual fees shall be invoiced in the second and subsequent years on the same invoice with the Software license fees.

8.7 Taxes. In addition to the charges and fees specified herein, Customer shall pay or reimburse 3M for all taxes, customs duties and amounts levied instead of taxes resulting from this Agreement, except for personal property taxes on the Software and taxes based on 3M's net income. If Customer is exempt from any taxes, Customer shall certify such exemption in a form satisfactory to 3M.

9.0 TERM, NONRENEWAL AND TERMINATION

9.1 Term. This Agreement shall become effective upon the Effective Date and shall remain in effect for the period of time set forth on the face of this Agreement ("Initial Term") commencing on the earliest Software Implementation Date. Thereafter, this Agreement shall automatically terminate unless Customer, upon sixty (60) days prior written notice, requests renewal. Such renewal, if any, would be priced at 3M's then-current list price, less any applicable discount. 3M, at its option, may elect not to renew the Agreement ("Non-renewal").

9.2 Termination and Non-renewal, Rights and Obligations. During the Initial Term of this Agreement, or any Renewal Term, either party may terminate this Agreement immediately upon the occurrence of any of the following events: (i) the other party has failed to cure a breach of this Agreement within thirty (30) days after receiving written notice thereof; (ii) the other party institutes proceedings under bankruptcy or insolvency laws, for corporate reorganization, receivership, dissolution or similar proceedings; (iii) proceedings under bankruptcy or insolvency laws, for corporate reorganization, receivership, dissolution or similar proceedings pending against the other party for more than ninety (90) days; (iv) the other party makes a general assignment for the benefit of creditors; (v) the other party becomes insolvent; or (vi) either party ceases to conduct business or to conduct the business relevant hereunder. Upon any termination or non-renewal of this Agreement, Customer's License to access and use the Software pursuant to Sections 2.4 and 2.5 are and shall be automatically and immediately revoked, and Customer shall (i) cease all further use of the Software and, de-install the Software and, at 3M's option, either return all copies of the Software (CSI) and Documents to 3M at Customer's expense or destroy all copies of the Software (CSI) and Documents. In the event the Software requires 3M to access Customer's Equipment for Customer to comply with the termination provisions herein, Customer shall not unreasonably deny or delay 3M's access to such Equipment. Customer shall certify to 3M in writing that all copies have been returned or destroyed; (ii) pay all charges and fees outstanding (and no refund shall be due Customer for any charges or fees paid, except in the event that Customer has rightfully terminated the Agreement due to a breach by 3M, in which event Customer's sole remedy and 3M's sole obligation shall be a refund to Customer of a pro-rated portion of the current year's pre-paid Software license fees, if any); (iii) return to 3M any security devices which 3M loaned to Customer. Sections 2.1, 4, 5, 7 and 10 shall survive any termination of this Agreement.

10.0 GENERAL PROVISIONS

10.1 Effect of Agreement. This Agreement (including all Schedules, Exhibits and other attachments hereto) embodies the entire understanding between the parties with respect to the subject matter hereof and supersedes any and all prior understandings, oral or written proposals and communications or other agreements, oral or written, relating thereto. Customer acknowledges that it has not been induced to enter into this Agreement by any representation or statement, oral or written, not contained in this Agreement.

10.2 Amendments, Modifications. Except as otherwise provided herein, any amendment hereof must be in writing and signed by both parties. In connection with this Agreement, 3M may from time to time accept receipt of one or more purchase orders from Customer, may acknowledge such receipt by returning one or more acknowledgment copies, and may issue invoices against any such purchase order. Any such act by 3M is for Customer's convenience only. The terms and conditions of this Agreement shall prevail over any conflicting or additional terms and conditions of any order or other document submitted by Customer at any time in connection with this Agreement. All such conflicting and additional terms and conditions are specifically rejected and do not form, and shall not form, any part of this Agreement.

10.3 Interpretation, Priority. The headings and captions contained in this Agreement are for convenience only and shall not constitute a part hereof. In the event of any conflict between a provision of this Agreement, any Schedule or Exhibit thereto, or a Document, such conflict shall be resolved in the following order of priority unless specifically stated otherwise (governing provision stated first): terms and conditions of this Agreement, Schedule, Exhibit, Document.

10.4 Assignment. This Agreement is binding on successors and assigns of the parties. Neither this Agreement nor any part or portion hereof shall be assigned, sublicensed, or otherwise transferred by Customer without 3M's prior written consent, and any attempt to do so shall be void.

10.5 Force Majeure. Neither party shall be responsible for failure to comply with this Agreement (other than an obligation to pay money) due to causes beyond its reasonable control including, without limitation, acts of God, war, or terrorism, natural disasters, fire, or riots.

10.6 Announcements. 3M, with Customer's prior written approval, may issue announcements concerning this Agreement to the trade press and recognized industry consultants.

10.7 Notices. Each party shall appoint a representative from its organization authorized to receive notices hereunder. All notices required to be given shall be given in writing by personal delivery, by certified or registered mail or by overnight carrier to the other party at the address listed on the face of this Agreement. Any change of address or representative shall be promptly communicated in writing to the other party.

10.8 Severability, Enforcement. Any provision of this Agreement, which is held to be void, invalid, unenforceable or illegal by a court, shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

10.9 Governing Law. This Agreement and any questions, claims, disputes or litigation concerning or arising from its creation, performance or termination, shall be governed by the laws of the State of California without giving effect to the conflict of laws doctrines of any state.

10.10 Dispute Resolution. The parties shall attempt in good faith to resolve any controversy, claim or dispute (cumulatively "Dispute") arising from or relating to this Agreement by negotiations between representatives of the parties. In the event of litigation both parties hereby waive any right of trial by jury. Any cause of action arising from, or out of, the creation, performance or non-performance or

termination of this Agreement, based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory regardless of the form of such action must be commenced within one (1) year after (i) the date on which the breach occurs, or (ii) the date on which the non-breaching party obtains knowledge of the facts giving rise to such cause of action, whichever occurs later. The procedures herein are exclusive and shall be fully exhausted prior to the initiation of litigation; provided, however, that nothing herein shall preclude a party from taking any action necessary to preclude imminent and irreparable harm.

10.11 No Third Party Beneficiaries. The parties expressly acknowledge and agree that no third party is intended to be a beneficiary of any provision of this Agreement.

10.12 Insurance. During the term of this Agreement 3M shall maintain such policies of insurance coverage appropriate to the performance of its obligations under this Agreement.

10.13 Exclusion from Participation. 3M Health Information Systems hereby represents and warrants to Customer, to the best of its knowledge, that 3M Health Information Systems nor any of its officers, directors, or employees (collectively, the 3M Parties) is excluded from participation in any applicable Federal or State health benefits program (including, without limitation, Medicare or Medicaid). 3M shall promptly notify Customer in writing if any 3M Party is excluded from program participation. Notwithstanding any other provision of this Agreement, Customer shall have the right to terminate, without liability, this Agreement upon exclusion of any 3M Party from any such program.

10.14 Compliance with Laws. Each party shall comply, at its own cost and expense, with the provisions of all applicable federal, state, county and local laws, ordinances, regulations and orders pertaining to the performance of its obligations under this Agreement. In the event that one party believes that the other may not be in compliance with one of the foregoing, it shall so notify the other party, which will promptly look into the matter and take any measures necessary to remedy any such non-compliance.

10.15 Exhibits. The following Exhibits shall be incorporated herein.

- Exhibit A Authorized Sites
- Exhibit B Software and Services Schedule
- Exhibit C Business Associate Addendum
- Exhibit D Third Party Software Terms and Conditions

EXHIBIT A
AUTHORIZED SITES

| | Site Name Site Address City, ST Postal Code | Site Contact Site Contact Phone | Site Type | 3M Site ID |
|----|--|--|------------------------|------------|
| 1. | Natividad Medical Center 1441 Constitution Blvd Salinas, CA 93906-3100 | Sid Cato Administrative Assistant 831-755-4111 | Install/Access Site | 2930399 |

**EXHIBIT B
SOFTWARE AND SERVICES SCHEDULE**

| S/O ITEM | CPU ACTION | SKU | ITEM DESCRIPTION | SITE TYPE LIST FEE | FIRST YR FEES |
|--|------------|---------------|--|---------------------|--------------------|
| 63325 | Networking | ----- | NATIVIDAD MEDICAL CENTER--SALINAS, CA 2930399 | Install/Access Site | |
| 1. | Renew | CRSNOCAS | Coding & Reimbursement System without Clinical Analyzer Software | \$45,287.00 | \$38,493.95 |
| 2. | Renew | CODREF | Coding Reference Software† | \$4,457.00 | \$4,457.00 |
| 3. | Renew | APC | APCfinder Software | \$7,571.00 | \$6,435.35 |
| 4. | Renew | S-APR-DRG | S-All Patient Refined DRG Software | \$16,823.00 | \$14,299.55 |
| 5. | Renew | CONNSFT BAS | Connections Software Basic | \$2,151.00 | \$2,151.00 |
| <i>For the purpose of this Agreement, the Software Installation Date for the products listed above is deemed to be August 9, 2010.</i> | | | | | |
| 6. | Add | APRDRGCAS | Advanced Analyzer | \$18,807.00 | \$15,985.95 |
| 7. | Add | APRDRGCAS I&T | Advanced Analyzer I&T* | \$500.00 | \$500.00 |
| 8. | Add | CODREFPL | Coding Reference Plus Software† | \$3,736.00 | \$3,736.00 |
| 9. | Add | CODREFPL I&T | Coding Reference Plus Software I&T* | \$500.00 | \$500.00 |
| SITE SUBTOTAL: | | | | | \$86,558.80 |

FEES SUMMARY:

| | |
|--|--------------------|
| TOTAL YEAR ONE ANNUAL SOFTWARE LICENSE & SUPPORT FEES: | \$85,558.80 |
| *TOTAL ONE TIME, IMPLEMENTATION & TRAINING FEES: PI | \$1,000.00 |
| **TOTAL CONSULTING SERVICES FEES: | \$0.00 |
| TOTAL FIRST YEAR FEES: | \$86,558.80 |

The fees listed above are guaranteed for a period of ninety (90) days from the Issue Date listed below or December 31, 2010, whichever occurs first.

In the event Customer delays beginning installation of any module of Software or scheduling of Services, at no fault of 3M, for more than one hundred fifty (150) days from the execution date of this Amendment, 3M may, at its option, increase the price of such Software or Services to the then-current list price or 3M may terminate any such module of the Software or Service from this Agreement.

3M, THE 3M LOGO, AND MOST OTHER BRAND NAMES IN THIS AGREEMENT ARE THE WORLDWIDE TRADEMARKS OR REGISTERED TRADEMARKS OF 3M. TRADEMARKS OF OTHER PARTIES ARE IDENTIFIED WHEREVER POSSIBLE AND 3M ACKNOWLEDGES THEIR RIGHTS.

SCHEDULE LEGEND

I&T = Implementation and Training PI = Phone Installed CI = Customer Installed † = Includes third party content see Section 2.5.

| | | | | |
|---------------------|----------------|---|--|---|
| ISSUE DATE / By: | GPO: | BATCH NUMBER: | CUSTOMER SITE ID: | AGREEMENT NUMBER: |
| 7/9/2010 SHH | AmeriNet, Inc. |  |  |  |
| REVISION DATE / By: | QC By: | SLA: | | |
| | | SLSA 04.09 | 001553 | 2930399 |
| | | | | 001553-10 AN |

EXHIBIT C
BUSINESS ASSOCIATE ADDENDUM

1. Parties:

Natividad Medical Center
Software License Agreement #001553-10
1441 Constitution Boulevard
Salinas, CA 93906-3100
("Covered Entity")

3M Company, together with its subsidiaries and affiliates
575 West Murray Boulevard
Murray, UT 84123-4611
("Business Associate")

2. Purpose:

Business Associate may provide certain services as set forth in the Software License Agreement ("Agreement") to Covered Entity which may require the provision by Covered Entity of Protected Health Information ("PHI") and/or Electronic Protected Health Information ("E PHI") to Business Associate. As a result, Business Associate may be considered a Business Associate of Covered Entity as defined by the Health Information Insurance Portability and Accountability Act of 1996 ("HIPAA").

Business Associate and Covered Entity intend to comply with the applicable provisions of the HIPAA Privacy Rule and Security Regulations (45 CFR Parts 160, 162 and 164) ("Privacy Rule" and "Security Regulations", individually; or "Privacy and Security Regulations", collectively) and the applicable provisions of the Health Information Technology for Economic and Clinical Health Act, Title XIII of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 (the "HITECH Act"). Therefore, to the extent required by HIPAA, and the HITECH Act and the regulations promulgated thereunder, Business Associate agrees to maintain the confidentiality of PHI and E PHI it receives from Covered Entity, if any.

3. Definitions.

Terms used in this Addendum shall have the same meaning as those terms in the Privacy and Security Regulations or the HITECH Act.

The terms Protected Health Information or PHI and Electronic Protected Health Information or E PHI when used in this Addendum shall have a meaning as defined by the Privacy and Security Regulations or the HITECH Act, but for the purposes of this Addendum shall be limited to PHI and/or E PHI received from, or created or received by Business Associate on behalf of, Covered Entity. Wherever the term PHI is used in a provision in this Addendum, it shall mean, include and be applicable to E PHI. Wherever the term E PHI is used, it shall mean and be applicable to E PHI only.

4. Obligations and Activities of Business Associate: Business Associate agrees, that with respect to PHI, it will:

- a. not use or further disclose PHI other than as permitted or required by this Addendum or as Required By Law;
- b. use appropriate safeguards to prevent use or disclosure of the PHI other than as provided for by this Addendum. Without limiting the generality of the foregoing, Business Associate will:
 - (i) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of E PHI that it creates, receives, maintains, or transmits on behalf of the Covered Entity;
 - (ii) Ensure that any agent, including a subcontractor, to whom it provides such E PHI agrees to implement reasonable and appropriate safeguards to protect it; and
 - (iii) Report to the Covered Entity any Security Incident related to an information system containing PHI of which it becomes aware;
- c. report to Covered Entity, without unreasonable delay, any use or disclosure of the PHI not provided for in this Addendum of which it becomes aware;
- d. to the extent Business Associate maintains or otherwise holds, uses or discloses Unsecured PHI, as defined under the HITECH Act, or guidance issued by the Secretary of the Department of Health and Human Services (the "Secretary"), without unreasonable delay, notify Covered Entity of any Breach (as defined under the HITECH Act) of Unsecured PHI of which Business Associate becomes aware Such report shall include at least, to the extent known, the identity of each individual whose information was, or is reasonably believed by Business Associate to have been, accessed, acquired or disclosed during the Breach,
- d. ensure that any agent, including a subcontractor, to whom it provides PHI received from, or created or received by Business Associate on behalf of Covered Entity agrees to the same PHI restrictions and conditions that apply to Business Associate through this Addendum with respect to such PHI;
- e. make available PHI maintained by Business Associate or its agents in accordance with this Addendum to Covered Entity upon reasonable notice and in accordance with applicable law in order to meet the requirements of 45 CFR §164.524;

- f. to the extent Business Associate maintains PHI in a Designated Record Set, incorporate any amendments or corrections to such PHI in accordance with applicable law and to the extent applicable to this Addendum that Covered Entity directs or agrees to pursuant to 45 CFR §164.526 at the request of Covered Entity; Any such amendment or correction made to PHI in a Designated Record Set at the direction of the Covered Entity shall be the responsibility of the Covered Entity.
 - g. document disclosures of PHI made pursuant to applicable law and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR §164.528 or Section 13401(c)(3) of the HITECH Act;
 - h. make available to Covered Entity the information collected in accordance with Section 4(g) of this Addendum as is in the possession of Business Associate to satisfy the applicable requirements for an accounting of disclosures of PHI in accordance with 45 CFR §164.528 or Section 13401(c)(3) of the HITECH Act;
 - h. make internal practices, books, and records, relating to the use and disclosure of PHI received from Covered Entity, available to the Secretary of the United States Department of Health and Human Services, in a reasonable time and manner or as designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with applicable law; and
 - i. mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this Addendum.
5. Permitted Uses and Disclosures by Business Associate: Business Associate acknowledges that it may have statutory duties under the HITECH Act and Business Associate will comply with all applicable duties under the HITECH Act. Effective February 17, 2010, Business Associate will comply with all applicable provisions of 45 CFR §§164.308 ("Security Standards: General Rules"), 164.310 ("Administrative Safeguards"), 164.312 ("Technical Standards"), and 164.316 ("Policies and Procedures and Documentation Requirements"). In complying with 45 CFR §164.312 ("Technical Safeguards"), Business Associate shall consider applicable guidance issued by the Secretary pursuant to Section 13401(c) of the HITECH Act and, if a decision is made to not follow such guidance, document the rationale for that decision.

Except as otherwise limited in this Addendum, Business Associate may use or disclose PHI:

- a. on behalf of, or to provide services to, Covered Entity, as provided for in the Agreement and in accordance with the Privacy Rule; Business Associate shall request, use and disclose only the minimum amount of PHI necessary to accomplish the intended purpose of such request, use or disclosure;
 - b. for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate, provided that, in the case of disclosure to third parties, Business Associate shall obtain reasonable assurances from the person or entity to whom the PHI is disclosed that it will remain confidential, be used or further disclosed only as required by law or for the purpose for which it was disclosed, and the person or entity will notify Business Associate of any instances of which it is aware in which the confidentiality of the PHI has been breached ;
 - c. to provide Data Aggregation services to Covered Entity as permitted by 45 CFR § 164.504(e)(2)(i)(B); and
 - d. to report violations of law to appropriate Federal and State authorities, consistent with § 164.502(j)(1).
 - e. as of the effective date of Section 13405(d) of the HITECH Act, Business Associate may not receive remuneration in exchange for PHI unless permitted by the HITECH Act or regulations issued by the Secretary, except that any remuneration received by Business Associate for activities involving the exchange of PHI that the Business Associate undertakes on behalf of Covered Entity under the Agreement shall not be a violation of this Section.
6. Obligations of Covered Entity: Covered Entity shall:
- a. not provide Unsecured PHI to Business Associate. Any Secured PHI, as defined under the HITECH Act and guidance issued by the Secretary, disclosed by Covered Entity to Business Associate shall be secured by a technology standard that is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute and is consistent with guidance issued by the Secretary specifying the technologies and methodologies that render PHI unusable, unreadable, or indecipherable to unauthorized individuals.
 - b. notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI;
 - c. 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;
 - d. notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI; and
 - e. provide only Secured PHI, as defined under the HITECH Act or guidance issued by the Secretary, to Business Associate. Any Secured PHI disclosed to Business Associate shall be secured by a technology standard that is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute and is consistent with guidance issued by the Secretary specifying the technologies and methodologies that render PHI "secured" as set forth in the HITECH Act.
7. Term and Termination
- a. Term. The Term of this Addendum begins on the Effective Date (above), and ends when the Agreement between Covered Entity and Business Associate has terminated or all PHI provided by Covered Entity to Business Associate is destroyed or returned to Covered Entity, whichever is later.

- b. Termination for Cause. If Business Associate breaches a material term of this Addendum, Covered Entity has the right, but not the obligation to either:
- (1) Provide an opportunity for the Business Associate to cure the breach or end the violation;
 - (2) Immediately terminate the underlying Agreement(s) between Covered Entity and Business Associate; however, all rights and obligations arising prior to such termination shall remain in effect. All other Agreements between Covered Entity and 3M Company shall remain in effect in accordance with their terms; or
 - (3) report the violation to the Secretary in accordance with applicable law only in cases where neither termination nor cure are feasible.
- c. Effect of Termination.
- (1) Except as provided in paragraph (2) of this section, upon termination of this Addendum, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall also apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI except as provided for in this Addendum.
 - (2) In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall extend the security protections of this Addendum to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.
8. Miscellaneous
- a. Third Party Beneficiaries. Nothing expressed or implied in this Addendum is intended, nor shall be deemed, to confer any benefits on any third party.
 - b. Regulatory References. A reference in this Addendum to a section in the Privacy Rule or the Security Regulations means the section as in effect or as amended.
 - c. This Addendum supersedes and replaces any other agreement terms with 3M Health Information Systems with respect to the terms and obligations relating to HIPAA and PHI.
 - d. Amendment. The Parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.
 - e. Survival. The respective rights and obligations of Business Associate under Section 7.c of this Addendum shall survive the termination of this Addendum.
 - f. Interpretation. Any ambiguity in this Addendum shall be resolved to permit Covered Entity to comply with the Privacy and Security Regulations.

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EXHIBIT D
THIRD PARTY CONTENT TERMS AND CONDITIONS
PART I
AMA TERMS AND CONDITIONS

The following terms and conditions apply to Customer's use of 3M Software and Content containing *Current Procedural Terminology* and/or material published in *CPT@ Assistant* (collectively referred to herein as "AMA Editorial Content") in addition to the terms and conditions set forth in the License Agreement ("Agreement"). In the event of a conflict between the terms and conditions in the Agreement and those set forth in this Exhibit D, with respect to Customer's use of the AMA Editorial Content, the terms and conditions of this Exhibit D shall control.

1. **Grant of Rights Restrictions.** Customer has a nontransferable, nonexclusive license to use the AMA Editorial Content contained within the 3M Software and Content solely for its internal purposes within the United States. Customer is prohibited from publishing, distributing via the Internet or other public computer based information system, creating derivative works (including translations), transferring, selling, leasing, licensing or otherwise making the AMA Editorial Content, or a copy or portion thereof, available to any unauthorized party. Customer's access to updated AMA Editorial Content depends upon a continuing contractual relationship between 3M and the AMA. Customer shall ensure that anyone with authorized access to the AMA Editorial Content will comply with the provisions of the Agreement, including this Exhibit D. Any printing or downloading of *CPT@ Assistant* from the 3M Software and/or Content must be solely for Customer's internal use, without any modification to the content, and in such a way that all references to the AMA are included.
2. **Notices.** CPT and *CPT Assistant* are copyrighted works of the American Medical Association. CPT is a registered trademark of the American Medical Association. The following U.S. Government Rights notice shall apply: *U.S. Government Rights. This product includes CPT and/or CPT Assistant which is commercial technical data and/or computer data bases and/or commercial computer software and/or commercial computer software documentation, as applicable which were developed exclusively at private expense by the American Medical Association, 515 North State Street, Chicago, Illinois, 60610. U.S. Government rights to use, modify, reproduce, release, perform, display, or disclose these technical data and/or computer data bases and/or computer software and/or computer software documentation are subject to the limited rights restrictions of DFARS 252.227-7015(b)(2) (November 1995) and/or subject to the restrictions of DFARS 227.7202-1(a) (June 1995) and DFARS 227.7202-3(a) (June 1995), as applicable for U.S. Department of Defense procurements and the limited rights restrictions of FAR 52.227-14 (June 1987) and/or subject to the restricted rights provisions of FAR 52.227-14 (June 1987) and FAR 52.227-19 (June 1987), as applicable, and any applicable agency FAR Supplements, for non-Department of Defense Federal procurements.*
3. **Backup Rights.** Customer may make backup copies of the 3M Software and/or Content containing AMA Editorial Content for backup or archival purposes only provided that all notices of proprietary rights, including trademark and copyright notices, appear on all backup or archival copies made.
4. **Warranty Disclaimer.** TO THE FULLEST EXTENT POSSIBLE UNDER APPLICABLE LAW, ALL WARRANTIES (EXPRESS AND IMPLIED) INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE AND THOSE ARISING FROM TRADE USAGE OR COURSE OF DEALING ARE DISCLAIMED WITH RESPECT TO THE AMA EDITORIAL CONTENT. CUSTOMER'S USE OF THE AMA EDITORIAL CONTENT AS CONTAINED IN THE 3M SOFTWARE AND/OR CONTENT IS "AS IS" WITHOUT ANY LIABILITY TO 3M OR THE AMA INCLUDING, WITHOUT LIMITATION, ANY LIABILITY FOR DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, OR LOST PROFITS FOR SEQUENCE, ACCURACY, OR COMPLETENESS OF DATA, OR THAT THE AMA EDITORIAL CONTENT WILL MEET CUSTOMER'S REQUIREMENTS. THE SOLE RESPONSIBILITY OF THE AMA IS TO MAKE AVAILABLE TO 3M REPLACEMENT COPIES OF THE AMA EDITORIAL CONTENT IF THE DATA IS NOT INTACT. THE AMA DISCLAIMS ANY LIABILITY FOR ANY CONSEQUENCES DUE TO USE, MISUSE, OR INTERPRETATION OF INFORMATION CONTAINED OR NOT CONTAINED IN THE AMA EDITORIAL CONTENT.

EXHIBIT D
THIRD PARTY CONTENT TERMS AND CONDITIONS
PART II
HEALTH FORUM TERMS AND CONDITIONS

3M's Coding Reference Software contains AHA Coding Clinic™ for ICD-9-CM; and 3M's Coding Reference Plus Software contains ICD-9-CM Coding Handbook, Revised Edition, by Faye Brown, and AHA Coding Clinic™ for HCPCS. To the extent Customer has licensed the 3M Coding Reference Software or the 3M Coding Reference Plus Software, the following terms and conditions apply to Customer's use of such Software in addition to the terms and conditions set forth in the License Agreement ("Agreement"). In the event of a conflict between the terms and conditions in the Agreement and those set forth in this Exhibit D, with respect to Customer's use of such Software, the terms and conditions of this Exhibit D shall control.

ICD-9-CM Coding Handbook, Revised Edition, by Faye Brown, is copyrighted by Health Forum, LLC, Chicago, Illinois, which licenses its use. No portion of ICD-9-CM Coding Handbook may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior express, written consent of Health Forum, LLC.

It is understood that Health Forum, LLC did not enter the ICD-9-CM Coding Handbook information and data into the computer and therefore Health Forum, LLC is not responsible for the accuracy, completeness or appropriateness of the information. Health Forum, LLC, and 3M make no warranties of merchantability or fitness for a particular purpose. Health Forum, LLC, shall have no liability to anyone, including 3M and Customer, for lost profits or indirect or consequential damages. Health Forum, LLC, makes no warranties of any kind with respect to 3M, its products or services.

AHA Coding Clinic™ for ICD-9-CM is copyrighted by the American Hospital Association ("AHA"), Chicago, Illinois, which licenses its use. No portion of AHA Coding Clinic™ for ICD-9-CM may be copied without the express, written consent of Health Forum, LLC.

It is understood that AHA did not enter the AHA Coding Clinic™ for ICD-9-CM information and data into the computer and therefore AHA is not responsible for the accuracy, completeness or appropriateness of the information. AHA and 3M make no warranties of merchantability or fitness for a particular purpose. AHA shall have no liability to anyone, including 3M and the Customer, for lost profits or indirect or consequential damages. AHA makes no warranties of any kind with respect to 3M, its products or services.

AHA Coding Clinic™ for HCPCS is copyrighted by the American Hospital Association ("AHA"), Chicago, Illinois, which licenses its use. No portion of AHA Coding Clinic™ for HCPCS may be copied without the express, written consent of Health Forum, LLC.

It is understood that AHA did not enter the AHA Coding Clinic™ for HCPCS information and data into the computer and therefore AHA is not responsible for the accuracy, completeness or appropriateness of the information. AHA and 3M make no warranties of merchantability or fitness for a particular purpose. AHA shall have no liability to anyone, including 3M and the Customer, for lost profits or indirect or consequential damages. AHA makes no warranties of any kind with respect to 3M, its products or services.

The printing or downloading of ICD-9-CM Coding Handbook, AHA Coding Clinic™ for ICD-9-CM and AHA Coding Clinic™ for HCPCS (collectively, the "HF Documentation") or any portion thereof, is prohibited, other than the printing of an excerpt from HF Documentation on a specific topic without any modification to the excerpt for internal use only by the Authorized Site as long as the source of the excerpt(s) is printed on the printout(s).

The text of HF Documentation is and will remain inaccessible to other programs capable of generating paper printouts of HF Documentation (excluding the print screen functionality of Windows software) by encrypting all files containing source text of HF Documentation.

AMENDMENT 1
TO THE
SOFTWARE LICENSE AND SERVICES AGREEMENT

THIS AMENDMENT to the Software License Agreement dated the July 9, 2010, between 3M Company, together with its subsidiaries and affiliates, (collectively referred to herein as "3M") having an office at 575 West Murray Boulevard, Murray, Utah 84123-4611 and Natividad Medical Center (hereinafter referred to as "Customer") with offices at 1441 Constitution Boulevard, Salinas, CA, 93906-3100, and effective as of July 9, 2010.

Customer and 3M agree that the above referenced Agreement is amended as follows:

◆ = DELETION and Underscored text = ADDITION

1. Except as provided in this Amendment, all terms and conditions of the above referenced Agreement will remain in full force and effect.

2. ADD Section 6.5 to the terms and conditions.

6.5 3M warrants that 3M and 3M's '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 Customer, or immediate family of an employee of Customer.

3. DELETE Section 10.12 in its entirety and REPLACE with the following:

10.12 INSURANCE. During the term of this Agreement and any renewal thereof, 3M shall carry the same level of Insurance coverage as listed in 3M's Certificate of Insurance, attached hereto and incorporated herein by this reference, as Attachment A.

4. ADD Section 10.16 to the terms and conditions.

10.10 Fiscal Non-Appropriation of Funds. Notwithstanding any other term contained herein, Customer shall have the right, in the event that funds are not appropriated in any fiscal year during the term of this Agreement, to terminate this Agreement without charge, effective as of the last day of the fiscal year for which appropriation was made, providing that Customer (i) agrees not to use a competitor's equipment or software during the original term of the Agreement, (ii) pays all charges incurred to the end of the current fiscal period, and (iii) provides sixty (60) days written notice to 3M of non-appropriation of funds. It is understood that Customer is required by law to request this non-appropriation of funds termination provision. Customer hereby agrees to seek funding for each fiscal year.

5. ADD Section 10.17

10.17 3M, 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.

6. ADD Section 10.18

10.18 3M 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. 3M shall not use Customer's premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

7. ADD Section 10.19

10.19 Out-of-pocket expenses, including travel, meals, lodging and training materials, will be billed separately as they are incurred. 3M makes every effort to minimize travel expenses, when practical. For example, making advance airline ticket reservations for coach seating, using car rental companies and hotels from which 3M receives reduced rates, and requesting input from Customer regarding any Customer-negotiated hotel rates, or negotiating with local hotels for reduced rates based on the number of days onsite. 3M does not pay per diems for meals, but pays actual costs. Any unusual, high cost or unexpected out-of-pocket expenses will be approved by Customer prior to being incurred. Costs for entertainment and alcohol are not charged to the client.

8. ADD Section 10.20

10.21 Indemnification for Third Party Claims. Excluding the specific indemnification obligations of 3M set forth in Section 6.2 and those of Customer set forth in Sections 2.7 and 2.8, each party agrees to indemnify the other party and its officers, directors, agents and employees against, and agrees to hold them harmless from, any and all third party claims, demands, and recoveries (including without limitation interest, penalties and attorneys' fee) asserted by a third party and arising out of or relating to any acts or omissions by the indemnifying party, its officers, directors, agents and employees (or combination thereof) in connection with this Agreement.

9. ADD Section 10.22

10.22 Compliance with Applicable Law. 3M and its officers, employees, agents and subcontractors shall comply with applicable federal, state, and local laws, which provide for the confidentiality of records and other information. 3M shall not disclose any confidential records or other confidential information received from Customer or prepared in connection with the performance of this Agreement, unless Customer specifically permits 3M to disclose such records or information. 3M shall promptly transmit to Customer any and all requests for disclosure of any such confidential records or information. 3M shall not use any confidential information gained by 3M in the performance of this Agreement except for the sole purpose of carrying out 3M's obligations under this Agreement.

10. ADD Section 10.23

10.23 NON-DISCRIMINATION. During the performance of this Agreement, 3M 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. 3M 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. 3M and any subcontractor shall, in the performance of this Agreement, comply with all applicable federal, state, and local laws and regulations which prohibit discrimination.

11. ADD Section 10.24

10.24 INDEPENDENT CONTRACTOR. In the performance of work, duties, and obligations under this Agreement, 3M is at all times acting and performing as an independent CONTRACTOR and not as an employee of Customer. No offer or obligation of permanent employment with Customer or particular County department or agency is intended in any manner, and 3M shall not become entitled by virtue of this Agreement to receive from Customer any form of employee benefits including but not limited to sick leave, vacation, retirement benefits, workers' compensation coverage, insurance or disability benefits.

12. ADD Section 10.25

10.25 Waiver Any waiver of any terms and conditions of this Agreement must be in writing and signed by Customer and 3M. 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.

13. ADD Section 10.26

10.26 The term "3M" as used in this Agreement includes 3M's officers, agents, and employees acting on 3M's behalf in the performance of this Agreement.

14. ADD Section 10.27

10.27 Disputes. 3M shall continue to perform under this Agreement during any dispute.

15. ADD Section 10.28

10.28 Time is of the Essence. Time is of the essence in each and all of the provisions of this Agreement

16. ADD Section 10.29

10.29 **Non-exclusive Agreement.** This Agreement is non-exclusive and both Customer and 3M expressly reserve the right to contract with other entities for the same or similar services.

Customer has read this Amendment, and when applicable each exhibit and attachment, hereto. To indicate their acceptance and agreement to be bound by the terms and conditions of the Agreement, 3M and Customer have executed this Amendment on the date(s) indicated below, to be effective as of the date first indicated above.

NATIVIDAD MEDICAL CENTER

3M COMPANY

BY: *[Signature]*
 NAME: CONTRACTS MANAGER
 TITLE: 8-12-10
 DATE:

BY: _____
 NAME: James R. McDonough
 TITLE: Pricing and Contracting Director
 DATE: July 9, 2010

Please fax a purchase order in the amount of \$86,558.80, this signed Amendment and applicable Tax Exempt forms to: (651) 732-8469

| ISSUE DATE / BY: | GPO: | BATCH NUMBER: | CUSTOMER SITE ID: | AGREEMENT NUMBER: |
|---------------------|------------------------|---------------|-------------------|-------------------|
| 7/9/2010 SHH | AmeriNet, Inc. | 001553 | 2930399 | 001553-10 AN |
| REVISION DATE / BY: | QC By: SLA: SLSA 04.09 | | | |