

Equipment Usage Agreement – Warmers

Sage Products, LLC (hereinafter “Sage”), 3909 Three Oaks Road, Cary, IL 60013

FOR INTERNAL USE ONLY
 AGREEMENT NO. _____

| | | | |
|---|----------------------------|--|------------------------|
| Customer: Mangum Regional Medical Center | | Sage ID #: 730580 | |
| Address: 1 Wickersham Dr | City: Mangum | State: OK | Zip Code: 73554 |
| Contact Name: Josey Kenmore | Phone: 580-782-3353 | Primary Distributor Affiliate: Medline Industries | |

1. **Equipment Placement.** Customer may use Sage’s warmers and associated equipment from Sage on a no additional charge basis by submitting a no-charge purchase order to Sage and subject to the terms set forth herein. By submitting a no-charge purchase order for the required amount and type of capital equipment set forth in Exhibit A of this Agreement (the “Equipment”), Customer shall be bound by the terms of this Equipment Usage Agreement (“Agreement”), including but not limited to satisfying the Target Quantity as set forth in Section 2(b), below. No placements or commitments will be made without a signed purchase order.

2. **Equipment Usage Conditions.**

a. The Equipment is intended for use solely with Sage’s disposable products listed in Exhibit A (the “Disposables”) that may from time to time be separately ordered by Customer. Orders shall be placed with Customer’s Primary Distributor Affiliate set forth above and filled by Sage through that Primary Distributor Affiliate. Pricing for disposables is governed by a separate product pricing or purchase agreement.

b. Each period of twelve (12) consecutive months beginning on the Agreement Start Date and continuing during the term of the Agreement shall be considered a “Measurement Period”. For each piece of Equipment placed following the Agreement Start Date and/or existing at Customer’s facility on the Agreement Start Date, Customer shall purchase a minimum number of the Disposables to entitle Customer to the use of such Equipment. The minimum Disposable purchase required per Measurement Period for each piece of Equipment (the “Target Quantity”) is set forth in Exhibit A. Customer may purchase any combination of the Disposables to satisfy the Target Quantity. If Customer purchases more than the Target Quantity in any Measurement Period, the excess will be applied against the Target Quantity in the following Measurement Period.

c. The parties acknowledge that it is their intent to establish a business relationship that complies with the applicable exceptions to the Medicare and Medicaid Anti-Kickback statute set forth at 42 U.S.C. § 1320a-7b(b)(3)(A) and (C) and the “safe harbor” regulations regarding discounts set forth in 42 C.F.R. § 1001.952(h). Accordingly, payment for the Equipment and Disposables is set on a per-Disposable basis, such that the aggregate amounts paid by Customer on a per-Disposable basis will be an amount sufficient to pay for the use of the Equipment and the purchase of the Disposables during the term of the Agreement. It is understood and agreed by the parties hereto that the prices for Disposables include the cost for the use of the Equipment.

d. Customer is responsible for appropriately allocating a portion of the amount spent on Disposables to account for the use of the Equipment for accounting and reporting (including Medicare cost reporting) purposes. Upon request by Customer, Sage shall provide an annual report that sets forth the Equipment used by Customer and Customer’s purchases of Disposables pursuant to this Agreement.

e. Customer shall (i) properly report and appropriately reflect and allocate amounts paid under this Agreement, net of all discounts, rebates or other price reductions, on applicable cost reports, as may be required by law or contract, including as required under the discount safe harbor, 42 C.F.R. 1001.952(h), (ii) maintain all documentation provided by Sage or the Primary Distributor Affiliate identified above concerning pricing and discounts with this Agreement, and (iii) allow agents of any governmental healthcare program to access such documentation upon request. The “List Price” for Equipment set forth in Exhibit A is for disclosure purposes only and Customer may use such pricing to meet its accounting and reporting obligations.

3. **Care and Return of Equipment.** During the term of the Agreement, Sage shall repair or replace the Equipment with units of similar or greater functionality, provided that Customer operates or uses the Equipment in accordance with the instructions for use by Sage. During the term of the Agreement, Customer shall not (i) move or transfer the Equipment from the Customer’s location without Sage’s prior consent, (ii) make any alterations, additions, or improvements to the Equipment not approved or recommended in writing by Sage, or (iii) sell, transfer, pledge, allow any lien or encumbrance upon, sublease, or assign the Equipment. In the event that Customer fails to meet the Target Quantity for any unit of Equipment during a Measurement Period, Customer shall be given sixty (60) days’ notice and opportunity to meet the Target Quantity for such Equipment. If Customer does not meet the Target Quantity within this 60-day period, Sage may require, as Sage’s sole and exclusive remedy, and at Customer’s expense, the return of the applicable Equipment within five (5) business days to Sage at a U.S. location designated by Sage in good repair, condition, and working order, normal wear excepted. Customer is responsible for any failure to return the Equipment in the condition specified in the preceding sentence.

4. **Customer Covenants.** Customer will allow the Equipment to be used only by employees, physicians, or contractors trained with applicable product training in a careful manner solely in the manner for which such Equipment was intended to be used and in accordance with the instructions for use provided to Customer by Sage. Customer shall have possession of the Equipment only, and title to such Equipment shall be and remain in Sage at all times. Customer shall, at all times, comply with all applicable laws, regulations, and standards applicable to the Equipment for the possession, use, or operation thereof. Customer authorizes Sage to insert serial numbers or other identification data on the Equipment. Sage shall have the right, upon reasonable prior notice to Customer and during normal business hours, to inspect the Equipment at the place where it is ordinarily located and Customer shall make its records pertaining to the Equipment available for Sage’s inspection at such location. If the Equipment is either lost or destroyed, Customer shall pay Sage in a lump sum the current fair market value of the Equipment.

5. **Term.** This Agreement will remain in effect for a period of three (3) years, commencing on the Agreement Start Date, unless sooner terminated.

[SIGNATURE PAGE FOLLOWS]

Agreed and Accepted by: **Customer**

Agreed and Accepted by: **Sage Products, LLC**

| | |
|-------------------------------------|-------------------------------------|
| Signature: | Signature |
| Printed Name: Carson Vanzant | Printed Name: |
| Title: Board Chairman | Title: |
| Date: Click or tap to enter a date. | Date: Click or tap to enter a date. |
| Phone: | |

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EXHIBIT A
PRODUCTS AND EQUIPMENT PLACEMENT

Part 1 - Equipment

| Catalog No. | Description | List Price* | Placement Price** | Target Quantity - Pre-Surgical Prep (per Measurement Period) | Target Quantity - Patient Cleansing (per Measurement Period) |
|-------------|-----------------------|-------------|-------------------|--|--|
| 7932 | Warming Hardware Cart | \$315.00 | \$0.00 | 1 case per Equipment unit | 1 case per Equipment unit |
| 7937 | Warmer 12 Ct, Gen III | \$1,845.00 | \$0.00 | 4 cases per Equipment unit | 14 cases per Equipment unit |
| 7939 | Warmer 28 Ct, Gen III | \$2,643.00 | \$0.00 | 6 cases per Equipment unit | 20 cases per Equipment unit |

* The "List Price" is for disclosure purposes only and Customer may use such pricing to meet its accounting and reporting obligations.

** The "Placement Price" set forth above represents a no additional charge for use of the Equipment based upon Customer's compliance with the Target Quantity during the Term.

Part 2 - Disposables

| Product Category | Catalog No. | Product Description |
|-------------------|-------------|--|
| Patient Cleansing | 7502 | Comfort Shield® Perineal Care Washcloths with Dimethicone - 3pk Medium size washcloths |
| Patient Cleansing | 7503 | Comfort Shield® Perineal Care Washcloths with Dimethicone - 3pk Large size washcloths |
| Patient Cleansing | 7505 | Incontinence Care Cloth - 8pk Peel and Reseal |
| Patient Cleansing | 7800 | Essential Bath™ Cleansing Washcloths - 8 medium weight washcloths per pkg |
| Patient Cleansing | 7803 | Fragrance-Free Essential Bath™ Cleansing Washcloths - 8 medium weight washcloths per pkg |
| Patient Cleansing | 7815 | Deodorant Comfort Bath® Cleansing Washcloths - 5 medium weight washcloths per pkg |
| Patient Cleansing | 7818 | Deodorant Comfort Bath® Cleansing Washcloths - 8 medium weight washcloths per pkg |
| Patient Cleansing | 7855 | Essential Bath™ Cleansing Washcloths - 5 medium weight washcloths per pkg |
| Patient Cleansing | 7856 | Fragrance-Free Essential Bath™ Cleansing Washcloths - 5 medium weight washcloths per pkg |
| Patient Cleansing | 7900 | Comfort Bath® Cleansing Washcloths - 8 heavyweight washcloths per pkg |
| Patient Cleansing | 7903 | Fragrance-Free Comfort Bath® Cleansing Washcloths - 8 heavyweight washcloths per pkg |
| Patient Cleansing | 7907 | Fragrance-Free Baby Comfort Bath® Cleansing Washcloths - 4 washcloths per pkg |
| Patient Cleansing | 7909 | Comfort Hair Rinse-Free Shampoo Cap |
| Patient Cleansing | 7942 | Deodorant Comfort Bath® Cleansing Washcloths - 8 heavyweight washcloths per pkg |

| Product Category | Catalog No. | Product Description |
|-------------------------|--------------------|---|
| Patient Cleansing | 7943 | Deodorant Clean-up Cleansing Washcloths - 3 heavyweight washcloths per pkg |
| Patient Cleansing | 7952 | M-Care Meatal Cleaning Cloths, 2 pk |
| Patient Cleansing | 7956 | Fragrance-Free Comfort Bath® Cleansing Washcloths - 5 heavyweight washcloths per pkg |
| Patient Cleansing | 7959 | Fragrance-Free Bath Cloths - 5 cloths per pkg |
| Patient Cleansing | 7982 | Bath Cloths - 8 washcloths per package |
| Patient Cleansing | 7987 | Fragrance-Free Impreva Bath™ Cleansing Washcloths - 5 standard weight washcloths per pkg |
| Patient Cleansing | 7988 | Fragrance-Free Impreva Bath™ Cleansing Washcloths - 8 standard weight washcloths per pkg |
| Patient Cleansing | 7989 | Fragrance-Free Bath Cloths - 8 cloths per pkg |
| Patient Cleansing | 7991 | Fragrance-Free Bath Cloths - 8 cloths per pkg |
| Pre-Surgical Prep | 9001 | CHG Surgical Pre-Op Kit - 2% Chlorhexidine Gluconate Cloth - patient preoperative skin preparation - 2 cloths/pkg & 1 15ml Oral Rinse 0.12% CHG with Swab and Toothbrush |
| Pre-Surgical Prep | 9011 | Nose to Toes System™ - 2% Chlorhexidine Gluconate Cloths, 1 Unit Dose Container of 3M Peridex™ Oral Rinse, Ultra Soft Toothbrush and Untreated Swab, 1 Package of 3M™ Skin and Nasal Antiseptic and 4 Sterile Swabs |
| Pre-Surgical Prep | 9012 | Nose to Toes System™ - 2% Chlorhexidine Gluconate Cloths, 1 Package of 3M™ Skin and Nasal Antiseptic and 4 Sterile Swabs |
| Pre-Surgical Prep | 9705 | 2% Chlorhexidine Gluconate Cloth - patient preoperative skin preparation - 2 cloths/pkg 96 pkg/case |
| Pre-Surgical Prep | 9707 | 2% Chlorhexidine Gluconate Cloth - patient preoperative skin preparation - 3 individually wrapped pkgs - 2 cloths/pkg |
| Pre-Surgical Prep | 9717 | 2% Chlorhexidine Gluconate Cloth - patient preoperative skin preparation - 6 cloths/pkg 32 pkg/case |