SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FROM: Riverside County Regional Medical Center

SUBMITTAL DATE:
August 9, 2010

SUBJECT: Approval of McKesson Technologies Inc. as the Sole Source Vendor to Provide Application Upgrade, Remote Hosting, and Software Maintenance for the One Staff Nursing Staffing System

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and authorize the Sole Source procurement of application upgrade, remote hosting, and software maintenance for the One Staff Nursing Staffing System from McKesson Technologies Inc., for a first year total amount of $96,744.00, without securing competitive bids, in accordance with Ordinance 459.4; and

2. Authorize the Purchasing Agent to renew application upgrade, remote hosting, and software maintenance for the One Staff Nursing Staffing System for up to four (4) one-year periods, for the annual rate of $61,236 provided funds are available and cost increases do not exceed the CPI or 5%, which ever is least costly.

(cont. on Page 2)

Ellie Bennett For Doug Bagley (signature)

Ellie Bennett, Chief Operating Officer
for Douglas D. Bagley, Hospital Director

FINANCIAL DATA				
	Current F.Y. Total Cost:	$ 96,744.00	**In Current Year Budget:**	Yes
	Current F.Y. Net County Cost:	$ 0	**Budget Adjustment:**	No
	Annual Net County Cost FY:	$ 0	**For Fiscal Year:**	10/11

SOURCE OF FUNDS: Enterprise Funds		
	Positions To Be Deleted Per A-30	☐
	Requires 4/5 Vote	☐

C.E.O. RECOMMENDATION: APPROVE

BY: *(signature)* Debra Cournoyer

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Buster and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes:	Buster, Stone, Benoit and Ashley	
Nays:	None	Kecia Harper-Ihem
Absent:	Tavaglione	Clerk of the Board
Date:	September 28, 2010	By: *(signature)*
xc:	RCRMC, Purchasing	Deputy

Prev. Agn. Ref.:	District: 5	Agenda Number:
		3.65

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

SUBJECT: Approval of McKesson Technologies Inc. as the Sole Source Vendor to Provide Application Upgrade, Remote Hosting, and Software Maintenance for the Nursing Staffing System

PAGE 2

BACKGROUND

The One Staff nursing scheduling system was installed in 2002. New equipment was purchased and installed at that time to run the application. The current version of One Staff RCRMC is utilizing is several versions behind of the current release. The equipment is now several years past end of life. Research by RCRMC Purchasing Department confirms that McKesson Technologies Inc. is the sole source for the proposed application upgrade, remote hosting, and annual software maintenance for the One Staff Nursing Staffing System.

PRICE REASONABLENESS

The direct cost of replacing One Staff, combined with the resources required, is significantly greater then the cost of the application upgrade, remote hosting, and software maintenance cost. The software is proprietary and no other vendors can provide the upgrade, remote hosting, and annual software maintenance. The County will receive discounts equal to other comparable customers.
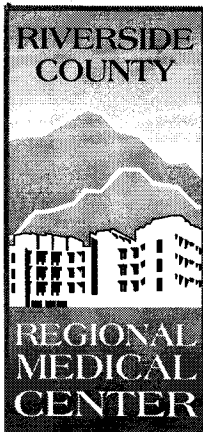
Memorandum

August 9, 2010

To: Riverside County Board of Supervisors

From: Douglas D. Bagley, Chief Executive Officer
Riverside County Regional Medical Center

Via: Riverside County Purchasing Agent

Subject: **Sole Source Procurement: Request for Application Upgrade, Remote Hosting and Software Maintenance**

The below information is provided in support of my Department requesting approval for a sole source. Please note that outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

Supply/Service being requested: Request for Application Upgrade, Remote Hosting and Software Maintenance – Nursing Staffing System

Supplier being requested: McKesson Technologies Inc.

Alternative suppliers that can or might be able to provide supply/service: McKesson Technologies Inc. – One Staff is the current Nursing Staffing System used at RCRMC. Application upgrade, remote hosting and software maintenance is proprietary to the vendor, McKesson Technologies Inc. Replacement of One Staff is not included the RCRMC IT strategic plan.

Extent of market search conducted: KLAS healthcare information technology system selection and ratings checked. The One Staff product was selected as best in "KLAS" 2006, 2007 and 2008.

Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide: McKesson Technologies Inc. is the only vendor that can provide application upgrade, remote hosting and software maintenance for the One Staff application. One Staff addresses all federal and state requirements related to nursing staffing.

Reasons why my department requires these unique features and what benefit will accrue to the county: The One Staff application is proprietary. McKesson Technologies Inc. is the only vendor that can provide application upgrade, remote hosting and software maintenance.

Price Reasonableness: The direct cost of replacing the One Staff application combined with the resources required is significantly greater then the cost of application upgrade, remote hosting and software maintenance cost.

Does moving forward on this product or service further obligate the county to future similar contractual arrangements? No, the county can opt out at the annual renewal date.

_____   8/10/2010
Department Head Signature   **Date**

Purchasing Department Comments:

(Approve)   Approve with Condition/s   Disapprove

_____   9-13-10
Purchasing Agent   **Date**

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MCKESSON
Empowering Healthcare

Contract Supplement

CONTRACT SUPPLEMENT effective _____, 2010 ("CS Effective Date") incorporating all referenced Exhibits, Schedules, and Attachments ("**Contract Supplement**") to Customer Agreement Base dated **June 30, 1998, ("Agreement")** and is entered into between McKesson Technologies Inc. successor to PST Products, LLC ("**McKesson**"), and the Customer identified below.

Unless otherwise expressly set forth in this Contract Supplement, the terms and conditions set forth in this Contract Supplement apply only to the Facilities, Customer Software, and/or Services listed herein. To the extent that this Contract Supplement conflicts with the Agreement, the terms and conditions of this Contract Supplement shall control. Where not in conflict, all applicable terms and conditions set forth in the Agreement are incorporated herein.

Exhibits

A	Facilities, Fees Summary, Payment Schedule and Administration
B-1	Implementation Services Terms
B-2	Reserved
B-3	Remote Hosting Services Terms
C-1	Reserved
D-1	Additional Terms

The pricing in this Contract Supplement and McKesson's corresponding offer to Customer expires unless McKesson receives this Contract Supplement signed by Customer on or before August 31, 2010.

McKesson will include Customer's purchase order ("**PO**") number on customer invoices if provided by Customer on or before the CS Effective Date. Failure to provide McKesson with a PO number or copy does not suspend or negate any Customer duty, including payment, under this Contract Supplement.

By signing this Contract Supplement, Customer acknowledges and agrees that (a) McKesson has made no warranty or commitment with regard to any functionality not Generally Available as of the CS Effective Date, whether or not included as part of Software Maintenance Services, for any of the Software licensed by this Contract Supplement; and (b) Customer has not relied on the availability of any future version of the purchased Product or any other future Product in executing this Contract Supplement.

Each signatory hereto represents and warrants that it is duly authorized to sign, execute, and deliver this Contract Supplement on behalf of the party it represents.

RIVERSIDE COUNTY REGIONAL MEDICAL CENTER

By: _____

Name: **CHAIRMAN, BOARD OF SUPERVISORS**

Title: _____

Date: _____'SEP 2 8 2010_____

Customer PO. No. _____

FORM APPROVED COUNTY COUNSEL
BY: _____
NEAL R. KIPNIS   DATE

MCKESSON TECHNOLOGIES INC.

By: _____

Name: _____

Title: _____

Date: _____

2011-1-104935   SEP 2 8 2010 3,105

Customer Number	1043635
Contract Number	PST_P1034522_CS

FOR MCKESSON INTERNAL USE ONLY
Submit fully executed contract to:
McKesson
Attn: Dana Kumin
5995 Windward Pkwy - Mailstop ATHQ-1704
Alpharetta, GA 30005
FAX: 770 666-9160
Email: Executed.Contracts.PS@McKesson.com

EXHIBIT A

FACILITIES, FEES SUMMARY, PAYMENT SCHEDULE AND ADMINISTRATION

FACILITIES:

Only the Facility listed below is licensed to use the Software identified in this Contract Supplement:

Customer No.	Data Center Facility	Full Address
1043635	Riverside County Regional Medical Center	26520 Cactus Street Moreno Valley, CA 92555
Customer No.	**Facility**	**Full Address**
1043635	Riverside County Regional Medical Center	26520 Cactus Street Moreno Valley, CA 92555

(NOTE: It is not necessary to list offices of physicians or other caregivers with privileges at a Facility.)

FEES SUMMARY:

Products and Services	Term Length	One-Time Fees	Annual Fees
Software License Fee:		$18,704.00	
Implementation Services (One-Time Fixed Fee):		$16,704.00	
Remote Hosting Fees:	5 years		$61,236.00[1]
GRAND TOTALS:		**$35,408.00**	**$61,236.00**

PAYMENT SCHEDULE:

Software:	100% is due on the CS Effective Date.
Implementation Services:	**Fixed Fee**: 100% is due on the CS Effective Date.
Remote Hosting Services Fees:	Monthly fees are billed and payable in advance commencing on the first day of the month following CS Effective Date.

Customer is solely responsible for reporting all discounts or appropriate net prices received from McKesson pursuant to this Contract Supplement on cost reports filed by Customer with any government entity.

Unless Customer provides McKesson prior to the CS Effective Date satisfactory evidence of exemption (including evidence of renewal if applicable) from applicable sales, use, value-added, or other similar taxes or duties, McKesson will invoice Customer for all such taxes applicable to the transactions under this Contract Supplement.

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[1] This annual fee represents monthly fees of $5,103.00 as noted in Schedule 3 to Exhibit B-3.

ADMINISTRATION:

Sold To:	Ship To:
Riverside County Regional Medical Center	* Electronic Delivery – No Shipment Required
26520 Cactus Street	
Moreno Valley, CA 92555	
Attention: Ed Papp	Attention: Ed Papp
Telephone: 951-486-4755	Telephone951-486-4755
Facsimile:	Facsimile:
E-mail: epapp@co.riverside.ca.us	E-mail: epapp@co.riverside.ca.us
Federal Tax ID:	
Taxable: ☒ Yes☐ No	
Bill To:	**Paid By:**
Riverside County Regional Medical Center	Riverside County Regional Medical Center
26520 Cactus Street	26520 Cactus Street
Moreno Valley, CA 92555	Moreno Valley, CA 92555
Attention: Ed Papp	Attention: Ed Papp
Telephone: 951-486-4755	Telephone: 951-486-4755
Facsimile:	Facsimile:
E-mail: epapp@co.riverside.ca.us	E-mail:

EXHIBIT B-1

IMPLEMENTATION SERVICES TERMS

This Exhibit B-1 applies to all Implementation Services purchased by Customer on this Contract Supplement.

SECTION 1: DEFINITIONS

"**Additional implementation Services Conditions**" means (a) any change or modification to Implementation Services not due to McKesson's fault, (b) inaccurate assumptions, requirements, or representations relied upon by McKesson in determining the scope of Implementation Services and resulting Fixed Fee(s) or Time and Materials Fee(s) set forth on this Contract Supplement, or (c) failure of Customer to fulfill Customer Responsibilities.

"**Additional Implementation Services**" means any Implementation Services provided by McKesson resulting from the conditions set forth above in (a), (b), or (c) of Additional Implementation Services Conditions.

"**Additional Implementation Services Fee**" means McKesson's prevailing rate(s) charged for Additional Implementation Services.

"**Bank of Learning Units**" means a quantity of Learning Units purchased without specific education courses identified.

"**Customer Responsibilities**" means those resources, personnel, software, hardware, systems, network, Non-McKesson Interface(s) Interface Engine(s), or any other deliverables required from Customer as set forth in this Contract Supplement, McKesson Implementation Services Guide, Implementation Services Project Plan, or otherwise in this Exhibit B-1-1.

"**Data Conversion**" means the conversion of discreet data from an existing format or system to a McKesson format or system.

"**Fixed Fee**" means any predetermined prevailing rate(s) charged by McKesson for the provision of Implementation Services set forth on this Contract Supplement.

"**Implementation Services Project Plan**" means the plan jointly developed by McKesson and Customer in accordance with this Contract Supplement, Implementation Services Methodology, McKesson Implementation Services Guide, and this Exhibit B-1-1, and which includes milestones, tasks, timing and schedule(s) for installing, testing, training and transitioning the applicable Products, Third Party Products, or Services to Customer, including the allocation of responsibilities for the same between McKesson and Customer.

"**Implementation Services Methodology**" means the phases used by McKesson in providing Implementation Services set forth in the McKesson Implementation Services Guide, including: (a) project planning and management, (b) access and design, (c) build-out, (d) testing, (e) training, (f) activating, and (g) transitioning the applicable Products or Services to Customer, with each phase including objectives and activities required of both Customer and McKesson.

"**Implementation Services Fee**" means the Fixed Fee(s) and Time and Materials Fee(s) set forth in this Contract Supplement charged by McKesson for providing Implementation Services, but not including any Additional Services Fee(s).

"**Interface**" means any software or hardware (or combination thereof) needed to cross a boundary between systems that is required for any (a) Software, Third Party Software, or Services to work appropriately with any Customer purchased or licensed software or hardware, or (b) Customer purchased or licensed software or hardware to work appropriately with any other Customer licensed or purchased software or hardware.

"**Interface Engine**" means software or hardware (or combination thereof) that provides a hub for any Interface that is required in order for any (a) Products, Third Party Products, or Services to work appropriately with any Customer licensed or purchased software or hardware, or (b) Customer licensed or purchased software or hardware to work appropriately with any other Customer licensed or purchased software or hardware.

"Learning Units" means the units of training and tools from McKesson's Customer Education Solutions team that may be purchased by Customer and provided by McKesson hereunder.

"McKesson Implementation Services Guide" means McKesson's written procedures for providing Implementation Services for the applicable Software, Third Party Software, or Services as set forth in the applicable McKesson Implementation Services Guide and related documents, incorporated herein by reference, as may be reasonably modified by McKesson from time to time.

"McKesson Interface" means any McKesson provided Interface required for any software or hardware previously licensed or purchased by Customer from McKesson to work appropriately with the Software, Third Party Software, or Services licensed or purchased in this Contract Supplement.

"Non-McKesson Interface" means any Customer provided Interface required in order for any software or hardware previously licensed or purchased by Customer from other than McKesson to work appropriately with the Software, Third Party Software, or Services licensed or purchased in this Contract Supplement.

"Time and Materials Fee" means McKesson's hourly prevailing rate(s) set forth on this Contract Supplement for providing Implementation Services multiplied by the actual (not estimated) hours or days spent by McKesson in providing Implementation Services, including all hours incurred by McKesson (both at Customer's site and at various McKesson sites, whether or not previously estimated) to perform the required Implementation Services, including tasks, administrative duties, status reports, problem analysis, attendance of meetings or telephone calls, and research of Customer questions and issues.

SECTION 2: IMPLEMENTATION SERVICES AND FEES

2.1   Scope of Implementation Services.

2.1.1   McKesson will provide, and Customer will accept, the Implementation Services at the Facility(ies) or Data Center(s) set forth on this Contract Supplement in order to facilitate Customer's installation and use of the applicable Products, Third Party Products, or Services. McKesson will provide such Implementation Services in accordance with the McKesson Implementation Services Guide, Implementation Services Methodology, Implementation Services Project Plan, and all other terms included in this Exhibit B-1-1, and Customer will pay for the same at the applicable Implementation Services Fee(s) set forth on this Contract Supplement.

2.1.2   Fixed Fee(s), Time and Materials Fee(s), and Additional Fee(s) do not include McKesson's travel and living expenses which Customer will pay in addition to the foregoing. McKesson travel and living expenses for Services identified on page 5, in **SCHEDULE 5 TO EXHIBIT B-3,** shall not exceed $4,600.00.

2.1.3   McKesson will provide, and Customer will accept, Additional Implementation Services requested by Customer as set forth on this Contract Supplement for Additional Implementation Services, and Customer will pay for the same at the applicable Additional Implementation Services Fee(s) set forth on this Contract Supplement.

2.1.4   McKesson will provide and describe on McKesson's invoices, and Customer will accept, any Additional Implementation Services required to be performed by McKesson as a result of the existence of Additional Implementation Services Conditions, and Customer will pay for the same at the applicable Additional Implementation Services Fee(s) set forth on McKesson's invoices.

2.1.5   Unless otherwise expressly set forth in this Contract Supplement, McKesson's Software license fee(s), Fixed Fee(s), Time and Materials Fee(s), and applicable Additional Services Fee(s) include fees for any MCKESSON Interface(s), but do not include any fees for any Non-McKesson Interface(s) or McKesson providing, developing, or adapting any Interface Engine(s), or any Interface Engine services, including providing translations, communications protocols, or filtering services.

2.1.6   Unless otherwise expressly set forth in this Contract Supplement, Fixed Fee(s), Time and Materials Fee(s), and Additional Fee(s) do not include McKesson providing, developing, adapting, or altering any Data Conversion(s). If Data Conversion(s) are set forth in this Contract Supplement, McKesson will provide the same using McKesson's standard conversion software, specifications, and user guides.

2.1.7   Unless otherwise expressly set forth in this Contract Supplement, Fixed Fee(s), Time and Materials Fee(s), and Additional Fee(s) for Implementation Services involving training and education assume: (a) Implementation Services associated with Software must be used by Customer within the earlier of six months after Live Date for the Software or related suites of Products or Services, or 18 months after the CS Effective Date, with no refunds or credits being due Customer for the same, (b) McKesson will train a single Customer team which is responsible for education and training of other Customer users ("**train the trainer**" approach), (c) McKesson will not provide education and training for non-McKesson products, including: Microsoft SQL Server®, ORACLE®, Windows®, UNIX®, and LINUX™), Business Objects® and Crystal Reports®, and if education and training for the same are required by Customer as listed in McKesson Implementation Services Guide, then Customer will purchase and obtain the same from an appropriate third party provider, and (d) any distance learning education and training provided by McKesson will use internet protocol audio or teleconferencing with the majority of such education and training provided using internet protocol audio.

2.1.8   Learning Units or Bank of Learning Units, if any, purchased by Customer will be identified on the Contract Supplement and will be redeemed for training to be provided by McKesson in accordance with this Exhibit B. Learning Units or Bank of Learning Units associated with Software must be used by Customer within the earlier of 12 months after the Software Installation Date for the related Software, or 24 months after the Contract Supplement Effective Date, with no refunds or credits being due Customer for the same. Customer is not entitled to any rights of exchange with respect to Learning Units for other offerings within Customer Education Solutions related to other Products or Services without express written consent from McKesson, in McKesson's sole discretion; provided, that Bank of Learning Units may be exchanged within the specified time period for any qualifying offerings within McKesson's Customer Education Solutions. Learning Units and Bank of Learning Units are decremented as training is delivered.

2.2   Implementation Services Project Plan. Unless otherwise expressly set forth in this Contract Supplement, agreed by the parties in writing, or made unnecessary by the nature of the Implementation Services, McKesson and Customer will have a Kick-Off Meeting ("Kick-Off Meeting") no later than 60 days before the start of Customer "build" training to discuss joint development of the Implementation Services Project Plan, and jointly will complete development of the Implementation Services Project Plan no later than 30 days before beginning of Customer "build" training. The Implementation Services Project Plan will be developed jointly by Customer and McKesson in accordance with: (a) the Implementation Services set forth on this Contract Supplement, (b) the Implementation Services Methodology and all other provisions set forth in the McKesson Implementation Services Guide, (c) all assumptions, requirements, or representations relied upon by McKesson in determining the Implementation Services Fee(s), (d) Customer's Responsibilities, and (e) all other terms set forth in this Exhibit B-1-1.

2.3   Implementation Services Delays.

2.3.1   If Customer reschedules or cancels the delivery of Implementation Services within 90 days of the mutually agreed upon scheduled date McKesson is to start the delivery of the same, then McKesson will invoice Customer, and Customer will pay, 15% of the total Implementation Services Fees and Additional Implementation Services Fees.

2.3.2   If a Customer caused or initiated delay occurs such that McKesson is unable to complete the Implementation Services by the scheduled Live Date, unless such date is extended by mutual agreement of the parties, then McKesson will invoice Customer, and Customer will pay, an additional fee of $15,000 per application (for clarification, not per module) for each month that completion of the Implementation Services extends beyond the Live Date.

2.3.3   McKesson will invoice Customer for amount(s) set forth in Sections 2.3.1 or 2.3.2 at the end of the month(s) during which any rescheduling, cancellation, or delay occurs.

2.4   Multi-Facility and Multi-Data Center Implementations. For Implementation Services involving more than one Facility or Data Center, McKesson and Customer will form a single centralized Implementation Services team (operating at one location) to plan, design, build, and test all Facilities or Data Centers set forth in this Contract Supplement (a) concurrently on one centralized server-configuration, (b) with simultaneous dates to begin Implementation Services, and (c) closely scheduled Live Dates at each Facility or Data Center.

2.5   Full Deployment of Products, Third Party Products, or Services. Implementation Services do not include full production deployment of Products, Third Party Products, or Services.

2.6   Customer's Responsibilities. Customer acknowledges that McKesson's provision of Implementation Services is dependent on Customer fully performing its Customer Responsibilities, including: (a) using Microsoft® Project and Visio® or other approved McKesson project tracking tool and requiring its employees or representatives working on the Implementation Services Project Plan to become proficient in the use of these programs prior to the kick-off meeting for Implementation Services planning, (b) providing McKesson with network connectivity, analog phone line or an equivalent internet access option, dial-in access capability, internet protocol addresses, dedicated electrical outlets, and reasonable work and meeting space in preparation for the Product or Services installation, (c) providing mutually agreed-upon access to servers for McKesson via the McKesson CareBridge™ Secure Extranet or other McKesson-supported options at McKesson's discretion, (d) providing McKesson with all Interfaces Engines, Non-McKesson Interface(s), and activating all McKesson Interface(s), Non-McKesson Interfaces, and Interface Engines no later than activation of their related Products or Services, (e) purchasing or licensing and installing all other non-McKesson provided software and hardware, including, all network communications, including maintenance, monitoring of logs, backups, and routine patch applications, (f) providing data or information in the format specified by McKesson for any Data Conversion(s) expressly set forth in this Contract Supplement, (g) providing all other appropriate personnel, resources, organizational support, and attendance at training as recommended in the McKesson Implementation Services Guide, and (h) driving complete adoption by Customer users and completing full production deployment of all Products and Services, including all workflows and pre-built Product or Services content.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

EXHIBIT B-3

REMOTE HOSTING SERVICES TERMS

SECTION 1: DEFINITIONS

"Authorized User Community" means those persons or entities authorized from time to time by Customer, including Customer's affiliates, their employees, agents and authorized physicians, to be supported by the Remote Hosting Services provided by McKesson.

"Customer Hardware" means any equipment at the Customer's facility that is required to run the Customer Software in the remote hosting environment.

"Customer Software" means all Software that McKesson is hosting on behalf of Customer under this Contract Supplement. Customer Software as of the CS Effective Date is listed on Schedule 3 to this Exhibit, which Schedule may be updated from time to time by mutual agreement of the parties.

"Customer's Business" means Customer's provision of healthcare services to patients and information technology services to members of the Authorized User Community.

"Customer Liaison Officer" means the member of Customer's senior management team designated by Customer from time to time to be its liaison with McKesson.

"Fee" means the fee(s) and all charges payable by Customer for Remote Hosting Services set forth on this Contract Supplement.

"McKesson Data Center" means an environmentally controlled Tier 2 or 3 data center as recommended or required by the manufacturers of the computer equipment used to provide the Remote Hosting Services.

"McKesson Hardware" means the computer equipment, storage media, cabling, connectors and other equipment (however described) including, modems, routers and termination boxes for the McKesson Network used by McKesson in providing Remote Hosting Services or in operating the Remote Hosting System.

"McKesson Managed Services Account Manager" means a McKesson Managed Services Group account manager designated by McKesson to manage its relationship with Customer regarding Remote Hosting Services.

"McKesson Network" means the infrastructure in the McKesson Data Center plus those telecommunication systems provided by McKesson to Customer.

"Remote Hosting Services" means the services provided by McKesson using McKesson Hardware to remotely support the Customer's IT operations and Customer Software, and related services as further described in this Contract Supplement, as modified by any Service Changes (as defined in Section 2.1.2 of this Exhibit).

"Remote Hosting System(s)" means the Customer Software and McKesson Hardware and the operating environments thereof.

"Remote Hosting Term" means the Initial Remote Hosting Term and all Renewal Remote Hosting Terms.

"Service Levels" means those service levels and measurements as further defined and set forth in this Exhibit.

"Service Parameters" means the volume of Customer's usage of an item of Remote Hosting Services that are included in the Fee(s) and subject to certain limits. The Service Parameters are identified on this Exhibit and may be adjusted as set forth in this Exhibit.

SECTION 2: MCKESSON'S RESPONSIBILITIES

2.1   Scope of Services.

      2.1.1   Provision of Services. Subject to the terms of this Exhibit, McKesson will provide, and Customer will accept, the Remote Hosting Services in accordance with the Service Levels and Service Parameters.

2.2   Additional Services. Customer may request that McKesson perform services that are not within the scope of the Remote Hosting Services ("Additional Services"). All requests for Additional Services will be made in accordance with the Change Control Process defined in Section 2.1.3 below and may include changes in scope ("Service Changes"). The parties agree that Service Changes may include: (a) the addition of any affiliate of Customer or location which results in increased costs for McKesson to support such affiliate; (b) McKesson's level of effort to provide the Remote Hosting Services in accordance with the terms of this Exhibit has materially increased due to Customer becoming the subject of any final order of any court or other administrative agency that is not the result of any noncompliance by McKesson of any of its obligations hereunder; (c) any additional effort required by McKesson to comply with a law or regulation including HIPAA and any proposed law or regulation not yet final or any future law or regulation adopted pursuant thereto (including amendments to existing laws or regulations); (d) any changes to the Authorized User Community that materially increase McKesson's resources or level of effort to provide the Remote Hosting Services in accordance with the terms of this Exhibit; and (e) changes to Customer Software hosted by McKesson that materially increase McKesson's resources or level of effort to provide the Remote Hosting Services in accordance with the terms of this Exhibit. Service Changes will be subject to additional Fees.

      2.2.1   Scope Change. All changes in the scope of the Remote Hosting Services will be made in accordance with the Change Control Process. The **"Change Control Process"** is as follows: McKesson will prepare a written proposal for change(s) to the scope of any Remote Hosting Services. If Customer agrees to such proposal, then the parties will execute a written amendment to this Contract Supplement documenting such change(s). If Customer does not agree to such proposal, or the parties otherwise fail to execute the amendment, then such change(s) will not take effect.

2.3   Transition.

      2.3.1   Transition Services. For a period of 120 days from the CS Effective Date (**"Transition Period"**), with Customer's support and cooperation, McKesson will transition Customer to a remote hosting environment (**"Transition"**) in accordance with the transition plan developed and mutually agreed to by the parties (**"Transition Plan"**).   McKesson will use commercially reasonable efforts to conduct the Transition in a manner that has minimal adverse impact on Customer's Business. Customer and McKesson representatives will meet at least once each week during the Transition Period in order to review the status of the Transition. The McKesson Managed Services Account Manager will have overall responsibility for the Transition.

      2.3.2   Transition Period.   During the Transition Period, Customer will cooperate with McKesson in implementing the Transition Plan, and will be responsible for the prompt and timely performance of Customer responsibilities identified therein.

2.4   Service Levels and Service Parameters.

      2.4.1   Service Levels. McKesson agrees that following the completion of the Transition, and during the remainder of the Remote Hosting Term, it will perform the Remote Hosting Services in all material respects in accordance with each of the applicable Service Levels, except as provided otherwise in this Exhibit.

      2.4.2   Quarterly Review of Service Levels.   McKesson agrees to monitor and track its performance of the Remote Hosting Services against the Service Levels beginning on the CS Effective Date; provided, however, that McKesson will not be liable for any failure to meet the Service Levels during the Transition. Customer and McKesson may meet quarterly to review McKesson's performance in the prior quarter relative to the Service Levels and any related Service Parameters. Such review may include an analysis of trends and variables in McKesson's performance, identification of root causes of any variances, and plans for the elimination of such variances.

2.4.3   Effect of Exceeding Service Parameters on Service Levels. If any particular Service Parameter is exceeded by Customer by ten percent or more, then McKesson's obligation to meet the applicable Service Level during that time period will be waived

2.4.4   Service Parameter and Service Level Adjustments.

(a)   Utilization Above Service Parameters. If Customer's actual volume of a Service Level that is subject to a Service Parameter at any time goes above the quantity set forth as a Service Parameter or related upper limit, if any, Customer will be subject to additional Fees.

(b)   Annual Adjustment. Customer and McKesson will review the Service Parameters and Service Levels annually to determine whether (i) modifications of the Service Parameters and Service Levels are needed for the purposes of better reflecting and supporting the Remote Hosting Services then provided, and (ii) permanent adjustments need to be made to the Fee(s) based upon whether the actual Customer volumes were higher or lower than any Service Parameter.

(c)   Change to Service Parameters. Notwithstanding the foregoing, regardless of the change in actual volumes of a Service Level that is subject to a Service Parameter, at no time during the Remote Hosting Term will the Fee(s) be decreased from the initial Fee(s) set forth in this Contract Supplement or Service Parameter modified or adjusted unless the parties execute a change order amendment under Section 2.1.3 of this Exhibit.

2.4.5   Additional Service Levels. Upon mutual agreement, additional Service Levels may be developed and added during the Remote Hosting Term provided the parties execute a change order amendment under Section 2.1.3 of this Exhibit. If any such additional Service Level requires additional monitoring tools, then an allocation of the cost for such tools (including any necessary hardware, software, or implementation services to utilize such tools) will be determined and included in such amendment. If any such additional Service Level materially increases McKesson's resources or level of effort to monitor the Service Levels, such change will be provided as Additional Services in accordance with such amendment. A Service Level will not be modified or adjusted at any time unless set forth in a change order amendment executed by the parties under Section 2.1.3 of this Exhibit.

2.5   Customer Software.

2.5.1   Required Consents. Customer will have administrative and financial responsibility to obtain any consents or authorizations needed from third party providers of Customer Software and/or Customer Hardware that are necessary to permit McKesson to perform the Remote Hosting Services in the manner set forth in this Exhibit. Without limiting the foregoing, Customer will be responsible for those costs and fees (including transfer or upgrade fees, additional licenses, sublicenses, and maintenance fees, or any fees required to bring Customer into compliance with Customer's actual use of such existing Customer Software and/or Customer Hardware prior to the CS Effective Date) required to obtain such consents or authorizations.

2.5.2   McKesson's Instructions and Restrictions. McKesson acknowledges that the manufacturers, vendors and lessors of the equipment, software and other products furnished by McKesson or Customer for use under this Exhibit have issued certain instructions for, and restrictions on, the use of that equipment, software and other products. Accordingly, McKesson agrees to observe and follow all such instructions and restrictions that are provided to McKesson in writing; provided, that if any such instructions or restrictions provided after the CS Effective Date require additional McKesson resources or result in material increase effort by McKesson in providing the Remote Hosting Services, the parties will follow the Change Control Process.

SECTION 3: CUSTOMER'S RESPONSIBILITIES

3.1   General. Customer will be responsible for performing or delivering those tasks and/or items identified as Customer responsibilities in Schedule 2 and elsewhere in this Exhibit.

3.2   Customer Liaison Officer; Decision Making. McKesson may require Customer to appoint a Customer Liaison Officer. If required by McKesson, the Customer Liaison Officer will attend periodic meetings as necessary with the McKesson Managed Services Account Manager to review status and discuss issues important to

either party. The Customer Liaison Officer will be the party with whom the McKesson Managed Services Account Manager communicates. In connection with the foregoing, the Customer Liaison Officer or his designee will have the following responsibilities/roles: (a) participate in periodic reviews on the performance of the Remote Hosting Services, (b) review on an annual basis the operating and strategic plans that will impact the Remote Hosting Services, (c) participate as required in any Change Control executed by the parties under Section 2.1.3 of this Exhibit, (d) provide direction for overall planning of services as it relates to McKesson's Remote Hosting Services, and (e) set priorities.

3.3   <u>Data; Reports</u>. Customer acknowledges and agrees that it will be responsible for the adequacy, quality, and accuracy of all Customer data prior to input to the Remote Hosting System, and for inspecting and reviewing in a timely manner all reports and other output provided by McKesson in connection with this Contract Supplement, and will promptly notify McKesson of any errors. McKesson will have no responsibility of any kind for errors in data output or reports, and any consequences thereof, due in whole or in part to data, which is inadequate, inaccurate, or of poor quality prior to input to the Remote Hosting System. Customer and McKesson will work together to implement appropriate procedures and control systems necessary to ensure the accuracy, adequacy and quality of data. McKesson is responsible for any errors in data or reports that may result from McKesson's failure to perform the Remote Hosting Services as specified, for example, the running of a program in the wrong order.

3.4   <u>Policies, Procedures, and Objectives</u>.

3.4.1   <u>Security Policies</u>. Customer is responsible for setting its security policies and procedures involving all Customer Software and Customer's specific guidelines, policies, and business practices. Customer will approve user access to the Remote Hosting System and Network and issue user ID's, and Customer will be responsible for making sure that all Customer employees adhere to password security policy.

3.4.2   <u>Customer's Business Objectives</u>. Customer will provide detail to McKesson regarding Customer's business objectives, plans and requirements as they pertain to the provisioning of the Remote Hosting Services defined in this Contract Supplement. Additionally, Customer will promptly notify the McKesson Managed Services Account Manager when significant changes occur that may impact the Remote Hosting Services or McKesson's ability to achieve any Service Level.

3.4.3   <u>Downtime Procedures</u>. Customer will be responsible for developing and maintaining departmental manual procedures, otherwise known as downtime procedures.

SECTION 4: FEES

4.1   <u>Fee(s) and Payment</u>. Customer will pay to McKesson the Fee(s) set forth in this Contract Supplement for the Remote Hosting Services in accordance with the provisions set forth in this Contract Supplement. Unless otherwise stipulated in this Contract Supplement, Fee(s) will be due and payable to McKesson in advance on a monthly basis without demand or adjustment on the dates set forth in this Contract Supplement.

4.2   <u>Material Increased Resources</u>. McKesson and Customer will promptly enter into negotiations to revise the Fee(s) to provide McKesson with appropriate compensation for the Remote Hosting Services if, during the Remote Hosting Term, either (a) any state, federal, local law, or regulation is enacted, (b) any decree of any court or any other administration agency is entered, or (c) Customer enters into, becomes bound by, terminates, or alters any contractual arrangement, which, in the reasonable opinion of either party, would result in a material increase in the resources or level of effort by McKesson in the provision of Remote Hosting Services by McKesson.

4.3   [INTENTIONALLY LEFT BLANK]

4.4   <u>Other Adjustments</u>. McKesson also has the right to adjust Fee(s) if (a) on or prior to the CS Effective Date, Customer fails to disclose or discloses erroneous information relating to Customer business, which information, if disclosed accurately, would have led McKesson to propose higher fees, or (b) Customer does not meet its responsibilities outlined in this Contract Supplement.

SECTION 5: GENERAL TERMS

5.1   Remote Hosting Term. The initial term of the Remote Hosting Services will begin on the CS Effective Date and continue for five years thereafter (**"Initial Remote Hosting Term"**). The Initial Remote Hosting Term will be automatically renewed for additional three year terms (each a **"Renewal Remote Hosting Term"**) unless either party gives prior written notice to the other of its intent to terminate not less than six months prior to termination of the then current term.

5.2   Termination.

5.2.1   Termination for Cause. Termination. A party may terminate this Exhibit immediately upon notice to the other party if the other party: (a) materially breaches the terms of this Exhibit and fails to remedy, or fails to commence reasonable efforts to remedy, such breach within 60 days after receiving notice of the breach from the terminating party, (b) infringes the terminating party's intellectual property rights and fails to remedy, or fails to commence reasonable efforts to remedy, such breach within ten days after receiving notice of the breach from the terminating party, (c) materially breaches this Exhibit in a manner that cannot be remedied, or (d) commences dissolution proceedings or ceases to operate in the ordinary course of business. In addition to Customer's rights under this Section 5.2.1, Customer may terminate this Exhibit immediately upon notice to McKesson if McKesson fails to meet any Service Level that causes the Remote Hosting Services not to be available for more than ten consecutive days, except where such failure is due to the occurrence of any of the "Exceptions to McKesson Obligations to Meet Services Levels" listed in this Exhibit.

5.3   Limitation of Liability. MCKESSON'S TOTAL CUMULATIVE LIABILITY UNDER, IN CONNECTION WITH, OR RELATED TO THIS EXHIBIT WILL BE LIMITED TO THE TOTAL FEES PAID (LESS ANY REFUNDS OR CREDITS) BY CUSTOMER TO MCKESSON UNDER THIS EXHIBIT FOR THE AFFECTED REMOTE HOSTING SERVICES DURING THE 12-MONTH PERIOD PRECEDING THE DATE OF THE CLAIM, WHETHER BASED ON BREACH OF CONTRACT, WARRANTY, TORT, PRODUCT LIABILITY, OR OTHERWISE. IN NO EVENT WILL MCKESSON BE LIABLE TO CUSTOMER UNDER, IN CONNECTION WITH, OR RELATED TO THIS EXHIBIT FOR ANY SPECIAL, INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOSS OF GOODWILL, WHETHER BASED ON BREACH OF CONTRACT, WARRANTY, TORT, PRODUCT LIABILITY, OR OTHERWISE, AND WHETHER OR NOT MCKESSON HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

5.4   Exclusivity. During the period in which this Exhibit is in effect, McKesson will be the sole provider of the Remote Hosting Services to Customer.

5.5   Nonperformance. Except as otherwise provided in this Contract Supplement, if either party's failure to perform its non-monetary obligations this Exhibit materially results from, or is materially caused by, the other party's failure to perform its obligations hereunder, then such nonperformance, if not cured within three business days after receipt of written notice as set forth below, will be tolled for the period of the other party's nonperformance, and all associated obligations directly and adversely affected by such nonperformance will likewise abate during the period of such nonperformance and for a reasonable period thereafter (not in excess of the original time allotted for the performance thereof) until such hindered party's obligation is no longer prevented by the material nonperformance of the other party. A hindered party will provide written notice to the other party detailing the other party's nonperformance of obligations. Written notices provided under this Section 5.5 will be sent as follows: (a) in the case of Customer, to the Customer Liaison Officer and (b) in the case of McKesson, to the McKesson Managed Services Account Manager. Notwithstanding the foregoing, nothing in this Section 5.5 will be construed to affect any obligation of a party to mitigate its damages.

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SCHEDULE 1 TO EXHIBIT B-3

FEE SCHEDULE FOR REMOTE HOSTING SERVICES

BASE FEE AND ANNUAL ADJUSTMENTS:

During the Initial Remote Hosting Term, Customer will pay the Fees set forth in Table 1.1 below for the Remote Hosting Services. Customer will make monthly payments of the Fees in accordance with the following table. Except as set forth in this Exhibit, the Fees are not subject to adjustment during the first 12 months of the Initial Remote Hosting Term.

TABLE 1.1

Contract Year	12 Month Period	Monthly Payment
Year 1	$ 61,236.00	$ 5,103.00
Year 2	Subject to Service Level Review	Subject to Service Level Review
Year 3	Subject to Service Level Review	Subject to Service Level Review
Year 4	Subject to Service Level Review	Subject to Service Level Review
Year 5	Subject to Service Level Review	Subject to Service Level Review

Table 1.1 represents the Fees as of the CS Effective Date (the **"Baseline Base Fee"**). Table 1.1 may be amended from time to time, through a separate amendment, to reflect any adjustments to the Baseline Base Fee that are authorized pursuant to this Contract Supplement or as are otherwise mutually agreed to by the parties.

FEE SCHEDULE FOR OPTIONAL EXPANDED REMOTE HOSTING SERVICES

Conditioned on payment of the Software license fees identified in Exhibit B-1 and execution of a new and separate Contract Supplement, Customer may for a period of five years after the CS Effective Date, license additional McKesson-owned Software identified in Schedule 2 to Exhibit B-3 ("**Optional Software**") in 250 headcount segments for use at the Facilities identified on this Contract Supplement. Customer acknowledges and agrees McKesson's fee amount for the 250 headcount segment increase will be offered at 50% off the then current list price and will carry an associated annual maintenance fee increase of $1,649.00 as reflected in Table 2.1 below. The Optional Software license may be further conditioned on Customer's payment of McKesson's then-current Third Party Software license fees and other applicable fees, including without limitation, Implementation Services, Software Maintenance Services, and Equipment.

Customer acknowledges and agrees that McKesson's fees and charges have been calculated based on the Estimated Monthly Volume as defined and set forth in Exhibit B-1. McKesson reserves the right to change fees and charges if Customer's actual volume materially differs from the Estimated Monthly Volume during the term of this Contract Supplement upon 60 days prior written notice to Customer.

Table 2.1

Riverside County					
Employee Capacity Upgrade Template					
	Headcount	**Divisions**			
Current Configuration	2,250	5			
New Configuration	2,500	5			
Discount		50%			
Additional Headcount	250				
	List Price	**Discount %**	**Discount $**	**Net Price**	**Annual Maintenance**
New Configuration Pricing	$203,963	-50%	-$101,982	$101,982	$18,357
Current Configuration	$188,028	-50%	-$94,014	$94,014	$16,923
Difference	$15,935		-$7,968	$7,968	$1,434
Premium %	15%				
Premium Amount	$2,390	-50%	-$1,195	$1,195	$215
Total Upgrade Cost	**$18,325**		**-$9,163**	**$9,163**	**$1,649**
Per Head	$ 73.30			$ 36.65	**$1,649**

SCHEDULE 2 TO EXHIBIT B-3

DESCRIPTION OF REMOTE HOSTING SERVICES – RESPONSIBILITIES MATRIX

McKesson Responsibilities	Customer Responsibilities
Data Center and Facilities Management	
• Data center floor space, capacity planning • HVAC, power, fire suppression, UPS, generators • 24 X 7 on-site hardware, facilities monitoring	
Storage and Backup Configuration and Management	
• Enterprise class storage allocation, configuration, capacity planning • Enterprise backup agent installation, configuration • Tape rotation, off-site storage • Application, database, OS backup configuration and management • Tape and data restores	• Assist with backup scheduling • Rescheduling of special backup requests • Restore requests
Server Hardware Acquisition and Management	
• Lifecycle management • Hardware configuration, staging, installation • Hardware acquisition and refresh • Asset and inventory management • Performance and resource management and monitoring • System administration & application monitoring • Firmware & driver updates	
Network Provisioning and Management	
• Data center network provisioning, management, monitoring • Wide area network provisioning, management, monitoring • Availability and performance monitoring	• Customer network management • Internet connection
Database Management, Performance Monitoring, and Upgrades	
• Backup configuration and scheduling • Database system management • Database application management • Database upgrades	
Security Management	
• Physical security • Patch management (hosted systems) • Virus protection (hosted systems) • Remote access (administration) • Firewall management	• User account provisioning • Application security monitoring • Customer network firewall
Citrix Configuration and Application Management	
• Citrix farm configuration • Application publishing	• Local Citrix farm/published desktop • User provisioning and management
Integration Services (If Hosting Interface Management)	
• 24 x 7 interface monitoring and alerting	• Interface support and configuration

McKesson Responsibilities	Customer Responsibilities
	• Interface performance and monitoring
Disaster Recovery	
• Tape storage off-site • Tape testing	• Define application availability requirements
Service Desk	
• Tier 1 infrastructure support • Tier 2 and 3 infrastructure support • Single point of contact for customers • Recording and tracking incidents • Closing the case • Problem management	• Initial classification of application and infrastructure issues • End-user interface and reporting
Application Management	
• Application level monitoring	• Master file management & maintenance • Report management • Application management
Service Level Management	
• Performance reporting management • SLA management reporting	
Change Management	
• Coordination of change management process • Testing	• Coordination with user community • Acceptance testing & sign-off
Account Management	
• Quarterly on-site meetings • Escalation of issues • Customer satisfaction	• Quarterly meetings (if requested by McKesson) • Escalation of issues

SCHEDULE 3 TO EXHIBIT B-3

CUSTOMER SOFTWARE

REMOTE HOSTING:

- ANSOS One-Staff
  With 80 Divisions (80 Cost Centers per Division)
  Up to 2,250 Staff Employees, 50 Concurrent users
  Advanced Personnel Download interface, and Workload download

Monthly fee including maintenance, support and hosting fee: **$ 5,103.00**

SERVICE LEVELS

REMOTE HOSTING SERVICE LEVELS:

Service Category	Service Description / Definition	Performance Measurement
Server Availability	Manage the Systems executing the Customer Software. Part of Remote Hosting Services	99.0% availability of the operating system and database. Calculated by dividing the "Available Hours" by the "Total Hours" where: "Available Hours" equals the total number of hours that the high availability system are available for use and performing in accordance with the warranties in the Agreement, minus any time in which the high availability system were not available due to unscheduled maintenance. and "Total Hours" means the number of hours in the reporting period.
Connectivity Network Availability	Manage the Connectivity Network. Part of Remote Hosting Services.	99.0% availability of the Connectivity Network. Calculated by dividing the "Available Hours" by the "Total Hours" where: "Available Hours" equals the total number of hours that the Connectivity Network is available for use and performing in accordance with the warranties in the Agreement, minus any time in which the high availability applications were not available due to scheduled maintenance and "Total Hours" means the number of hours in the reporting period.
Data Back-up Success Rate	Backup Customer systems and data such that Customer data can be restored based on most recent backup. Backup tapes will be rotated every sixty days. A full backup of Customer data full backup will be retained at all times.	99.0% is the service level in which backup tapes (or other backup devices) will correctly retain and restore data if requested by Customer.

Service Category	Service Description / Definition	Performance Measurement
System Admin Success Rate	Administer and monitor the systems used to process Customer Software. Includes operating systems, utilities, data location(s), data capacities, and hardware capacities.	See Server Availability above

EXCEPTIONS TO MCKESSON'S OBLIGATIONS TO MEET SERVICE LEVELS

McKesson will not be responsible for any delay, interruption, or nonperformance of any obligation to meet Service Levels caused by conditions beyond McKesson's control. The time for performance of any Service Level will be deemed to be extended for a period equal to the duration of the conditions preventing performance. McKesson will not be responsible for failure to provide Service Level(s) to the extent that such failure is attributable to any, but not limited to the following events and/or circumstances:

1. Customer's failure to provide complete, timely, or accurate information to the extent McKesson reasonably requires such information to meet the Service Levels.

2. Customer's inability to provide to McKesson necessary access to any equipment, software, or facility to meet the Service Levels.

3. Customer's failure to provide any required approval or consent to McKesson necessary to meet the Service Levels.

4. Customer's failure to approve required downtime for maintenance of equipment or software, including any maintenance window.

5. Customer's failure to (a) meet Customer's responsibilities as required by the Agreement and this Contract Supplement, (b) allow access to McKesson personnel as necessary to perform the Remote Hosting Services, or (c) any other act or omission of Customer at the Customer's Facility(ies) that hinders or prevents McKesson from providing the Remote Hosting Services in accordance with the Service Levels.

6. Violations of law by Customer, its affiliates, any end user or any of their subcontractors.

7. Service or resource reductions requested or approved by Customer, provided that McKesson has previously notified Customer in writing that the implementation of such request may result in such failure to meet the Service Level.

8. Any cause beyond the reasonable control of McKesson that could not, by reasonable diligence, be avoided, including acts of God, acts of war, terrorism, riots, embargoes, acts of civil or military authorities, denial of or delays in processing of export license applications, fire, floods, earthquakes, accidents, strikes, or a fuel crisis.

9. Mass telecommunications outages affecting multiple customers of Customer's telecommunications carrier and any failure of a telecommunications carrier approved by Customer to restore an outage within its contractual service level, except to the extent that the affected services are available from Customer's or McKesson's secondary telecommunications carrier

10. Telecommunication lines cut by carrier.

11. All outages that are due to defects in equipment or software that are not covered by appropriate maintenance agreements.

12. Customer's failure to perform updates and/or upgrades recommended by McKesson required for such Customer's failure to approve the installation of such patches or upgrades.

13. The occurrence of any other circumstance that the Agreement or this Contract Supplement expressly identifies as grounds for excusing McKesson's obligation to meet the Service Levels.

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SCHEDULE 5 TO EXHIBIT B-3

SOFTWARE PARAMETERS

SOFTWARE:

ANSOS One-Staff Software License Expansion:

500 additional employee licenses   **$18,704.00**

(New total employee licenses 2,250)

SOFTWARE TOTAL: **$18,704.00**

SCHEDULE 6 TO EXHIBIT B-3

SERVICE PARAMETERS

SERVICES:

Technical Services   **$8,352.00**

      Migration to MS SQL Server Platform on McKesson host server.
      Up to 40 hours remote support includes set-up, migration and
      testing in test and live environments.

System Assessment and Consultation   **$2,784.00**

      Project management, goal definition, current data and
      workflow review to determine custom training plans.
      Includes up to 16 hours of on site.
      (Minimum 1 Visit) and remote services.

Custom Training   **$5,568.00**

      System training for new and experienced users.
      Includes up to 32 hours of on site and remote services
      (Minimum of 2 visits) for a Maximum of 10 Attendees.

SERVICES TOTAL: **$16,704.00**

EXHIBIT D-1

ADDITIONAL TERMS

The following terms and conditions apply only to the Products and Services provided under this Contract Supplement.

SECTION 1:   FEES

1.1   Customer will pay all fees and other charges in U.S. dollars within 35 days after invoice date. Prices do not include packing, delivery, and insurance charges. Customer will reimburse McKesson for all other reasonable out-of-pocket expenses incurred in the course of providing Services, including travel and living expenses. The prices stated on this Contract Supplement are applicable to this Contract Supplement only.

1.2   Customer obligation for payment of this Contract Supplement beyond the current fiscal year end is contingent upon and limited by the availability of Customer funding from which payment can be made. No legal liability on the part of Customer shall arise for payment beyond June 30 of each calendar year unless funds are made available for such payment. In the event that such funds are not forthcoming for any reason, Customer shall immediately notify McKesson in writing; and this Contract Supplement shall be deemed terminated and have no further force and effect, Govt. Code Section 29120. Customer acknowledges and agrees that all fees due under this Contract Supplement will be paid in advance pursuant to the terms and conditions herein and no fees will be refunded to Customer in the event of early termination of this Contract Supplement. In addition, Customer shall pay McKesson any and all additional fees due and payable on or prior to the effective date of termination.

SECTION 2:   INTERFACE FEE

The license fee for any interface is only for the McKesson portion of such interface utilizing McKesson's standard published interface specifications. Any deviation from McKesson standard interface specifications will be billed on a Time and Materials Fee basis as mutually agreed upon between McKesson and Customer. Customer is responsible for purchasing the appropriate software, hardware, third party software, and services from the respective information systems vendor for the remaining portion of any interfaces.

SECTION 3:   THIRD PARTY TERMS

Customer agrees to the applicable Third Party terms and conditions, if any, as set forth at http://customerportal.mckesson.com, which Customer may access using the following confidential login information:

       User ID: contractprovisions@mckesson.com
       Password (case sensitive): Portal!Access

SECTION 4:   LIMITATION OF LIABILITY

4.1   Total Damages. MCKESSON'S TOTAL CUMULATIVE LIABILITY UNDER, IN CONNECTION WITH, OR RELATED TO THIS CONTRACT SUPPLEMENT WILL BE LIMITED TO (A) THE TOTAL FEES PAID (LESS ANY REFUNDS OR CREDITS) BY CUSTOMER TO MCKESSON UNDER THIS CONTRACT SUPPLEMENT FOR THE SOFTWARE GIVING RISE TO THE CLAIM, OR (B) THE TOTAL FEES PAID (LESS ANY REFUNDS OR CREDITS) BY CUSTOMER TO MCKESSON UNDER THIS CONTRACT SUPPLEMENT FOR THE SERVICE GIVING RISE TO THE CLAIM DURING THE 12-MONTH PERIOD PRECEDING THE DATE OF THE CLAIM, AS APPLICABLE, WHETHER BASED ON BREACH OF CONTRACT, WARRANTY, TORT, PRODUCT LIABILITY, OR OTHERWISE.

4.2   Exclusion of Damages. IN NO EVENT WILL MCKESSON BE LIABLE TO CUSTOMER UNDER, IN CONNECTION WITH, OR RELATED TO THIS CONTRACT SUPPLEMENT FOR ANY SPECIAL, INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOSS OF GOODWILL, WHETHER BASED ON BREACH OF CONTRACT, WARRANTY,

TORT, PRODUCT LIABILITY, OR OTHERWISE, AND WHETHER OR NOT MCKESSON HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

4.3   Material Consideration. THE PARTIES ACKNOWLEDGE THAT THE FOREGOING LIMITATIONS ARE A MATERIAL CONDITION FOR THEIR ENTRY INTO THIS CONTRACT SUPPLEMENT.

SECTION 5:   INTELLECTUAL PROPERTY INFRINGEMENT

For purposes of this Contract Supplement, the Indemnification / Infringement Indemnity / Intellectual Property Infringement clause of the Agreement shall be replaced with the following: McKesson will defend, indemnify, and hold Customer harmless from any action or other proceeding brought against Customer to the extent that it is based on a claim that (a) the use of any McKesson Software (other than Third Party Software) delivered under this Contract Supplement infringes any U.S. copyright or U.S. patent or (b) the McKesson Software (other than Third Party Software) incorporates any misappropriated trade secrets. McKesson will pay costs and damages finally awarded against Customer as a result thereof; provided, that Customer (i) notifies McKesson of the claim within ten business days, (ii) provides McKesson with all reasonably requested cooperation, information and assistance, and (iii) gives McKesson sole authority to defend and settle the claim. McKesson will have no obligations with respect to claims arising from: (a) McKesson Software modifications that were not performed by McKesson or authorized by McKesson in writing, (b) custom interfaces, file conversions, or other programming for which McKesson does not exclusively develop the specifications or instructions, (c) use of any McKesson Software in combination with products or services not provided by McKesson, if use of the McKesson Software alone would not result in liability under the above section, or (d) any use of the McKesson Software not authorized by this Contract Supplement or the Documentation. If a claim of infringement or misappropriation for which Customer is entitled to be indemnified under this Section arises, then McKesson may, at its sole option and expense: (a) obtain for Customer the right to continue using such McKesson Software (b) replace or modify such McKesson Software to avoid such a claim, provided that the replaced or modified McKesson Software is substantially equivalent in function to the affected McKesson Software, or (c) take possession of the affected McKesson Software and terminate Customer's rights and McKesson's obligations under this Contract Supplement with respect to such McKesson Software. Upon any such termination, McKesson will refund to Customer a portion of the fees paid for that McKesson Software based upon a five year straight-line depreciation, with depreciation deemed to have commenced on the corresponding Software Installation Date, if any, or the corresponding date of delivery. THE FOREGOING ARE MCKESSON'S SOLE AND EXCLUSIVE OBLIGATIONS, AND CUSTOMER'S SOLE AND EXCLUSIVE REMEDIES, WITH RESPECT TO INTELLECTUAL PROPERTY INFRINGEMENT OR TRADE SECRET MISAPPROPRIATION.

SECTION 6:   SOFTWARE MAINTENANCE TERM

The initial term for Software Maintenance Services (the "Initial SWM Term") begins on the Contract Supplement Effective Date and continues (i) for Perpetual Software licenses, for five years, and (ii) for Term Software licenses, for the initial term as set forth in this Contract Supplement. For Perpetual Software licenses, the Initial SWM Term will automatically renew for successive one year periods, unless either party provides the other with written notice of termination of Software Maintenance Services no less than six months prior to the end of the then-current term. For Term Software licenses, the Initial SWM Term will automatically renew for any renewal license term. McKesson will invoice Customer for Software Maintenance Services annually in advance for each 12-month period. Termination is effective as of the next annual payment due date, and no refund or credit will apply in the event of early termination of Software Maintenance Services. Annual Software Maintenance Services fees will be prorated on a 365-day calendar year.

SECTION 7:   SOFTWARE MAINTENANCE FEES INCREASE

McKesson may increase its fees for Maintenance Services and certain other services once every 12 months upon 60 days written notice to Customer. The amount of such increase will not exceed five percent. Price increases are effective as of the next annual, quarterly or monthly payment due date.

SECTION 8:   SOFTWARE MAINTENANCE FEE PRO-RATION

Annual Software Maintenance Services fees shall be due in according with the terms and conditions of the Agreement and be prorated on a 365-day calendar year.

SECTION 9: <u>**FOR THE PURPOSES OF THIS CONTRACT SUPPLEMENT THE TERMS SPECIFIED BELOW SHALL HAVE THE FOLLOWING MEANING:**</u>

"**Staff Employees**" means the number of licensed ANSOS One-Staff personnel identified on Exhibit A-1 hereto that are currently employed in any capacity, permanent or temporary (including without limitation "as needed" employees such as agency, contract, per-diem, casual, float, pool, travelers, and the like), by Customer and also including for purposes of licensing employees whose credentials are tracked in the personnel module but not included in the base ANSOS One-Staff system.

"**Clinical Content**" means medical or clinical information such as terminology, vocabularies, decision support rules, alerts, drug interaction knowledge, care pathway knowledge, standard ranges of normal or expected result values, and any other clinical content or rules provided to Customer under this Contract Supplement, together with any related Documentation and Upgrades. Depending on the intended usage, Clinical Content may be provided in either paper or electronic formats.

"**Enhancements**" means enhancements or new releases of the Software, Documentation, Clinical Content, or Services providing new or different functionality that are separately priced and marketed by McKesson

"**Software**", as such term is used in the Agreement means software in object code form only (and related Documentation) identified in this Contract Supplement or otherwise provided by McKesson to Customer, including any Upgrades that McKesson provides to Customer

"**Software Maintenance Services**" means support services for only the two most current releases of the Software consisting of telephone support, problem resolution, and Upgrades delivered by McKesson, all in accordance with the McKesson Support Manual. Software Maintenance Services do not include: (a) development of custom code or customizations for any Software, (b) support of Software modifications generated by anyone other than McKesson, (c) services to implement Upgrades or to correct improper installation or integration of the Software that was not performed by McKesson-authorized personnel, (d) system administrator functions, (e) help desk services, or (f) Enhancements.

"**Upgrades**" means corrections, modifications, improvements, updates or releases of the Software, Documentation, Clinical Content, or Services designated by McKesson as "Upgrades," which are Generally Available and generally provided to customers as part of Software Maintenance Services. Upgrades do not include Enhancements.

SECTION 10: <u>**TIMELY PAYMENTS**</u>

Any early payment discount described in the Agreement shall not apply to this Contract Supplement.

SECTION 11: <u>**OUT-OF-POCKET EXPENSES**</u>

McKesson shall use reasonable efforts to limit any out-of-pocket expenses. Except as otherwise provided in this Section, McKesson agrees that travel and out-of-pocket expenses related to the Services described in Exhibit B-1 of this Contract Supplement will not exceed $4,600 without the prior consent of Customer. Upon the reasonable request of Customer, McKesson shall provide supporting documentation for the expenses incurred in connection with McKesson's performance hereunder. Should fees exceed $4,600.00, McKesson shall obtain approval for any additional fees from Customer, and such approval shall not be unreasonably withheld.