

**AMENDMENT NO. 2
FOR PROFESSIONAL SERVICES AGREEMENT
BETWEEN Versaworks Inc. AND
THE NATIVIDAD MEDICAL CENTER
FOR
Professional Information Technology Services**

THIS AMENDMENT NO. 2 to the Professional Services Agreement (“Agreement”), dated November 1, 2010 between the County of Monterey, on behalf of Natividad Medical Center (“NMC”), and Versaworks Inc. (Contractor), is hereby entered into agree to amend their Agreement (No. A-11891) on the following terms and conditions:

WHEREAS, the County and Contractor wish to amend the Agreement to extend the term end date to allow for existing services to continue and to add additional services requested by County.

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

WHEREAS, the County and Contractor amended the Agreement previously on July 1, 2011 via Amendment No. 1.

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

1. Exhibit A to the Agreement is replaced with Amendment-2 to Exhibit A, attached to this Amendment. All references in the Agreement to Exhibit A shall be construed to refer to Amendment No. 1 to Exhibit A.
2. Section 2. “PAYMENTS BY NMC” shall be amended by removing, “*The total amount payable by NMC to CONTRACTOR under this Agreement shall not exceed the sum of \$832,000.*” and replacing it with “*The total amount payable by County to CONTRACTOR under Agreement No. A-11891 shall not exceed the total sum of \$5,078,650 for the full term of the Agreement and \$1,845,750 for fiscal year 2012-2013.*”
3. Section 3. “TERM OF AGREEMENT” shall be amended by removing, “*The term of this Agreement is from November 1, 2010 to June 30, 2011 unless sooner terminated pursuant to this Agreement*” and replacing it with “*The term of this Agreement is from November 1, 2010 to June 30, 2013 unless sooner terminated pursuant to this Agreement.*”
4. **New Section: 1.1. Section 1.1 is hereby added to the Agreement to read in its entirety as follows:**

“**1.1 Time of Work.** CONTRACTOR shall provide such services as CONTRACTOR deems necessary and reasonable to complete the specific services described in **Exhibit A** but is not required to perform services at any particular time. NMC shall not have first right to CONTRACTOR’s time.”
5. **New Section: 1.2. Section 1.2 is hereby added to the Agreement to read in its entirety as follows:**

“**1.2. Method of Performing Services.** CONTRACTOR will determine the method, details, and means of performing the services described in **Exhibit A** by CONTRACTOR or any of CONTRACTOR’s employees. NMC shall have no right to, and shall not, control the manner or determine the method of accomplishing CONTRACTOR’S services.”
6. **New Section: 5.4. Section 5.4 is hereby added to the Agreement to read in its entirety as follows:**

“**5.4 Performance Requirements.** The services must be performed in full compliance at all times with the requirements of this Agreement and to the satisfaction of NMC.”
7. **New Section: 5.5. Section 5.5 is hereby added to the Agreement to read in its entirety as follows:**

“**5.5 Violation of Performance Requirements.** NMC will be obligated to pay CONTRACTOR only for services actually performed. If CONTRACTOR fails to perform any services in accordance with this Agreement, CONTRACTOR shall, if practicable, re-perform the services at no cost to NMC, or if the services cannot practicably be re-performed, then NMC shall be entitled to deduct from CONTRACTOR’S invoice an amount equal to the equitable difference in value to NMC between the required services and the services actually performed by

Contractor. NMC's remedies set forth in this Section 5.5 shall be in addition to any other remedies available to NMC pursuant to this Agreement or otherwise available pursuant to applicable law or in equity. At any time that CONTRACTOR does not or is unable to perform the services in full compliance, NMC shall have the right to provide any services with its own employees or by the engagement of another vendor regardless of whether NMC elects to terminate this Agreement. If NMC deems it necessary to provide services by use of its employees or another vendor, CONTRACTOR shall reimburse NMC's actual expenses for providing such services if CONTRACTOR was required to provide the services under the terms of the Agreement."

8. New Section: 5.6. Section 5.6 is hereby added to the Agreement to read in its entirety as follows:

"5.6 Contractor Staff Approval. NMC shall have the right to disapprove of any member of CONTRACTOR'S staff assigned to perform services under this Agreement."

9. New Section: 13.1. Section 13.1 is hereby added to the Agreement to read in its entirety as follows:

"13.2 Employment Related Claims. CONTRACTOR agrees that it shall be solely responsible for the direction, supervision, counseling and discipline of its employees, including the conducting of informal and formal performance evaluations. CONTRACTOR agrees to be solely responsible for all matters relating to compensation of its employees, subcontractors, agents, partners or consultants including but not limited to compliance with federal and state and local wage and hours laws, laws governing workers' compensation, Social Security, lay-off or termination compensation, withholding and payment of any and all federal, state and local personal income taxes, disability/death insurance, unemployment, and any other taxes for such persons, including any related employer assessment or contributions required by law, and all other regulations governing such matters, and the payment of all salary, vacation and other employee benefits. At CONTRACTOR'S expense as described herein, Contractor agrees to defend, indemnify, and hold harmless NMC, its officers, agents, employees, members, subsidiaries, parent, affiliates, and successors in interest from and against any claim, demand, action, proceeding, threatened or actual, judgment, liability, loss, damage, cost, or expense, including, without limitation, attorneys' fees as provided herein arising out of CONTRACTOR's or NMC's alleged failure to pay, when due, all such compensation, premiums, taxes and obligations and including any claim of whatever nature brought by any employee of CONTRACTOR of applicant for employment, arising out of the hiring, or failure to hire the employee/applicant, or arising out of any aspect of his/her employment by CONTRACTOR and the termination thereof (collectively referred to for purposes of this Section as "Employment Claim(s)"). Contractor shall pay to NMC any expenses or charges relating to or arising from any such Employment Claim(s) as they are incurred by NMC."

10. New Section: 13.2. Section 13.2 is hereby added to the Agreement to read in its entirety as follows:

"13.3 Common-Law Employees. The foregoing shall apply to CONTRACTOR and CONTRACTOR's employees and agents even if CONTRACTOR or any of CONTRACTOR's employees or agents is subsequently reclassified by any court or governmental agency as a common-law employee for periods during which services were performed under this Agreement."

11. Section 15.7 to the Agreement is hereby amended to read in its entirety as follows:

"15.7 Successors and Assigns. This Agreement and the rights, privileges, duties, and obligations of NMC and CONTRACTOR under this Agreement, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, and heirs. Any purported assignment or delegation not consented to by NMC shall be void at NMC's option and shall constitute a material breach of this Agreement."

12. New Section: 15.17. Section 15.17 is hereby added to the Agreement to read in its entirety as follows:

"15.17 Authority. CONTRACTOR has the full power, capacity and authority to enter into and perform this Agreement and to make the grant of rights contained herein, and CONTRACTOR'S performance of this Agreement does not violate or conflict with any agreement to which CONTRACTOR is a party; Contractor further represents that there is no pending or threatened litigation that would have a material adverse impact on its performance under this Agreement."

13. All other terms and conditions of the Agreement shall continue in full force and effect. Except as provided herein, all remaining terms, conditions and provisions of the Agreement and Amendment No. 1 are unchanged and unaffected by this Amendment and shall continue in full force and effect as set forth in the Agreement.

14. A copy of this Amendment and all previous amendments shall be attached to the original Agreement (No. A-11891).

15. The effective date of this Amendment is July 1, 2012.

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

CONTRACTOR

Signature 1 _____ Dated _____

Printed Name _____ Title _____

Signature 2 _____ Dated _____

Printed Name _____ Title _____

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

NATIVIDAD MEDICAL CENTER

Signature _____ Dated _____
Purchasing Manager

Signature _____ Dated _____
NMC – CEO

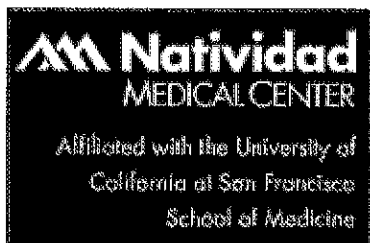
Approved as to Legality and Legal Form:

Charles J. McKee, County Counsel

By _____

Stacy Saetta, Deputy
Attorneys for County and NMC

Dated: _____, 2012



Natividad Medical Center

Amendment-2 to Exhibit A

(Statement of Work)

Submitted by:

Versaworks, Inc.
2560 Mission College Blvd. Ste 140
Santa Clara, CA 95054

Tel: (408) 780-0230

Created: March 29, 2012

Revised:

Version: 2.0

Versaworks

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1 EXECUTIVE SUMMARY

Versaworks, Inc. (“Versaworks”) is pleased to present this Statement of Work (SOW) proposal which defines the services and deliverables that Versaworks shall provide to Natividad Medical Center (“Customer”) under the terms of the Professional Services Agreement (the “Agreement”) made between Natividad Medical Center (“Customer”) and Versaworks, Inc. (“Versaworks”).

2 SCOPE OF WORK

This section describes the scope of work for Professional Services to support the projects listed below in section 2.1

2.1 PROJECT AND PRICING SUMMARY

ID	Project	Resource	Hourly Rate*	Estimated Hours	Total
1	Meditech Disaster Recovery and Datacenter Implementation	Sr. Systems Engineer	\$175	1,500	\$262,500
2	Data Analytics and Platform Integration	Principal Project Manager	\$175	1,200	\$210,000
3	Authority Model	Principal Project Manager	\$175	250	\$43,750
4	Network Security and Infrastructure	Sr. Network Engineer	\$175	1,500	\$262,500
5	IT Operations Management	Sr. Management Consultant	\$200	1,600	\$320,000
6	Quality and Compliance Reporting Development	Software Engineer	\$150	1,500	\$225,000
7	MEDITECH Financial and Operational Reporting Development	Software Engineer	\$150	1,500	\$225,000
8	Systems and Applications Implementation and Support	IT Implementation Specialist	\$165	1,800	\$297,000
				Total	\$1,845,750

2.2 SCOPE OF SERVICES

2.2.1 MEDITECH Disaster Recovery and Datacenter Implementation

<u>Project ID</u>	1
<u>Project Name</u>	MEDITECH Disaster Recovery and Datacenter Implementation
<u>Resource</u>	Senior Systems Engineer

Project Description

Natividad’s current HCIS system, MEDITECH is hosted in its own datacenter on campus. As the hospital continues to pursue its EMR initiative, it is imperative to implement a complete restoral and recovery mechanism for the MEDITECH system; including the ability to fail over to a remote disaster recovery datacenter in the event of a major failure at its primary on campus datacenter. To achieve full business continuity, the failover and recoverability requirements will need to include other major mission critical applications such as Picis, Corepoint, SoftMed, Kronos, Email and OnBase. The **“Senior Systems Engineer”** will be responsible for developing a disaster recovery mechanism for the following mission critical applications.

Project Scope

- Develop and implement a full MEDITECH Restoral and Recovery mechanism
- Design and validate the recovery and failover capability of MEDITECH to a remote datacenter
- Design and validate the recovery and failover capability of the following mission critical applications:
 - SoftMed
 - Picis
 - Kronos
 - Microsoft Exchange Email
 - OnBase
 - Corepoint Interface Engine

2.2.2 Data Analytics and Platform Integration

<u>Project ID</u>	2
<u>Project Name</u>	Data Analytics and Platform Integration
<u>Resource</u>	Principle Project Manager

Project Description

2.2.2a Natividad Medical Center is currently on its path to pursue EMR Meaningful Use. Today, the sources of patient data (that do exist) reside on many disparate systems and databases. The Clinical Quality

Measure (CQM) is a key component of the EMR Meaningful Use requirement in Stage 1 and Stage 2. The number of Clinical Quality Measures will increase significantly going into Stage 2. In order to prepare the hospital to meet the CMS reporting requirements, a Data Analytics platform must be developed. The purpose of the Data Analytics platform is to enable the aggregation of all patient data from disparate sources into a single data repository. The “**Principle Project Manager**” will be responsible for managing all phases of the Data Analytics platform and Report development.

2.2.2b Over the past 2 years, Natividad has significantly expanded its network infrastructure and upgraded many of its legacy IT systems. The hospital IT system is shifting from a decentralized model to a centralized model to enable interoperability, improve efficiency and reduce cost. The hospital is in the process of integrating existing systems and new systems that are being planned for next year. The “**Principle Project Manager**” will be responsible for managing all systems integration projects.

Project Scope

2.2.2c Data Analytics

- Each Data Analytics platform development cycle/iteration will consist of the following phases:
 - Requirement Phase
 - Inception Phase
 - Elaboration and Construction Phase
 - QA and UAT Phase
 - Completion
- Requirement Phase Project Management - Identify business requirement, document User Story and develop Feature Brief documentation
- Inception Phase Project Management – Develop Scope definition, identify project resources and establish milestones and timeline
- Elaboration and Construction Phase Project Management – Managing Coding and Testing schedule
- QA and UAT Phase Project Management – Coordinate User Testing and Acceptance
- Completion Phase Project Management – Obtain business stake holder sign off, coordinate production rollout and end user training

2.2.2d Platform Integration

- Proposed Integration projects:
 - Kronos Workforce TimeKeeper and CGI Advantage ERP
 - OnBase Enterprise Content Management and Microsoft SharePoint Collaboration platform
 - OnBase Enterprise Content Management and MEDITECH
 - Nurse Call System and Cisco VoIP Phone System
 - Vocera Voice Badge System and Cisco VoIP Phone System
- Develop project plan and milestone deliverables for all identified systems and application integration projects

- Manage requirement gathering, identify system capabilities and document feature requirements and workflow changes
- Manage production rollout schedule and coordinate end user training
- Manage vendor(s) to ensure accurate configurations of integrated systems

2.2.3 Authority Model

<u>Project ID</u>	3
<u>Project Name</u>	Authority Model
<u>Resource</u>	Principle Project Manager

Project Description

NMC has received approval in principle to move to become a Public Hospital Authority. There is significant amount of due diligence to be conducted in order to develop a plan that would support a new business model as a public hospital authority. The “**Principle Project Manager**” will support the project team in managing the project deliverables and milestones and facilitating the communication amongst all internal and external departments and key stake holders.

Project Scope

- Develop and maintain a master project schedule
- Document and manage departmental deliverables and milestones
- Provide regular updates to senior leadership team on the project status and progress
- Manage and coordinate regular and ad-hoc meetings with internal and external departments and key stake holders

2.2.4 Network Security and Infrastructure

<u>Project ID</u>	4
<u>Project Name</u>	Network Security and Infrastructure
<u>Resource</u>	Sr. Network Engineer

Project Description

Security is a critical component of supporting a Hospital grade network environment and is paramount to ensure continuous high availability of services and to safeguard Protected Health Information (PHI). As NMC continues to upgrade its legacy systems and implement new business applications, its network infrastructure and computing environment have grown further and become more sophisticated. With the adoption of

Electronic Medical Record, more and more patient information is being stored electronically; and therefore, its Information Security needs to be further enhanced in order to provide the necessary protection for the hospital network and data. The “**Senior Network Engineer**” will be responsible for implementing the following network and infrastructure enhancement and security remediation.

Project Scope

- Develop and implement regular security patching process
- Develop and implement a mobile device management process
- Develop and implement 2-factor VPN authentication process
- Review and optimize MEDITECH remote access management process
- Work with third party Security Audit vendor(s) to conduct risk and vulnerability assessment
- Review and monitor network security logs and implement remediation measure

2.2.5 IT Operations Management

<u>Project ID</u>	5
<u>Project Name</u>	IT Operations Management
<u>Resource</u>	Sr. Management Consultant

Project Description

Service Operation has been a key component of the IT mission in providing best in class services to all users in the hospital. The function of the “IT Operations Management” role is to augment the IT leadership team in guiding the IT Operations and Business Applications teams on infrastructure build out and Clinical Applications implementations to support the EMR initiatives. The “**Sr. Management Consultant**” will be delivering the following services defined in the project scope.

Project Scope

- Provide day-to-day guidance and oversight on all network infrastructure, systems computing and IT Service Delivery Operations
- Provide strategic guidance and oversight on clinical and non-clinical application-related projects
- Develop and implement a disaster recovery and business continuity plan for MEDITECH and other mission critical business applications
- Establish IT Service Delivery Operational standards; implement and monitor service level metrics
- Establish and implement Information Security standards and policies
- Develop Service Excellency methodology in providing Service Delivery and Support to all hospital users
- Develop a strategy and road map to elevate the skills and competencies of the in-house IT staff

2.2.6 Quality and Compliance Reporting Development

<u>Project ID</u>	6
<u>Project Name</u>	Quality and Compliance Reporting Development
<u>Resource</u>	Software Engineer

Project Description

Build and implement a Data Analytics platform in order to produce Clinical Quality Measure (CQM) and Compliance Repots for CMS, CDC, LIHP, OSHA, CDPH and other regulatory bodies. The **“Software Engineer”** will be delivering the following services defined in the project scope below.

Project Scope

- Develop Clinical Quality Measure (CQM) reports for Meaningful Use stage 1
- Develop Clinical Quality Measure (CQM) reports for Meaningful Use stage 2
- Develop program reports for LIHP
- Develop Compliance reports for CDC, OSHA, CDPH and other regulatory bodies

2.2.7 MEDITECH Financial and Operational Reporting Development

<u>Project ID</u>	7
<u>Project Name</u>	MEDITECH Financial and Operational Reporting Development
<u>Resource</u>	Software Engineer

Project Description

Build and implement a Data Analytics platform in order to produce Financial and Operational reports from MEDITECH. The **“Software Engineer”** will be delivering the following services defined in the project scope below.

Project Scope

- Develop Financial Reports for Material Management
- Develop Financial Reports for Revenue Cycle
- Develop Financial Reports for Accounts Payable
- Develop Operational Reports for various Clinical and Business units

2.2.8 Systems and Applications Implementation and Support

<u>Project ID</u>	8
<u>Project Name</u>	Systems and Applications Implementation and Support
<u>Resource</u>	IT Implementation Specialist

Project Description

Natividad currently has approximately 700 workstations with 1000+ users. The hospital is in the process of integrating existing systems and new systems that are being planned for next year. The **“IT Implementation Specialist”** will implement and support a number IT systems integration projects and also provide operational support to existing systems and application optimization projects.

Project Scope

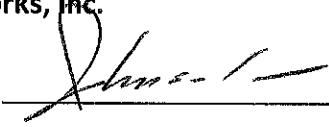
- Implement and support Microsoft SharePoint integration with OnBase
- Implement and support Nurse Call integration with Cisco VoIP phone system
- Implement and support Vocera voice badge system integration with Cisco VoIP phone system
- Implement and support RFID system integration with Cisco VoIP phone system
- Implement and support Kronos TimeKeeper integration with CGI Advantage ERP
- Implement and support Numara Service Desk upgrade and new department rollout

Appendix A

Customer Acceptance

The customer, by signing below, indicates that the Statement of Work (SOW) has been read and the terms outlined within have been accepted. Upon acceptance of this Statement of Work (SOW), Customer shall issue a written Purchase Order to Versaworks, for the total amount of **\$1,845,750**.

Versaworks, Inc.


Signature: 

Name: Johnson Kit San Sun

Title: President

Date: 3/29/2012

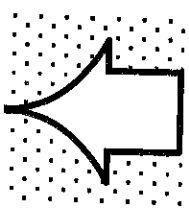
Customer

Signature: 

Name: Henry Wei

Title: CEO

Date: 4/3/12



MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	July 12, 2011	AGENDA NO.:
SUBJECT:	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #1 to the Agreement (#A-11891) with Versaworks Inc. for Professional Information Technology Services at NMC in an amount not to exceed \$3,232,900 in the aggregate and \$2,400,000 for the period July 1, 2011 to June 30, 2012.	
DEPARTMENT:	Natividad Medical Center	

RECOMMENDATION:

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #1 to the Agreement (#A-11891) with Versaworks Inc. for Professional Information Technology Services at NMC in an amount not to exceed \$3,232,900 in the aggregate and \$2,400,000 for the period July 1, 2011 to June 30, 2012.

SUMMARY/DISCUSSION:

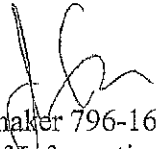
As NMC continues to enhance its information technology capabilities in the Electronic Medical Record and IT infrastructure, a need has been identified for additional technical clinical and non-clinical resources. The recommendation is to engage Versaworks, a company with a strong reputation for providing highly competent information technology services. Over the next year, Versaworks will provide both clinical and non-clinical technical resources which will include but not be limited to: principle solutions architect, clinical IT project manager, data center implementation engineer, network & security architect, data warehouse engineer and IT systems implementation specialist - please see attached Statement of Work (SOW) for more detail. Versaworks is committed to NMC's long range IT roadmap and by engaging Versaworks, important strategies and goals will be met.

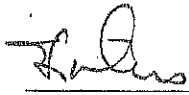
OTHER AGENCY INVOLVEMENT:

The Amendment has been reviewed and approved by County Counsel, the Auditor/Controller's office, and the Natividad Medical Center Board of Trustees' Finance Committee.

FINANCING:

The cost for this Amendment is \$2,400,000 and is included in the Fiscal Year 2011/2012 Recommended Budget. This action will not require any additional General Fund subsidy.

Prepared by: 
Jim Fenstermaker 796-1647
Interim Chief Information Officer
May 23, 2011



Harry Weis
Chief Executive Officer

Attachments: Amendment #1, Revised SOW, Agreement, Board Order
Attachments are on file with the Clerk of the Board

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

Agreement No. A-11891

Authorize the Purchasing Manager for Natividad)
Medical Center (NMC) to execute Amendment No. 1)
to the Agreement No. A-11891 with Versaworks Inc.)
for Professional Information Technology Services at)
NMC in an amount not to exceed \$3,232,900 in the)
aggregate and \$2,400,000 for the period July 1, 2011 to)
June 30, 2012.....)

Upon motion of Supervisor Calcagno, seconded by Supervisor Armenta, and carried by those
members present, the Board hereby;

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to
execute Amendment No. 1 to the Agreement No. A-11891 with Versaworks Inc.
for Professional Information Technology Services at NMC in an amount not to
exceed \$3,232,900 in the aggregate and \$2,400,000 for the period July 1, 2011 to
June 30, 2012.

PASSED AND ADOPTED on this 12th day of July, 2011, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, and Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, 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 75 for the meeting on July 12, 2011.

Dated: July 13, 2011

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Christ A. Miel
Deputy

**RENEWAL AMENDMENT NO. 1
FOR PROFESSIONAL SERVICE AGREEMENT
BETWEEN Versaworks Inc AND
THE NATIVIDAD MEDICAL CENTER
FOR
Professional Information Technology Services**

The parties to Professional Service Agreement, dated November 1, 2010 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and Versaworks Inc (Contractor), hereby agree to renew their Agreement No. (A-11891) on the following terms and conditions:

1. Contractor will continue to provide NMC with the same scope of service as stated in the original Agreement No. (A-11891). Additionally, the Contractor will provide the services described in Attachment A attached to this Amendment #1.
2. This Amendment shall become effective on July 1, 2011 and shall continue in full force until June 30, 2012.
3. The total amount payable by County to Contractor under Agreement No. (A-11891) shall not exceed the total sum of \$3,232,900 for the full term of the Agreement and \$2,400,000 for fiscal year 2011-2012.
4. All other terms and conditions of the Agreement shall continue in full force and effect.
5. A copy of this Amendment shall be attached to the original Agreement No. (A-11891).

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

CONTRACTOR

Signature 

Dated 6/7/2011

Printed Name Johnson Kit Son Sun

Title President

NATIVIDAD MEDICAL CENTER

Signature 
Purchasing Manager


Dated 6-29-11

Signature 
NMC - CEO

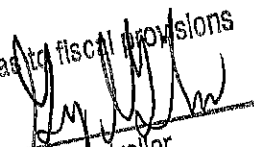
Dated 6/2/11

Approved as to Legal Form:

Charles J. McKee, County Counsel

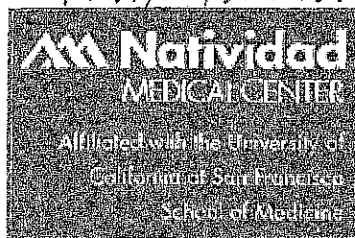
By 
Stacy Saelta, Deputy
Attorneys for County and NMC

Dated: 6/10, 2011

Reviewed as to fiscal provisions

Auditor-Controller
County of Monterey

6-10-11

ATTACHMENT A -



Natividad Medical Center
IT Consulting Services

Statement of work

Submitted by:

Versaworks, Inc.
2946 Monte Cresta Dr
Belmont, CA 94002
(650) 489-6114

Created: March 20, 2011

Revised:

Version: 1.0



Versaworks

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1 EXECUTIVE SUMMARY

Versaworks, Inc. ("Versaworks") is pleased to present this Statement of Work (SOW) proposal which defines the services and deliverables that Versaworks shall provide to Natividad Medical Center ("Customer") under the terms of the Professional Services Agreement (the "Agreement") made between Natividad Medical Center ("Customer") and Versaworks, Inc. ("Versaworks").

2 SCOPE OF WORK

This section describes the scope of work for Professional Services to support the projects listed below in section 2.1

2.1 PROJECT AND PRICING SUMMARY

ID	Project	Resource	Hourly Rate	Estimated Hours	Total	Note	
1	Business Applications Interoperability & Integration (Picis, Pyxis, OBIX, Advantage, Meditech, Patient Keeper, SoftMed)	Principle Solution Architect	\$175	1880	\$329,000	40 hr/wk	12 month
2	Clinical Business Applications Implementation & Rollout (PatientKeeper, SoftMed, Ambulatory Practice Mgmt, Zynx, Dr. First)	Clinical IT Project Manager	\$165	1880	\$310,200	40 hr/wk	12 month
3	IT Infrastructure and Business Applications Implementation (Datacenter, VDI, OnBase, Records & Retention, Kronos, Windows 7 Migration)	Sr. IT Project Manager	\$165	1880	\$310,200	40 hr/wk	12 month
4	Datacenter Implementation (Primary and DR)	Datacenter Implementation Engineer	\$165	1880	\$310,200	20 hr/wk	12 month
5	Information Systems Security (Penetration Testing & Vulnerability Assessment, Network Access Control, Remote Access Management, HIPAA Security Compliance)	Network & Security Architect	\$175	600	\$105,000	20 hr/wk	8 month
6	IT Strategist & Operations Management	Sr. Management Consultant	\$200	1,500	\$300,000	30 hr/wk	12 month
7	Clinical Reporting platform development (Meditech Data warehouse reporting, Quality Reporting, KPI Reporting)	Data Warehouse Engineer	\$165	1880	\$310,200	20 hr/wk	12 month
8	Systems and Application Monitoring	Systems Architect	\$175	600	\$105,000	20 hr/wk	8 month
9	IT Infrastructure Implementation (Desktop Management, Inventory Management, Change Management, Windows 7 Migration)	IT Implementation Specialist	\$165	1880	\$310,200	40 hr/wk	12 month
					Total	\$2,390,000	

* The pricing is based on actual time and material. Hourly rates are fully loaded covering all applicable travel expenses.

2.2 SCOPE OF SERVICES
2.2.1 Business Application Interoperability & Integration

<u>Project ID</u>	1
<u>Project Name</u>	Business Application Interoperability & Integration (PICIS, PYXIS, OBIX, CGI/ADVANTAGE, MEDITECH, PATIENT KEEPER, SOFTMED)
<u>Resource</u>	Principal Solution Architect

Project Description

Natividad Medical Center is currently on its path to pursue EMR Meaningful Use. Today, the sources of patient data (that do exist) reside on many isolated data repositories amongst various proprietary clinical software applications. A key component of the EMR initiative is to develop the capability to aggregate and exchange clinical information about patients between key clinical business applications and Natividad's core HCIS systems, MEDITECH. The EMR adoption also requires adjustments to the existing paper based workflow process to facilitate the migration to electronic based medical record keeping and retention.

This integration and interoperability capabilities can be achieved through custom Interface development utilizing the CorePoint HL7 Interface Engine and available API and middleware to enable bi-directional data flow between MEDITECH and critical applications including PICIS, PYXIS, SoftMed, Patient Keeper, OBIX, and CGI/Advantage. The "Principle Solutions Architect" will develop integration & interoperability capabilities and custom workflow automation based on agreed upon specifications defined by the Customer.

Project Scope
2.2.1.1 PICIS

Natividad went live with the OR Manager application from PICIS (acquired by Ingenix) on November 17, 2009. Since that time, gaps have been identified with the current implementation that needs to be addressed in order for the application to function fully as designed. A comprehensive assessment of the PICIS optimization project was completed in Phase 1 of the engagement during the first half of 2011. The next phase of the Project (phase 2) is to develop and execute a detailed plan for building, testing and implementing the new vision based on the Phase 1 results and findings incorporating both processes and system improvements.

- o Implement Comprehensive Electronic Charting for OR nurses
- o Optimize accurate centralized scheduling and enable remote reservations
- o Automate accurate supply management
- o Develop Comprehensive and Accurate Preference Cards
- o Develop interface to enable Electronic Patient dataflow to PICIS from MEDITECH
- o Develop interface to enable Electronic Patient dataflow to MEDITECH from PICIS
- o Develop Automated Billing interface to BAR

2.2.1.2 PYXIS

Natividad is currently using PYXIS System from CareFusion for automated medication and supply management. Gaps have been identified with the current implementation that needs to be addressed in order for the PYXIS system to function fully as designed. One major goal will be to increase the accuracy of patient lists on the MedStations in order to ensure patient safety and reduce billing errors.

- o Develop and implement Outbound Interface from Meditech
- o Develop and implement Inbound interface (filters) on Pyxis procar
- o Develop and Implement Outbound interface (Pyxis to BAR)
- o Develop and implement process improvement changes as necessary

2.2.1.3 OBIX

Natividad is in the process of purchasing OBIX Fetal Monitoring Systems to replace the existing Phillips Systems. Fetal Monitoring is a critical application in the Labor & Delivery department which is a significantly clinical operation at NMC. It is essential to enable the integration and interoperability capabilities between OBIX and the MEDITECH HCIS systems.

- o Develop interface to enable Electronic Patient dataflow to OBIX from MEDITECH
- o Develop interface to enable Electronic Patient dataflow to MEDITECH from OBIX

2.2.1.4 SOFTMED

Natividad is planning to upgrade the existing SOFTMED application to the latest revision as well as implementing additional modules. It is essential to enable the integration and interoperability capabilities between SOFTMED and the MEDITECH HCIS systems.

- o Develop interface to enable Electronic Patient dataflow to SOFTMED from MEDITECH
- o Develop interface to enable Electronic Patient dataflow to MEDITECH from SOFTMED

2.2.1.5 PATIENT KEEPER

Natividad is planning to implement a new Physician HIS systems, PatientKeeper. It is essential to enable the integration and interoperability capabilities between PatientKeeper and the MEDITECH HCIS systems.

- o Develop interface to enable Electronic Patient dataflow to PatientKeeper from MEDITECH
- o Develop interface to enable Electronic Patient dataflow to MEDITECH from PatientKeeper

2.2.1.6 CGI/Advantage

Natividad's current Material Management (Procurement) and Account Payable functions rely on using the Monterey County Advantage ERP systems. Natividad is also required to enter all Procurement information into its HCIS systems, MEDITECH. There are currently no interface or interoperability capabilities between the two systems. It is essential to develop an interface to streamline the workflow and enable interoperability between MEDITECH and Advantage.

- o Develop interface to enable electronic dataflow to CGI/Advantage from MEDITECH
- o Develop interface to enable electronic dataflow to MEDITECH from CGI/Advantage

2.2.2 Clinical Business Applications Implementation & Rollout

<i>Project ID</i>	2
<i>Project Name</i>	Clinical Business Applications Implementation & Rollout (PatientKeeper, SoftMed, Ambulatory Practice Mgmt, Zynx, Dr. First)
<i>Resource</i>	Clinical IT Project Manager

Project Description

Natividad currently uses MEDITECH HCIS systems in conjunction with many other clinical applications for both In-Patient and Out-Patient healthcare services. In supporting the initiative to pursue EMR meaningful use, Natividad has the need to streamline the workflow and the interoperability of all the clinical applications to improve quality of care service and patient safety. The “**Clinical IT Project Manager**” will manage the implementation and rollout of key EMR applications to ensure meeting the Meaningful Use objectives and timeline. This role will also project manage the development and implementation of workflow optimization and integration amongst various clinical applications to improve interoperability in order to support the EMR initiatives.

Project Scope

- o Manage the implementation and rollout of PatientKeeper Physician HIS systems
- o Manage the implementation and rollout of Ambulatory Practice Management systems
- o Manage the implementation and rollout of Dr. First E-Prescribing systems
- o Manage the implementation and rollout of Zynx, Evidence-based clinical decision support systems
- o Manage the interoperability requirements amongst various clinical applications
- o Coordinate the assessment and development of clinical application workflow optimization
- o Develop project plan and milestone deliverables for the rollout of all identified integration and interface modules
- o Manage vendor(s) to ensure accurate configurations of clinical applications

2.2.3 IT Infrastructure and Business Applications Implementation

<i>Project ID</i>	3
<i>Project Name</i>	IT Infrastructure and Business Applications Implementation (Datacenter, VDI, OnBase, Records & Retention, Kronos, Windows 7 Migration)
<i>Resource</i>	Sr. IT Project Manager

Project Description

Natividad has a number of IT Infrastructure and Back office application implementations planned for the 2nd half of 2011. In order to ensure on-time and on-budget delivery of these projects, it is essential to follow industry best practices in project management function during the plan, design and implementation phases.

The "Sr. IT Project Manager" will manage the implementation and rollout of the following projects.

Project Scope

- o Manage the roll out of OnBase enterprise content management systems at various departments
- o Manage the implementation and rollout of the new OnBase modules
- o Manage and coordinate with building the new Records and Retention function at Natividad
- o Manage the rollout of the VDI zero client workstations in the clinical and business office areas
- o Manage the build out and implementation of the new offsite collocation datacenter
- o Manage the implementation of the new Kronos Workforce HR systems
- o Manage the rollout of the workstation migration to Windows 7

2.2.4 Datacenter Implementation
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<i>Project ID</i>	4
<i>Project Name</i>	Datacenter Implementation (Primary and DR)
<i>Resource</i>	Datacenter Implementation Engineer

Project Description

Natividad's existing on-campus datacenter has reached its maximum capacity and is not adequate to accommodate all the new systems required in order to support the EMR initiative. A decision has been made to implement a new datacenter at an offsite collocation facility. The new offsite datacenter will be built from scratch and will be provisioning a number of key clinical and non-clinical applications for hospital users. The "Datacenter Implementation Engineer" will be responsible for building and implementing the entire Core Networking and Computing Infrastructure as well as the Applications and management Server farms.

Project Scope

- o Implement and configure Cisco Nexus 7K series Core Network Switches
- o Implement and configure HP Blade Server Infrastructure
- o Develop and implement data storage, backup and replication solutions
- o Implement and configure NetApp Storage Area Network (SAN)
- o Implement and configure Remote Access Management Interfaces

2.2.5 Information Systems Security

<u>Project ID</u>	5
<u>Project Name</u>	Information Systems Security (Penetration Testing & Vulnerability Assessment, Network Access Control, Remote Access Management, HIPAA Security Compliance)
<u>Resource</u>	Network & Security Architect

Project Description

Security is a critical component of supporting a Hospital grade network environment and is paramount to ensure continuous high availability of services and to safeguard Protected Health Information (PHI). Last year, Natividad had completed an Infrastructure upgrade by implementing state-of-the-art Cisco Medical grade network equipment along with several security appliances. The objective of the Information Systems Security project is to implement additional Security devices and software to expand the level of coverage in protecting the hospital from any malicious attempt and un-authorized access. The "Network & Security Architect" will be responsible for conducting risk and vulnerability assessment and implement additional security appliances and measures to further harden the security level in the hospital network environment.

Project Scope

- o Conduct external Network Security Penetration Test against the existing hospital network infrastructure
- o Conduct Internal Network Vulnerability assessment from within the hospital campus
- o Implement Network Access Control (NAC) Security Appliances and Management Interfaces
- o Implement RSA SecurID VPN authentication Appliance
- o Develop detailed Security Vulnerability Assessment report based on the results
- o Develop and implement any agreed upon changes to further harden the Hospital network security
- o Establish and formalize Information Security Policies and Procedures
- o Establish Standard Operation Procedures for security incident response and reporting

2.2.6 IT Strategist & Operations Management

<u>Project ID</u>	6
<u>Project Name</u>	IT Strategist & Operations Management
<u>Resource</u>	Sr. Management Consultant

Project Description

Service Operation has been a key component of the IT mission in providing best in class services to all users in the hospital. The function of the "IT Strategist & Operations Management" role is to augment the IT leadership team in guiding the IT Operations and Business Applications teams on infrastructure build out and Clinical Applications implementations to support the EMR initiatives. The "Sr. Management Consultant" will be delivering the following services defined in the project scope.

Project Scope

- o Provide strategic guidance and oversight on clinical and non-clinical application-related projects
- o Develop and Implement a sound data center management strategy for a new co-location production facility with disaster recovery capabilities
- o Develop data storage architecture best practices and data retention policies and procedures consistent with state and regulatory body requirements.
- o Provide day-to-day operational guidance and oversight on all infrastructure and hardware-related projects
- o Implement and adopt ITIL based best practices within NMC IT
- o Develop Service Excellency methodology in providing Service Delivery and Support to all hospital users
- o Assist in building IT Operations competencies to support the EMR initiative

2.2.7 Clinical Reporting platform development

<i>Project ID</i>	7
<i>Project Name</i>	Clinical Reporting platform development (Meditech Data warehouse reporting, Quality Reporting, KPI Reporting)
<i>Resource</i>	Data Warehouse Engineer

Project Description

Build and implement a Data Warehouse reporting framework that covers Census, Compliance, infrastructure monitoring and uptime. The "Data Warehouse Engineer" will be delivering all the services defined in the project scope below.

Project Scope

- o Develop custom reports for Census and Compliance
- o Develop custom reports for Network monitoring and Service uptime
- o Develop custom reports for IT Service Level Metrics
- o Develop custom reports for Critical Application monitoring
- o Develop custom reports for EMR Meaningful Use
- o Develop custom reports for Quality Measurement

- o Migrate Kazimera application to a new SQL based Medical Record validation Application

2.2.8 Systems and Application Monitoring

<u>Project ID</u>	8
<u>Project Name</u>	Systems and Application Monitoring
<u>Resource</u>	Systems Architect

Project Description

Natividad is on its path to pursue EMR Meaningful Use. The availability and performance of its HCIS systems and key clinical applications become increasingly critical to the success of achieving Meaningful Use. The need for a cross-platform datacenter management server for operating systems and hypervisors (Virtual Machine Monitor) becomes obvious and necessary. The "Systems Architect" will be responsible for implementing the Microsoft System Center Operations Manager (SCOM) application to monitor the state, health and performance information of computer systems and provide alerts generated according to the availability, performance, configuration or security situation being identified.

Project Scope

- o Implement and configure Microsoft System Center Operations Manager (SCOM)
- o Develop Design and Testing plans for System Center Operations Manager
- o Plan, implement and configure the Deployment of System Center Operations Manager
- o Monitor and fine-tune the System Center Operations Manager post deployment
- o Develop operational and support documentation

2.2.9 IT Infrastructure Implementation

<u>Project ID</u>	9
<u>Project Name</u>	IT Infrastructure Implementation (Desktop Management, Inventory Management, Change Management, Windows 7 Migration)
<u>Resource</u>	IT Implementation Specialist

Project Description

Natividad currently has approximately 700 workstations with 1000+ users. The management of desktop systems lifecycle is a critical component of IT Service Delivery to ensure systems and software are functioning at the desired level; and resolve any degradation in performance before it impacts productivity, patient care and safety. The "IT Implementation Specialist" will implement and deploy a number of IT Systems Lifecycle Management tools, Virtual Desktop Infrastructure and Windows 7 migration.

Project Scope

- o Implement and deploy Numara IT Change Management system
- o Optimize and deploy Numara Service Desk Self Service portal
- o Implement and deploy LANDesk Desktop Management system
- o Implement and deploy LANDesk Inventory Management system
- o Implement and deploy LANDesk Security Suite
- o Implement and support Windows 7 migration
- o Implement and deploy Virtual Desktop Infrastructure (VDI)

Appendix A

Customer Acceptance

The customer, by signing below, indicates that the Statement of Work (SOW) has been read and the terms outlined within have been accepted. Upon acceptance of this Statement of Work (SOW), Customer shall issue a written Purchase Order to Versaworks, for the total amount of \$2,390,000.

Versaworks, Inc.

Signature: _____

Name: _____

Title: _____

Date: _____

Customer

Signature:  _____Name: Henry JonesTitle: CEODate: 5/9/11



Natividad MEDICAL CENTER
COUNTY OF MONTEREY AGREEMENT FOR PROFESSIONAL SERVICES
(MORE THAN \$100,000)

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

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

1. **SERVICES TO BE PROVIDED.** NMC hereby engages CONTRACTOR to perform, and CONTRACTOR hereby agrees to perform, the services described in **Exhibit A** in conformity with the terms of the Agreement. The services are generally described as follows: Provide Various Information Technology Professional Services as described in the attached Statement of Work (Exhibit A)
2. **PAYMENTS BY NMC.** NMC shall pay the CONTRACTOR in accordance with the payment provisions set forth in **Exhibit A**, subject to the limitations set forth in this Agreement. The total amount payable by NMC to CONTRACTOR under this Agreement shall not exceed the sum of \$832,900
3. **TERMS OF AGREEMENT** The term of this Agreement is from Nov 1, 2010 to Jun 30, 2011 unless sooner terminated pursuant to the terms of this Agreement. This Agreement is of no force or effect until signed by both CONTRACTOR and NMC and with NMC signing last and CONTRACTOR may not commence work before NMC signs this Agreement.
4. **ADDITIONAL PROVISIONS/EXHIBITS.** The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

Exhibit A Scope of Services/Payment Provisions

5. PERFORMANCE STANDARDS.

- 5.1. CONTRACTOR warrants that CONTRACTOR and Contractor's agents, employees, and subcontractors performing services under this Agreement are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this Agreement and are not employees of NMC, or immediate family of an employee of NMC.
- 5.2. CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this Agreement that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.
- 5.3. CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this Agreement, except as otherwise specified in this Agreement. CONTRACTOR shall not use NMC premises, property (including equipment,

instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

6. PAYMENT CONDITIONS.

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

7. TERMINATION.

- 7.1. During the term of this Agreement, NMC may terminate the Agreement for any reason by giving written notice of termination to the CONTRACTOR at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.
- 7.2. NMC may cancel and terminate this Agreement for good cause effective immediately upon written notice to Contractor. "Good cause" includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If NMC terminates this Agreement for good cause, NMC may be relieved of the payment of any consideration to Contractor, and NMC may proceed with the work in any manner, which NMC deems proper. The cost to NMC shall be deducted from any sum due the CONTRACTOR under this Agreement.

8. **INDEMNIFICATION:** CONTRACTOR shall indemnify, defend and hold harmless, NMC and the County of Monterey (hereinafter "County"), its officers, agents and employees from any and all claims, liability, losses, whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the Contractor's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of NMC. "Contractor's performance" includes Contractor's action or inaction and the action or inaction of Contractor's officers, employees, agents and subcontractors.

9. INSURANCE.

9.1. Evidence of Coverage:

Prior to commencement of this Agreement, the CONTRACTOR shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements

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

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

9.2. Qualifying Insurers: All coverage's except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A-VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by NMC's Contracts/Purchasing Director.

9.3. Insurance Coverage Requirements: Without limiting Contractor's duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

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

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

Business automobile liability insurance, covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

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

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

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

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

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

9.4. Other Insurance Requirements:

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

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

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

Prior to the execution of this Agreement by NMC, CONTRACTOR shall file certificates of insurance with NMC's Contracts/Purchasing Department, showing that the CONTRACTOR has in effect the insurance required by this Agreement. The CONTRACTOR shall file a new or amended certificate of insurance within five (5) calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

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

10. RECORDS AND CONFIDENTIALITY.

10.1. Confidentiality, CONTRACTOR and its officers, employees, agents and subcontractors shall comply with any and all federal, state, and local laws, which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from NMC or prepared in connection with the performance of this

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

10.2. NMC Records. When this Agreement expires or terminates, CONTRACTOR shall return to NMC and NMC records which CONTRACTOR used or received from NMC to perform services under this Agreement.

10.3. Maintenance of Records. CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal state, and County rules and regulations related to services performed under this Agreement. CONTRACTOR shall maintain such records for a period of at least three years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the three year period, then CONTRACTOR shall retain said records until such action is resolved.

10.4. Access to and Audit of Records. NMC shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONTRACTOR and its subcontractors related to services provided under this Agreement. Pursuant to Government Code section 8546.7, if this Agreement involves the expenditure of public funds in excess or \$10,000, the parties to this Agreement may be subject, at the request of NMC or as part of any audit of NMC, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

10.5. Royalties and Inventions. NMC shall have a royalty-free, exclusive and irrevocable license to reproduce, publish, and use, and authorize other to do so, all original computer programs, writings, sound recordings, pictorial reproductions, drawings, and other works of similar nature produced in the course of or under this Agreement. CONTRACTOR shall not publish any such material without the prior written approval of NMC.

11. **NON-DISCRIMINATION**. During the performance of this Agreement, Contractor; and its subcontractors, shall not unlawfully discriminate against any person because of race, religious creed, color, sex, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age (over 40), or sexual orientation, either in Contractor's employment practices or in the furnishing of services to recipients. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment and all persons receiving and requesting services are free of such discrimination. CONTRACTOR and any subcontractor shall, in the performance of this Agreement, full comply with all federal, state, and local laws and regulations which prohibit discrimination. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.

12. **COMPLIANCE WITH TERMS OF STATE OR FEDERAL GRANT**. If this Agreement has been or will be funded with monies received by NMC pursuant to a contract with the state or federal government in which NMC is the grantee, CONTRACTOR will comply with all the provisions of said contract, and said provisions shall be deemed a part of this Agreement, as though fully set forth herein. Upon request, NMC will deliver a copy of said contract to Contractor, at no cost to Contractor.

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

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

FOR NATIVIDAD MEDICAL CENTER: Contracts/Purchasing Manager	FOR CONTRACTOR:
Name and Title	<u>Johnson Kit Son Sun, President</u> Name and Title
<u>1441 Constitution Blvd. Salinas, CA. 93906</u>	<u>2946 Monte Cresta Dr. Belmont, CA 94002</u>
Address	Address
831.755.4111	650-489-6114
Phone	Phone

15. MISCELLANEOUS PROVISIONS.

15.1. Conflict of Interest. CONTRACTOR represents that it presently has no interest and agrees not to acquire any interest during the term of this Agreement, which would directly, or indirectly conflict in any manner or to any degree with the full and complete performance of the professional services required to be rendered under this Agreement.

15.2. Amendment. This Agreement may be amended or modified only by an instrument in writing signed by NMC and the Contractor.

15.3. Waiver. Any waiver of any terms and conditions of this Agreement must be in writing and signed by NMC and the Contractor. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms or conditions in this Agreement.

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

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

NATIVIDAD MEDICAL CENTER

By: [Signature]
NMC Contracts/Purchasing Agent

Date: 12/17/10

By: [Signature]
Department Head (if applicable)

Date: 10/13/10

By: [Signature]
Stacy Saetta, Deputy County Counsel

Date: 10-18-10

By: [Signature]
Auditor/Controller

Date: 10/18/10

CONTRACTOR

Versaworks, Inc.
Contractor's Business Name***

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

Johnson Kit Son Sun, President
Name and Title

Date: 10/12/2010

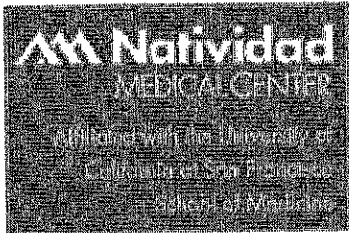
By: [Signature]
Signature of Secretary, Asst. Secretary,
CFO, Treasurer or Asst. Treasurer

Johnson Kit Son Sun, CFO
Name and Title

Date: 10/12/2010

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

EXHIBIT A



Natividad Medical Center
IT Consulting Services

Statement of work

Submitted by:

Versaworks, Inc.
2946 Monte Cresta Dr
Belmont, CA 94002
(650) 489-6114

Created: Aug 27, 2010
Revised: Sept 10, 2010
Oct 9, 2010
Version: 1.3

1 EXECUTIVE SUMMARY

Versaworks, Inc. ("Versaworks") is pleased to present this Statement of Work (SOW) proposal which defines the services and deliverables that Versaworks shall provide to Natividad Medical Center ("Customer") under the terms of the Professional Services Agreement (the "Agreement") made between Natividad Medical Center ("Customer") and Versaworks, Inc. ("Versaworks").

2 SCOPE OF WORK

This section describes the scope of work for Professional Services to support the projects listed below in section 2.1

2.1 PROJECT AND PRICING SUMMARY

ID	Project	Resource	Hourly Rate	Estimated Hours	Sub total	Notes
1	<u>HL7 Interface development & Integration (PACS, PICIS, PYXIS, Fetal Monitoring)</u>	HL7 Interface Specialist	\$175	900	\$157,500	40 hr/wk 6 month
2	<u>PICIS Assessment & Optimization</u>	Clinical IT Project Manager	\$165	320	\$52,800	40 hr/wk 2 month
3	<u>PYXIS Assessment & Optimization</u>	Clinical IT Project Manager	\$165	320	\$52,800	40 hr/wk 2 month
4	<u>Clinical Business Applications</u>	Clinical IT Project Manager	\$165	320	\$52,800	40 hr/wk 2 month
5	<u>Hospital Storage platform implementation</u>	Sr. Storage Systems Engineer	\$150	400	\$60,000	20 hr/wk 6 month
6	<u>Information Systems Security – Penetration Testing & Vulnerability Assessment</u>	Sr. Security Engineer	\$175	400	\$70,000	20 hr/wk 6 month
7	<u>IT Operations Management</u>	Sr. Management Consultant	\$200	900	\$180,000	40 hr/wk 6 month
8	<u>Reporting Platform Development (Census, Compliance, Infrastructure monitoring and Uptime)</u>	Software Engineer	\$150	400	\$60,000	20 hr/wk 6 month
9	<u>Numara FootPrints Rollout</u>	IT Project Manager	\$150	160	\$24,000	40 hr/wk 1 month
10	<u>OnBase</u>	IT Project Manager	\$150	500	\$75,000	40 hr/wk 3 month
11	<u>Records and Retention</u>	IT Project Manager	\$150	320	\$48,000	40 hr/wk 2 month
Total					\$832,900	

* The pricing is based on actual time and material. Hourly rates are fully loaded covering all applicable travel expenses.

2.2 SCOPE OF SERVICES

2.2.1

<u>Project ID</u>	1
<u>Project Name</u>	HL7 Interface development & Integration (PACS, PICIS, PYXIS, Fetal Monitoring)
<u>Resource</u>	HL7 Interface Specialist

Project Description

Natividad Medical Center is currently on its path to pursue EMR Meaningful Use. A key component of the EMR initiative is to develop the capability to integrate various Key Clinical business applications with the Natividad's core HIM systems, MEDITECH. This integration capability can be achieved by developing several custom HL7 Interfaces utilizing the currently CorePoint Interface Engine to enable bi-directional data flow between MEDITECH and PACS, PICIS, PYXIS and Fetal Monitoring Systems. The "HL7 Interface Specialist" will develop the following Interfaces based on the available API's published and the agreed upon specifications defined by the Customer.

Project Scope

- Customized Interface and Data Parser for McKesson PACS and MEDITECH
- Customized Interface and Data Parser for PYXIS and MEDITECH
- Customized Interface and Data Parser for PICIS and MEDITECH
- Customized Interface and Data Parser for Fetal Monitoring Systems and MEDITECH
- Project documentation will include:
 - Logical workflow and database table definitions
 - Fully commented programming source code
 - Complete operational and support documentation
 - Systems Administrator manual and troubleshooting guide

The duration of this project is estimated to be completed within 6 months. Milestone Deliverables will be set at 6 week intervals starting at the commencement of the project. The estimated effort required to build each custom Interface is 4 weeks plus an additional 2 weeks of functional and user acceptance testing.

2.2.2

<u>Project ID</u>	2
<u>Project Name</u>	PICIS Assessment & Optimization
<u>Resource</u>	Clinical IT Project Manager

Project Description

Natividad went live with the OR Manager application from Picis (recently acquired by Ingenix) on November 17, 2009. Since that time, gaps have been identified with the current implementation that needs to be addressed in order for the application to function fully as designed. The **"Clinical IT Project Manager"** will manage the entire project life cycle throughout the implementation of the following proposed changes.

Project Scope

- Design and deliver reports for billing to facilitate current manual process
- Complete input of preference cards
- Review/revise current billing rules in Picis
- Review/revise current process for scheduling patients in Picis and subsequently matching to Meditech record.
- Implement Physician Office Link or Web Access for Physicians to allow outside groups access to scheduling
- Implement Case Record upload

2.2.3

<u>Project ID</u>	3
<u>Project Name</u>	PYXIS Assessment & Optimization
<u>Resource</u>	Clinical IT Project Manager

Project Description

Natividad is currently using Pyxis System from CareFusion for automated medication and supply management. Gaps have been identified with the current implementation that needs to be addressed in order for the Pyxis system to function fully as designed. One major goal will be to increase the accuracy of patient lists on the MedStations in order to ensure patient safety and reduce billing errors. The **"Clinical IT Project Manager"** will be managing CareFusion, Natividad and Meditech resources as necessary to review current implementation and address any issues. All components of the systems will be assessed and optimization treatment plan will be developed. The **"Clinical IT Project Manager"** will manage the entire project life cycle throughout the implementation of the following proposed changes.

Project Scope

- Develop and implement Outbound Interface from Meditech
- Develop and implement Inbound Interface (filters) on Pyxis procar
- Develop and implement Outbound interface (Pyxis to BAR)
- Develop and implement process improvement changes as necessary
- Review and assess additional recommendations from CareFusion Clinical Consultant

2.2.4

<i>Project ID</i>	4
<i>Project Name</i>	Clinical Business Applications
<i>Resource</i>	Clinical IT Project Manager

Project Description

Natividad currently uses MEDITECH HIM systems in conjunction with many other clinical applications for both In-Patient and Out-Patient healthcare services. In supporting the initiative to pursue EMR meaningful use, Natividad has the need to streamline the workflow and the interoperability of all the clinical applications to improve quality of care service and patient safety. The "**Clinical IT Project Manager**" will manage the development and implementation of workflow optimization and integration amongst various clinical applications to improve interoperability in order to support the EMR initiatives.

Project Scope

- Coordinate the assessment and development of clinical application workflow optimization
- Manage the interoperability requirements amongst various clinical applications
- Develop project plan and milestone deliverables for the rollout of all identified integration and interface modules
- Manage vendor(s) to ensure accurate configurations of clinical applications

2.2.5

<i>Project ID</i>	5
<i>Project Name</i>	Hospital Storage platform implementation
<i>Resource</i>	Sr. Storage Systems Engineer

Project Description

Natividad currently has a number of projects that will require a large amount of server storage capacity to support the initiatives of transforming the paper based record retention to electronic based data repository. This could be achieved by implementing a hospital wide electronic data storage platform for production,

nearline and offline environments. The "Sr. Storage Systems Engineer" will be responsible for implementing the electronic data storage platform in supporting the following clinical and back office applications.

Project Scope

- Develop and implement data storage and backup solutions for MEDITECH, OnBase, and PACS.
- Implement and configure EMC Centera Storage Area Network (SAN) for new MEDITECH hardware
- Implement and configure Dell EqualLogic Storage Area Network (SAN) for OnBase, MEDITECH and PACS
- Implement and configure Dell EqualLogic Storage Area Network (SAN) solutions for VMware server virtualization.
- Implement and configure data backup and replication for MEDITECH and PACS
- Implement and configure Dell EqualLogic Storage Area Network (SAN) for PCS and PCM Documentation

2.2.6

<u>Project ID</u>	6
<u>Project Name</u>	Information Systems Security – Penetration Testing & Vulnerability Assessments
<u>Resource</u>	Sr. Security Engineer

Project Description

Security is a critical component of supporting a Hospital grade network environment and is paramount to ensure continuous high availability of services and to safeguard Patient Health Information (PHI). Natividad recently has completed an Infrastructure upgrade by implementing state-of-the-art Cisco Medical grade network equipment along with several security appliances. The objective of the Information Systems Security project is to further harden the security level in the hospital network environment to help protect the hospital from any malicious attempt and un-authorized access. The "Sr. Security Engineer" will be responsible for conducting security penetration testing and provide Vulnerability Assessments. The deliverables are defined as below.

Project Scope

- Conduct external Network Security Penetration Test against the existing hospital network infrastructure
- Develop detailed Security Vulnerability Assessment report based on the results
- Develop and implement any agreed upon changes to further harden the Hospital network security
- Establish and formalize Information Security Policies and Procedures
- Establish Standard Operation Procedures for security incident response and reporting

2.2.7

<u>Project ID</u>	7
<u>Project Name</u>	IT Operations Management
<u>Resource</u>	Sr. Management Consultant

Project Description

Service Operation has been a key component of the IT mission in providing best in class services to all users in the hospital. The role of the Operations Management Consultant is to augment the IT leadership team in guiding the Operations team on infrastructure project implementations to achieve Operation Excellency. The **"Sr. Management Consultant"** will be delivering the following services defined in the project scope.

Project Scope

- Provide day-to-day operational guidance and oversight on all infrastructure and hardware-related projects
- Implement and adopt ITIL based best practices within NMC IT
- Develop Service Excellency methodology in providing Service Delivery and Support to all hospital users
- Assist in building IT Operations competencies to support the EMR initiative

2.2.8

<u>Project ID</u>	8
<u>Project Name</u>	Reporting Platform Development (Census, Compliance, Infrastructure monitoring and Uptime)
<u>Resource</u>	Software Engineer

Project Description

Build and implement a reporting platform that covers Census, Compliance, infrastructure monitoring and uptime. The **"Software Engineer"** will be delivering all the services defined in the project scope below.

Project Scope

- Develop automated reports for Census and Compliance
- Develop automated reports for Network monitoring and service uptime
- Develop automated reports for Service Level Metrics
- Develop automated reports for application monitoring

2.2.9

<i>Project ID</i>	9
<i>Project Name</i>	Numara FootPrints rollout (Asset mgmt, Configuration mgmt & Service Desk)
<i>Resource</i>	IT Project Manager

Project Description

The "IT Project Manager" will manage the implementation and rollout of the Numara FootPrints Asset Management module, Configuration management module, Change management module and Service Desk function (new ticketing system)

Project Scope

- Develop project plan and milestone delivery for the rollout of the following FootPrints modules:
 - Asset Management and Configuration Management Database (CMDB)
 - Incident and Change Management
 - Service Desk function (new ticketing system)
 - End user Self service portal
- Work with internal IT staff and third party resources to setup and configure all aforementioned modules
- Work with IT management to establish Asset management policies and hardware refresh strategy

2.2.10

<i>Project ID</i>	10
<i>Project Name</i>	OnBase
<i>Resource</i>	IT Project Manager

Project Description

The IT Project Manager will manage the implementation and rollout of the OnBase Enterprise Content Management solution.

Project Scope

- Manage the deployment of OnBase production server environment
- Coordinate the migration of OnBase data to new production server hardware
- Develop project plan and milestone delivery for the rollout of OnBase to all in-scope departments
- Coordinate and assist with requirement gathering and document definition with various departments
- Manage vendor(s) to ensure accurate configurations of departmental document types and keywords

2.2.11

<u>Project ID</u>	11
<u>Project Name</u>	Records and Retention
<u>Resource</u>	IT Project Manager

Project Description

The IT Project Manager will provide the following services in assisting with building the new Records and Retention function at Natividad.

Project Scope

- Assist with Scanning hardware evaluation and procurement
- Develop process and workflow for batch scanning at the new Records and Retention operation facility
- Assist in developing standard operational procedures and productivity benchmarks for scanning and archiving of all defined document types
- Assist departments in migrating from paper-based records to electronic based data storage repository

Appendix A

Customer Acceptance

The customer, by signing below, indicates that the Statement of Work (SOW) has been read and the terms outlined within have been accepted. Upon acceptance of this Statement of Work (SOW), Customer shall issue a written Purchase Order to Versaworks, for the total amount of \$832,900.

Versaworks, Inc.

Signature: _____

Name: _____

Title: _____

Date: _____

Customer

Signature:  _____

Name: Henry W. ...

Title: CEO

Date: 10/13/10



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
08/30/11

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Parenti Insurance Brokers 1091 Industrial Rd. Ste. 270 San Carlos, CA 94070 Phone (650)596-9500 Fax (650)592-4254	CONTACT NAME: Chris Larmore PHONE (A/C, No, Ext): (650) 596-9500- FAX (A/C, No): (650) 232-5728 E-MAIL ADDRESS: chris@parentiinsurance.com PRODUCER CUSTOMER ID #:	
	INSURER(S) AFFORDING COVERAGE	
INSURED Versaworks, Inc. 2946 Monte Cresta Dr Belmont, CA 94002- (650) 766-3409	INSURER A: Hartford Fire and Casualty	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES	CERTIFICATE NUMBER:	REVISION NUMBER:
------------------	----------------------------	-------------------------

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	Y	57SBMZE2094	08/27/2011	08/27/2012	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV N JURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY-AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	N	57UECPC9434	08/27/2011	08/27/2012	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	57WECLY2072	08/27/2011	08/27/2012	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Tech E&O		57SBMZE2094	08/27/2011	08/27/2012	1,000,000 Per Occur / 2,000,000 Agg.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

In the respect of The County of Monterey, its officers, agents, and employees, it is hereby noted and agreed that as of 8/27/10: The County of Monterey, its officers, agents, and employees are included as additional insureds in regards to General Liability. Insurance coverage provided under the additional insured status is primary and non-contributory.

CERTIFICATE HOLDER	CANCELLATION
County Of Monterey Contracts/Purchasing Division 168 W. Alisal St. 3rd Floor Salinas, CA 93901	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE

BUSINESS LIABILITY COVERAGE FORM

**QUICK REFERENCE
BUSINESS LIABILITY COVERAGE FORM
READ YOUR POLICY CAREFULLY**

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BUSINESS LIABILITY COVERAGE FORM



Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION C. - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G. - LIABILITY AND MEDICAL EXPENSES DEFINITIONS.

A. COVERAGES

1. Business Liability

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend any "suit" seeking those damages. We may at our discretion investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in SECTION D. - LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under COVERAGE EXTENSION - SUPPLEMENTARY PAYMENTS.

b. This insurance applies:

(1) To "bodily injury" and "property damage" only if:

(a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and

(b) The "bodily injury" or "property damage" occurs during the policy period.

(2) To:

(a) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing,

broadcasting or telecasting done by or for you;

(b) "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services;

but only if the offense was committed in the "coverage territory" during the policy period.

c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury."

d. "Property damage" that is loss of use of tangible property that is not physically injured will be deemed to occur at the time of the "occurrence" that caused it.

e. Coverage Extension - Supplementary Payments

In addition to the Limits of Insurance, we will pay, with respect to any claim or "suit" we defend:

(1) All expenses we incur.

(2) Up to \$1,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.

(3) The cost of bonds to release attachments, but only for bond amount within our Limits of Insurance. We do not have to furnish these bonds.

(4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of

BUSINESS LIABILITY COVERAGE FORM

earnings up to \$500 a day because of time off from work.

- (5) All costs taxed against the insured in the "suit."
- (6) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limits of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limits of Insurance.

2. Medical Expenses

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within three years of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the Limit of Insurance. We will pay reasonable expenses for:

- (1) First aid at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

3. Professional Services Coverages

When your operations include:

a. Optician or hearing aid establishment, Exclusion j. (7) in Section B. - EXCLUSIONS does not apply.

b. Retail druggist or drugstore, Exclusion j. (10) in Section B. - EXCLUSIONS does not apply.

c. Funeral director or funeral parlors, the following professional services coverage is added:

(1) The Business Liability Coverage applies to damages arising out of professional services by you or your employees in the course of your mortician or funeral parlor business. Subject to Limits of Insurance stated in SECTION D. of this form, we will pay those sums that the insured becomes legally obligated to pay as damages for "bodily injury" including mental anguish, and "property damage" because of any:

(a) Professional malpractice, error or omission in the:

- (i) Removal;
- (ii) Handling;
- (iii) Disposition;
- (iv) Cremation;
- (v) Burial; or
- (vi) Embalming;
- (vii) Disinterment,

of any "deceased human body";

(viii) Conduct of any memorial service even though no "deceased human body" actually be present;

(ix) Injury to, destruction of or interference with the right of burial of a "deceased human body."

(b) Professional service by any insured as a member of:

- (i) Formal accreditation board; or
- (ii) Similar professional board or committee.

(2) This insurance also applies to damages for "property damage" caused by an "occurrence" to:

- (a) Urns;
- (b) Caskets, linings or fittings;
- (c) Casket cases;
- (d) Crypts or mausoleums; or
- (e) Other facilities belonging to others that are in the care, custody or control of the insured and used for

the purpose of burying or caring for a "deceased human body."

- (3) Only Exclusions **d.**, **e.**, **f.** and **k.** in **B. EXCLUSIONS** apply to this coverage.

(4) Additional Definition

"Deceased human body" includes any part of a human body severed therefrom and ashes of a deceased human body after legal cremation.

4. Incidental Malpractice

- a. The definition of "bodily injury" in **SECTION G. - LIABILITY AND MEDICAL EXPENSES DEFINITIONS** is amended to include injury arising out of the rendering or failure to render medical or paramedical services to persons by any physician, dentist, nurse, emergency medical technician or paramedic who is employed by you to provide such services.
- b. Paragraph **2.a.(2)** in **SECTION C. - WHO IS AN INSURED** does not apply to nurses, emergency medical technicians or paramedics referred to in a. above.
- c. Paragraph **(1)** of Exclusion **e.** in **SECTION B. - EXCLUSIONS** does not apply to injury to the emotions or reputation of a person arising out of such services.

This Incidental Malpractice does not apply if you are engaged in the business or occupation of providing any services referred to in a. above.

B. EXCLUSIONS

1. Applicable to Business Liability Coverage

This insurance does not apply to:

a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) Assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or

- (2) That the insured would have in the absence of the contract or agreement.

Solely for the purpose of liability assumed in an "insured contract," reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured, are deemed to be damages because of "bodily injury," "property damage," "personal injury" or "advertising injury" provided:

- (1) Liability to such party, or for the cost of that party's defense has also been assumed in the same "insured contract," and
- (2) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers Compensation and Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An employee of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business, or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of (1) above.

This exclusion applies:

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- (a) Whether the insured may be liable as an employer or in any other capacity; and
- (b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract."

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to any insured;
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:
 - (i) If the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor, or
 - (ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraphs (a) and (d)(i) do not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one which becomes

uncontrollable or breaks out from where it was intended to be.

- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
 - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

g. Aircraft, Auto or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and loading or unloading.

This exclusion does not apply to:

- (1) Aircraft that is:
 - (a) Hired, chartered or loaned with a paid crew; but
 - (b) Not owned by any insured;
- (2) A watercraft while ashore on premises you own or rent; or
- (3) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons for a charge.

This provision (3) applies to any person who with your expressed or implied consent either uses or is responsible for use of a watercraft.

Provisions under paragraphs (1) and (3) of this Exclusion g. do not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also be covered under those provisions, whether the other insurance is primary, excess, contingent or on any other basis. In that

case, provisions (1) and (3) above do not provide any insurance.

- (4) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (5) Liability assumed under any "insured contract" for the ownership, maintenance, or use of aircraft or watercraft; or
- (6) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:
 - (a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geo-physical exploration, lighting and well servicing equipment.

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incidental to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Professional Service

"Bodily injury," "property damage," "personal injury" or "advertising injury" due to rendering or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;

- (4) Medical, surgical, dental, x-ray or nursing services or treatment;
- (5) Any health service or treatment;
- (6) Any cosmetic or tonsorial service or treatment;
- (7) Optical or hearing aid services including prescribing, preparation, fitting, demonstration, or distribution of ophthalmic products or hearing aid devices;
- (8) Optometric services including but not limited to examination of the eyes and prescribing of ophthalmic lenses and exercises;
- (9) Ear piercing service;
- (10) Services in the practice of pharmacy.

Paragraphs (4) and (5) of this exclusion do not apply to Incidental Malpractice coverage afforded under paragraph 4. in SECTION A. - COVERAGE.

k. Damage to Property

"Property damage" to:

- (1) Property you own, rent or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4) and (6) of this exclusion do not apply to the use of elevators.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (4) of this exclusion does not apply to "property damage" to borrowed

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equipment while not being used to perform operations at job site.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

i. Damage to Your Product

"Property damage" to "your product" arising out of it or any part of it.

But this exclusion does not apply to:

- (1) The use of elevators; or
- (2) Liability assumed under a sidetrack agreement.

m. Damage to Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. Property Damage

Loss of use of tangible property which has not been physically injured or destroyed resulting from:

- (1) A delay in or lack of performance by you or on your behalf of any contract or agreement; or
- (2) The failure of "your product" or "your work" to meet the level of performance, quality, fitness or durability warranted or represented by you or on your behalf.

The exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of:

- (1) "Your product"; or
 - (2) "Your work,"
- after such product or work has been put to its intended use.

o. Property Damage

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) Any property of which "your product" or "your work" forms a part,

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. "Personal injury" or "advertising injury":

- (1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or
- (4) Arising out of oral or written publication of material by the insured or on the insured's behalf, if done in the course or conduct of practice of law.

q. "Advertising injury" arising out of:

- (1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;
- (2) The failure of goods, products or services to conform with advertised quality or performance;
- (3) The wrong description of the price of goods, products or services; or
- (4) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

Exclusions **c.**, **d.**, **e.**, **f.**, **g.**, **h.**, **i.**, **k.**, **l.**, **m.**, **n.**, and **o.** do not apply to damage by fire, lightning or explosion to premises rented to you. A separate Limit of Insurance applies to this coverage as described in SECTION D. - LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE.

2. Applicable to Medical Expenses Coverage

We will not pay expenses for "bodily injury":

- a. To any insured.
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.

- d. To a person, whether or not an employee of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- f. Included with the "products-completed operations hazard."
- g. Excluded under Business Liability Coverage.
- h. Due to war, whether or not declared, or any act or condition incidental to war. War includes civil war, insurrection, rebellion or revolution.

3. Applicable to both Business Liability Coverage and Medical Expenses Coverage - Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and

arising out of the operation of a "nuclear facility" by any person or organization.

- c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material"; if:
 - (1) The "nuclear material":
 - (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
 - (b) Has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

As used in this exclusion:

"byproduct material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"hazardous properties" include radioactive, toxic or explosive properties;

"nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for:
 - (i) Separating the isotopes of uranium or plutonium;
 - (ii) Processing or utilizing "spent fuel"; or
 - (iii) Handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such

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equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"nuclear material" means "source material," "special nuclear material" or "byproduct material";

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"property damage" includes all forms of radioactive contamination of property;

"source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"waste" means any waste material:

- (a) Containing "byproduct material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
- (b) Resulting from the operation by any person or organization of any "nuclear facility" included under paragraphs (a) and (d) of the definition of "nuclear facility."

C. WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An **individual**, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A **partnership** or joint venture, you are an insured. Your members, your partners

and their spouses are also insureds, but only with respect to the conduct of your business.

- c. A **limited liability company**, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your manager.

- d. An organization other than a partnership or joint venture or limited liability company you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. Your "employees", other than your "executive officers", but only for acts within the scope of their employment by you. However, none of these employees is an insured for:

(1) "Bodily injury" or "personal injury," to you or to a co-employee while in the course of his or her employment or to the spouse, child, parent, brother or sister of that co-employee as a consequence of such "bodily injury" or "personal injury," or for any obligation to share damages with or repay someone else who must pay damages because of the injury.

(2) "Bodily injury" or "personal injury," arising out of his or her providing or failing to provide professional health care services; or

(3) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).

- b. Any person (other than your employee), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

(1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That

representative will have all your rights and duties under this policy.

- e. Any "employee" of the insured while acting in the scope of his/her duties as a retail pharmacist, or optician or optometrist.

f. Additional Insureds by Contract, Agreement or Permit

Any person or organization with whom you agreed, because of a written contract or agreement or permit, to provide insurance such as is afforded under this Business Liability Coverage Form, but only with respect to your operations, "your work" or facilities owned or used by you.

However, coverage under this provision does not apply:

- (1) Unless the written contract or agreement has executed or permit has been issued prior to the "bodily injury," "property damage," "personal injury" or "advertising injury."
- (2) To any person or organization included as an insured under provision g. (Broad Form Vendors).
- (3) To any other person or organization shown in the Declarations as an Additional Insured.

Coverage under this provision includes the following:

- (1) When an **engineer, architect or surveyor** becomes an insured under provision 2.f., the following additional exclusion applies:
"Bodily injury," "property damage," "personal injury," or "advertising injury" arising out of the rendering of or the failure to render any professional services by or for you including:
 - (a) The preparing, approving, or failure to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; and
 - (b) Supervisory, inspection, or engineering services.
- (2) When a **lessor of leased equipment** becomes an insured under provision 2.f., the following additional exclusions apply:
 - (a) To any "occurrence" which takes place after the equipment lease expires; or

- (b) To "bodily injury" or "property damage" arising out of the sole negligence of the lessor.

- (3) When **owners or other interests from whom land has been leased** become an insured under provision 2.f., the following additional exclusions apply:

- (a) Any "occurrence" which takes place after you cease to lease that land; or
- (b) Structural alterations, new construction or demolition operations performed by or on behalf of the owners or other interests from whom land has been leased.

- (4) When **managers or lessors of premises** become an insured under provision 2.f., the following exclusions apply:

- (a) Any "occurrence" which takes place after you cease to be a tenant in that premises; or
- (b) Structural alterations, new construction or demolition operations performed by or on behalf of the manager or lessors of the premises.

g. Additional Insured - Broad Form Vendors

Any person or organization with whom you agreed, because of a written contract or agreement to provide insurance, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

- (1) The insurance afforded the vendor does not apply to:
 - (i) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - (ii) Any express warranty unauthorized by you;
 - (iii) Any physical or chemical change in product made intentionally by the vendor;
 - (iv) Repackaging, unless unpacked solely for the purpose of

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inspection, demonstration, testing, or substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

- (v) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - (vi) Demonstration, installation, servicing or repair operations performed at the vendor's premises in connection with the sale of the product;
 - (vii) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.
- (2) This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
- (3) This provision **g.** does not apply to any vendor included as an insured by an endorsement issued by us and made a part of this Coverage Part.
- (4) This provision **g.** does not apply if "bodily injury" or "property damage" included within the "products-completed operation hazard" is excluded either by the provisions of the Coverage Part or by endorsement.

h. Broad Form Named Insured

Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- (1) Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
- (2) Coverage under this provision does not apply to:
 - (a) "Bodily injury" or "property damage" that occurred; or

(b) "Personal injury" or "advertising injury" arising out of an offense committed; before you acquired or formed the organization.

i. Newly Formed or Acquired Organizations

Any subsidiary and subsidiary thereof, of yours which is a legally incorporated entity of which you own a financial interest of more than 50% of the voting stock on the effective date of this policy.

The insurance afforded herein for any subsidiary not shown in the Declarations as a named insured does not apply to injury or damage with respect to which an insured under this policy is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

j. Additional Insured - Volunteers

Any person(s) who are volunteer worker(s) for you, but only while acting at the direction of, and within the scope of their duties for you.

(1) However, no volunteer worker(s) are insureds for:

(a) "Bodily injury," "property damage," "personal injury" or "advertising injury" arising out of rendering or the failure to render professional services by a volunteer worker.

(b) "Bodily injury" or "personal injury:"

(i) To you, to your partners or members (if you are a partnership or joint venture), to your other volunteer worker(s) or to your "employees" arising out of and in the course of their duties for you;

(ii) To the spouse, child, parent, brother or sister of your volunteer worker(s) or your "employees" as a consequence of paragraph (1) (a) above; or

(c) "Property damage" to property:

(i) Owned, occupied or used by,

(ii) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by:

you, any of your other volunteer worker(s), your "employees" or if

you are a partnership or joint venture, any partner or member.

- (2) Exclusion **B.2.a.** Applicable to Medical Expenses Coverage is replaced by the following:

- 2.a. To any insured, except volunteer workers.

- (3) When used in this provision **j.**, volunteer worker(s) means a person who is not paid a fee, salary or other compensation.

3. Additional Insured - Mobile Equipment

With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-employee of the person driving the equipment; or
- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits."

2. Aggregate Limits

The most we will pay for:

- a. Injury or damages under the "products-completed operations hazard" arising from all "occurrences" during the policy period is the Product-Completed Operations Aggregate Limit shown in the Declarations.

- b. All other injury or damages, including medical expenses, arising from all "occurrences" during the policy period is the General Aggregate Limit shown in the Declarations.

This General Aggregate Limit applies separately to each of your "locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway or right-of-way of a railroad.

This aggregate limit does not apply to "property damage" to premises rented to you arising out of fire, lightning or explosion.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

- 3. Subject to item 2. above, the most we will pay for the sum of all damages because of all "bodily-injury", "property damage" and medical expenses arising out of any one "occurrence" is the Liability and Medical Expenses Limit shown in the Declarations.

The most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses Limit shown in the Declarations.

- 4. Subject to item 2. above, the most we will pay for the sum of all damages because of all "personal injury" and "advertising injury" sustained by any one person or organization is the Personal Injury and Advertising Injury Limit shown in the Declarations.

- 5. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises rented to you arising out of any one fire, lightning or explosion is the Fire Legal Liability Limit shown in the Declarations.

The Fire Legal Liability Limit applies to all damage proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of the three.

**E. LIABILITY AND MEDICAL EXPENSES
GENERAL CONDITIONS**

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under the policy.

2. Duties in The Event of Occurrence, Claim Or Suit

a. You must see to it that we are notified promptly of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place; and
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

This condition applies only when the "occurrence" is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) A manager if you are a limited liability company;
- (4) An "executive officer" or insurance manager, if you are a corporation.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive a written notice of the claim or "suit" as soon as practicable.

But this condition will not be considered breached unless the breach occurs after such claim or suit is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) A manager if you are a limited liability company;
- (4) An "executive officer" or insurance manager, if you are a corporation.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal

papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Financial Responsibility Laws

a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this policy:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this Insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each Insured against whom claim is made or "suit" is brought.

6. Unintentional Failure To Disclose Hazards

It is agreed that based on our reliance on your representations as to existing hazards, if unintentionally you should fail to disclose all such hazards at the inception date of your policy, we shall not deny any coverage under this Coverage Part because of such failure.

7. Other Insurance - Primary Additional Insured

If the written contract or agreement or permit requires this insurance to be primary for any person or organization with whom you agree to include in **WHO IS AN INSURED**, this Other Insurance Provision is applicable.

If other valid and collectible insurance is available for a loss we cover under this Business Liability Coverage Form, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary. We will not seek contributions from other insurance available to the person or organization with whom you agree to include in **WHO IS AN INSURED**, except when **b.** applies.

b. Excess Insurance

This insurance is excess over any of the other insurance whether primary, excess, contingent or on any other basis:

- (1) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work;"
- (2) That is Fire, lightning or explosion insurance for premises rented to you; or temporarily occupied by you with permissions of the owner; or
- (3) If the loss arises out of the maintenance or use of aircraft, "auto" or watercraft to the extent not subject to Exclusion g. of this Business Liability Coverage Form (Section I).

When this insurance is excess, we will have no duty to defend any claim or

"suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this Insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method of Sharing

If all the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any or the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's base on the ratio of its applicable limits of insurance of all insurer.

- d. This provision provides such insurance as is afforded under this policy, but only with respect to your operations, "your work" or facilities owned or used by you.

F. OPTIONAL COVERAGES

If listed or shown as applicable in the Declarations, one or more of the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to Business Liability Coverage in this policy, except as provided below:

1. Additional Insured - Designated Person or Organization

WHO IS AN INSURED under SECTION C. is amended to include as an insured the person or organization shown in the Declarations, but only with respect to liability arising out of your operations or premises owned by or rented to you:

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2. Additional Insured - Managers or lessors of Premises

a. WHO IS AN INSURED under SECTION C. is amended to include as an insured the person(s) or organization(s) shown in the Declarations; but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Declarations and subject to the following additional exclusions:

b. Additional Exclusions

This insurance does not apply to:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises.
- (2) Structural alterations, new constructions or demolition operations performed by or for that person or organization.

3. Additional Insured - Grantor of Franchise

WHO IS AN INSURED under SECTION C. is amended to include as an insured the person(s) or organization(s) shown in the Declarations, but only with respect to their liability as grantor of franchise to you.

4. Additional Insured - Lessor of Leased Equipment

a. WHO IS AN INSURED under SECTION C. is amended to include as an insured the person(s) or organization(s) shown in the Declarations, but only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person(s) or organization(s).

b. Additional Exclusions:

This insurance does not apply:

- (1) To any "occurrence" which takes place after the equipment lease expires,
- (2) To "bodily injury" or "property damage" arising out of the sole negligence of the lessor.

5. Additional Insured - Owners Or Other Interests From Whom Land Has Been Leased

WHO IS AN INSURED under SECTION C. is amended to include as an insured the person or organization shown in the Declarations, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land leased to you and shown in the Declarations and subject to the following additional exclusion:

This insurance does not apply to:

- a. Any "occurrence" that takes place after you cease to lease that land; or
- b. Structural alterations, new construction or demolition operations performed by or for the person or organization shown in the Declarations.

6. Additional Insured - State or Political Subdivision - Permits

a. WHO IS AN INSURED under SECTION C. is amended to include as an insured the state or political subdivision shown in the Declarations, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

b. Additional Exclusions

This insurance does not apply to:

- (1) "Bodily injury," "property damage," "personal injury" or "advertising injury" arising out of operations performed for the state or political subdivision; or
- (2) "Bodily injury" or "property damage" included in the "product-completed operations" hazard.

7. Additional Insured - Vendors

a. WHO IS AN INSURED under SECTION C. is amended to include as an insured the person(s) or organization(s) (referred to below as vendor) shown in the Declarations, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business.

b. Additional Exclusions

- (1) The insurance afforded the vendor does not apply to:
 - (a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - (b) Any express warranty unauthorized by you;
 - (c) Any physical or chemical change in the product made intentionally by the vendor;

- (d) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - (e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - (f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
 - (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.
- (2) This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

G. LIABILITY AND MEDICAL EXPENSES DEFINITIONS

- 1. "Advertising Injury" means injury arising out of one or more of the following offenses:
 - a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - b. Oral or written publication of material that violates a person's rights of privacy;
 - c. Misappropriation of advertising ideas or styles of doing business; or
 - d. Infringement of copyright, title or slogan.
- 2. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment."
- 3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at any time.

- 4. "Coverage Territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by you in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in a. above or in a settlement we agree to.
- 5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
- 7. "Insured Contract" means:
 - a. A lease of premises;
 - b. A sidetrack agreement;
 - c. Any easement or license agreement;
 - d. Any obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement; or
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of municipality in connection with work performed for a municipality) under which you assume the liability of another party to pay for "bodily injury" or "property damage" to a third person or organization.

An "insured contract" does not include that part of any contract or agreement:

 - (1) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

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- (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- (2) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (a) above and supervisory, inspection or engineering services; or
- 8. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
- 9. "Loading or Unloading" means the handling of property:
 - a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto."
- 10. "Mobile Equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
 - a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, on which are permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

- e. Vehicles not described in a., b., c., or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.
However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
 - (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing;
 - (c) Street cleaning;Paragraph f.(1), (a), (b), (c) does not apply to self-propelled vehicles of less than 1,000 pounds gross vehicle weight.
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- 11. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- 12. "Personal Injury" means injury, other than "bodily injury", arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. Wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that the person occupies, by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization

- or disparages a person's or organization's goods, products or services;
- e. Oral or written publication of material that violates a person's rights of privacy; or
- f. Discrimination or humiliation that results in injury to the feelings or reputation of a natural person but only if such discrimination or humiliation is:

- (1) Not done intentionally by or at the direction of:
 - (a) The insured; or
 - (b) Any executive officer, director, stockholder, partner or member of the insured; and
- (2) Not directly or indirectly related to the employment, prospective employment or termination of employment of any person or persons by any insured.

This paragraph f. does not apply in the States of Nebraska, Ohio and Kansas.

13. "Products-Completed Operations Hazard" includes all "bodily injury" and "property damage" arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- b. "Your work" will be deemed completed at the earliest of the following times:
 - (1) When all of the work called for in your contract has been completed.
 - (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
 - (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- c. This hazard does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the "loading or unloading" of it; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

14. "Property Damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of "occurrence" that caused it.

15. "Suit" means a civil proceeding in which damages because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

16. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

17. "Your Product" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- b. The providing of or failure to provide warnings or instructions.

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"Your product" does not include vending machines or other property rented to or located for the use of others, but not sold.

17. "Your Work" means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. The providing of or failure to provide warnings or instructions.