



COUNTY OF MONTEREY - BOARD OF SUPERVISORS

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File #: A 13-176 **Name:** Modular Devices Inc
Type: BoS Agreement **Status:** Consent Agenda
File created: 7/5/2013 **In control:** Board of Supervisors
On agenda: 7/30/2013 **Final action:**
Title: Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute the Lease Agreements with Modular Devices Inc. for Mobile Computerized Tomography (CT) Laboratory and; Mobile Angiography/ Interventional Radiology (IR) Laboratory services at NMC, for the term August 1, 2013 through July 31, 2016 in an amount not to exceed \$2,157,000 in the aggregate.
Sponsors: Sid Cato
Attachments: 1. [Mobile Devices Inc](#), 2. [Modular Devices Costs Sheet](#), 3. [Completed Board Order](#)

[History \(0\)](#)
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Title

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute the Lease Agreements with Modular Devices Inc. for Mobile Computerized Tomography (CT) Laboratory and; Mobile Angiography/ Interventional Radiology (IR) Laboratory services at NMC, for the term August 1, 2013 through July 31, 2016 in an amount not to exceed \$2,157,000 in the aggregate.

Report

RECOMMENDATION:

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute the Lease Agreements with Modular Devices Inc. for

- Mobile Computerized Tomography (CT) Laboratory and;
- Mobile Angiography/ Interventional Radiology (IR) Laboratory services at NMC, for the term August 1, 2013 through July 31, 2016 in an amount not to exceed \$2,157,000 in the aggregate.

SUMMARY/DISCUSSION:

Mobile Computerized Tomography (CT) Laboratory:

The Radiology department at NMC has a GE Lightspeed 8 slice CT (Computerized Tomography) scanner that is close to end of life and is dramatically behind in technology. Computerized Tomography, sometimes called CT scan or CAT scan, uses special X-ray equipment to obtain image data from difference angles around the body. A computer then processes these images to show multiple cross-sections of the tissue and organs. CT imaging is particularly useful because it can show several types of tissues — lungs, bones, soft tissue and blood vessels — with great clarity. With the amount of detail shown on CT scans, radiologists can more easily diagnose cancers, cardiovascular disease, infectious disease, trauma, and muscle and skeletal disorders. CT exams are used to plan and administer radiation treatments for tumors, guide biopsies, and plan surgery. CT scans play a significant role in the early detection, diagnosis and treatment of cancers and heart disease.

The current CT equipment is more than nine (9) years old. The equipment experienced a downtime length of 43 hours in October 2012 and 30.5 hours downtime in January 2013. The equipment had a total downtime of 115 hours during the last year (for both equipment failures and preventive maintenance). The department has only one CT scanner so patients that require a CT scan when the equipment is down must be transferred to another hospital via ambulance. This is not an ideal solution when time is of the essence for certain patients, such as rule out stroke patients.

The Radiology department has identified the critical need to improve technology and create redundancy in CT scan. The hospital

plans to purchase two (2) new CT scanners in Fiscal Year (FY) 2014 (it is in the recommended capital budget for FY 2014). In order to prevent any further equipment downtime, the Radiology department will need a mobile CT Laboratory to be used during the construction phase of the □CT equipment improvement project□. The mobile CT Laboratory will reside in the parking lot closest to the Radiology department. The Radiology department will need the mobile lab to eliminate the need to transfer patients to another facility. The hospital emergency room cannot provide services without the availability of a CT scanner at all times. Having only one CT scanner on site puts the facility at risk fiscally and puts patients at risk when they need to be transferred to another facility.

Although the lease agreement is a three year lease, there is language that includes a flexible start date pending all regulatory (Office of Statewide Planning and Development (OSHPD), California Department of Public Health (CDPH), and the hospital's third party physicist) approvals, as well as an early termination clause.

Mobile Angiography Suite for (IR) Interventional Radiology Laboratory:

Interventional radiologists use minimally invasive techniques to treat many conditions that once required an operation. This highly specialized practice uses tiny catheters and miniature instruments threaded through the body's network of arteries, veins or other tubular structures, allowing physicians to perform a variety of complex diagnostic and interventional procedures related to the vascular system, lymphatic system, biliary system and kidneys. Through these revolutionary practices, patients can avoid surgery with subsequent reduction in the risk and recovery time associated with a surgical procedure. Interventional radiologists treat complicated conditions remotely and effectively, leaving patients with only a small bandage to show for it. Interventional radiologists are board-certified physicians with advanced training in diagnostic radiology, followed by additional training in vascular and interventional procedures. This comprehensive background in state of the art imaging techniques allows them to quickly and accurately visualize, diagnose and treat appropriate conditions without the need for surgery. NMC's contracted Radiologists are able to perform the following studies, but do not perform these procedures at NMC as we do not have the needed equipment.

-
- Angioplasty/Stenting
- Stent-grafts/Covered Stents
- Aneurysm repair
- Uterine Fibroid Embolization
- Regional Cancer Therapy
- Biopsies
- Vertebroplasty/Kyphoplasty
- Epidural Steroid Injections
- Facet Injections/Nerve Root Block
- Urinary Tract Interventions

Hepatobiliary Interventions

Currently, NMC patients are being transferred to other local hospitals for these procedures.

These procedures are generally much more affordable than traditional surgery, and patients are often able to go home the same day. The addition of a new service line will increase revenue and decrease length of stay for the facility.

NMC's Radiology department has requested funds in FY 2014 capital budget for the new equipment and construction for the angiography project. The construction project to add the new equipment to the Radiology department is estimated to take more than one year due to the space planning and construction needed. However, NMC should not wait to start this new service line since our patients have a high risk for vascular disease due to the high number of diabetic patients. The department would like to add a Mobile unit to begin this new service line as soon as possible to provide better service to our patients.

The addition of this mobile unit allows NMC to provide the above listed services while planning and construction is done to accommodate the new permanent angiography suite in the Radiology department.

Although the lease agreement is a three year lease, there is language that includes a flexible start date pending all regulatory (Office of Statewide Planning and Development (OSHPD), California Department of Public Health (CDPH), and the hospital's third party physicist) approvals, as well as an early termination clause.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved the Lease Agreements as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Lease Agreements as to fiscal provisions. The Lease Agreements have also been reviewed and approved by Natividad Medical Center's Board of Trustees.

FINANCING:

The cost for the Lease Agreements over a three year time frame is \$2,157,000. The cost for the mobile leases is included in the Fiscal Year 2013/2014 Adopted Budget. There is no impact to the General Fund.

Prepared by: Heidi Riggenbach, Radiology Director, 772-7660
Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: Lease Agreements, Costs Sheet
Attachments on file with the Clerk to the Boards Office



Monterey County

Board Order

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Agreement No.: A-12530

Upon motion of Supervisor Salinas, seconded by Supervisor Calcagno and carried by those members present, the Board of Supervisors hereby:

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute the Lease Agreements with Modular Devices Inc. for Mobile Computerized Tomography (CT) Laboratory and; Mobile Angiography/ Interventional Radiology (IR) Laboratory services at NMC, for the term August 1, 2013 through July 31, 2016 in an amount not to exceed \$2,157,000 in the aggregate.

PASSED AND ADOPTED on this 30th day of July 2013, 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 76 for the meeting on July 30, 2013.

Dated: July 30, 2013
File Number: A 13-176

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

By 
Deputy

 **Natividad** MEDICAL CENTER
COUNTY OF MONTEREY AGREEMENT FOR 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 **Modular Devices 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 **Proposals A & B including Exhibits A and B** in conformity with the terms of the Agreement. The services are generally described as follows: **Lease of 1 Mobile CT Laboratory and Lease of 1 Mobile Angiography/IR Laboratory.**
2. **PAYMENTS BY NMC.** NMC shall pay the CONTRACTOR in accordance with the payment provisions set forth in **Proposals A & B**, 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 **\$2,157,000.**
3. **TERM OF AGREEMENT.** The term of this Agreement is from **August 1, 2013** through **July 31, 2016** 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:

Proposals A & B with Exhibits A & B: 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. Prices shall remain firm for the initial term of the Agreement and, thereafter, may be adjusted annually as provide in this paragraph. NMC does not guarantee any minimum or maximum amount of dollars to be spent under this Agreement.
- 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.
- 6.3 Invoice amounts shall be billed directly to the ordering department.
- 6.4 CONTRACTOR shall submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. NMC shall certify the invoice, either in the requested amount or in such other amount as NMC approves in conformity with this Agreement, and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.

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.
- 7.3 NMC's payments to CONTRACTOR under this Agreement are funded by local, state and federal governments. If funds from local, state and federal sources are not obtained ban continued at a level sufficient to allow for NMC's purchase of the indicated quantity of services, then NMC may give written notice of this fact to CONTRACTOR, and the obligations of the parties under this Agreement shall terminate immediately, or on such date thereafter, as the County may specify in its notice, unless in the meanwhile the parties enter into a written amendment modifying this Agreement.

8. INDEMNIFICATION.

- 8.1 CONTRACTOR shall indemnify, defend, and hold harmless NMC (hereinafter "County"), its officers, agents and employees from any and all claims, liability and 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 County. "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 others 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 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.

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 any 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 of \$10,000, the

parties to this Agreement may be subject, at the request of NMC or as part of any audit of NMC, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

- 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 and obligated to pay directly all applicable taxes, including federal and state income taxes and social security, arising out of Contractor's performance of this Agreement. In connection therewith, CONTRACTOR shall defend, indemnify, and hold NMC and the County of Monterey harmless from any and all liability, which NMC may incur because of Contractor's failure to pay such taxes.

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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:

Sid Cato
Management Analyst, Contracts /Purchasing
Natividad Medical Center1441
Constitution Blvd. Salinas, CA. 93906
Phone: 831.783.2621
FAX: 831.
Email: catosl@natividad.com

FOR CONTRACTOR:

Name: GREG MINK
Title: COO
Company: Modular Devices Inc.
Address 1: 6678 GUNION ROAD
Address 2: INDPLS., IN 46208
Phone: 317-818-4480
FAX: 317-818-4477
Email: GREGM@MODULARDEVICES.COM

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 each of NMC and CONTRACTOR expressly reserves 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.

Signature Page to Follow

NATIVIDAD MEDICAL CENTER

By: _____
Sid Cato, NMC Contracts

Date: _____

By: [Signature]
Harry Weis, NMC, CEO

Date: 6/25/13

APPROVED AS TO LEGAL PROVISIONS

By: [Signature]
Anne Brauer,
Monterey County, Deputy County Counsel

Date: July 2, 2013

APPROVED AS TO FISCAL PROVISIONS

By: [Signature]
Gary Giboney,
Monterey County Auditor/Controller's Office

Date: 7-3-13

CONTRACTOR

Modular Devices Inc.
Contractor's Business Name***

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

William R. Mink, President
Name and Title

Date: 6-25-13

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

Greg S. Mink C.O.O.
Name and Title

Date: 6-25-13

*****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 (**two signatures required**).

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 (**two signatures required**).

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 (**one signature required**).

PROPOSAL "A"

PROPOSAL "A":	Mobile CT Lab <ul style="list-style-type: none">• GE LightSpeed 16-Slice Mobile CT Scanner
PRESENTED TO:	Natividad Medical Center 1441 Constitution Blvd. Salinas, CA 93906
DATE OF PROPOSAL:	June 25, 2013
LEASE TERM:	36 Months
LEASE PRICE:	\$28,000/month
LEASE PAYMENT TERMS:	<ol style="list-style-type: none">1. First month payment due and payable upon delivery.2. Subsequent payments due monthly.
DELIVERY DATE:	TBD - August 2013
DELIVERY REQUIREMENTS:	<ol style="list-style-type: none">1. Site prepared by Natividad Medical Center2. Transportation, training and installation assistance to be paid with signed agreement - \$2,500.00
SUPPORT/TRAINING:	Comprehensive applications training included.
INSURANCE:	Insurance is required.
SERVICE:	MDI service agreement included with the lease featuring 24 hour, 7 day a week and one-call service. No service or maintenance fees for the term of the lease.

MDI is pleased to submit this lease proposal for a mobile CT laboratory at the prices and upon the terms stated, subject to Customer's acceptance of the terms and conditions of the MDI Lease Agreement within thirty (30) days of the proposal date.



Mobile Lab 155 Equipment Overview

X-Ray: GE Lightspeed 16
Injector: Medrad CT (Single)

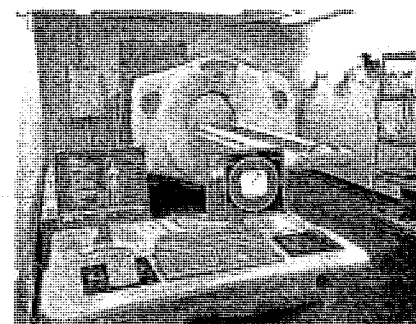
CT System

GE LIGHT SPEED 16 SLICE CT

The LightSpeed® 16, with its sub-millimeter slices and routine 16-slice coverage, delivers expanded clinical value while addressing your productivity and care of the patient. This 16 slice scanner is a development of GE's existing multi-slice Light-Speed range, and can image 16 simultaneous 0.63 or 1.25 mm slices per rotation, in addition to other 8, 4, 2 and 1 slice models.

System Components Include:

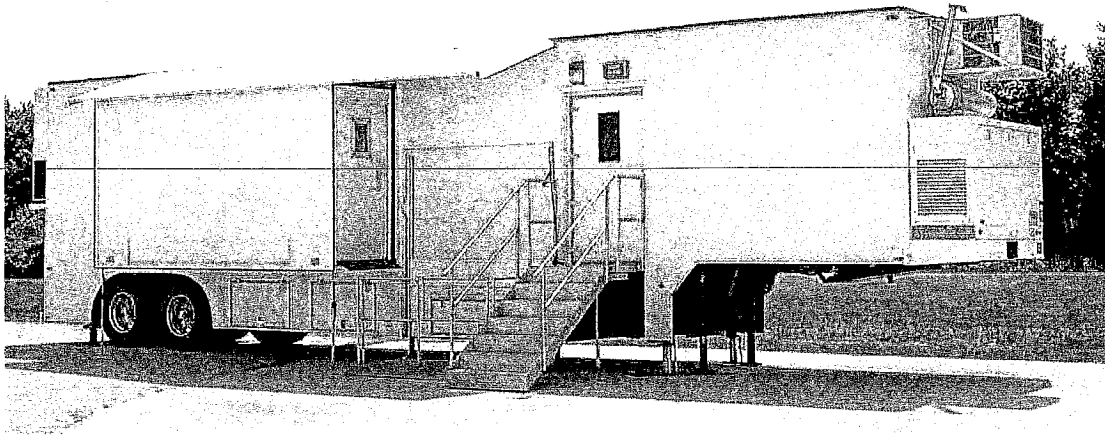
- LIGHTSPEED GANTRY W/RF SLIP-RING
- PERFORMIX 6.3 MHU TUBE
- 16 SLICE MATRIX DETECTOR
- PATIENT TABLE W/METALLESS CRADLE
- LIGHT SPEED PDU
- HIGH PERFORMANCE DAS
- 53.2KW GENERATOR, 10 TO 440MA
- 80, 100, 120, & 140KV SELECTIONS
- SUB-SECOND SCANNING (0.5 SEC. SCAN TIME)
- 3000 IMAGE SERIES
- HELICAL TILT
- PATIENT-16-SLICE
- TWO HIGH COLOR, HIGH CONTRAST 19" FLAT PANEL LCD MONITORS
- 70CM GANTRY APERTURE
- MAGNETIC OPTICAL DISK IMAGE STORAGE
- +/- 30 DEGREE GANTRY TILT
- 160CM MAX. SCAN VOLUME BASED ON TABLE TRAVEL
- PITCH OF QUAD 0.75:1 (3:1) OR 1.5:1 (6:1)
- LIGHTSPEED EXTREME OPERATOR'S CONSOLE
- SMARTPREP: A feature that allows real time monitoring of IV Contrast enhancement in one particular section of anatomy that is in the area of interest. The contrast flow is monitored by low dose scans until the contrast enhancement reaches the preferred point and the operator initiates the scan prescription
- SMART SPEED: Allows the system to operate utilizing various sub-second rotation times.
- VARIVIEWER: Real-time mode of scanning designed to be used by the Radiologist or Physician during interventional procedures.
- CONNECT PRO: Allows for split images from a single acquisition and assigns them to a requested Procedure ID or accession number retrospectively.
- SMARTSCORE PRO: Designed to acquire prospective ECG gating measurements, which provide information that is valuable for scan timing.





Medrad Injector includes:

- Combines state-of-the-art technology with greater ease-of-use to offer superior control of contrast enhancement
- The complete control of precise timing between injections and scans means superior diagnostic images for improved diagnostic accuracy.



Typical
Mobile Lab
Site Requirements
Planning Guide

2013



Modular Devices Inc.
MDI :: MOBILE INTERIM LAB SOLUTIONS



Typical Mobile Lab Site Requirements Planning Guide

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Summary Page

Modular Devices Inc. has more than 24 years experience assisting customers with preparing and planning for the delivery and installation of our interim Mobile Labs. In our experience, it is best to start planning early. We welcome the opportunity to visit customer sites in advance to assist in site selection and planning for the arrival of a mobile or modular lab. We have a large team of Operations, Logistics, Applications and Service personnel who work with each and every customer to carefully plan and execute a successful interim lab project.

Installation of a Mobile Lab requires that your site is prepared to satisfy the lab's general specifications. This guide is intended to provide an overview of the Site Requirements needed for preparing your site for delivery and installation of a Mobile Lab.

Site Requirements Summary

- Pad Site
- 480V, 3 Phase, 150A power
- Russellstoll female receptacle for power connection
- Cold water hose bib and RV supply hose
- Sanitary sewer drain (or holding tank) as required by local codes
- Telephone connections (all CAT 5 wiring in home run configuration at access point)
- Data/LAN connection and dedicated I.P. Addresses
- Connection to facility at customer's discretion
- Power Quality Monitoring Test

The purpose of this document is to provide the basic information needed for site planning. For specific information not contained in this document please contact Modular Devices Inc.





Mobile Pad Requirements

Pad Size and Type

The mobile lab will need a level concrete or asphalt base to accommodate a 48' x 8' mobile lab. A minimum pad size of 41' x 10' is recommended to provide an area for all support legs and wheels to sit on a solid surface.

See Figure 3: Typical Pad Layout

Pad Depth

The depth of the pad is to be determined by a local contractor based on climate, soil and other conditions.

Required Support

The pad must be capable of supporting a total weight of 55,000 pounds. The front legs support approximately 20,000 pounds, and the rear legs support 35,000 pounds.

Pad Levelness

The pad must be as level as possible. If you have questions about the feasibility of your site, MDI's on-staff professionals will be happy to assist you.

Air Flow Requirements

To maintain maximum capacity, lowest operating cost, satisfactory operation of ventilation packages and longest service life the following clearances for acceptable air conditioning condenser air flow should be maintained:

- HVAC unit discharging against wall or solid barrier: 15 feet

See Figure 3: Typical Pad Layout

Attachment to Facility

Various connection system options are available. The physical connection between the land based facility and the mobile lab can be as simple or complex as desired. In appropriate climates, awning type enclosures seem to work the best. More permanent structures can also be built. Please contact us for examples of what prior customers have done to physically connect a mobile lab to a hospital. MDI requests that customers not permanently attach any adjoining structures to the mobile lab.





Radiation Shielding

Care should be taken when determining a site location for a mobile lab. Factors such as shielding, proximity to buildings, and occupancy of surrounding buildings must be considered. MDI will provide a current physicist report with each lab. Some states/localities may require physicist reports be done locally, in which case it is the responsibility of the customer to perform a proper radiation survey/physicist report if required.

Power Requirements

Electrical Service

The mobile lab requires a 480 Volt, 150 Amp, three phase, wye connection with neutral and ground. The lab is equipped with an on-board back-up generator with an automatic transfer switch capable of meeting mobile lab power requirements in the event of shore power failure.

Power Cord

MDI will provide a properly sized power cord. Our personnel will connect the mobile lab to the facility's permanent power and will check to assure proper phasing.

Land-Side Power Connection

The standard land-side connection is a Russellstoll female receptacle and box #DF 2504 FRAB0 mounted as close as possible to the rear of the mobile lab. The distance from the bottom of the receptacle to grade should not be less than 42". A service disconnect should be provided at the receptacle. If the proper female receptacle can not be obtained, MDI personnel can hard-wire the lab into the junction box.

Power Receptacle
Angled Box and
Receptacle Model
#DF 2504 FRAB0
(shown with male plug
attached)



(continued)





Power Requirements (Continued)

Frequency

The frequency must be 60Hz with a maximum variation of $\pm 0.5\text{Hz}$.

Phase Balance

The phase balance is 2% max between phases.

Maximum voltage variation

The maximum voltage variation is $\pm 5\%$ from nominal steady state (under the worst case conditions of line voltage).

Power Source Monitoring (Facility Only)

NOTE: Perform a power audit first.

A power analyzer should be used to check the proposed Mobile Lab facility site power for average line voltage, surges, sags, reclosures, impulses, frequency and microcuts. A period that includes two weekends should be used to simulate several days of normal use. Analysis of the data and site history of any previous power problems with other X-ray systems or computer installations should be reviewed with your power and ground representative. Verify "brown-out" (low voltage) conditions, which may occur during summer months, will not exceed the allowable range.



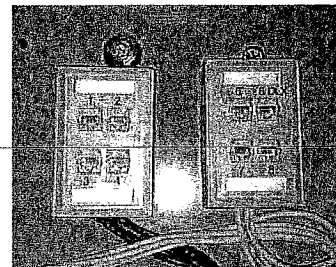


Data, Telephone and Network Connections

Telephone and Data Connections

The mobile lab has a number of configurable data/phone jacks throughout the lab with CAT5 cabling running from a weatherproof junction box in one of the compartments beneath the lab directly to each individual data/phone jack. The data/phone jacks utilize a female RJ-45/RJ-11 universal type connector. MDI recommends a minimum of two (2) phone lines for the lab. .

- The customer is required to provide the network wiring from the facility to connect to the junction box in the mobile lab.



(Typical Mobile Lab Network Block)

Dedicated I.P. Addresses

The mobile lab requires dedicated IP address for the following systems:

- PACS. If sending images to PACS the x-ray system and image review workstations will require a dedicated I.P. Address.
- The lab comes installed with a power quality monitor which requires a dedicated I.P. Address. This device monitors the incoming power and provides real-time alerts of adverse power conditions which could potentially damage the installed equipment in the lab.

Fire Alarm

The mobile lab has an on-board fire warning system and is equipped with smoke and heat detectors throughout the entire lab. The alarm system can be wired into the supporting facility's fire alarm system through a contact block in a weatherproof junction box in the rear of the lab (accessible from the exterior). The mobile lab is also equipped with hand-held fire extinguishers.

Code Blue

Code Blue can be handled in two different ways: Through 1) the phone system or 2) a blank electrical box mounted on the wall of the procedure room for a push-button notification system. The box contains an appropriate wire that terminates in a weatherproof junction box in the rear of the lab, where the facility can tie into their own code blue system.

- If using a push-button, the customer is responsible for providing the actual code-blue button.





Water/Drain

Water Supply Connection

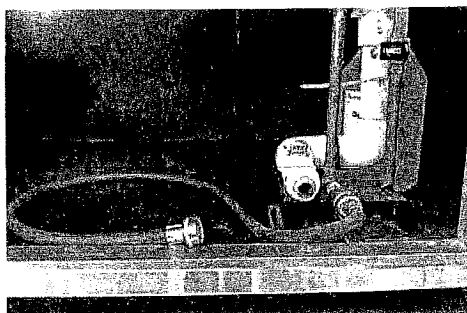
Water can be supplied to the lab via a cold water spigot with an RV grade water supply hose. The lab has an on-board hot water heater. The water is for scrubbing-in before cases and other general uses. An exterior 110V outlet is readily accessible for heat tape to wrap the supply hose.

- Customer is required to provide the water supply hose to the facility to connect to the water supply connection in the mobile lab.

Waste Water

The drain for the mobile lab is a 1" pvc tube that has an attachment for a standard male garden hose connection. Attachments should be made with a garden or RV grade hose. An additional option is a threaded male adapter in place of the garden hose adapter. Drainage from the lab will be run-off from hand washing and general cleanup within the lab. Depending upon local requirements, waste water can be drained to a sanitary sewer or holding tank. An exterior 110V outlet is readily accessible for heat tape to wrap the drain line.

- The customer is required to provide the waste water connection and also to ensure the proper disposal of waste water - ie. holding tank, sanitary sewer, etc.



(Typical Mobile Lab Water/Drain Connection)

Regulations and Responsibilities

Regulations/Ordinances/Licenses/Permits

The Hospital is responsible for obtaining all licenses and/or permits and meeting all state and local codes necessary for operation of the mobile lab. The hospital is also responsible for the connection system, pad and any costs associated with craning the mobile lab into place, if required.





Figure 1: Typical Floor Plan

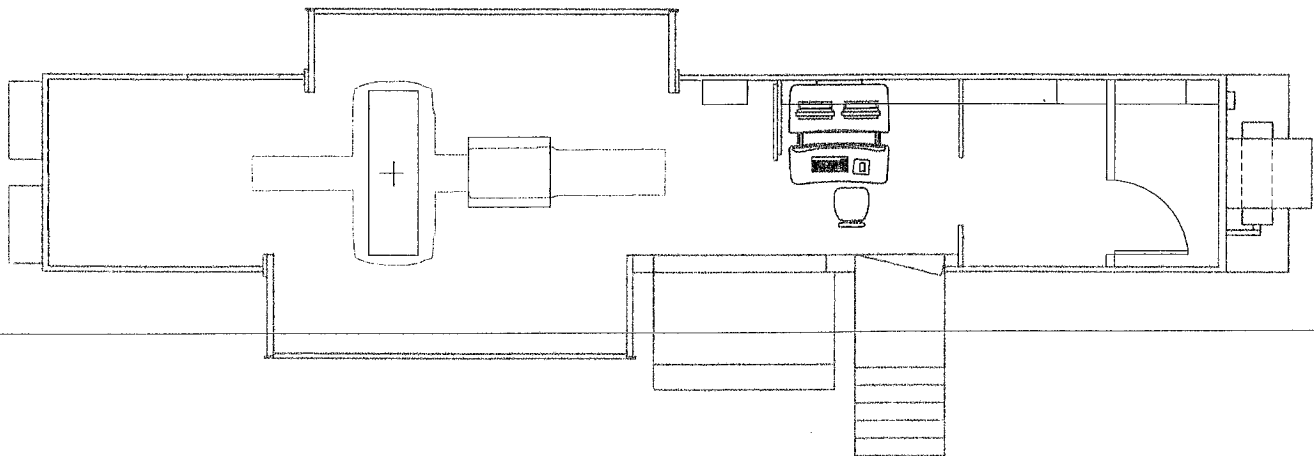
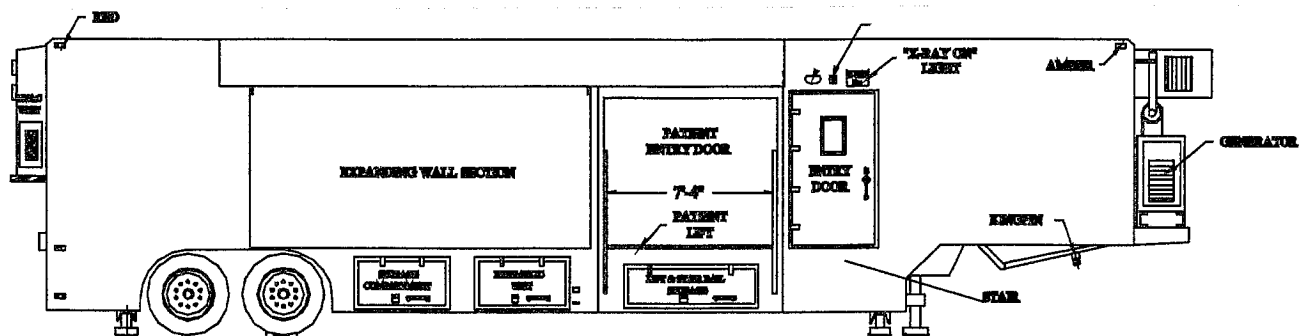

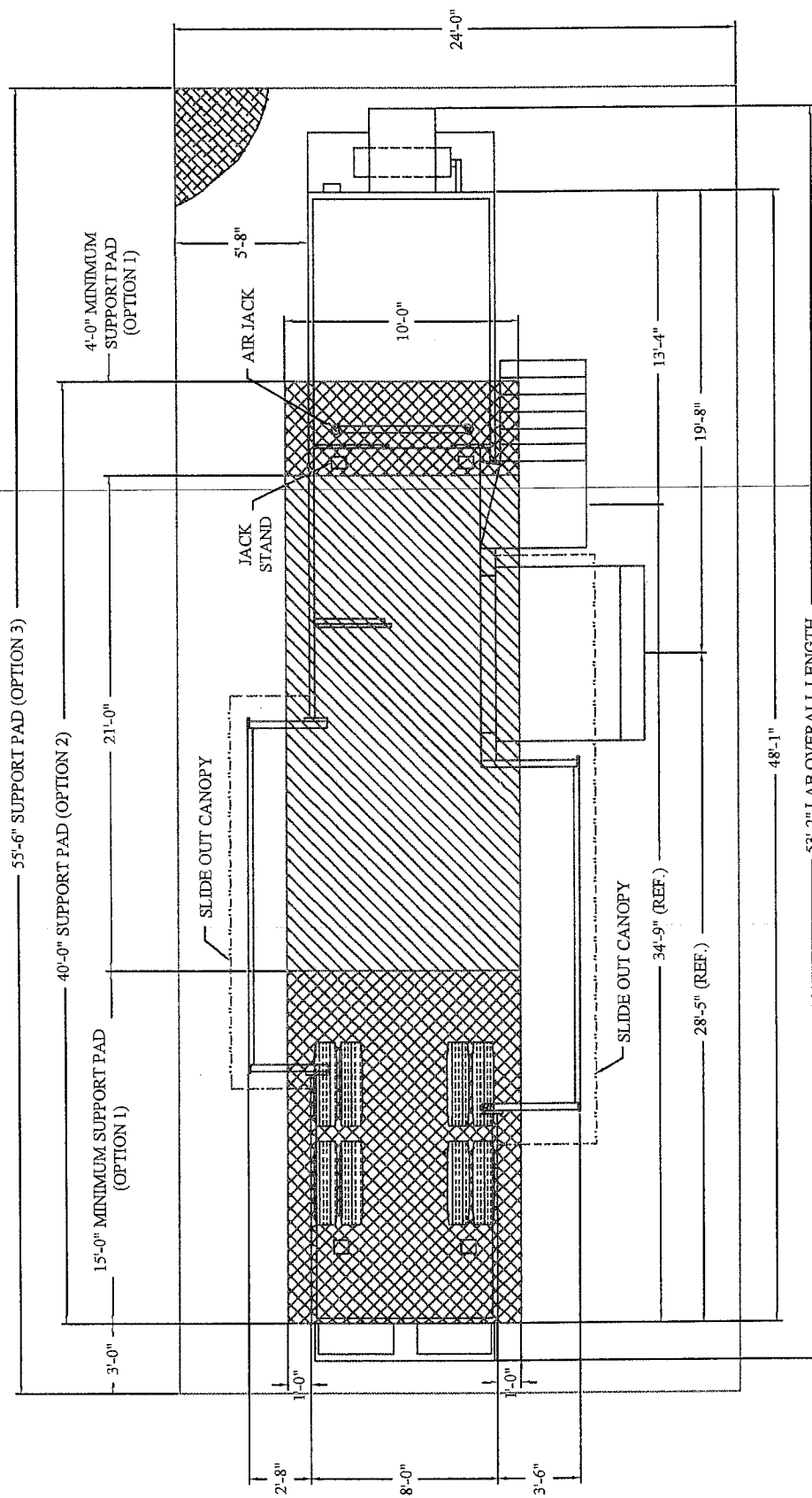


Figure 2: Typical Side Elevation



 Figure 3: Typical Pad Layout



For general planning purposes only - Actual lab dimensions may vary.
Please contact Modular Devices Inc. for specific lab dimensions and drawings.



EQUIPMENT LEASE AGREEMENT

This EQUIPMENT LEASE AGREEMENT ("Agreement") is between MODULAR DEVICES, INC., an Indiana corporation, or its affiliated nominee ("Lessor"), and the County of Monterey, a political subdivision of the State of California, on behalf of Natividad Medical Center ("Lessee").

1. LEASE - Lessor agrees to lease to Lessee, and Lessee agrees to hire from Lessor, one (1) Mobile CT Laboratory, in an 8-foot by 48-foot shell, hereinafter called "Equipment" which is also more particularly described in EXHIBIT "A" attached hereto and by reference made a part hereof. Site preparation and installation requirements are the responsibility of Lessee, and shall include but not be limited to those items listed in a SITE REQUIREMENTS, which is more particularly described in EXHIBIT "B", page attached hereto and made a part of this Agreement.

This Agreement shall constitute a binding commitment of the parties to lease the Equipment on the terms of this Agreement and any schedules attached hereto and made a part hereof.

2. TERM - The term of this Lease shall be for ^{three}~~twelve~~ (3) years ("Original Term") and shall commence on delivery ("Commencement Date").

The estimated Equipment delivery date will be on or about a date TBD – contingent upon approval.

Upon the execution of this agreement, Lessee shall have paid to Lessor the prepaid transportation charges of \$7,500.00 along with delivery of the Agreement, which has been executed by Lessee.

This Agreement shall remain in full force and effect upon the conclusion of the Original Term unless Lessee gives Lessor at least thirty (30) days advance written notice of its intent to let the Agreement expire at the conclusion of the Original Term.

3. RENT - Rental for the Equipment will be paid in monthly rental payments of \$28,000.00
4. TRANSPORT EXPENSE - Lessee shall be responsible for prepaying transportation charges in the amount of \$7,500.00 to transport the Equipment to the location defined in Section 7.02 below.
5. TITLE OF EQUIPMENT - The Equipment is and shall at all times remain the sole and exclusive property of Lessor. The only interest Lessee shall have in the Equipment is that of a Lessee under this Agreement. Lessor and Lessee agree that regardless of the manner of affixation to real estate, the Equipment shall remain personal property and not become part of any such real estate. Lessee shall at all times keep Equipment and this Agreement free from all levies, attachments, liens,

encumbrances, claims, charges or other judicial process of every kind, shall give Lessor immediate written notice thereof and shall indemnify and save Lessor harmless from any loss or damages caused thereby.

The parties do not intend this Agreement to be a conditional sales agreement, chattel mortgage, or security agreement within the meaning of any statute requiring filing or recordation.

Lessor makes no representation, express or implied, concerning the tax or accounting treatment of this Agreement.

6. INSPECTIONS

6.01. Lessee's Inspection. Lessee shall make necessary inspections and tests of the Equipment at Lessee's sole expense, to determine whether the equipment conforms to Lessee's specifications as pertaining to EXHIBIT "A". Lessee shall promptly notify Lessor, at the time the Equipment is inspected, of any defects in or objection to the type or condition of the Equipment. Lessor may at its option, remedy such defects or cancel this lease. This Equipment shall be presumed to conform to Lessee's specifications, and to be acceptable for all purposes of this Agreement, and shall be deemed to be in good condition without patent defects.

Lessee shall notify Lessor of any defects which are not apparent upon inspection of Equipment, as soon as such defects are noticed. Lessee's failure to notify Lessor of any defect in, or objection with respect to any item of the Equipment, shall not establish the absence of any such defect in the Equipment insofar as Lessor is concerned.

6.02. Lessor's Initial Inspection and Service. Upon installation and completion of SITE REQUIREMENTS (such as, electricity, water supply, drain, etc.), Lessor will inspect, test, adjust, calibrate, and make Equipment ready for clinical use in the manner for which it is intended. Lessor agrees to provide seven (7) consecutive days of applications training. Additional training may be requested from Lessor and all Travel and Expense Charges will be paid per the Monterey County Travel Policy".

6.03. Lessor's Right to Inspection. Lessor shall have the right to enter the premises wherever the Equipment may be located at any time during normal business hours to inspect and examine the Equipment to ensure Lessee's compliance with its obligations under this Agreement, providing such inspection does not interfere with patient treatment.

7. OPERATING MATTERS

7.01. **Licensing, Registration, and Taxes.** Lessee shall obtain all licensing and registration of the Equipment that is required by law. Lessee, on behalf of Lessor, shall bear, and pay and discharge when due all license and registration fees, assessments, sales, use, property, and other taxes (excluding any tax measured by Lessor's income or gross receipts), together with any penalties or interest applicable to them, now or later imposed by any state, federal, or local government on any item of the Equipment, whether they be payable by or assessed to Lessor or Lessee; provided, however, that if under local law or custom such payments may be made only by Lessor, Lessee shall promptly notify Lessor and shall reimburse Lessor, on demand, for all such payments made by Lessor. If by law any such registration or license fee or tax is billed to Lessor, Lessee at its expense will do all things required to be done by Lessor in connection with the licensing or registration procedure and the levy or assessment of any such tax, including payment. Hallway connections, utilities or any part of the Lessor and Lessee SITE REQUIREMENTS are exempted.

7.02. **Location.** The Equipment shall be located at the Lessee's place of business at Natividad Medical Center, 1441 Constitution Blvd., Salinas, CA 93906, however, it may be moved with prior written consent of Lessor.

Without Lessor's prior written consent, Lessee shall not affix or attach all or any part of the Equipment to any real property. The Equipment shall remain personal property whether or not it becomes affixed or attached to real property, or permanently rests on any real property or any improvement on real property, and Lessee agrees to obtain any waiver of landlord or mortgagee necessary to protect Lessor's interest in the Equipment.

7.03. **Use, Maintenance, and Reports.** Lessee shall use the Equipment carefully, shall comply with all laws, ordinances, and regulations relating to its use, operation, or maintenance, and shall not use the Equipment for any illegal purpose. Lessee shall put the Equipment only to the use contemplated by this Agreement and Lessee hereby confirms that the Equipment will be used only for conducting routine CT scans.

Lessor shall effect and bear the expense of all repairs, reasonable wear and tear excepted, including maintenance, operation and replacement parts required to maintain the Equipment in good condition, except as may be excluded under Limitations of Equipment Maintenance, (7.04) below or by governmental edict or insurance requirements as discussed below. Such service must be capable of responding twenty-four (24) hours a day, seven (7) days a week, except as may be excluded under Limitations of Equipment Maintenance, (7.04) below. Lessee agrees to maintain accurate and complete records of all said repairs and maintenance to the Equipment and to allow

Lessor to inspect said records at any time during business hours of Lessee. Lessee warrants that the Equipment will be used solely for the purpose for which it was designed and manufactured, i.e., as a CT lab.

Lessee shall not: assign, transfer or part with possession or control of the Equipment; allow any person or party other than Lessee or Lessor's designated and approved agents to operate the Equipment; allow the Equipment to be used for any nonbusiness related activities; or, make any additions, alterations, or improvements to the Equipment without Lessor's prior written consent. Hallway connections, utilities or any part of the Lessor and Lessee SITE REQUIREMENTS are exempted. Any modifications or additions to the Equipment required by any governmental edict or insurance policy shall be promptly made by Lessee at its own expense. However, Lessee shall first notify Lessor promptly of any such required modifications or additions. Lessee shall have no authority to charge Lessor for any expenses incurred as a result of alterations, additions or improvements to the Equipment. All alterations or improvements so approved shall become the property of Lessor on expiration or earlier termination of this Agreement.

7.04. Limitations of Equipment Maintenance. Service, maintenance, and repairs not provided or covered by this Agreement include, but are not limited to

installation, maintenance, repair or replacement of any item not a part of the Equipment as initially delivered to Lessee by Lessor; and, damage or maintenance made necessary due to misuse, abuse, negligence, acts of God or war, fire, flood, accident, vandalism, failure of electrical power, power surges, lightning strikes, operation of the Equipment in violation of established operational guidelines, unauthorized Equipment modification, tampering, service by anyone not authorized by Lessor, interconnection of Equipment by electrical, electronic, or mechanical means with noncompatible equipment, or by use of unauthorized, modified, or altered supply items or accessories.

If, upon Lessee's foreknowledge, Lessor chooses to provide any maintenance or repair not covered by this Agreement, Lessee shall pay for such maintenance or repair at Lessors then current service rates.

7.05. Insurance, Loss and Damage. (a) Lessee shall maintain fire, theft, extended and comprehensive coverage equal to the full replacement value of the equipment, but not to exceed \$1,000,000. In addition, Lessee shall maintain insurance for property damage, public liability and bodily injury, as well as insurance for medical malpractice claims and worker's compensation for Lessee's and Lessor's respective employees. Lessee's insurer shall certify coverage as specified in this Agreement and provide certificates thereof and further shall acknowledge that such insurance may not be canceled or altered without thirty (30) days written notice. In the event of loss or damage,

including fire, theft, destruction, misuse, abuse, damage due to lightning, power spikes, and other matters found in Section 7.04 of this Agreement, the proceeds of any insurance payable shall be applied, first to Lessee's obligation under this Agreement and then to replacement costs, restoration costs, or repair of the equipment. All such insurance shall name Lessor, and its successors and assigns, as additional insureds, as their interests may appear. Lessee assumes the risk of loss, damage, theft, destruction, or other matters enumerated in Section 7.04 of this Agreement while such equipment is in Lessee's possession, but only if such loss as stated is not caused or contributed to by defects or deficiencies in the design, construction, or maintenance of the equipment or the negligence or misconduct of Lessor and its employees, agents or contractors.

Lessee represents and warrants (i) that it has the full power, authority, and legal right to enter into and perform under this Agreement and any attachments or exhibits hereto, and, if a corporation, that Lessee will supply Lessor with proof that all requisite corporate action has been taken; (ii) that the execution of this Agreement, any attachments or any exhibits hereto, does not and will not contravene any agreement to which Lessee is a party, including its Articles of Incorporation or By-laws, if Lessee is a corporation; (iii) that during the term of this Agreement Lessee will promptly notify Lessor of any such contravention; and, (iv) that no mortgage, deed of trust, charter, lease of other lien or security interest of any type which now covers or affects any property or interest of Lessee will attach to the Equipment.

7.06. Identification. Lessee shall affix to and maintain on the Equipment all labels and plates provided by Lessor, or conspicuously mark the Equipment with such language as Lessor may reasonably request, to the effect that the equipment is owned by Lessor and is subject to this Agreement. However, in the event local or state authority require external markings or labels or no labels such shall be the responsibility of the Lessee under the SITE REQUIREMENTS.

7.07. Locating Via Crane. If proper location of equipment on prepared site requires movement in or out by crane and/or rigging, Lessee shall be responsible for all coordination and contracting on this installation including all costs and fees.

8. TERMINATION

8.01. Surrender on Termination of Lease. At the expiration or earlier termination of this Agreement, unless Lessee extends this Agreement, Lessee shall return each item of Equipment to Lessor, free of all advertising or insignia placed on it by Lessee, and in good condition, repair, and working order, ordinary wear and tear excepted. The Equipment shall be surrendered by Lessee, by notifying Lessor that the Equipment is ready to be picked up by Lessor.

Lessee is liable for the restoration of the Equipment to good working condition or repair to working order. In addition, Lessee shall remain liable for any damage to Equipment to restore the Equipment to good repair and working order.

8.02. Holding Over. DELETED

8.03. Removal. Lessor will remove the equipment within 60 calendar days after the date of last use of equipment. Lessee shall be responsible for payment of any remaining rent as per terms of the lease. Lessee will be responsible for removing hallway connections, ramps, and all related items prior to removal. 480 Volt, 3 Phase electrical service must remain on until the lab is removed. If craning is necessary, Lessee shall coordinate, control and contract for this service at Lessee's expense.

9. DEFAULT AND REMEDIES

9.01. Events of Default. Time is of-the-essence with this Agreement. Any of the following occurrences shall be an event of default under this Agreement: (i) if Lessee defaults in the payment of any sum of money to be paid under this Agreement and default continues for ten (10) days; (ii) if Lessee commits any act of bankruptcy, or any proceeding under the Bankruptcy Act is commenced by or against Lessee; (iii) if a writ of attachment or execution is levied on any item of Equipment and is not discharged within ten (10) days after that levy; (iv) if a receiver is appointed to take possession of any item of Equipment leased under this Agreement; (v) if Lessee dissolves or ceases actively to carry on business; (vi) if Lessee transfers substantially all of its assets or merges or consolidates with or is acquired by any other person or entity, without Lessor's prior written consent; (vii) if any of the representations and warranties made by Lessee in this Agreement are not true and correct in any material respect by either party; (viii) if Lessee attempts to assign, pledge, or hypothecate any interest in this Agreement or to sublet, assign, pledge, hypothecate or lend all or part of the Equipment without Lessor's prior written consent; (ix) if any financial statement delivered to Lessor is not true and correct in any material respect; (x) if Lessor fails to deliver the Equipment free of defects and in good working order within a reasonable time; (xi) if Lessor fails to adequately maintain and keep such Equipment in good repair so long as Equipment is used in accordance with manufacturer's standards, or (xii) if either party fails to fulfill any of its obligations pursuant to this Agreement.

9.02. Remedies of Lessor. On the occurrence of any event of default by Lessee, Lessor may exercise any one or more of the following remedies with respect to the Equipment under this Agreement, without further notice to or demand on Lessee:

(1) Take possession of the Equipment upon fifteen (15) day's written notice.

(2) Lease the Equipment to such persons, at reasonable rental and for such period of time (which may extend beyond the Term of the lease under this Agreement) as Lessor shall elect. Lessor shall apply the net proceeds of any such rental to payment of Lessee's obligations under this Agreement. For this purpose, "net proceeds" means the proceeds of any rental under this section minus all costs and expenses incurred in connection with the recovery, repair, storage, testing, or sale of the Equipment. Lessee shall remain liable for any deficiency, which at Lessor's option shall be paid monthly, as suffered, immediately, or at the end of the Term as damages for Lessee's default.

(3) Sell the Equipment at a public or private sale for cash or on credit at fair market value. Lessor shall apply the net proceeds of that sale to the payment of Lessee's obligations under this Agreement. For this purpose, "net proceeds" means the proceeds of any sale under this section minus all costs and expenses incurred in connection with the recovery, repair, storage, testing, or sale of the Equipment. Lessee shall remain liable for any deficiency, which Lessee shall pay within ten (10) days after the sale.

(4) Bring legal action to recover all rents or other amounts accrued then or accruing later from Lessee to Lessor under this Agreement.

(5) Pursue any other remedy Lessor may have.

9.03. Remedies of Lessee. On the occurrence of any event of default by Lessor, Lessee may exercise any one or more of the following remedies under this Agreement, without further notice to or demand on Lessor:

(1) Terminate this Lease upon thirty (30) days written notice and notify Lessor that the Equipment is surrendered to Lessor's possession.

(2) Pursue any other remedy Lessee may have.

10. ASSIGNMENT

10.01. Without prior written consent, Lessor and Lessee shall not assign, transfer, sublet, pledge, hypothecate or otherwise dispose of this Lease or any interest herein. Lessee shall recognize each such assignment and covenants not to assert against the assignee any defense, counterclaim or set-off that Lessee has or may have against Lessor, and agrees to pay such rent and other payments due to become due hereunder to assignee.

11. INDEMNITY - DELETED

12. DISCLAIMER OF WARRANTY NOTICE - DELETED

13. MISCELLANEOUS PROVISIONS

- 13.01. Accident Reports Concerning Equipment. Lessee shall immediately notify Lessor of any accident connected with the operation or malfunctioning of any unit of the Equipment, and include in the notice the time, place, and nature of the accident, the damage caused to property, the names and addresses of persons injured and of witnesses, and such other information as may be pertinent to Lessor's investigation of the accident.
- 13.02. Nonwaiver. No waiver of obligations, conditions, or covenants shall be considered to take place unless the waiver is in writing and signed.
- 13.03. Survival of Covenants. Wherever the context permits, Lessee's covenants under this Agreement shall survive the delivery and return of the Equipment.
- 13.04. Amendments. No term or provision of this Agreement may be changed, waived, discharged, or terminated orally, but only a written instrument signed by the party against whom the enforcement of the change, waiver, discharge, or termination is sought.
- 13.05. Captions. Captions in this Agreement are for convenience of reference only and shall not define or limit the terms or provisions of this Agreement.
- 13.06. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the state of California, County of Monterey, including all matters of construction, validity, and performance.
- 13.07. Access. If required by Section 1395x (v) (1) of Title 42 of the United States Code, until the expiration of four (4) years after the termination of the contract, Lessor will make available the books, records, and documents as required by such Section, and will insert the clause required by such Section in any subcontract with a related organization.

IN WITNESS WHEREOF, the parties hereto have duly executed the Agreement as of the dates set forth below. For all purposes hereof, the date of the Agreement shall be the date of the Lessor's acceptance as set forth below.

By execution hereof, the signer certifies that (s)he has read the entire Agreement that Lessor or its representatives have made no agreements or representations except as set forth herein and that (s)he is duly authorized to execute the Agreement on behalf of the Lessee.

ACCEPTED BY:

LESSOR:
MODULAR DEVICES, INC.

6678 Guion Road
Indianapolis, Indiana 46268

BY: 

Printed
NAME: Greg Mink

TITLE: COO

DATE: 6-25-13

LESSEE:
**The County of Monterey, a political
subdivision of the State of California, on
behalf of Natividad Medical Center**
1441 Constitution Blvd.
Salinas, CA, 93906

BY: _____

Printed
NAME: _____

TITLE: _____

DATE: _____

PROPOSAL "B"

PROPOSAL "B":

Mobile Angiography Lab

- **GE Innova 4100**, 41cm digital flat detector angiography imaging system.

PRESENTED TO:

Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA 93906

DATE OF PROPOSAL:

June 25, 2013

LEASE TERM:

36 Months

LEASE PRICE:

\$31,500/month

LEASE PAYMENT TERMS:

1. First month payment due and payable upon delivery.
2. Subsequent payments due monthly.

DELIVERY DATE:

TBD - August 2013

DELIVERY REQUIREMENTS:

1. Site prepared by Natividad Medical Center
2. Transportation, training and installation assistance to be paid with signed agreement - \$2,500.00

SUPPORT/TRAINING:

Comprehensive applications training included.

INSURANCE:

Insurance is required.

SERVICE:

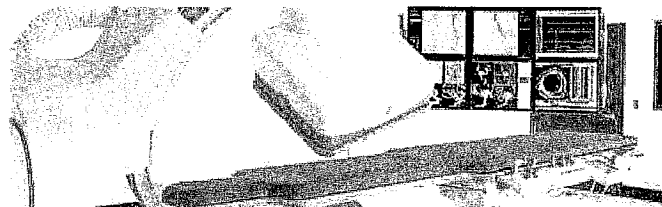
MDI service agreement included with the lease featuring 24 hour, 7 day a week and one-call service. No service or maintenance fees for the term of the lease.

MDI is pleased to submit this lease proposal for a mobile angiography laboratory at the prices and upon the terms stated, subject to Customer's acceptance of the terms and conditions of the MDI Lease Agreement within thirty (30) days of the proposal date.

Equipment
Overview

X-Ray: GE Innova 4100
Hemo: GE MacLab 7000
Injector: Medrad Mark V Provis
Workstation: GE Advantage Workstation

X-Ray System

GE INNOVA 4100 DIGITAL FLAT DETECTOR IMAGING SYSTEM

GE Healthcare's Innova 4100 is a large-format digital flat-panel X-ray system for angiographic imaging that incorporates GE's exclusive Innova single piece, non-tiled digital detector (41 cm-by-41 cm) to provide high-resolution imaging across the full range of vascular and interventional applications.

The 41-cm-by-41-cm Innova detector is the industry's largest, according to the manufacturer. An ample field of view allows clinicians to see their way through angiography or interventional imaging procedures.

The Innova detector provides a dynamic exposure optimization system, AutoEx, designed to optimize system parameters and image processing to maximize real-time image quality and minimize dose.

The fully integrated imaging system is programmed to meet the clinical needs for interventional and diagnostic angiography with image quality, dose management and positioning.

System Description

- GE Innova 4100 single plane Cardiac/Angiographic system
- 100 KW generator with flat screen control console
- Floor mounted model 4100 Positioner
- Omega patient table
- 41 cm flat panel digital detector
- MX 160 x-ray tube
- 2 Hi-resolution LCD monitors with ceiling suspended mount
- Integrated digital imaging system with hi-speed DICOM output
- Installed Angiographic and Vascular software, books and manuals



Hemodynamic Monitoring System

GE Mac-Lab 7000 Hemodynamic Monitoring System



The Mac-Lab 7000 System improves your cath lab operation by bringing performance to hemodynamic monitoring. Increase your lab's productivity through the process efficiency and equipment reliability of the Mac-Lab 7000. The Mac-Lab 7000 is a fast and easy-to-use hemodynamic monitoring system that offers you the flexible Configurations you need to meet your lab's needs.



Reliability

The Mac-Lab 7000 System combines Windows® reliability and usability with standard off-the-shelf computer hardware for proven dependability. Full-disclosure data is acquired from the multi-parameter TRAM module and saved to optical disk.

Productivity

The network capabilities of the Mac-Lab 7000 include workstations for remote near real-time review as well as simultaneous data entry. Staff can use remote workstations to add information to the study log, or to review the case without using the main lab system. All waveform and text data flows easily to Microsoft Word® for flexible report generation.

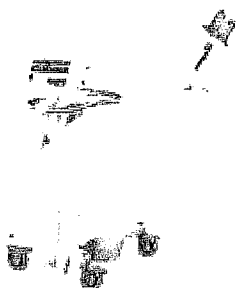
Contrast Injection System

Medrad Mark V Provis Contrast Injector



The Mark V ProVis is designed to be easy to use, from the readability of the display and controls to the ergonomics and functionality of the injector and control panel.

- Large and bright control panel improves readability at a distance.
- Syringe volume is constantly up-dated and is easily read at a glance.
- Sequenced control panel guides setup.
- Common protocols are stored quickly to save time.
- Large, secure handle and oversize wheels for easy maneuvering in the tightest situation.



MEDRAD gives you multiple levels of protection

- Programmed microprocessor helps protect against:
 - Over-volume
 - Over-flow
 - Over-pressure
- Mechanical stop:
 - Automatically sets and locks to physically limit injection to the selected volume
- Unaffected by electrical interruption
- Set position is verified by LEDs on the injector head



Image Review Workstation

GE Advantage Workstation



The GE Advantage workstation is one of the most widely used visualization and analysis solutions in the world. Advantage Workstation delivers fast and clinically effective post-processing solutions to help handle the increasing diagnostic and workflow needs of today's imaging departments.

Powerful Simplicity

With automated pre and post-processing, one-click access to applications, and one-touch protocols, AW improves consistency and efficiency – so that you can tackle advanced clinical challenges with speed, accuracy and confidence.

Enlightening Integration

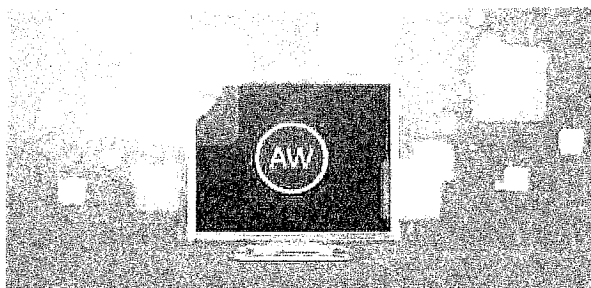
AW supports easy comparison of CT, MR, PET, SPECT and Interventional 3D images. Achieve registration and fusion of volumetric acquisitions using dedicated protocols or by doing a simple "drag-and-drop" within the AW platform.

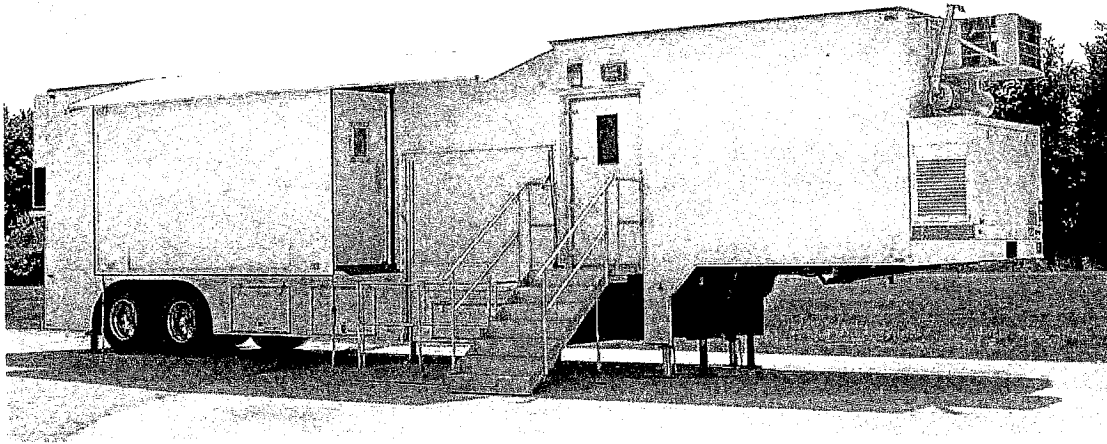
Interventional Visualization

AW's advanced integration capabilities enable the use of multi-modality images for highly informed, real-time planning and navigation during interventional therapies.

Streamlined Workflow

Revolutionary workflow enhancements minimize clicks and maximize efficiency. AW Workstation organizes tasks and tools in a manner that corresponds directly to the ways in which physicians work, making processing virtually second nature.





Typical
Mobile Lab
Site Requirements
Planning Guide

2013



Modular Devices Inc.

MDI :: MOBILE VASCULAR LAB SOLUTIONS



Typical Mobile Lab Site Requirements Planning Guide

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Summary Page

Modular Devices Inc. has more than 24 years experience assisting customers with preparing and planning for the delivery and installation of our interim Mobile Cath/Vascular Labs. In our experience, it is best to start planning early. We welcome the opportunity to visit customer sites in advance to assist in site selection and planning for the arrival of a mobile or modular lab. We have a large team of Operations, Logistics, Applications and Service personnel who work with each and every customer to carefully plan and execute a successful interim lab project.

Installation of a Mobile Cath/Vascular Lab requires that your site is prepared to satisfy the lab's general specifications. This guide is intended to provide an overview of the Site Requirements needed for preparing your site for delivery and installation of a Mobile Lab.

Site Requirements Summary

- Pad Site
- 480V, 3 Phase, 200A power
- Russellstoll female receptacle for power connection
- Cold water hose bib and RV supply hose
- Sanitary sewer drain (or holding tank) as required by local codes
- Telephone connections (all CAT 5 wiring in home run configuration at access point)
- Data/LAN connection and dedicated I.P. Addresses
- Connection to facility at customer's discretion
- Power Quality Monitoring Test

The purpose of this document is to provide the basic information needed for site planning. For specific information not contained in this document please contact Modular Devices Inc.



Mobile Pad Requirements

Pad Size and Type

The mobile lab will need a level concrete or asphalt base to accommodate a 48' x 8' mobile lab. A minimum pad size of 41' x 10' is recommended to provide an area for all support legs and wheels to sit on a solid surface.

See Figure 3: Typical Pad Layout

Pad Depth

The depth of the pad is to be determined by a local contractor based on climate, soil and other conditions.

Required Support

The pad must be capable of supporting a total weight of 55,000 pounds. The front legs support approximately 20,000 pounds, and the rear legs support 35,000 pounds.

Pad Levelness

The pad must be as level as possible. If you have questions about the feasibility of your site, MDI's on-staff professionals will be happy to assist you.

Air Flow Requirements

To maintain maximum capacity, lowest operating cost, satisfactory operation of ventilation packages and longest service life the following clearances for acceptable air conditioning condenser air flow should be maintained:

- HVAC unit discharging against wall or solid barrier: 15 feet

See Figure 3: Typical Pad Layout

Attachment to Facility

Various connection system options are available. The physical connection between the land based facility and the mobile lab can be as simple or complex as desired. In appropriate climates, awning type enclosures seem to work the best. More permanent structures can also be built. Please contact us for examples of what prior customers have done to physically connect a mobile lab to a hospital. MDI requests that customers not permanently attach any adjoining structures to the mobile lab.



Radiation Shielding

Care should be taken when determining a site location for a mobile lab. Factors such as shielding, proximity to buildings, and occupancy of surrounding buildings must be considered. MDI will provide a current physicist report with each lab. Some states/localities may require physicist reports be done locally, in which case it is the responsibility of the customer to perform a proper radiation survey/physicist report if required.

Power Requirements

Electrical Service

The mobile lab requires a 480 Volt, 200 Amp, three phase, wye connection with neutral and ground. The lab is equipped with an on-board back-up generator with an automatic transfer switch capable of meeting mobile lab power requirements in the event of shore power failure.

Power Cord

MDI will provide a properly sized power cord. Our personnel will connect the mobile lab to the facility's permanent power and will check to assure proper phasing.

Land-Side Power Connection

The standard land-side connection is a Russellstoll female receptacle and box **#DF 2504 FRABO** mounted as close as possible to the rear of the mobile lab. The distance from the bottom of the receptacle to grade should not be less than 42". A service disconnect should be provided at the receptacle. If the proper female receptacle can not be obtained, MDI personnel can hard-wire the lab into the junction box.

Power Receptacle
Angled Box and
Receptacle Model
#DF 2504 FRABO
(shown with male plug
attached)



(continued)





Power Requirements (Continued)

Frequency

The frequency must be 60Hz with a maximum variation of $\pm 0.5\text{Hz}$.

Phase Balance

The phase balance is 2% max between phases.

Maximum voltage variation

The maximum voltage variation is $\pm 5\%$ from nominal steady state (under the worst case conditions of line voltage).

Power Source Monitoring (Facility Only)

NOTE: Perform a power audit first.

A power analyzer should be used to check the proposed Mobile Lab facility site power for average line voltage, surges, sags, reclosures, impulses, frequency and microcuts. A period that includes two weekends should be used to simulate several days of normal use. Analysis of the data and site history of any previous power problems with other X-ray systems or computer installations should be reviewed with your power and ground representative. Verify "brown-out" (low voltage) conditions, which may occur during summer months, will not exceed the allowable range.

NOTE:

The electrical power source must meet the requirements of the national electric code and National Fire Protection Association for Emergency Backup Power as applied to cardiac catheterization labs. Please consult the applicable codes and the local authorities in your area for guidance. The following codes define the requirements of "Emergency Systems" for cardiac catheterization laboratories: NFPA 70 Article 517-33 (a) (8) c & NFPA99 Paragraph 3-4.2.2.2 (c)



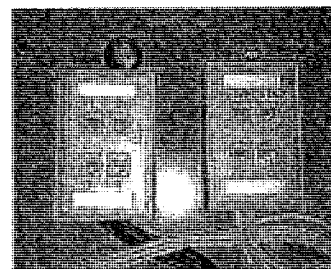


Data, Telephone and Network Connections

Telephone and Data Connections

The mobile lab has a number of configurable data/phone jacks throughout the lab with CAT5 cabling running from a weatherproof junction box in one of the compartments beneath the lab directly to each individual data/phone jack. The data/phone jacks utilize a female RJ-45/RJ-11 universal type connector. MDI recommends a minimum of two (2) phone lines for the lab.

- The customer is required to provide the network wiring from the facility to connect to the junction box in the mobile lab.



(Typical Mobile Lab Network Block)

Dedicated I.P. Addresses

The mobile lab requires dedicated IP address for the following systems:

- PACS. If sending images to PACS the x-ray system and image review workstations will require a dedicated I.P. Address.
- The lab comes installed with a power quality monitor which requires a dedicated I.P. Address. This device monitors the incoming power and provides real-time alerts of adverse power conditions which could potentially damage the installed equipment in the lab.

Fire Alarm

The mobile lab has an on-board fire warning system and is equipped with smoke and heat detectors throughout the entire lab. The alarm system can be wired into the supporting facility's fire alarm system through a contact block in a weatherproof junction box in the rear of the lab (accessible from the exterior). The mobile lab is also equipped with hand-held fire extinguishers.

Code Blue

Code Blue can be handled in two different ways: Through 1) the phone system or 2) a blank electrical box mounted on the wall of the procedure room for a push-button notification system. The box contains an appropriate wire that terminates in a weatherproof junction box in the rear of the lab, where the facility can tie into their own code blue system.

- If using a push-button, the customer is responsible for providing the actual code-blue button.





Water/Drain

Water Supply Connection

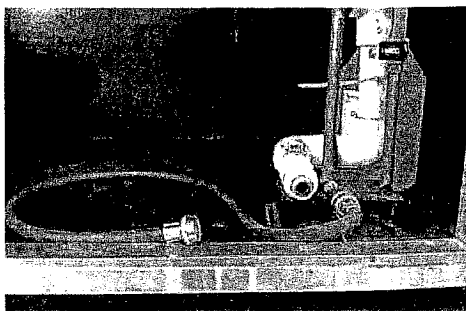
Water can be supplied to the lab via a cold water spigot with an RV grade water supply hose. The lab has an on-board hot water heater. The water is for scrubbing-in before cases and other general uses. An exterior 110V outlet is readily accessible for heat tape to wrap the supply hose.

- Customer is required to provide the water supply hose to the facility to connect to the water supply connection in the mobile lab.

Waste Water

The drain for the mobile lab is a 1" pvc tube that has an attachment for a standard male garden hose connection. Attachments should be made with a garden or RV grade hose. An additional option is a threaded male adapter in place of the garden hose adapter. Drainage from the lab will be run-off from hand washing and general cleanup within the lab. Depending upon local requirements, waste water can be drained to a sanitary sewer or holding tank. An exterior 110V outlet is readily accessible for heat tape to wrap the drain line.

- The customer is required to provide the waste water connection and also to ensure the proper disposal of waste water - ie. holding tank, sanitary sewer, etc.



(Typical Mobile Lab Water/Drain Connection)

Regulations and Responsibilities

Regulations/Ordinances/Licenses/Permits

The Hospital is responsible for obtaining all licenses and/or permits and meeting all state and local codes necessary for operation of the mobile lab. The hospital is also responsible for the connection system, pad and any costs associated with craning the mobile lab into place, if required.





Figure 1: Typical Floor Plan

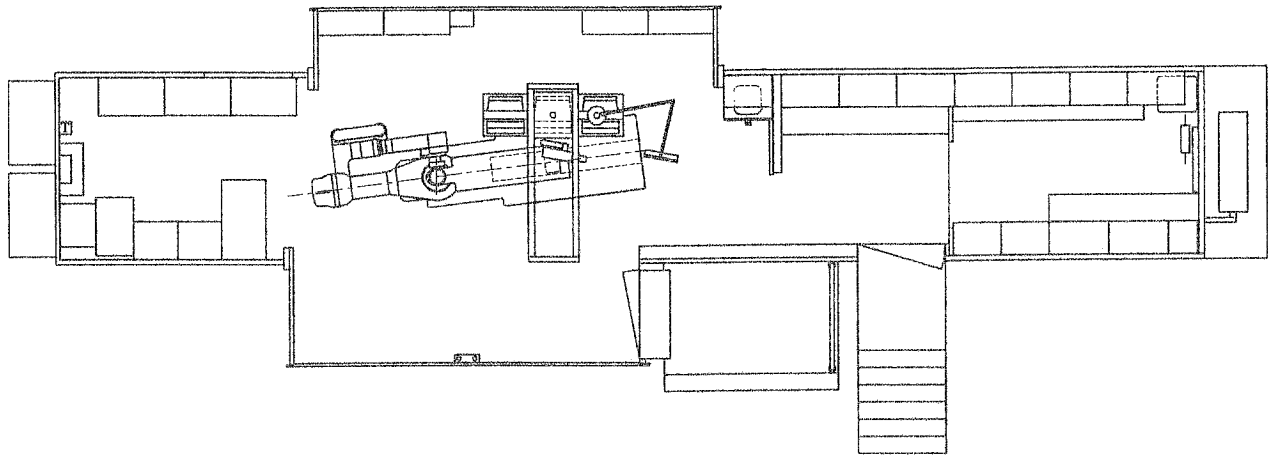
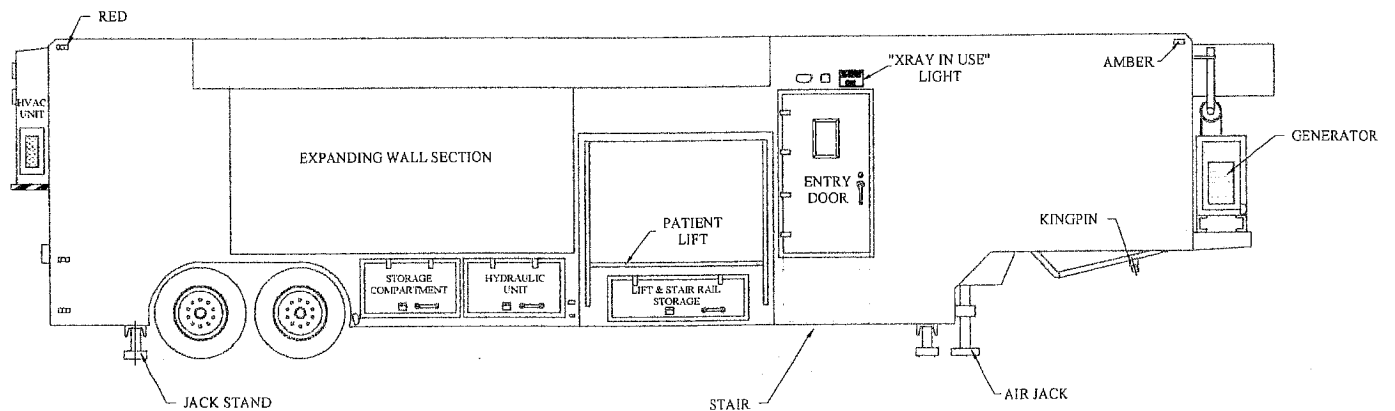


Figure 2: Typical Side Elevation





EQUIPMENT LEASE AGREEMENT

This EQUIPMENT LEASE AGREEMENT ("Agreement") is between MODULAR DEVICES, INC., an Indiana corporation, or its affiliated nominee ("Lessor"), and the County of Monterey, a political subdivision of the State of California, on behalf of Natividad Medical Center ("Lessee").

1. LEASE - Lessor agrees to lease to Lessee, and Lessee agrees to hire from Lessor, one (1) Mobile Angio/IR Laboratory, in an 8-foot by 48-foot shell, hereinafter called "Equipment" which is also more particularly described in EXHIBIT "A" attached hereto and by reference made a part hereof. Site preparation and installation requirements are the responsibility of Lessee, and shall include but not be limited to those items listed in a SITE REQUIREMENTS, which is more particularly described in EXHIBIT "B", page attached hereto and made a part of this Agreement.

This Agreement shall constitute a binding commitment of the parties to lease the Equipment on the terms of this Agreement and any schedules attached hereto and made a part hereof.

2. TERM - The term of this Lease shall be for ^{THREE} twelve (3) years ("Original Term") and shall commence on delivery ("Commencement Date").

The estimated Equipment delivery date will be on or about a date TBD – contingent upon approval.

Upon the execution of this agreement, Lessee shall have paid to Lessor the prepaid transportation charges of \$7,500.00 along with delivery of the Agreement, which has been executed by Lessee.

This Agreement shall remain in full force and effect upon the conclusion of the Original Term unless Lessee gives Lessor at least thirty (30) days advance written notice of its intent to let the Agreement expire at the conclusion of the Original Term.

3. RENT - Rental for the Equipment will be paid in monthly rental payments of \$35,000.00. If Lessee is already contracted with Lessor for a Mobile CT Lab at the time this Agreement commences then Lessor will offer Lessee an additional 10% discount on the rental rate for the Mobile Angiography Lab, with a discounted monthly rental rate of \$31,500.00.
4. TRANSPORT EXPENSE - Lessee shall be responsible for prepaying transportation charges in the amount of \$7,500.00 to transport the Equipment to the location defined in Section 7.02 below.
5. TITLE OF EQUIPMENT - The Equipment is and shall at all times remain the sole and exclusive property of Lessor. The only interest Lessee shall have in the Equipment is that of a Lessee under this Agreement. Lessor and Lessee agree that

regardless of the manner of affixation to real estate, the Equipment shall remain personal property and not become part of any such real estate. Lessee shall at all times keep Equipment and this Agreement free from all levies, attachments, liens, encumbrances, claims, charges or other judicial process of every kind, shall give Lessor immediate written notice thereof and shall indemnify and save Lessor harmless from any loss or damages caused thereby.

The parties do not intend this Agreement to be a conditional sales agreement, chattel mortgage, or security agreement within the meaning of any statute requiring filing or recordation.

Lessor makes no representation, express or implied, concerning the tax or accounting treatment of this Agreement.

6. INSPECTIONS

6.01. Lessee's Inspection. Lessee shall make necessary inspections and tests of the Equipment at Lessee's sole expense, to determine whether the equipment conforms to Lessee's specifications as pertaining to EXHIBIT "A". Lessee shall promptly notify Lessor, at the time the Equipment is inspected, of any defects in or objection to the type or condition of the Equipment. Lessor may at its option, remedy such defects or cancel this lease. This Equipment shall be presumed to conform to Lessee's specifications, and to be acceptable for all purposes of this Agreement, and shall be deemed to be in good condition without patent defects.

Lessee shall notify Lessor of any defects which are not apparent upon inspection of Equipment, as soon as such defects are noticed. Lessee's failure to notify Lessor of any defect in, or objection with respect to any item of the Equipment, shall not establish the absence of any such defect in the Equipment insofar as Lessor is concerned.

6.02. Lessor's Initial Inspection and Service. Upon installation and completion of SITE REQUIREMENTS (such as, electricity, water supply, drain, etc.), Lessor will inspect, test, adjust, calibrate, and make Equipment ready for clinical use in the manner for which it is intended. Lessor agrees to provide seven (7) consecutive days of applications training. Additional training may be requested from Lessor and all Travel and Expense Charges will be paid per the Monterey County Travel Policy.

6.03. Lessor's Right to Inspection. Lessor shall have the right to enter the premises wherever the Equipment may be located at any time during normal business hours to inspect and examine the Equipment to ensure Lessee's compliance with its obligations under this Agreement, providing such inspection does not interfere with patient treatment.

7. OPERATING MATTERS

7.01. **Licensing, Registration, and Taxes.** Lessee shall obtain all licensing and registration of the Equipment that is required by law. Lessee, on behalf of Lessor, shall bear, and pay and discharge when due all license and registration fees, assessments, sales, use, property, and other taxes (excluding any tax measured by Lessor's income or gross receipts), together with any penalties or interest applicable to them, now or later imposed by any state, federal, or local government on any item of the Equipment, whether they be payable by or assessed to Lessor or Lessee; provided, however, that if under local law or custom such payments may be made only by Lessor, Lessee shall promptly notify Lessor and shall reimburse Lessor, on demand, for all such payments made by Lessor. If by law any such registration or license fee or tax is billed to Lessor, Lessee at its expense will do all things required to be done by Lessor in connection with the licensing or registration procedure and the levy or assessment of any such tax, including payment. Hallway connections, utilities or any part of the Lessor and Lessee SITE REQUIREMENTS are exempted.

7.02. **Location.** The Equipment shall be located at the Lessee's place of business at Natividad Medical Center, 1441 Constitution Blvd., Salinas, CA 93906, however, it may be moved with prior written consent of Lessor.

Without Lessor's prior written consent, Lessee shall not affix or attach all or any part of the Equipment to any real property. The Equipment shall remain personal property whether or not it becomes affixed or attached to real property, or permanently rests on any real property or any improvement on real property, and Lessee agrees to obtain any waiver of landlord or mortgagee necessary to protect Lessor's interest in the Equipment.

7.03. **Use, Maintenance, and Reports.** Lessee shall use the Equipment carefully, shall comply with all laws, ordinances, and regulations relating to its use, operation, or maintenance, and shall not use the Equipment for any illegal purpose. Lessee shall put the Equipment only to the use contemplated by this Agreement and Lessee hereby confirms that the Equipment will be used only for conducting routine CT scans.

Lessor shall effect and bear the expense of all repairs, reasonable wear and tear excepted, including maintenance, operation and replacement parts required to maintain the Equipment in good condition, except as may be excluded under Limitations of Equipment Maintenance, (7.04) below or by governmental edict or insurance requirements as discussed below. Such service must be capable of responding twenty-four (24) hours a day, seven

(7) days a week, except as may be excluded under Limitations of Equipment Maintenance, (7.04) below. Lessee agrees to maintain accurate and complete records of all said repairs and maintenance to the Equipment and to allow Lessor to inspect said records at any time during business hours of Lessee. Lessee warrants that the Equipment will be used solely for the purpose for which it was designed and manufactured, i.e., as a CT lab.

Lessee shall not: assign, transfer or part with possession or control of the Equipment; allow any person or party other than Lessee or Lessor's designated and approved agents to operate the Equipment; allow the Equipment to be used for any nonbusiness related activities; or, make any additions, alterations, or improvements to the Equipment without Lessor's prior written consent. Hallway connections, utilities or any part of the Lessor and Lessee SITE REQUIREMENTS are exempted. Any modifications or additions to the Equipment required by any governmental edict or insurance policy shall be promptly made by Lessee at its own expense. However, Lessee shall first notify Lessor promptly of any such required modifications or additions. Lessee shall have no authority to charge Lessor for any expenses incurred as a result of alterations, additions or improvements to the Equipment. All alterations or improvements so approved shall become the property of Lessor on expiration or earlier termination of this Agreement.

7.04. Limitations of Equipment Maintenance. Service, maintenance, and repairs not provided or covered by this Agreement include, but are not limited to

installation, maintenance, repair or replacement of any item not a part of the Equipment as initially delivered to Lessee by Lessor; and, damage or maintenance made necessary due to misuse, abuse, negligence, acts of God or war, fire, flood, accident, vandalism, failure of electrical power, power surges, lightning strikes, operation of the Equipment in violation of established operational guidelines, unauthorized Equipment modification, tampering, service by anyone not authorized by Lessor, interconnection of Equipment by electrical, electronic, or mechanical means with noncompatible equipment, or by use of unauthorized, modified, or altered supply items or accessories.

If, upon Lessee's foreknowledge, Lessor chooses to provide any maintenance or repair not covered by this Agreement, Lessee shall pay for such maintenance or repair at Lessors then current service rates.

7.05. Insurance, Loss and Damage. (a) Lessee shall maintain fire, theft, extended and comprehensive coverage equal to the full replacement value of the equipment, but not to exceed \$1,000,000. In addition, Lessee shall maintain insurance for property damage, public liability and bodily injury, as well as insurance for medical malpractice claims and worker's compensation for Lessee's and Lessor's respective employees. Lessee's insurer shall certify

coverage as specified in this Agreement and provide certificates thereof and further shall acknowledge that such insurance may not be canceled or altered without thirty (30) days written notice. In the event of loss or damage, including fire, theft, destruction, misuse, abuse, damage due to lightning, power spikes, and other matters found in Section 7.04 of this Agreement, the proceeds of any insurance payable shall be applied, first to Lessee's obligation under this Agreement and then to replacement costs, restoration costs, or repair of the equipment. All such insurance shall name Lessor, and its successors and assigns, as additional insureds, as their interests may appear. Lessee assumes the risk of loss, damage, theft, destruction, or other matters enumerated in Section 7.04 of this Agreement while such equipment is in Lessee's possession, but only if such loss as stated is not caused or contributed to by defects or deficiencies in the design, construction, or maintenance of the equipment or the negligence or misconduct of Lessor and its employees, agents or contractors.

Lessee represents and warrants (i) that it has the full power, authority, and legal right to enter into and perform under this Agreement and any attachments or exhibits hereto, and, if a corporation, that Lessee will supply Lessor with proof that all requisite corporate action has been taken; (ii) that the execution of this Agreement, any attachments or any exhibits hereto, does not and will not contravene any agreement to which Lessee is a party, including its Articles of Incorporation or By-laws, if Lessee is a corporation; (iii) that during the term of this Agreement Lessee will promptly notify Lessor of any such contravention; and, (iv) that no mortgage, deed of trust, charter, lease of other lien or security interest of any type which now covers or affects any property or interest of Lessee will attach to the Equipment.

7.06. Identification. Lessee shall affix to and maintain on the Equipment all labels and plates provided by Lessor, or conspicuously mark the Equipment with such language as Lessor may reasonably request, to the effect that the equipment is owned by Lessor and is subject to this Agreement. However, in the event local or state authority require external markings or labels or no labels such shall be the responsibility of the Lessee under the SITE REQUIREMENTS.

7.07. Locating Via Crane. If proper location of equipment on prepared site requires movement in or out by crane and/or rigging, Lessee shall be responsible for all coordination and contracting on this installation including all costs and fees.

8. TERMINATION

8.01. Surrender on Termination of Lease. At the expiration or earlier termination of this Agreement, unless Lessee extends this Agreement, Lessee shall return each item of Equipment to Lessor, free of all advertising or insignia placed on

it by Lessee, and in good condition, repair, and working order, ordinary wear and tear excepted. The Equipment shall be surrendered by Lessee, by notifying Lessor that the Equipment is ready to be picked up by Lessor. Lessee is liable for the restoration of the Equipment to good working condition or repair to working order. In addition, Lessee shall remain liable for any damage to Equipment to restore the Equipment to good repair and working order.

8.02. Holding Over. DELETED

8.03. Removal. Lessor will remove the equipment within 60 calendar days after the date of last use of equipment. Lessee shall be responsible for payment of any remaining rent as per terms of the lease. Lessee will be responsible for removing hallway connections, ramps, and all related items prior to removal. 480 Volt, 3 Phase electrical service must remain on until the lab is removed. If craning is necessary, Lessee shall coordinate, control and contract for this service at Lessee's expense.

9. DEFAULT AND REMEDIES

9.01. Events of Default. Time is of-the-essence with this Agreement. Any of the following occurrences shall be an event of default under this Agreement: (i) if Lessee defaults in the payment of any sum of money to be paid under this Agreement and default continues for ten (10) days; (ii) if Lessee commits any act of bankruptcy, or any proceeding under the Bankruptcy Act is commenced by or against Lessee; (iii) if a writ of attachment or execution is levied on any item of Equipment and is not discharged within ten (10) days after that levy; (iv) if a receiver is appointed to take possession of any item of Equipment leased under this Agreement; (v) if Lessee dissolves or ceases actively to carry on business; (vi) if Lessee transfers substantially all of its assets or merges or consolidates with or is acquired by any other person or entity, without Lessor's prior written consent; (vii) if any of the representations and warranties made by Lessee in this Agreement are not true and correct in any material respect by either party; (viii) if Lessee attempts to assign, pledge, or hypothecate any interest in this Agreement or to sublet, assign, pledge, hypothecate or lend all or part of the Equipment without Lessor's prior written consent; (ix) if any financial statement delivered to Lessor is not true and correct in any material respect; (x) if Lessor fails to deliver the Equipment free of defects and in good working order within a reasonable time; (xi) if Lessor fails to adequately maintain and keep such Equipment in good repair so long as Equipment is used in accordance with manufacturer's standards, or (xii) if either party fails to fulfill any of its obligations pursuant to this Agreement.

9.02. Remedies of Lessor. On the occurrence of any event of default by Lessee, Lessor may exercise any one or more of the following remedies with respect

to the Equipment under this Agreement, without further notice to or demand on Lessee:

(1) Take possession of the Equipment upon fifteen (15) day's written notice.

(2) Lease the Equipment to such persons, at reasonable rental and for such period of time (which may extend beyond the Term of the lease under this Agreement) as Lessor shall elect. Lessor shall apply the net proceeds of any such rental to payment of Lessee's obligations under this Agreement. For this purpose, "net proceeds" means the proceeds of any rental under this section minus all costs and expenses incurred in connection with the recovery, repair, storage, testing, or sale of the Equipment. Lessee shall remain liable for any deficiency, which at Lessor's option shall be paid monthly, as suffered, immediately, or at the end of the Term as damages for Lessee's default.

(3) Sell the Equipment at a public or private sale for cash or on credit at fair market value. Lessor shall apply the net proceeds of that sale to the payment of Lessee's obligations under this Agreement. For this purpose, "net proceeds" means the proceeds of any sale under this section minus all costs and expenses incurred in connection with the recovery, repair, storage, testing, or sale of the Equipment. Lessee shall remain liable for any deficiency, which Lessee shall pay within ten (10) days after the sale.

(4) Bring legal action to recover all rents or other amounts accrued then or accruing later from Lessee to Lessor under this Agreement.

(5) Pursue any other remedy Lessor may have.

9.03. Remedies of Lessee. On the occurrence of any event of default by Lessor, Lessee may exercise any one or more of the following remedies under this Agreement, without further notice to or demand on Lessor:

(1) Terminate this Lease upon thirty (30) days written notice and notify Lessor that the Equipment is surrendered to Lessor's possession.

(2) Pursue any other remedy Lessee may have.

10. ASSIGNMENT

10.01. Without prior written consent, Lessor and Lessee shall not assign, transfer, sublet, pledge, hypothecate or otherwise dispose of this Lease or any interest herein. Lessee shall recognize each such assignment and covenants not to assert against the assignee any defense, counterclaim or set-off that Lessee has or may have against Lessor, and agrees to pay such rent and other payments due to become due hereunder to assignee.

11. INDEMNITY - DELETED

12. DISCLAIMER OF WARRANTY NOTICE - DELETED

13. MISCELLANEOUS PROVISIONS

- 13.01. Accident Reports Concerning Equipment. Lessee shall immediately notify Lessor of any accident connected with the operation or malfunctioning of any unit of the Equipment, and include in the notice the time, place, and nature of the accident, the damage caused to property, the names and addresses of persons injured and of witnesses, and such other information as may be pertinent to Lessor's investigation of the accident.
- 13.02. Nonwaiver. No waiver of obligations, conditions, or covenants shall be considered to take place unless the waiver is in writing and signed.
- 13.03. Survival of Covenants. Wherever the context permits, Lessee's covenants under this Agreement shall survive the delivery and return of the Equipment.
- 13.04. Amendments. No term or provision of this Agreement may be changed, waived, discharged, or terminated orally, but only a written instrument signed by the party against whom the enforcement of the change, waiver, discharge, or termination is sought.
- 13.05. Captions. Captions in this Agreement are for convenience of reference only and shall not define or limit the terms or provisions of this Agreement.
- 13.06. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the state of California, County of Monterey, including all matters of construction, validity, and performance.
- 13.07. Access. If required by Section 1395x (v) (1) of Title 42 of the United States Code, until the expiration of four (4) years after the termination of the contract, Lessor will make available the books, records, and documents as required by such Section, and will insert the clause required by such Section in any subcontract with a related organization.

IN WITNESS WHEREOF, the parties hereto have duly executed the Agreement as of the dates set forth below. For all purposes hereof, the date of the Agreement shall be the date of the Lessor's acceptance as set forth below.

By execution hereof, the signer certifies that (s)he has read the entire Agreement that Lessor or its representatives have made no agreements or representations except as set forth herein and that (s)he is duly authorized to execute the Agreement on behalf of the Lessee.

ACCEPTED BY:

LESSOR:
MODULAR DEVICES, INC.

6678 Guion Road
Indianapolis, Indiana 46268

BY: 

Printed
NAME: Greg Mink

TITLE: COO

DATE: 6.25.2013

LESSEE:
**The County of Monterey, a political
subdivision of the State of California, on
behalf of Natividad Medical Center**
1441 Constitution Blvd.
Salinas, CA, 93906

BY: _____

Printed
NAME: _____

TITLE: _____

DATE: _____