MASTER AGREEMENT

This Master Agreement ("Agreement") is entered into as of this ____ day of _____, 2024 (the "Effective Date"), between VC3, Inc., a Delaware corporation having its principal place of business at 1301 Gervais Street, Suite 1800, Columbia, SC 29201 ("Company"), and City of Hutchins, Texas, a municipal corporation having its principal place of business at 321 North Main Street, Hutchins, Texas 75141 ("Client").

Client and Company hereby agree as follows:

1. Services, Third Party Products; and Orders.

1.1 Services. Company will provide to Client computer system and network maintenance services, managed services, software services, hardware as a service ("HaaS"), consulting services and/or professional services (the "Services") in each case as described in a written executed order between Company and Client (each an "Order"); provided however that the parties recognize that Company may from time to time provide Services to Client at Client's request without an Order, and in such cases, these Services shall be subject to and governed by the terms and conditions of this Agreement and performed by Company on a time and materials basis and invoiced at the hourly billing rates specified in Exhibit A.

1.2 Third Party Products. Company may sell or license or provide Third Party Products (as defined in Section 5.2) to Client as set forth in and on terms and conditions set forth in an Order.

1.3 Order. To be effective, each Order shall reference this Agreement and, when Client's signed version is received by Company, shall automatically be deemed a part of, and governed by the terms of, this Agreement. Each Order is enforceable according to the terms and conditions contained therein.

1.4 Change Orders. Client may request a change in the scope or nature of the Services in an Order at any time. However, changes to the scope of the Services in an Order can be made only in writing executed by both parties.

1.5 Non-Exclusive. Client understands and agrees that the Services provided under this Agreement are not exclusive to Client, and Company may provide the same or similar services to Company's other customers.

2. Charges for Services and Third Party Products.

2.1 Fees. Client agrees to pay Company the fees for Services and Third Party Products as indicated in each Order, or as hourly work defined below in Exhibit A (collectively referred to as the "Fees"). Company reserves the right to increase the Fees once per calendar year. Unless otherwise expressly stated in an Order, Company's compensation for Services will be based on direct labor hours charged at fixed labor rates. The Order may call for a budget of expected charges as a way for both parties to monitor performance. Except as otherwise expressly set forth in an Order, all Services that are identified to be rendered on a time and materials basis will be invoiced at the hourly billing rates specified in Exhibit A.

2.2 Payment. Unless otherwise stated in an Order, all undisputed Fees for Services shall be due and payable by Client in advance of the calendar month in which the Services are to be provided to Client. Unless otherwise stated in an Order, Fees for Third Party Products shall be due and payable in advance of delivery. Payments made using electronic transfer shall be deducted from Client's designated bank account on the first business day of the month for which the Services are to be provided or on the date of delivery of Third Party Products. For prepaid Fees or Fees paid pursuant to a service plan, payment must be made in advance of providing Services or delivery of Third Party Products, unless other arrangements are agreed upon in the Order. Fees invoiced to Client shall be paid on a net thirty (30) day basis. Late payment for undisputed Fees (or any other amounts owing from Client to Company) shall be subject to interest on the unpaid amount(s) until and including the date payment is received, at the lower of either 2.0% per month or the maximum allowable rate of interest permitted by applicable law. Company reserves the right, but not the obligation, to suspend part or all of the Services in the event that any portion of undisputed Fees are not timely received by Company within fifteen (15) days following the date on which such Fees are due. All disputes initiated by Client related to Fees must be received by Company within thirty (30) days after the applicable Service is rendered or the date on which Client receives an invoice, whichever is later, otherwise Client waives its right to dispute the applicable Fees thereafter. A re-connect fee may be charged to Client in the event that Company suspends the Services due to Client's nonpayment. TIME IS OF

THE ESSENCE IN THE PERFORMANCE OF ALL PAYMENT OBLIGATIONS BY CLIENT.

2.3 Expenses. Client shall pay Company for all reasonable expenses incurred by Company in the performance of the Services, including without limitation travel, living, and out-of-pocket expenses incurred pursuant to this Agreement.

2.4 Taxes. Client shall pay directly, or reimburse Company for all taxes and tariffs assessed or levied by any governmental entity that are now or may become applicable to the Services or Third Party Products or measured by payments made by Client to Company hereunder, or are required to be collected by Company or paid by Company to tax authorities including interest assessment thereon if such assessments are due to Client's actions or inactions. This includes, but is not limited to, sales, use, excise, gross receipt and personal property taxes, or any other form of tax based on services performed, Third Party Products, equipment used by Company to perform services solely for Client, and the communication or storage of data, but does not include taxes based upon Company's net income**.**

3. Term; Termination.

3.1 Term. The term of this Agreement shall continue from the Effective Date until the earlier of (a) expiration of the term of all Orders referencing this Agreement or (b) termination of this Agreement as provided in this Agreement.

3.2 Termination for Breach. Either party may terminate an Order or this Agreement, as applicable, for material breach by the other party of the Order or this Agreement, as applicable, which is not cured within 30 days from the receipt by the party in breach of a written notice from the other party specifying the breach in detail. Client shall be liable for payment to Company for all Services rendered prior to the effective date of any such termination.

3.3 Early Termination. The Parties may terminate this Agreement early effective on written notice by a Party giving at least thirty (30) days of intent to terminate to the other Party.

3.4 Equipment / Software Removal. Upon termination of this Agreement or an Order for any reason, Client shall provide Company with access, during normal business hours, to Client's premises (or any other locations at which Company-owned hardware, equipment or software is located) to enable Company to remove all Company-owned hardware (including HaaS Hardware), equipment and software from the premises (if any). If Client fails to grant Company access as described herein, or if any of the Company-owned hardware or equipment is broken or damaged (normal wear and tear excepted) or any of the software is missing, Company shall have the right to invoice Client for, and Client hereby agrees to pay immediately, the full replacement value of any and all Company-owned hardware, equipment and software (as applicable) located at Client's premises.

3.5 Survival. Expiration or termination of any Order or this Agreement for any reason will not release either party from any liabilities or obligations set forth in any Order or this Agreement which (a) the parties have expressly agreed will survive any such expiration or termination or (b) remain to be performed or by their nature would be intended to be applicable following any such expiration or termination.

4. Proprietary Protections.

4.1 Ownership Rights

(a) General. Each party will retain all rights to any software, ideas, concepts, know-how, development tools, techniques or any other proprietary material or information that it owned or developed prior to the Effective Date or acquired or developed after the Effective Date without reference to or use of the intellectual property of the other party. All software that is licensed by a party from a third party vendor will be and remain the property of such vendor. No licenses will be deemed to have been granted by either party to any of its patents, trade secrets, trademarks, or copyrights, except as otherwise expressly provided in this Agreement. Nothing in this Agreement will require Company or Client to violate the proprietary rights of any third party in any software or otherwise. Notwithstanding anything to the contrary in this Agreement, Company (i) will retain all right, title and interest in and to all software development tools, know-how, methodologies, processes, technologies or algorithms used in performing the Services which are based on trade secrets or proprietary information of Company or are otherwise owned or licensed by Company (collectively, "tools"), (ii) will be free to use the ideas, concepts, methodologies, processes and know-how which are developed or created in the course of performing the Services and may be retained by

Company's employees in intangible form, all of which constitute substantial rights on the part of Company in the technology developed as a result of the Services performed under this Agreement.

(b) Materials Developed for or Delivered to Client. Client agrees that all software and other materials (including, but not limited to customizations, modifications, specifications, documentation and training materials) developed for or delivered to Client pursuant to this Agreement or any Order, including without limitation all related copyrights, patent rights, trade secrets, ideas, designs, concepts, techniques, inventions, discoveries or other intellectual property rights (collectively, the "Materials"), shall be the exclusive property of Company and the Company shall own all right, title and interest therein. In this connection, Client acknowledges that all Materials which are or may be developed pursuant to this Agreement or any Order are and shall be the intellectual property and confidential proprietary information and products of Company, and Client hereby transfers and assigns any and all rights in and to the Materials to Company, its successors and assigns, including without limitation all intellectual property rights relating thereto. From time to time upon Company's request, Client shall confirm such assignment by execution and delivery of such assignments, confirmations of assignment, or other written instruments as Company may request. Company agrees that Client shall have a limited nonexclusive license to use the Materials internally to the extent necessary to carry out and fulfill the terms and conditions of the Order for which the Materials were developed and shall have the right to grant a limited nonexclusive license to the third parties specifically identified in an Order to use the Materials solely for the purposes contemplated by such Order, provided that such third parties shall first agree in a signed writing to be bound by the terms of this Agreement or such terms as may be acceptable to Company.

(c) Specific Deliverables Owned by Client. Notwithstanding the foregoing provisions of Section 4.1(b) but subject to any third party rights or restrictions and the provisions of Section 4.1(a) and the other provisions of this Section 4.1(c), Client will own the copyright in and to Materials that (i) are developed for and delivered by Company to Client, (ii) are paid for by Client, and (iii) are clearly and specifically identified in an Order as governed by the provisions of this Section 4.1(c) (the "Specific Client Owned Deliverables"). Notwithstanding the foregoing, Company will retain ownership of any Company-owned software or development tools that are used in producing the Specific Client Owned Deliverables and become embedded in the Specific Client Owned Deliverables. Company hereby grants to Client a perpetual (subject to compliance with this sentence), royalty-free, non-transferable, nonexclusive license to use such embedded software and tools (if any) solely in connection with Client's internal use and exploitation of the Specific Client Owned Deliverables and only so long as such software and tools (if any) remain embedded in the Specific Client Owned Deliverables and are not separated therefrom. Company will own all intellectual property rights in or related to the Specific Client Owned Deliverables other than the copyright ownership rights granted to Client pursuant to this Section 4.1(c).

4.2 Client Information. Company recognizes and agrees that, except as specified in Section 4.1, it has no claim of ownership to any data, materials or information submitted by Client to Company or the Services ("Client Information"), which Client Information is being provided to Company solely for the purposes of enabling Company to render the Services, and that title and all ownership rights in and to such Client Information shall at all times remain with Client. Client shall have sole responsibility for the accuracy, quality, integrity, legality, reliability, appropriateness, and intellectual property ownership or right to use all Client Information.

4.3 Confidentiality.

(a) Confidential Information. This Section 4.3 shall apply to all confidential and proprietary information disclosed by either party ("Disclosing Party") to the other party ("Receiving Party") in connection with this Agreement, including without limitation, all Client Information, Materials of Company, and information related to the Disclosing Party's technology, software, know-how, products, potential products, services, potential services, financial information, employees, customers, markets and/or business information (collectively, "Confidential Information"). The terms and conditions of this Agreement and all Orders shall be treated by Client as the Confidential Information of Company. Confidential Information shall not include any information which (i) was known to the Receiving Party prior to being disclosed by the Disclosing Party, (ii) becomes publicly known through no wrongful act

of the Receiving Party, (iii) is approved for release by written authorization of the Disclosing Party, (iv) is received from a third party not in breach of any separate confidentiality obligation known to the Receiving Party, or (v) is independently developed without reference to the Disclosing Party's Confidential Information.

(b) Scope of Obligation. The Receiving Party agrees to use the Confidential Information of the Disclosing Party only as provided for in this Agreement. Each party agrees to hold the other party's Confidential Information in strict confidence and not to disclose such Confidential Information to any third parties. Notwithstanding the foregoing, each party may disclose the other party's Confidential Information only to those employees, agents, representatives and/or consultants who require such information only in connection with this Agreement. Each party agrees to instruct all such employees, agents, representatives and consultants regarding the foregoing obligations and ensure that such employees, agents, representatives and consultants are bound by obligations of confidentiality to the Receiving Party that are at least as restrictive as those contained herein. Each party agrees that it will take all reasonable measures to protect the confidentiality of, and avoid the unauthorized disclosure or use of, the other party's Confidential Information in order to prevent it from being made public or in the possession of persons other than those persons authorized hereunder to have any such Confidential Information, which measures shall include at least the same degree of care that the Receiving Party utilizes to protect its own confidential information of a similar nature but in any event shall include commercially reasonable precautions designed to protect the Disclosing Party's Confidential Information from unauthorized disclosure and/or use.

(c) Limited Disclosure Right. Confidential Information may be disclosed to the extent required by court order or as otherwise required by law, provided that the Receiving Party, to the extent legally permissible, notifies the Disclosing Party promptly upon learning of the possibility of any such requirement and, to the extent legally permissible, has given the Disclosing Party a reasonable opportunity to contest or limit the scope of such required disclosure.

(d) Return of Confidential Information. Promptly upon termination of this Agreement, or at any other time upon the request by a party, the other party shall (i) return to the Disclosing Party or, at the Disclosing Party's request, destroy all Confidential Information of such Disclosing Party, whether in paper or electronic form, provided, however that the foregoing shall not apply to Confidential Information that is stored in the Receiving Party's electronic archives, which Confidential Information will be destroyed in the ordinary course of the Receiving Party's business in accordance with its document destruction policies; and (ii) certify to the Disclosing Party in writing that it has complied with the provisions of this Section 4.3.

4.4 Safeguarding Protected Health Information.

(a) Company shall maintain the privacy and security of protected health information of Client as set forth in the Business Associate Addendum attached hereto as Exhibit B (the "BAA").

5. Limited Warranty and Disclaimers.

5.1 Limited Services Warranty. Company warrants to Client that the Services, as and when delivered or rendered hereunder, will substantially conform to the description of services or specifications set forth in the applicable Order. Company's sole liability under the foregoing warranty shall be to provide the services described in Section 5.5 hereof.

5.2 No Third Party Products Warranty. UNLESS OTHERWISE EXPRESSLY STATED IN AN ORDER, ANY THIRD PARTY PRODUCTS OR SERVICES SOLD TO, PROVIDED TO OR PROCURED FOR CLIENT, INCLUDING BUT NOT LIMITED TO THIRD PARTY HARDWARE, SOFTWARE, PERIPHERALS AND ACCESSORIES (COLLECTIVELY, "THIRD PARTY PRODUCTS") ARE PROVIDED TO CLIENT "AS IS" AND COMPANY EXPRESSLY DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS, IMPLIED, ARISING FROM COURSE OF DEALING OR USAGE OF TRADE OR STATUTORY WITH RESPECT TO SUCH THIRD PARTY PRODUCTS, INCLUDING BUT NOT LIMITED TO WARRANTIES OF PERFORMANCE, SECURITY, INTEGRATION, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. COMPANY SHALL USE REASONABLE EFFORTS TO ASSIGN, TRANSFER AND FACILITATE ALL WARRANTIES (IF ANY) AND SERVICE LEVEL COMMITMENTS (IF ANY) FROM THE APPLICABLE THIRD

PARTY MANUFACTURER OR VENDOR FOR THE THIRD PARTY PRODUCTS TO CLIENT, BUT WILL HAVE NO LIABILITY WHATSOEVER FOR SUCH THIRD PARTY PRODUCTS. COMPANY SHALL NOT BE HELD LIABLE AS AN INSURER OR GUARANTOR OF THE PERFORMANCE, UPTIME, USEFULNESS, OR QUALITY OF ANY THIRD PARTY PRODUCTS.

5.3 No Compliance Warranty. **COMPANY DOES NOT WARRANT THAT THE PROVISION OF THE SERVICES, OR CLIENT'S USE OF THE SERVICES, WILL SATISFY ANY PARTICULAR INDUSTRY-SPECIFIC OR REGULATORY REQUIREMENTS, OR BRING CLIENT INTO COMPLIANCE WITH ANY SUCH REQUIREMENTS.**

5.4 DISCLAIMER OF WARRANTIES. THE WARRANTY SET FORTH IN SECTION 5.1 STATES COMPANY'S SOLE AND EXCLUSIVE WARRANTY TO CLIENT HEREUNDER. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 5.1, THE SERVICES ARE PROVIDED STRICTLY "AS IS" AND COMPANY MAKES NO ADDITIONAL WARRANTIES, EXPRESS, IMPLIED, ARISING FROM COURSE OF DEALING OR USAGE OF TRADE, OR STATUTORY, AS TO THE SERVICES OR ANY MATTER WHATSOEVER. IN PARTICULAR, ANY AND ALL WARRANTIES OF PERFORMANCE, SECURITY, INTEGRATION, NON-INFRINGEMENT, MERCHANTIBILITY, OR FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED. COMPANY DOES NOT WARRANT, AND SPECIFICALLY DISCLAIMS THAT THE SERVICES BEING PROVIDED WILL RESULT IN COST SAVINGS, PROFIT IMPROVEMENT, OR THAT THE SERVICES WILL BE ERROR-FREE. THIS IS A LIMITED WARRANTY AND IS THE ONLY WARRANTY MADE BY COMPANY.

5.5 Notice Obligation; Remedy Regarding Services. Client shall notify Company in writing within thirty (30) days after completion of the Services in question when any of the Services fail to substantially conform to the description of services or specifications set forth in the applicable Order. Such notification shall include the detailed information necessary for Company to verify such nonconformity. Upon actual receipt of such notification and verification of the nonconformity, Company shall correct the nonconformity so that the Services shall substantially conform with the agreed description of services or specifications in the applicable Order. Client agrees to pay Company for all personnel time and expenses incurred in investigating reported nonconformities when the alleged nonconformities are not discovered. The passage of the thirty (30) day period after completion of the Services in question without the notification described herein shall constitute final acceptance of the Services.

6. Limitation of Liability.

6.1 COMPANY'S LIABILITY ON ANY CLAIM, LOSS OR LIABILITY ARISING OUT OF, OR CONNECTED WITH THIS AGREEMENT, THE SERVICES, OR USE OF THE PRODUCT OF ANY SERVICES FURNISHED HEREUNDER, SHALL IN ALL CASES BE LIMITED SOLELY TO CORRECTION OF NONCONFORMITIES WHICH DO NOT SUBSTANTIALLY CONFORM WITH THE AGREED DESCRIPTION OF SERVICES IN AN ORDER, OR SPECIFICATIONS IDENTIFIED IN AN ORDER.

6.2 IF FOR ANY REASON COMPANY IS UNABLE OR FAILS TO CORRECT NONCONFORMITIES AS PROVIDED, COMPANY'S LIABILITY FOR DAMAGES ARISING OUT OF ANY ORDER FOR SUCH FAILURE, WHETHER IN CONTRACT OR TORT (INCLUDING NEGLIGENCE), LAW, EQUITY OR OTHERWISE, SHALL NOT EXCEED THE AMOUNTS PAID BY CLIENT FOR THAT PORTION OF THE SERVICES WHICH FAIL TO CONFORM. IN NO EVENT SHALL COMPANY'S MAXIMUM AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING FOR ANY CLAIM AND/OR SERIES OF CLAIMS WHETHER RELATED OR UNRELASTED), WHETHER IN CONTRACT OR TORT (INCLUDING NEGLIGENCE), LAW, EQUITY OR OTHERWISE, EXCEED THE AMOUNTS PAID BY CLIENT TO COMPANY IN THE THIRTY DAY (30) PERIOD PRECEDING THE EVENT(S) GIVING RISE TO THE CLAIM (OR TO THE FIRST CLAIM IN A SERIES OF CLAIMS). IT IS UNDERSTOOD AND AGREED THAT THE FEES FOR THIRD

PARTY PRODUCTS (IF ANY) PROVIDED TO CLIENT SHALL NOT BE INCLUDED IN THE CALCULATION OF THE LIMITATION OF DAMAGES DESCRIBED IN THIS PARAGRAPH AND AMOUNTS PAID BY CLIENT TO COMPANY.

6.3 UNDER NO CIRCUMSTANCES SHALL COMPANY BE LIABLE TO CLIENT FOR ANY LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OR CORRUPTION OF DATA, LOST PROFITS, LOST REVENUE, OR ANY INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY KIND REGARDLESS OF THE FORM OF ACTION WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), LAW, EQUITY OR OTHERWISE, EVEN IF COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR FOR ANY CLAIM OR DAMAGES ASSERTED BY ANY THIRD PARTY OR FOR ANY DAMAGES CAUSED BY ANY DELAY IN FURNISHING SERVICES HEREUNDER.

6.4 CLIENT ACKNOWLEDGES THAT COMPANY HAS SET ITS FEES, AND ENTERED INTO THIS AGREEMENT IN RELIANCE UPON THE LIMITATIONS OF LIABILITY AND THE DISCLAIMERS OF WARRANTIES AND DAMAGES SET FORTH IN THIS AGREEMENT, AND THAT THE SAME FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES. THE FOREGOING LIMITATION OF LIABILITY IS INDEPENDENT OF ANY EXCLUSIVE REMEDIES FOR BREACH OF WARRANTY SET FORTH IN THIS AGREEMENT.

6.5 THE PROVISIONS OF SECTIONS 5, 6 AND 7 ARE CLIENT'S EXCLUSIVE REMEDIES RELATED TO THE SERVICES, ANY FAILURE BY COMPANY TO CORRECT NONCONFORMITIES IN THE SERVICES, OR FOR BREACH BY COMPANY OF THIS AGREEMENT OR AN ORDER AND SHALL APPLY REGARDLESS OF THE SUCCESS OR EFFECTIVENESS OF SUCH REMEDIES.

6.6 Unless otherwise expressly stated in an Order, Company assumes no liability for failure of hardware or equipment or software or any losses resulting from such failure.

6.7 Client is responsible for adopting reasonable measures to limit Client's exposure with respect to such potential losses and damages, including without limitation examination and confirmation of results of the Services prior to use thereof, provision for identification and correction of errors and omissions, and preparation and storage of backup or duplicate data. Client is also responsible for complying with, and shall comply with, all local, state, provincial, federal, national and international laws, rules and regulations ("Laws") pertaining to the use of the Services and use and disclosure of any Client Information.

7. Indemnity

7.1 Indemnification.

COMPANY AGREES TO DEFEND, INDEMNIFY AND HOLD CLIENT, ITS OFFICERS, AGENTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM FOR WHICH RECOVERY OF DAMAGES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS, THAT MAY ARISE OUT OF OR BE OCCASIONED BY COMPANY'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT, OR BY ANY NEGLIGENT OR STRICTLY LIABLE ACT OR OMISSION OF COMPANY, ITS OFFICERS, AGENTS, EMPLOYEES OR SUBCONTRACTORS, IN THE PERFORMANCE OF THIS AGREEMENT; EXCEPT THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OR FAULT OF CLIENT, ITS OFFICERS, AGENTS, EMPLOYEES OR SEPARATE CONTRACTORS, AND IN THE EVENT OF JOINT AND CONCURRING NEGLIGENCE OR FAULT OF THE COMPANY AND CLIENT, RESPONSIBILITY AND INDEMNITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS, WITHOUT WAIVING ANY GOVERNMENTAL

IMMUNITY AVAILABLE TO CLIENT UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. NEITHER CLIENT NOR COMPANY WAIVE ANY LEGAL CONTENTIONS, DEFENSES, OR IMMUNITIES, INCLUDING, BUT NOT LIMITED TO GOVERNMENTAL (I.E. SOVEREIGN) IMMUNITY.

7.2 Infringement Claims.

(a) General. Subject to Section 6 of this Agreement, the limitations set forth below in this Section 7.1 and the procedures set forth below in Section 7.3, Company and Client (each an "indemnitor") each agrees to defend the other party (each an "indemnitee") against any action to the extent that such action is based upon a claim that the Confidential Information (other than third party hardware, software, products, materials or services) provided by the indemnitor, or any part thereof, (i) infringes a copyright perfected under United States statute, or (ii) constitutes an unlawful disclosure, use or misappropriation of another party's trade secret, and the indemnitor will bear the expense of such defense and pay any damages, costs and expenses, including reasonable attorneys' fees and expenses (collectively "Damages") that are attributable to such claim finally awarded by a court of competent jurisdiction.

(b) Exclusions. Neither Company nor Client will be liable to the other for claims of indirect or contributory infringement. The indemnitor will have no liability to the indemnitee hereunder if (i) the claim of infringement is based upon the use of Confidential Information provided by the indemnitor hereunder in connection or in combination with equipment, devices or software not supplied by the indemnitor or used in a manner for which the Confidential Information was not designed, (ii) the indemnitee modifies any Confidential Information provided by the indemnitor hereunder and such infringement would not have occurred but for such modification, or (iii) the claim of infringement arises out of the indemnitor's compliance with specifications or requirements provided by the indemnitee and such infringement would not have occurred but for such compliance.

(c) Additional Remedy. If Confidential Information becomes the subject of an infringement claim under this Section 7.1, or in the indemnitor's opinion is likely to become the subject of such a claim, then, in addition to defending the claim and paying any damages and attorneys' fees as required above in this Section 7.1, the indemnitor may, at its option and in its sole discretion, (A) replace or modify the Confidential Information to make it noninfringing or cure any claimed misuse of another's trade secret or (B) procure for the indemnitee the right to continue using the Confidential Information pursuant to this Agreement. Any costs associated with implementing either of the above alternatives will be borne by the indemnitor but will be subject to Section 6 of this Agreement. If neither alternative is pursued by, or (if pursued) available to, the indemnitor, (x) the indemnitee will return such Confidential Information to the indemnitor and (y) if requested by the indemnitee in good faith, the parties will negotiate, but subject to Section 6 of this Agreement, to reach a written agreement on what, if any, monetary damages (in addition to the indemnitor's obligation to defend the claim and pay any damages and attorneys' fees as required above in this Section 7.1) are reasonably owed by the indemnitor to the indemnitee as a result of the indemnitee no longer having use of such Confidential Information. The payment of any such monetary damages will be the indemnitee's sole and exclusive remedy for the inability of the indemnitor to implement either of the above alternatives.

7.3 Third Party Indemnification of Company. Without limiting Company's liability to Client under this Agreement, each of the parties acknowledge that Company would not enter into this Agreement, and by Company entering into and performing its obligations under this Agreement, Company will not assume and should not be exposed to the business and operational risks associated with Client's business, and Client therefore agrees, subject to Section 7.3 below, to indemnify and defend Company and hold Company harmless from any and all third party claims and Damages arising out of the conduct of Client's business, including without limitation the use by Client of the Services or any Third Party Products.

7.4 Procedures. The indemnification obligations set forth in this Section 7 will not apply unless the party claiming indemnification: (a) notifies the other promptly in writing of any matters in respect of which the indemnity may apply and of which the notifying party has knowledge, in order to allow the indemnitor the opportunity to investigate and defend the matter;

provided, however, that the failure to so notify will only relieve the indemnitor of its obligations under this Section 7 if and to the extent that the indemnitor is prejudiced thereby; and (b) gives the other party full opportunity to control the response thereto and the defense thereof, including without limitation any agreement relating to the settlement thereof; provided, however, that the indemnitee will have the right to participate in any legal proceeding to contest and defend a claim for indemnification involving a third party and to be represented by legal counsel of its choosing, all at the indemnitee's cost and expense. However, if the indemnitor fails to promptly assume the defense of the claim, the party entitled to indemnification may assume the defense at the indemnitor's cost and expense. The indemnitor will not be responsible for any settlement or compromise made without its consent, unless the indemnitee has tendered notice and the indemnitor has then refused to assume and defend the claim and it is later determined that the indemnitor was liable to assume and defend the claim. The indemnitee agrees to cooperate in good faith with the indemnitor at the request and expense of the indemnitor.

8. Additional Terms.

8.1 Hardware as a Service (HaaS).

(a) All hardware provided by Company as a part of Company providing HaaS under an Order ("HaaS Hardware") shall at all times remain the property of Company and Client shall not have any right, title or interest in or to the HaaS Hardware other than the right to possession and use of the HaaS Hardware in accordance with this Agreement and the applicable Order.

(b) Client shall, during the term of the applicable Order and until redelivered to Company:

- ensure that the HaaS Hardware is kept and operated in a suitable environment, which shall at a minimum meet any requirements set out in the Order, use only for the purposes for which it is designed, and operate it in a proper manner by trained, competent staff in accordance with any operating instructions;
- keep the HaaS Hardware in as good and operating condition as it was on the date of its delivery (ordinary wear and tear excepted) including replacement of worn, damaged and lost parts, and shall make good any damage to the HaaS Hardware;
- make no alteration to the HaaS Hardware and not remove any existing component(s) from the HaaS Hardware without the prior written consent of Company;
- at all times keep the HaaS Hardware in its possession or control at the location(s) specified in the Order or such other locations as may be agreed with the Company in writing;
- permit Company or its duly authorized representative to inspect the HaaS Hardware at all reasonable times and for such purpose to enter upon the premises at which the HaaS Hardware is located, and shall grant reasonable access and facilities for such inspection;
- not, without the prior written consent of Company, part with control of (including for the purposes of repair or maintenance), sell or offer for sale, underlet or lend the HaaS Hardware or allow the creation of any mortgage, charge, lien or other security interest in respect of it;
- give immediate written notice to Company in the event of any loss, accident or damage to the HaaS Hardware arising out of or in connection with the Client's possession or use of the HaaS Hardware; and
- deliver up the HaaS Hardware at the end of the term of the Order at such address as Company requires, or if necessary allow Company or its representatives access to the premises where the HaaS Hardware is located for the purpose of removing the HaaS Hardware.

(c) Client acknowledges that Company shall not be responsible for any loss of or damage to the HaaS Hardware arising out of or in connection with any negligence, misuse, mishandling of the HaaS Hardware or otherwise caused by Client or any of its officers, employees, agents or contractors;

(d) The risk of loss, theft, damage or destruction of the HaaS Hardware shall pass to the Client on delivery by Company to Client. The HaaS Hardware shall remain at the sole risk of the Client during the term of the Order and until such time as the HaaS Hardware is redelivered to Company.

(e) During the term of the Order and until redelivered to Company, the Client shall, at its own expense, obtain and maintain the following insurances:

- insurance of the HaaS Hardware to a value not less than its full replacement value comprehensively against all usual risks of loss, damage or destruction by fire, theft or accident, and such other risks as Company may from time to time nominate in writing;
- insurance for such amounts as a prudent owner or operator of the HaaS Hardware would insure for, or such amount as Company may from time to time reasonably require, to cover any third party or public liability risks of whatever nature and however arising in connection with the HaaS Hardware; and
- insurance against such other or further risks relating to the HaaS Hardware as may be required by law, together with such other insurance as Company may from time to time consider reasonably necessary and advice to the Client.

The Client shall, on demand, supply copies of the relevant insurance policies or other insurance confirmation acceptable to Company and proof of premium payment to Company to confirm the insurance arrangements. If the Client fails to effect or maintain any of the insurances required under these conditions, Company shall be entitled to effect and maintain the same, pay such premiums as may be necessary for that purpose and recover the same as a debt due from the Client.

(f) Client permits Company to:

- charge Client for repairs to, or replacement of, any HaaS Hardware that is lost, damaged or destroyed until it has been returned to Company; and
- at any time swap the HaaS Hardware for alternative equipment offering in Company's reasonable judgment the same functionality.

8.2 EULAs. Portions of the Services may require Client to accept the terms of one or more third party end user license agreements ("EULAs"). EULAs may contain service levels, warranties and/or liability limitations that are different than those contained in this Agreement or an applicable Order. Client agrees to be bound by the terms of such EULAs and shall look only to the applicable third party provider for the enforcement of the terms of such EULAs.

8.3 Data Backup. Unless otherwise stated in an Order, Client understands and agrees that Company shall not be responsible for data backup or any data lost, corrupted, or rendered unreadable due to communication and/or transmissions errors or related failures, or equipment failures (including but not limited to silent corruption-related issues). Client is strongly advised to maintain a local and offsite backup of all mission-critical or customer-critical data, and to periodically verify the integrity and availability of all backed up data.

8.4 Bring Your Own Device (BYOD). Client hereby represents and warrants that Company is authorized to provide the Services to all devices, peripherals and/or computer processing units, including without limitation mobile devices (such as personal digital assistants, notebook computers, and tablet computers) that (i) are connected to Client's systems related to the Services, and (ii) have been designated by Client to receive the Services, regardless of whether such device(s) are owned, leased or otherwise controlled by Client. Unless otherwise stated in an Order, devices will not receive or benefit from the Services while the devices are detached from or unconnected to such systems.

8.5 Hosted Solutions. Hosted solutions, including but not limited to hosted email and document-related applications, may require Client to accept the terms of a third party EULA, which may contain service levels, warranties and/or liability limitations that are different than those contained in this Agreement. Client agrees to be bound by the terms of such EULAs and shall look only to the applicable third party provider for the enforcement of the terms of such EULAs. Client will defend, indemnify, and hold Company harmless from any claims and Damages resulting from any breach of such a EULA by Client or any of its directors, officers, employees, or agents. Company reserves the right to suspend or terminate Client's access to hosted solutions in the event that Company has reason to believe that the hosted solutions are being accessed, used or otherwise manipulated in a manner that violates any Law, or poses a threat to the integrity or security of Company's computer servers or any third party server.

8.6 Disposal of Equipment. Client agrees that any Client assets, equipment, hardware, or software deemed to be replaced, retired, faulty, non-functional, dead-on arrival, returned, unrecoverable, or otherwise unusable may be disposed of by Company unless Client provides a written request to keep the asset at the time of removal.

8.7 Recording.

(a) Some Services provided may involve recording and/or monitoring. For such Services, information uploaded to or in any way passing through computer systems used to provide the Services, including without limitation written, visual, or oral communications or other electronic means, may be recorded or monitored for quality assurance and diagnostic purposes. By accessing or using the Services, Client consents to such recording and monitoring. Client is also solely responsible for informing anyone with whom Client interacts or otherwise communicates via the Services that information uploaded to or in any way passing through the Services, including without limitation written, visual, or oral communications or other electronic means, may be recorded or monitored for quality assurance and diagnostic purposes.

(b) If phone conferences/conference bridges are applicable to the Services being provided to Client, Client acknowledges that the laws of certain jurisdictions may require that if a conference is recorded, all participants in the conference must be informed in advance of any such recording, so they may consent to being recorded (if required by applicable Laws). Client acknowledges and agrees that Client shall be solely responsible for complying with all applicable Laws and third party rights when using recording features (which includes Client's obligation to obtain the consent, if required by applicable Laws, of all participants before the commencement of the recording). Company shall have no liability to Client or any participant in Client's recorded conference with respect to Client's obligations under this Section 8.7.

9. General Provisions.

9.1 Non-Hire Provision. Each party to this Agreement agrees that it will not hire, employ or contract with, or solicit to hire, employ or contract with, any person who is, or within the immediately preceding one year was, an employee or subcontractor of the other party to this Agreement for any purposes during the term of this Agreement, or for a period of one year after this Agreement terminates.

9.2 Conflict. Any purchase order or other document issued by Client is for administrative convenience only and does not govern, control or amend the terms of this Agreement or any Order. In the event of any conflict between this Agreement and any Order, this Agreement shall prevail unless the Order expressly references amending and superseding a specific provision of this Agreement.

9.3 Authorization. Each Party represents that it has full capacity and authority to grant all rights and assume all obligations granted and assumed under this Agreement.

9.4 Assignment. Company may not assign this Agreement in whole or in part without the prior written consent of the Client. In the event of an assignment by Company to which the City has consented, the assignee shall agree in writing with the Client to personally assume, perform, and be bound by all the covenants and obligations contained in this Agreement.

9.5 Successors and Assigns. Subject to the provisions regarding assignment, this Agreement shall be binding on and inure to the benefit of the Parties to it and their respective heirs, executors, administrators, legal representatives, successors and assigns.

9.6 Amendments. This Agreement may be amended by mutual written agreement of the Parties.

9.7 Exhibits. The exhibits attached hereto are incorporated herein and made a part hereof for all purposes.

9.8 Conflict of Interest. Company represents that no official or employee of the Client has any direct or indirect pecuniary interest in this Agreement.

9.9 Compliance with Federal, State & Local Laws. Company shall comply in performance of services under the terms of this Agreement with all applicable laws, ordinances and regulations, judicial decrees or administrative orders, ordinances, and codes of federal, state and local governments, including all applicable federal clauses.

9.10 Survival. In the event of any expiration or termination of this Agreement, Sections 2, 3, 4, 5, 6, 7, and 9 of this Agreement shall survive and shall continue to bind the parties.

9.11 Governing Law. This Agreement shall be governed in all respects by the laws of the United States of America and the State of Texas without regard to conflicts of law principles. The parties agree that the United Nations Convention on Contracts for the International Sale of Goods is specifically excluded from application to this Agreement.

9.12 Forum. All disputes arising under this Agreement shall be brought in the state or federal courts located in Dallas County, Texas, as permitted by law. The state and federal courts located in Dallas County, Texas shall each have nonexclusive jurisdiction over disputes under this Agreement. The Parties consent to the personal and subject matter jurisdiction of the above courts.

9.13 Injunctive Relief. It is understood and agreed that, notwithstanding any other provisions of this Agreement, breach of the provisions of this Agreement by Client will cause Company irreparable damage for which recovery of money damages would be inadequate, and that Company shall therefore be entitled to obtain timely injunctive relief to protect Company's rights under this Agreement in addition to any and all remedies available at law.

9.14 Notices. All notices or reports permitted or required under this Agreement shall be in writing and shall be delivered by personal delivery or by certified or registered mail, return receipt requested, and shall be deemed given upon personal delivery or five (5) days after deposit in the mail. Notices shall be sent to the parties at the addresses described on the first page of this Agreement or such other address as either party may designate for itself in writing. All notices to Company must be to its President to be effective.

9.15 No Agency. Nothing contained herein shall be construed as creating any agency, partnership, or other form of joint enterprise between the parties.

9.16 Force Majeure. Neither party shall be liable hereunder by reason of any failure or delay in the performance of its obligations hereunder (except for the payment of money) on account of strikes, shortages, riots, insurrection, fires, flood, storm, explosions, acts of God, war, governmental action, labor conditions, earthquakes, power failure, communications delays/outages, material shortages or any other cause which is beyond the reasonable control of such party.

9.17 Waiver. The failure of either party to require performance by the other party of any provision hereof shall not affect the full right to require such performance at any time thereafter; nor shall the waiver by either party of a breach of any provision hereof be taken or held to be a waiver of the provision itself.

9.18 Severability. In the event that any provision of this Agreement shall be unenforceable or invalid under any applicable law or be so held by applicable court decision, such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole, and, in such event, such provision shall be changed and interpreted so as to best accomplish the objectives of such unenforceable or invalid provision within the limits of applicable law or applicable court decisions.

9.19 Nondisclosure. Client promises not to disclose the terms and conditions of this Agreement to any third party without the prior written consent of Company.

9.20 Headings. The section headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or extent of such section or in any way affect this Agreement.

9.21 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which will be considered an original, but all of which together will constitute one and the same instrument.

9.22 Entire Agreement. This Agreement together with any Orders attached hereto completely and exclusively states the agreement of the parties regarding its subject matter. It supersedes, and its terms govern, all prior proposals, agreements, or other communications between the parties, oral or written, regarding such subject matter. This Agreement shall not be modified except by a subsequently dated written amendment signed on behalf of Company and Client by their duly authorized representatives.

9.23 Boycott Israel; Boycott Energy Companies; and Prohibition of Discrimination against Firearm Entities and Firearm Trade Associations.

(a) Company verifies that it does not Boycott Israel and agrees that during the term of the Agreement will not Boycott Israel as that term is defined in Texas Government Code Section 808.001, as amended.

(b) Company verifies that it does not Boycott Energy Companies and agrees that during the term of this Agreement will not Boycott Energy Companies as that term is defined in Texas Government Code Section 809.001, as amended.

(c) Company verifies that it does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association as those terms are defined in Texas Government Code Section 2274.001, as amended, and will not discriminate during the term of this Agreement against a firearm entity or firearm trade association.

(d) This section does not apply if Company is a sole proprietor, a non-profit entity, or a governmental entity; and only applies if: (i) Company has ten (10) or more fulltime employees and (ii) this Agreement has a value of $100,000.00 or more to be paid under the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above written.

COMPANY:

VC3, Inc.

By: _____

Name: _____

Title: _____

CLIENT:

City of Hutchins, Texas

By: _____

Name: _____

Title: _____

Exhibit A

Hourly Rates

Service Area	Hourly Bill Rate	Description of Service Area
Consulting & Project Management	$ 232.00	Consulting (Design, Architecture, Planning); Technology Assessments; Security Audits. Project Management. CIO Consulting Services including without limitation product evaluations and application/infrastructure planning services.
Application Development	$ 232.00	Application Software development, design, testing, and code revisions. Systems Programming (System Level Scripting/Automation). All SharePoint services.
Web Design Services	$ 201.00	Web site design and implementation services which are NOT built on a Microsoft SharePoint platform.
Infrastructure Deployment Services	$ 206.00	Installation and Setup of the following: Networks, Electronic Messaging Systems, Servers, SANs, VMWare, Citrix, Network Domains, and Desktop Deployments.
Infrastructure Maintenance Services	$ 196.00	Maintenance Services for the following: Networks, Electronic Messaging Systems, Servers, SANs, VMWare, Domains, Microsoft Server, and Desktop support.
Travel Time	$ 124.00	Travel time to and from the Client. This rate includes the mileage expense at the current IRS approved mileage rate.
After Hours Support Services	$ 257.00	All reactive support services provided to Client outside of the hours of 8am to 5pm Monday through Friday and all services provided on National Holidays

Note: Rates will automatically increase on an annual basis equivalent to the CPI change for All Urban Consumers or by a rate of 4%, whichever is higher. Annual rate increases will become effective on the first of the month following the release of data for the prior calendar year.

Exhibit B

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum ("Addendum") sets out the responsibilities and obligations of Company (referred to in this Addendum as "Business Associate") and Client (referred to in this Addendum as "Covered Entity"). In connection with the Agreement, Business Associate and Covered Entity agree to the terms and conditions of this Addendum, which is incorporated into and made a part of the Agreement, in order to comply with the use and handling of Protected Health Information of Covered Entity ("PHI") under the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R., Parts 160 and 164, as amended from time to time ("Privacy Standards") and the Security Standards, 45 C.F.R. §160, 162 and 164, as amended from time to time ("Security Standards") of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the Health Information Technology for Economic and Clinical Health Act, enacted as part of the American Recovery and Reinvestment Act of 2009 and its accompanying regulations (the "HITECH Act"), as may be amended from time to time in accordance with the terms and conditions set forth in this Addendum. Unless otherwise provided, all capitalized terms in this Addendum will have the same meaning as provided under the Privacy Standards, the Security Standards and the HITECH Act. Notwithstanding the foregoing, for purposes of this Addendum, the term "PHI" shall refer solely to information accessed, received, used, disclosed and/or maintained by Business Associate as part of the provision of services to Covered Entity pursuant to the Agreement.

1. Uses and Disclosures of Protected Health Information. Business Associate provides certain services and functions for and/or on behalf of Covered Entity under the Agreement. In order for Business Associate to perform one or more of these functions for Covered Entity, Business Associate may receive or access PHI from Covered Entity or other sources in accordance with the terms of the Agreement. Business Associate may use and disclose such PHI pursuant to this Addendum, the Agreement, or as otherwise permitted by law, to the extent necessary for Business Associate to perform its services for Covered Entity and for the proper management and administration of its business activities. Business Associate will not use or further disclose any PHI in violation of this Addendum.

Business Associate may use and disclose PHI that is created or received by Business Associate from or on behalf of Covered Entity if such use or disclosure, respectively, complies with each applicable requirement of 45 C.F.R. § 164.504(e) and the HITECH Act. The additional requirements of Subtitle D of the HITECH Act that relate to privacy and that apply to covered entities will also apply to Business Associate and are incorporated into this Addendum by reference.

Except as otherwise limited by any agreement between the parties hereto with regard to the provision of services, Business Associate may use PHI to provide data aggregation services to Covered Entity as permitted by 45 C.F.R. §164.504(e)(2)(i)(B).

2. Use of PHI for Administrative Activities. Notwithstanding Section 1 above, Business Associate may use or disclose PHI for management and administrative activities of Business Associate or to comply with the legal responsibilities of Business Associate; provided, any such disclosure is required by law or the Business Associate obtains reasonable assurances from the third party that receives the Protected Health Information that the third parties will treat the Protected Health Information confidentially and will only use or further disclose the Protected Health Information in a manner consistent with the purposes that the Protected Health Information was

provided by Business Associate, and promptly report any breach of the confidentiality of the Protected Health Information to Business Associate.

3. Minimum Necessary. The parties shall at all times comply with the "minimum necessary" requirements for use and disclosure of PHI. All uses and discloses shall therefore be limited, to the extent practicable, to a limited data set or, if needed, to the minimum necessary to accomplish the intended purposes for such use or disclosure as determined by the disclosing entity and consistent with Section 13405(b) of the HITECH Act and any implementing regulations adopted thereunder.

4. Sale of PHI. Except to the extent otherwise permitted by this Addendum, Business Associate shall not directly or indirectly receive remuneration in exchange for PHI that is created or received by Business Associate from or on behalf of Covered Entity unless: (1) pursuant to an authorization by the Individual in accordance with 45 C.F.R. §164.508 that includes a specification for whether the PHI can be further exchanged for remuneration by the entity receiving PHI of that Individual; or (2) as provided in Section 13405(d)(2) of the HITECH Act and regulations to be issued by the Secretary, upon the effective date of such regulations. Nothing herein shall preclude the payment of consideration from Covered Entity to Business Associate in return for the provision of services by Business Associate to Covered Entity.

5. Safeguards. Business Associate will implement appropriate safeguards to prevent any use or disclosure of PHI not otherwise permitted in this Addendum. Business Associate will implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity and comply with 45 C.F.R. §§ 164.308, 164.310, 164.312 and 164.316 of the Security Rule as required by the HITECH Act. Notwithstanding any provision of this Addendum to the contrary, the parties hereto hereby agree and acknowledge that Business Associate shall have no responsibility to protect or safeguard any information or PHI prior to access or actual receipt of such information or PHI by Business Associate.

6. Reports of Impermissible Use or Disclosure. Business Associate will report to Covered Entity any use or disclosure of PHI not permitted by this Addendum within ten (10) business days of Business Associate's learning of such use or disclosure. Business Associate will also report to Covered Entity within ten (10) business days upon discovery by Business Associate of any security incident relating to PHI of which it becomes aware. Security Incidents that do not result in any unauthorized access, use, disclosure, modification, destruction of information or interference with system operations ("Unsuccessful Security Incidents") will be reported in the aggregate upon written request of Covered Entity in a manner and frequency mutually acceptable to the parties. Business Associate hereby notifies Covered Entity that Unsuccessful Security Incidents including, but not limited to, ping sweeps or other common network reconnaissance techniques, attempts to log on to a system with an invalid password or username, and denial of service attacks that do not result in a server being taken off line, may occur from time to time.

7. Breach Notification. Business Associate will comply with Section 13402 of the HITECH Act and the regulations implementing such provisions, currently Subpart D of Title 45 of the Code of Federal Regulations, as such regulations may be in effect from time to time (collectively, the "Breach Notification Rules").

Except as provided in 45 C.F.R. § 164.412, Business Associate will give Covered Entity notice of any Breach of Unsecured Protected Health Information pursuant to 45 C.F.R. §164.410. The notice required by this Section will be written in plain language and will include, to the extent possible or available, the following:

(a) The identification of the individual whose Unsecured Protected Health Information has been, or is reasonably believed by Business Associate to have been, accessed, acquired or disclosed during the Breach;
(b) A brief description of what happened, including the date of the Breach and theft date of the discovery of the Breach;
(c) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether the full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);
(d) Any steps individuals who were subjects of the Breach should take to protect themselves from potential harm that may result from the Breach;
(e) A brief description of what Business Associate is doing to investigate the Breach, to mitigate the harm to individuals, and to protect against further Breaches; and
(f) Contact procedures for individuals to ask questions or learn additional information, including a toll free telephone number, an email address, Web site, or postal address.

Notwithstanding the foregoing, Covered Entity shall not provide to Business Associate any PHI that is Unsecured Protected Health Information.

8. Agents and Subcontractors. If Business Associate provides PHI to an agent or subcontractor for a purpose authorized under this Addendum, Business Associate will receive reasonable assurances from the agent or subcontractor that the agent or subcontractor will abide by the same restrictions and conditions applicable to Business Associate's use and disclosure of PHI, as set forth in this Addendum. Business Associate will maintain a list of any such disclosures to agents or subcontractors to the extent required by Section 12 of this Addendum.

9. Obligations Regarding Business Associate's Personnel. Business Associate will appropriately inform all of its employees, agents, representatives and members of its workforce ("Business Associate Personnel"), whose services may be used to satisfy Business Associate's obligations under this Addendum, of the general terms of this Addendum. Business Associate represents and warrants that the Business Associate Personnel are under legal obligation to Business Associate, by contract or otherwise, sufficient to enable Business Associate to fully comply with the provisions of this Addendum.

10. Access to PHI.

(a) **Covered Entity Access.** The parties agree and acknowledge that Business Associate does not maintain PHI in a Designated Record Set. Should Business Associate maintain a Designated Record Set in the future, within ten (10) business days of a request by Covered Entity for access to PHI held by Business Associate in such Designated Record Set, Business Associate will make the requested PHI available to Covered Entity.

(b) **Patient Access.** If a patient requests access to PHI directly from Business Associate, Business Associate will within ten (10) business days forward such request in writing to Covered Entity. Covered Entity will be responsible for making all determinations regarding the grant or denial of a patient's request for PHI and Business Associate will make no such determinations. Only Covered Entity will release PHI to the patient pursuant to such a request, unless release by Business Associate has otherwise been approved by Covered Entity.

11. Amendment of PHI. Within ten (10) business days of receiving a request from Covered Entity to amend a patient's PHI, if Business Associate retains such PHI in a Designated Record Set, Business Associate will provide such information to Covered Entity for amendment. If Covered Entity's request includes specific information

to be included in the PHI as an amendment, Business Associate will incorporate such amendment in such Designated Record Set within ten (10) business days of receipt of Covered Entity's request. Business Associate will forward to Covered Entity within ten (10) business days any requests by patients to Business Associate to amend PHI. Covered Entity will be responsible for making all final determinations regarding amendments to PHI requested by patients and Business Associate will make no such determinations. Nothing in this paragraph shall prohibit Business Associate from amending PHI to the extent necessary for Business Associate to otherwise perform its services for Covered Entity.

12. Accounting of Disclosures; Requests for Disclosure.

(a) **Disclosure Records.** Business Associate will keep a record of any disclosure made to its agents, subcontractors or other third parties for any purpose other than disclosures:

i. to carry out treatment, payment and health care operations as provided in 45 CFR §164.506;
ii. to Individuals of PHI about them as provided in 45 CFR §164.502;
iii. incident to a use or disclosure otherwise permitted or required by the HIPAA Privacy Rule, 45 CFR Part 164, Subpart E, as provided in 45 CFR §164.502;
iv. pursuant to an authorization as provided in 45 CFR §164.508;
v. for a facility's directory or to persons involved in the Individual's care or other notification purposes as provided in 45 CFR §164.510;
vi. for national security or intelligence purposes as provided in 45 CFR §164.512(k)(2);
vii. to correctional institutions or law enforcement officials as provided in 45 CFR §164.512(k)(5); or
viii. as part of a limited data set in accordance with 45 CFR §164.514(e); or

Business Associate will maintain such disclosure record for six (6) years from the effective date of termination of this Addendum.

Notwithstanding the foregoing, Business Associate agrees to document disclosures of PHI and collect information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. §164.528, and in accordance with, and upon the effective date of, Section 13405(c) of the HITECH Act.

(b) **Data Regarding Disclosures.** For each disclosure for which Business Associate must maintain documentation under paragraph 12(a), Business Associate will record and maintain the following information:

a. Unless subject to b. below:
   i. the date of disclosure;
   ii. the name of the entity or person who received the PHI, and the address of such entity or person, if known;
   iii. a description of the PHI disclosed; and
   iv. a brief statement of the purpose of the disclosure.
b. If Business Associate has made multiple disclosures of PHI to the same person or entity for a single purpose, the accounting may, with respect to such multiple disclosures, provide:
   i. The information required by a. above for the first disclosure;
   ii. The frequency, periodicity, or number of the disclosures made during the accounting period; and
   iii. The date of the last such disclosure during the accounting period.

(c) **Patient Request for Disclosure of Records.** Within ten (10) business days of receipt of a notice from Covered Entity to Business Associate of a patient's request for an accounting of PHI disclosed, Business Associate will provide Covered Entity with the records of disclosures requested in the notice. Business Associate will provide the records for the time period requested by the patient or for six (6) years before the date on which the accounting was requested by the patient, as set forth in the notice.

(d) **Patient Request to Business Associate.** If a patient requests an accounting of disclosures directly from Business Associate, Business Associate will forward the request to Covered Entity within ten (10) business days of Business Associate's receipt of the request and will make its records of disclosures available to Covered Entity as otherwise provided in this Section. Covered Entity will be responsible to prepare and delivery the records of disclosure to the patient. Business Associate will not provide an accounting of its disclosure directly to the patient.

13. COVERED ENTITY OBLIGATIONS

Covered Entity shall provide Business Associate with the "Notice of Privacy Practices" that Covered Entity produces in accordance with 45 C.F.R. §164.520, as well as any changes to such notice.

Covered Entity shall provide Business Associate with notice of any changes to, revocation of, or permission by an Individual to Use or Disclose PHI, including, without limitation, any authorization, if such changes affect Business Associate's permitted Uses or Disclosures, as soon as Covered Entity receives or becomes aware of such changes to or revocation of permission.

In the event that Covered Entity shall agree to any restriction to the Use or Disclosure of PHI that would materially impact Business Associate, Covered Entity shall provide written notice to Business Associate of such restriction and shall not provide to Business Associate, or permit Business Associate access to, PHI subject to such restriction.

Covered Entity shall not request Business Associate to Use or Disclose PHI in any manner that would not be permissible under the HIPAA Rules if done by Covered Entity or that would otherwise violate the HIPAA Rules, this Addendum or the Minimum Necessary standards.

14. Termination. Upon Covered Entity's knowledge of a material breach of this Addendum by Business Associate, Covered Entity shall notify Business Associate of such breach in reasonable detail and provide thirty (30) days' notice and opportunity for Business Associate to cure the breach or violation, or if cure is not possible, Covered Entity may immediately terminate this Addendum.

15. Responsibilities upon Termination.

(a) **Return of PHI; Destruction.** Within thirty (30) days of termination of this Addendum, if feasible Business Associate will return to Covered Entity all PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity which Business Associate maintains in any form or format, and Business Associate will not maintain or keep in any form or format any

portion of such PHI. Alternatively, Business Associate may destroy all such PHI and provide written documentation of such destruction. The requirement to return or destroy such PHI will apply to all agents or subcontractors of Business Associate. Business Associate will be responsible for recovering, and likewise returning to Covered Entity or destroying, any PHI from such agents or subcontractors. If Business Associate cannot obtain the PHI from any agent or subcontractor, Business Associate will so notify Covered Entity and will require that such agents or subcontractors directly return PHI to Covered Entity or otherwise destroy such PHI, subject to the terms of this Section.

(b) **Alternative Measures.** If Business Associate believes that returning or destroying PHI at the termination of this Addendum is infeasible, it will provide written notice to Covered Entity of such infeasibility within ten (10) business days of the effective date of termination of this Addendum along with reason why such return or destruction is infeasible. Business Associate agrees to extend all protections, limitations and restrictions of this Addendum to Business Associate's use or disclosure of PHI retained after termination of this Addendum, and to limit further uses or disclosures to those purposes that make the return or destruction of the PHI infeasible. Any such extended protections, limitations and restrictions will apply to any agents or subcontractors of Business Associate for whom return or destruction of PHI is determined by Covered Entity to be infeasible.

16. Business Associate Books and Records. Business Associate will make its internal practices, books and records on the use and disclosure of PHI available to the Secretary of the Department of Health and Human Services to the extent required for determining compliance with the Privacy Standards and any other provisions of HIPAA and HIPAA regulations. Notwithstanding this provision, no attorney-client, accountant-client or other legal privilege will be deemed waived by Business Associate or Covered Entity as a result of this Section.

17. Change in Law. The parties agree to promptly amend this Addendum to the extent changes in laws addressing the privacy or security of PHI impose new or different rights and obligations on covered entities and business associates.