

Medical Information Technology, Inc.

Health Care Information System Software Agreement

AGREEMENT made this 27th day of August, 2013 by and between MEDICAL INFORMATION TECHNOLOGY, INC., a corporation duly organized and existing under the laws of the Commonwealth of Massachusetts and having its principal place of business at MEDITECH Circle, Westwood, Massachusetts 02090 (hereinafter called MEDITECH) and Natividad Medical Center, an acute care teaching hospital wholly owned and operated by the County of Monterey, a political subdivision of the State of California, duly organized and existing under the laws of the State of California and having its principal place of business at 1441 Constitution Boulevard, Salinas, CA 93906 (hereinafter called Customer).

WHEREAS MEDITECH has developed and continues to enhance a version of computer software designed to operate in a "client-server" environment, which version, together with any physical embodiment thereof and related documentation (incorporated in this Agreement as Exhibit II), are together hereinafter called LICENSED SOFTWARE, and WHEREAS Customer desires to obtain from MEDITECH the right to use such LICENSED SOFTWARE in its operations at the facility listed in Article II,

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I - GENERAL TERMS & CONDITIONS

A. RESPONSIBILITIES AND WARRANTIES OF MEDITECH

1. MEDITECH agrees to implement the LICENSED SOFTWARE all as more fully described in this Agreement. Subject to the terms and conditions hereof, MEDITECH hereby grants to Customer a non-exclusive, perpetual license to use each such line item. MEDITECH warrants that the LICENSED SOFTWARE shall have capabilities equal to the capabilities described in Exhibit II and will operate in substantial conformity with such descriptions when delivered to Customer and installed on Customer's MEDITECH-approved computer network (the major components of which are recited on Exhibit I hereof).
2. MEDITECH warrants to Customer that it is the developer and sole owner of the LICENSED SOFTWARE. In the event of any suit or claim against Customer by any third party for damages and/or injunctive relief contesting ownership of the LICENSED SOFTWARE by MEDITECH and/or Customer's rights under this Agreement, MEDITECH agrees at its own expense to defend Customer against such suit or claim and to hold Customer harmless from the expenses of such defense and from any court-awarded judgments resulting from such suit or claim, provided that Customer furnishes written notice to MEDITECH of the commencement of such suit or the presentation of such claim within seven (7) days of notice thereof to Customer. Further, if, because of such suit or claim, the LICENSED SOFTWARE is held to constitute an infringement of any United States copyright or patent and use of the LICENSED SOFTWARE by Customer is thereby enjoined, MEDITECH shall, at its own expense, either procure for Customer the right to continue using the LICENSED SOFTWARE or replace the same with a non-infringing product, substantially conforming to that described herein, or modify the same so that it shall be non-infringing, provided that service has not been terminated.
3. MEDITECH acknowledges that certain material which will come into its possession or knowledge in connection with this Agreement includes confidential or proprietary information of Customer or Customer's patients (hereinafter called "Protected Information"). MEDITECH agrees to hold all Protected Information in confidence, to use it only in connection with performance under this Agreement and to disclose it only to those of its employees that require access thereto for such performance or as may otherwise be required by law. In addition, MEDITECH shall use appropriate safeguards to prevent other use or disclosure of Protected Information and shall promptly report to Customer any other use or disclosure of Protected Information of which it becomes aware. MEDITECH shall ensure that any agents of MEDITECH, including but not limited to subcontractors, to whom it provides Protected Information agree to the same restrictions and conditions as apply to MEDITECH with respect to such Protected Information. Upon the written request of the United States

Department of Health and Human Services, MEDITECH shall make its internal practices, books and records relating to the use and disclosure of Protected Information provided to MEDITECH by Customer available to the Secretary of Health and Human Services (or his or her designee or duly authorized representative), at MEDITECH's Massachusetts facility and at times convenient for MEDITECH, to the extent required for determining compliance with Federal privacy and security regulations. Upon Customer's written request MEDITECH shall return to Customer (when reasonably possible) or destroy any Protected Information.

B. RESPONSIBILITIES OF CUSTOMER

1. Customer shall pay to MEDITECH the Physician Care Manager Phase II Implementation Fee listed in Article II as follows:

10% due upon execution of this Agreement

40% due on the associated delivery date listed in Article II

40% due 90 days following the associated delivery date listed in Article II

10% due 180 days following the associated delivery date listed in Article II

Each payment for each line item will be separately due and payable without regard to other line items.

In the event a payment due MEDITECH under this Paragraph is delinquent for a period of sixty (60) days from its due date, and MEDITECH so notifies Customer in writing, and the delinquency is not cured within thirty (30) days thereafter, then, upon MEDITECH's written notice, Customer will cease to use the LICENSED SOFTWARE until such time as all payments then due are paid. Such cessation of use shall not relieve Customer of any obligations under this Agreement, including the obligation to make all payments specified herein.

2. Physician Care Manager Phase II was previously licensed for use under Health Care Information System Software Agreement dated December 10, 2009 between MEDITECH and Customer. Pursuant to Article I(B)(2) of such separate agreement and subject to any allowed increase, the monthly service fee for Physician Care Manager Phase II will commence upon the attainment of Live Status.
3. Customer agrees to limit access to the LICENSED SOFTWARE to those of its staff, employees and other affiliated healthcare professionals who must have access thereto to properly use the same in Customer's operations. Further, Customer agrees to notify MEDITECH promptly and fully in writing of the circumstances concerning any possession, use or study of the LICENSED SOFTWARE by any person, corporation or other entity (other than Customer's staff, employees, and other affiliated healthcare professionals) including, but not limited to, the name(s) and address(es) of such person(s), corporation(s), or other entities. Customer agrees that it will not, at any time, without written permission of MEDITECH, copy, duplicate, or permit others to copy or duplicate the LICENSED SOFTWARE, except to the extent required for the creation of backup copies of the LICENSED SOFTWARE as described in Exhibit II.
4. Customer acknowledges that certain material which will come into its possession or knowledge in connection with this Agreement includes confidential or proprietary information of MEDITECH (including, without limitation, the terms and conditions of this Agreement), disclosure of which to third parties may be damaging to MEDITECH. Customer agrees to hold all such material in confidence, to use it only in connection with performance under this Agreement and to release it only to those persons that require access thereto for such performance or as may otherwise be required by law. In addition, Customer shall use appropriate safeguards to prevent other use or disclosure of confidential or proprietary information of MEDITECH and shall promptly report to MEDITECH any other use or disclosure of such information of which it becomes aware.
5. If Customer is a tax-exempt entity, then, upon execution of this Agreement, Customer will provide to MEDITECH a copy of its current tax exemption certificate for each applicable taxing authority which has approved Customer's tax-exempt status. If Customer is not a tax-exempt entity, Customer acknowledges that it (and not MEDITECH) shall be responsible for the payment of any and all taxes (including, but not limited to, sales, use, and excise taxes and excluding taxes based on MEDITECH's income) imposed by the applicable taxing authorities to which Customer is subject.

6. Not later than sixty (60) days prior to the earliest delivery date listed in Article II, Customer will install and maintain, at Customer's expense, the equipment and services necessary for a virtual private network connectivity solution (hereinafter called MEDITECH VPN) via the services of a MEDITECH authorized VPN partner. Customer will also install a separate telephone line equipped with a modem (for emergency use only) in accordance with MEDITECH's specifications. Customer shall maintain such VPN service (or other MEDITECH-approved connectivity solution) and modem connection and provide MEDITECH with access thereto for the resolution of system problems in accordance with the applicable section of Article III until such time as service is terminated for all line items of LICENSED SOFTWARE.

C. RESTRICTIONS ON TRANSFER

The LICENSED SOFTWARE shall at all times remain the property of MEDITECH and the license of use granted herein specifically excludes any right of reproduction, sale, lease, sublicense, or other transfer or disposition of the LICENSED SOFTWARE by Customer except as otherwise expressly stated herein. The rights granted hereunder are granted to Customer only and are not assignable to any other person, corporation or entity, except that, upon the transfer by sale, merger, or corporate re-organization, of substantially all of the assets of Customer to a successor organization, this Agreement and the rights and obligations of Customer hereunder may be assigned to such successor. Customer agrees to notify MEDITECH promptly in writing of the transfer to such successor and of the assumption by such successor of Customer's obligations and responsibilities as described in this Agreement.

D. LIMITATION OF LIABILITY

Customer acknowledges that the LICENSED SOFTWARE provided by MEDITECH constitutes part of a hospital information system to be used by Customer, its staff, employees and other affiliated healthcare professionals in the performance of their professional responsibilities and is in no way intended to replace their professional skill and judgment. Customer agrees that it is solely responsible for the care of its patients and that the use of the LICENSED SOFTWARE for any purpose related to such care cannot in any way be controlled by MEDITECH. Customer is responsible for verifying the accuracy and completeness of any medical or other similar information contained in, entered into, or used in connection with the LICENSED SOFTWARE. Customer agrees to hold MEDITECH harmless from any liability arising from improper or flawed operation or use of the LICENSED SOFTWARE. In no event will MEDITECH be liable for any consequential damages, lost profits or lost revenues sustained by Customer, or for any suit or claim or demand against Customer by any other party, except as stated in Article I(A)(2), above.

E. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the heirs, successors, and permitted assigns of the parties hereto.

F. LEGAL CONSTRUCTION

The validity and effect of this Agreement shall be determined in accordance with the laws of the State of California.

ARTICLE II - DELIVERY

The LICENSED SOFTWARE listed below is being licensed to Customer to service the specific information-processing needs of the following inpatient facility:

- 1) Natividad Medical Center, operating at 1441 Constitution Boulevard, Salinas, CA 93906

Any use of the LICENSED SOFTWARE beyond the restrictions set forth in this Agreement will require payment of additional fees to MEDITECH which will be determined in accordance with MEDITECH's standard rates.

LICENSED SOFTWARE LINE ITEMS	Project Start	Delivery Date	License Fee	Implementation Fee	Line Item Fee	Service Fee	Exhibits
Physician Care Manager Phase II Implementation Fee	08/31/2013	10/31/2013		156,000	156,000		II
Totals					156,000		

ARTICLE III - IMPLEMENTATION

A. IMPLEMENTATION PERIOD

"Implementation Period" is defined for each line item of LICENSED SOFTWARE as the period commencing on execution of this Agreement and ending upon the attainment of Live Status for such line item. As detailed in the attached Schedule A, during this period MEDITECH will provide support and assistance to Customer and Customer will make available sufficient resources so that the joint goal of a successful implementation of the LICENSED SOFTWARE at Customer's site is achieved. The Implementation Period for the LICENSED SOFTWARE is designed such that it should not extend beyond a twelve (12) month period. Therefore, any extension beyond the twelve (12) month period will be evaluated and may result in additional fees being due to MEDITECH.

B. IMPLEMENTATION SUPPORT

- As stated in Schedule A, MEDITECH will provide implementation support to insure successful implementation of the LICENSED SOFTWARE. If this support is determined to be insufficient, MEDITECH will provide additional support at no additional cost .
- Subsequent to execution of this Agreement MEDITECH and Customer will each assign Project Coordinator(s) who will be the other's main contact during the implementation process. The Coordinators will schedule an Orientation Meeting to occur at Customer's site. At this meeting the relationship between MEDITECH and Customer will be detailed through the development of a firm schedule for all implementation tasks; actual dates will be finalized by Customer's personnel working with members of the MEDITECH Implementation Team and will follow the delivery dates recited in Article II and the "go-live" time frame described in Schedule A.

C. CORRECTION OF PROGRAM ERRORS

At no additional cost to Customer MEDITECH agrees to correct, during normal business hours, any program errors reported by Customer. Program errors are defined as failures of the LICENSED SOFTWARE to operate in substantial conformity with the descriptions of such operation in Exhibit II. Any modifications of the LICENSED SOFTWARE made by anyone other than MEDITECH shall relieve MEDITECH of all obligations under this Paragraph.

D. EXPENSES

For various line items of LICENSED SOFTWARE, Customer's personnel may visit MEDITECH's facility for training as stated in Schedule A. Travel and out-of-pocket expenses incurred by Customer during such visits shall be borne by Customer. Customer's personnel may also participate in web-based training sessions during the Implementation Period associated with various line items of LICENSED SOFTWARE. Connection fees incurred by Customer during such sessions shall be borne by Customer.

ARTICLE IV - OTHER TERMS & CONDITIONS

A. WORKER'S COMPENSATION AND LIABILITY INSURANCE

MEDITECH and Customer each shall maintain, throughout the performance of its obligations under this Agreement, a policy of worker's compensation insurance with such limits as may be required by the applicable statutory regulations to which it is subject, and a policy or policies of comprehensive general liability insurance insuring against liability for injury to, and death of, persons, and damage to, and destruction of, property arising out of or based upon acts or omissions of MEDITECH and Customer or any of its principals, subcontractors or their respective officers, directors, employees, agents, successors and assigns. MEDITECH agrees to provide evidence of insurance annually upon Customer's written request therefor.

ARTICLE V - ENTIRE AGREEMENT

This Agreement, including Exhibits I through II and Schedule A, is the entire agreement between the parties hereto with reference to the subject matter hereof. Warranties, expressed or implied, regarding the LICENSED SOFTWARE are exclusively as stated herein; any and all prior or contemporaneous warranties, representations, understandings or agreements are specifically and intentionally excluded. This Agreement may not be modified or amended except by an Amendment in writing between the parties. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement shall not prevent a subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

IN WITNESS WHEREOF each party has executed this Agreement as a sealed instrument this _____ day of August, 2013.

Customer	Natividad Medical Center
By	_____
Name	_____
Title	_____

MEDITECH	Medical Information Technology, Inc.
By	_____
Name	<u>Howard Messing</u>
Title	<u>President & Chief Executive Officer</u>

EXHIBIT I

COMPUTER NETWORK CONFIGURATION

Computer network configuration to be determined by Customer in conjunction with MEDITECH and subject to MEDITECH's approval. Prior to placing a firm order for the components of the computer network configuration, Customer will provide to MEDITECH for review and final approval a written description of the components it intends to order, including computers, network, non-MEDITECH software, etc.

EXHIBIT II

USER MANUALS

DOCUMENT PROVIDED UNDER SEPARATE COVER

SCHEDULE A

IMPLEMENTATION AND STAFFING GUIDE

(document provided under separate cover)