



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

April 20, 2006

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First District

Yvonne B. Burke
Second District

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Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**PHARMACEUTICAL REVERSE DISTRIBUTION
SERVICES AGREEMENT WITH EXP PHARMACEUTICAL
WASTE MANAGEMENT, INC.**
(All Districts) (3 Votes)

Bruce A. Chernof, MD
Acting Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Acting Director of Health Services, or his designee, to offer and sign an agreement, substantially similar to Exhibit I, with EXP Pharmaceutical Waste Management, Inc. to provide County pharmacies with reverse distribution services for inventorying, packaging, and return to the manufacturer of pharmaceutical/drug products that have exceeded their packaging expiration date, are damaged, or have been recalled, and have become non-dispensable, in exchange for full or partial credits, refunds, and/or pharmaceutical/drug replacements, in accordance with the manufacturers' policies; and the disposal of biohazardous waste products (i.e., medical pharmaceutical/ drug products) that are found to be non-dispensable and non-returnable to pharmaceutical/drug manufacturers, effective July 1, 2006 through June 30, 2007, with four one-year automatic renewals through June 30, 2011, at no cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended action, the Board is authorizing the Acting Director of Health Services, or his designee, to sign an agreement with EXP Pharmaceutical Waste Management, Inc. (EXP), to provide pharmaceutical reverse distribution services to County pharmacies.

Implementation of Strategic Plan Goals

The program will seek to carry out the Board's goal of being fiscally responsible by obtaining full or partial credits, refunds, and/or pharmaceutical/drug

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replacements (i.e., credits) from pharmaceutical/drug manufacturers which offer such credits for pharmaceutical/drug products that have exceeded their packaging expiration date, are damaged, or have been recalled, and have become non-dispensable.

FISCAL IMPACT/FINANCING:

All service fees associated with the reverse distribution activities provided by EXP will be deducted from the manufacturer(s) credit compensation designated for each individual County pharmacy operation (See Attachment B for list of participating facilities).

EXP will receive 9% to 10% (based on the type of pharmaceutical/drug handled [i.e., non-controlled or controlled substances]) of the total refund received from pharmaceutical/drug manufacturers by participating County pharmacies, and \$0.69 per pound for disposal of non-hazardous waste and \$2.95 per pound for disposal of hazardous waste for the pharmaceutical/drug products that do not qualify for credit and cannot be reverse distributed. EXP is limited to receiving no more than 15% of the total refund received by a County pharmacy for all services performed as a contractor. The only compensation to EXP for these services is the percentage withheld from the refunds received from pharmaceutical/drug manufacturers. Accordingly, this Agreement does not increase the Department's expenses.

The total cost of pharmaceutical reverse distribution services for Calendar Year (CY) 2005 was \$229,241, based on total County facility pharmacy refunds of \$2,255,130, or an actual refund of \$2,025,889 (\$2,255,130 pharmaceutical/drug manufacturers refund less \$229,241 contract costs).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Normally, supply orders and use of supplies are adjusted by a County pharmacy from time-to-time to ensure that the majority of supplies held by the pharmacy are used before they reach their packaging expiration date. County pharmacies must order pharmaceutical/drug products in large quantities and maintain par levels of pharmaceuticals/drugs at all times (to properly serve the patients and for contingency purposes) at each of its locations (including but not limited to, maintaining pharmaceuticals/drugs on hospital wards, clinics, and outpatient facilities). Such large quantities of pharmaceutical/drug stock need to be monitored and adjusted to optimize pharmaceutical par levels without exceeding packaging expiration dates, thereby causing the pharmaceutical/drugs to become non-dispensable.

Under the Controlled Substances Act of 1970, the Drug Enforcement Agency (DEA) assigned numbers to drugs based on the amount of narcotic, or narcotic-like substances, present in a drug, and its level of habit forming or addicting propensities. The schedule numbers are "I" through "V" with "II" being the strongest and "I" being illegal. The handling of scheduled drugs requires a DEA license and the use of special control and inventory procedures prescribed by federal and state regulations. (Absence of such numbers on a drug label renders the drug non-scheduled [non-controlled] which can be handled and processed without DEA restrictions).

EXP is a DEA registered reverse distributor, licensed to handle all Scheduled (I through V) drugs, and controlled substances, and also possesses other related licenses and permits (i.e., Environmental Protection Agency license, California Department of Health Services permit, and Weightmaster license) required to provide pharmaceutical reverse distribution services (including biohazardous waste disposal and non-returnable pharmaceutical/drug products) under the recommended agreement. In addition, EXP is the sole reverse distributor located in California and licensed by the California State Board of Pharmacy (i.e., EXP has a California State Pharmacy Wholesaler's license). EXP has provided services to the Department since March 2001.

Basic pharmaceutical reverse distribution services include, but are not limited to: 1) sorting pharmaceuticals/drugs by manufacturer, lot number, and expiration date; 2) generating return inventory reports and all necessary DEA forms; 3) providing all packaging materials and the boxing, packaging, and mailing/shipping of pharmaceuticals/drugs for return shipment to each manufacturer; 4) preparing returned drug summary reports with anticipated return value/credits; and 5) disposing of all non-returnable pharmaceutical/drugs, when requested.

It should be noted that not all pharmaceuticals/drugs are returnable for credit or replacement. Non-returnable pharmaceuticals/drugs are considered pharmaceutical medical waste (divided into non-hazardous waste [usually non-scheduled pharmaceuticals/drugs] and hazardous waste [usually scheduled/controlled pharmaceuticals/drugs]).

The Department will have the option to use EXP to directly dispose of both non-hazardous and hazardous pharmaceutical medical waste under this agreement, since EXP offers a more secure method of disposal than using the Department's current biohazardous waste contractors, especially when disposing of scheduled/controlled pharmaceuticals/ drugs. EXP will only dispose of pharmaceutical medical waste which is a by-product of the reverse distribution process.

The agreement (Exhibit I) has been approved as to form by County Counsel.

Attachments A and B provide additional information.

CONTRACTING PROCESS

Not applicable. It is not appropriate to advertise County sole source agreements on the Los Angeles (L.A.) County Online Web Site as a contract/business opportunity.

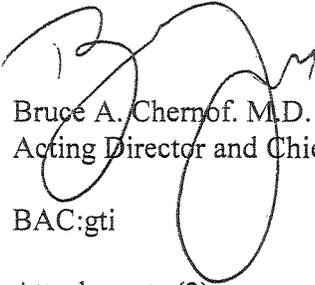
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Provision of pharmaceutical reverse distribution services will assist County facilities in obtaining maximum manufacturer credits for expired/damaged pharmaceuticals/drugs while achieving maximum inventory benefits.

The Honorable Board of Supervisors
April 20, 2006
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When approved, this Department requires three signed copies of the Board action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Bruce A. Chernof', is written over the typed name and title.

Bruce A. Chernof, M.D.
Acting Director and Chief Medical Officer

BAC:gti

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

BLCDEXP.GI

SUMMARY OF AGREEMENT

1. TYPE OF SERVICES:

Provision of pharmaceutical reverse distribution services, which include, but are not limited to: 1) sorting pharmaceuticals/drugs by manufacturer, lot number, and expiration date, 2) generating return inventory reports and all necessary Drug Enforcement Agency forms, 3) providing all packaging materials and the boxing, packaging, and mailing/shipping of pharmaceuticals/drugs for return shipment to each manufacturer, 4) preparing returned drug summary reports with anticipated return value/credits, and 5) disposing of all non-returnable pharmaceutical/drugs, when requested.

2. AGENCY INFORMATION:

EXP Pharmaceutical Waste Management, Inc.
2544 Elden Avenue, #A
Costa Mesa, California 92627
Attention: Mr. Timothy Fahy, South West Regional Manager
Telephone Number/Facsimile Number: (800) 350-0396/(949) 548-5849
Electronic-mail (e-mail) Address: timfahy@expworld.com

3. TERM OF AGREEMENT:

Effective July 1, 2006 through June 30, 2007, with four one-year automatic renewals through June 30, 2011

4. FINANCIAL INFORMATION:

EXP will receive 9% to 10% (based on the type of pharmaceutical/drug handled [i.e., non-controlled or controlled substances]) of the total refund received from pharmaceutical/drug manufacturers by participating County facility pharmacies, and \$0.69 per pound for disposal of non-hazardous waste and \$2.95 per pound for disposal of hazardous waste for the pharmaceutical /drug products that do not qualify for credit and cannot be reverse distributed. EXP is limited to receiving no more than 15% of the total refund received by a County pharmacy for all services performed as a contractor.

5. GEOGRAPHIC AREA TO BE SERVED:

Countywide.

6. DESIGNATED ACCOUNTABLE FOR PROJECT MONITORING:

Department of Health Services Pharmacy Administration

7. APPROVALS:

Executive Office:	Bruce A. Chernof, M.D. Acting Director and Chief Medical Officer
Contract and Grants Division:	Cara O'Neill, Chief
County Counsel (approval as to form):	Sharon A. Reichman, Principal Deputy County Counsel

County Pharmacies

<p>1. Edward R. Roybal Comprehensive Health Center 245 South Fetterly Avenue Los Angeles, California 90022 Attention: James Wong, Pharm.D Pharmacy Director Telephone: (323) 780-2398 FAX: (323) 780-9752 E-Mail: jkwong@lacusc.org</p>	<p>2. El Monte Comprehensive Health Center 10953 Ramona Boulevard El Monte, California 91731 Attention: Kenneth Mar, Pharm.D Pharmacy Director Telephone: (626) 579-8419 FAX: (626) 442-9278 E-Mail: klmar@lacusc.org</p>
<p>3. H. Claude Hudson Comprehensive Health Center 2829 South Grand Avenue Los Angeles, California 90007 Attention: Sandra Hudson, Pharm.D Pharmacy Director Telephone: (213) 744-3934 FAX: (213) 746-5021 E-Mail: shudson@lacusc.org</p>	<p>4. Harbor/UCLA Medical Center 1000 West Carson Street Torrance, California 90509 Attention: Wes Kamikawa, Pharm.D Pharmacy Director Telephone: (310) 222-2357 FAX: (310) 782-2928 E-Mail: wkamikawa@ladhs.org</p>
<p>5. High Desert Health System 44900 North 60th Street, West Lancaster, California 93536 Attention: Nadine Balady, Pharm.D Pharmacy Director Telephone: (661) 945-8456 FAX: (661) 945-8423 E-Mail: nbalady@ladhs.org</p>	<p>6. Hubert H. Humphrey Comprehensive Health Center 5850 South Main Street Los Angeles, California 90003 Attention: Joe Robles, Pharm.D Pharmacy Director Telephone: (323) 846-4421 FAX: (323) 231-7627 E-Mail: cjrobles@ladhs.org</p>
<p>7. Martin Luther King/Drew Medical Center 12021 South Wilmington Avenue Los Angeles, California 90059 Attention: John Sang, Pharm.D Pharmacy Director Telephone: (310) 668-3961 FAX: (310) 609-2085 E-Mail: jsang@ladhs.org</p>	<p>8. Los Angeles County Sheriff's Department Sheriff's Medical Services Pharmacy 450 Bauchet Street, Room M4137 Los Angeles, California 90012 Attention: Kuldev Singh, Pharm.D Pharmacy Director Telephone: (213) 893-5514 FAX: (213) 451-1299 E-Mail: ksingh@lasd.org</p>
<p>9. Los Angeles County - Department of Mental Health 550 South Vermont Avenue Los Angeles, California 90020 Attention: Wayland Chan, Pharm.D Pharmacy Director Telephone: (213) 738-4725 FAX: (213) 637-2550 E-Mail: wchan@lacdmh.org</p>	<p>10. Los Angeles County - Probation Department Medical Division 1605 Eastlake Avenue Los Angeles, California 90033 Attention: Andrew Wang, Pharm.D Pharmacy Director Telephone: (323) 226-8850 FAX: (323) 226-8899 E-Mail: anwang@ladhs.org</p>

County Pharmacies

<p>11. LAC+USC Medical Center (Outpatient Pharmacy) 1175 North Cummings Street Los Angeles, California 90033 Attention: Steve Dong, Pharm.D Pharmacy Director Telephone: (323) 226-5093 FAX: (323) 226-5744 E-Mail: sdongk@lacusc.org</p>	<p>12. LAC+USC Medical Center Pharmacy 1100 North Mission Road Los Angeles, California 90033 Attention: Stanford Melnick, Pharm.D Pharmacy Director Telephone: (323) 226-6021 FAX: (323) 226-6043 E-Mail: smelnick@lacusc.org</p>
<p>13. LAC+USC Medical Center Women's and Children's Hospital 1240 North Mission Road Los Angeles, California 90033 Attention: Ken Hankawa, Pharm.D Pharmacy Director Telephone: (323) 226-3101 FAX: (323) 226-3068 E-Mail: khankawa@lacusc.org</p>	<p>14. Long Beach Comprehensive Health Center 1333 Chestnut Avenue Long Beach, California 90813 Attention: Peter Chen, Pharm.D Pharmacy Director Telephone: (562) 599-8723 FAX: (562) 591-3348 E-Mail: pechen@ladhs.org</p>
<p>15. Olive View/UCLA Medical Center 14445 Olive View Drive Sylmar, California 91342 Attention: Steve Lee, Pharm.D Pharmacy Director Telephone: (818) 364-3059 FAX: (818) 364-3627 E-Mail: STLee@ladhs.org</p>	<p>16. Rancho Los Amigos National Rehabilitation Center 7801 East Imperial Highway Downey, California 90242 Attention: Brian Joyo, Pharm.D Pharmacy Director Telephone: (562) 401-7235 FAX: (562) 401-7249 E-Mail: bjoyo@ladhs.org</p>
<p>17. Wilmington Health Center 1325 Broad Avenue Wilmington, California 90744 Attention: Steve Phung, Pharm.D Pharmacy Director Telephone: (310) 518-8826 FAX: (310) 816-3002 E-Mail: sphung@ladhs.org</p>	

Note that "Pharmacy Director" is a generic title, and actual titles of Pharmacy Directors may vary from facility to facility.

EXHIBIT I

Contract No. _____

PHARMACEUTICAL REVERSE DISTRIBUTION SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this _____ day
of _____ 2006,

by and between COUNTY OF LOS ANGELES (hereafter
"County"),

and EXP PHARMACEUTICAL WASTE
MANAGEMENT, INC. (hereafter
"Contractor").

WHEREAS, pursuant to Sections 1444 and 1445 of the
California Health and Safety Code, County has established and
maintains various hospitals and other health facilities (all
hereafter referred to as "facilities"); and

WHEREAS, County's facilities must purchase and have
available at their locations a certain amount of
pharmaceutical/drug products at all times to properly serve
County residents; and

WHEREAS, such purchased pharmaceutical/drug products may be
received in a damaged or non-dispensable condition, or if
received in good condition, may not be used or administered so
that their packaging expiration date is exceeded and they
therefore become non-dispensable; and

WHEREAS, a number of pharmaceutical/drug manufacturers offer

partial credits, refunds, and/or pharmaceutical/drug replacements, for damaged and/or expired non-dispensable pharmaceutical/drug products which are returned (i.e., reverse distributed) to such pharmaceutical/drug manufacturers; and

WHEREAS, there are specific Drug Enforcement Agency ("DEA") requirements for handling and inventorying pharmaceutical/drug products which contain narcotics, or narcotic like substances, including when such pharmaceutical/drug products are being processed for pharmaceutical reverse distribution; and

WHEREAS, not all damaged or expired pharmaceutical/drug products can be returned to a pharmaceutical/drug manufacturer for partial credits, refunds, and or pharmaceutical/drug replacements, and are considered non-returnable, and must be disposed of according to those laws governing biohazardous (i.e., medical pharmaceutical/drug) waste disposal; and

WHEREAS, Contractor is capable of providing both pharmaceutical reverse distribution services and biohazardous waste disposal services (hereafter collectively referred to as "pharmaceutical reverse distribution services", unless otherwise stated); and

WHEREAS, the services to be provided hereunder are of an intermittent or part time nature; and

WHEREAS, Contractor is duly licensed and certified under the laws of the State of California to engage in the business of

providing pharmaceutical reverse distribution services as described hereunder, and further possesses the competence, expertise, and personnel, required to provide such services; and

WHEREAS, the term "Director" as used herein refers to County's Acting Director of the Department of Health Services ("DHS"), or his authorized designee (hereafter jointly referred to as "Director"); and

WHEREAS, this Agreement is authorized by Government Code Section 31000 to contract for these services.

NOW, THEREFORE, the parties hereto agree as follows:

1. TERM: This Agreement shall commence on July 1, 2006, and unless sooner canceled or terminated as provided herein, shall continue in full force and effect to and including June 30, 2007. Said agreement shall thereafter be automatically renewed for one (1) year terms, for a maximum of four (4) years, without further action by the parties hereto, to and including June 30, 2011, unless the desire of either party to terminate same has been given in writing to the other party by May 31 of the prior year term.

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) calendar days' prior written notice to the other. Further, County may also suspend the performance of services hereunder, in whole or in part, upon the

giving of at least thirty (30) calendar days advance written notice to Contractor. County's notice shall set forth the extent of the suspension and the requirements for full restoration of the performance obligations.

Notwithstanding any other provision of this Paragraph, the failure of Contractor or its officers, employees, or agents to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto, shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

2. DESCRIPTION OF SERVICES:

A. Contractor shall provide services in the manner and form as described in the body of this Agreement and in Exhibit "A", Description of Services, which is attached hereto and incorporated herein by reference.

B. Contractor acknowledges that the quality of service(s) provided under this Agreement shall be at least equivalent to that which Contractor provides to all the other clients it serves.

3. NONEXCLUSIVITY: Contractor acknowledges that is not necessarily an exclusive or the only provider to County of pharmaceutical reverse distribution services, and the County has,

or may enter into agreements (i.e., contracts) with other providers to provide pharmaceutical reverse distribution services, or may perform all or part of such services, when possible, using County employees.

4. ACCESS: Director shall provide Contractor and its personnel, if needed, with reasonable access to each County facility's pharmacy as listed under Attachment "A", County Pharmacies, as required by Contractor to perform pharmaceutical reverse distribution service as described hereunder. Contractor agrees it will neither directly, nor through its officers, employees, agents, or subcontractors, solicit business from County patients.

5. RULES AND REGULATIONS: During the time that Contractor or any of its employees are at any County pharmacy, such person shall be subject to the rules and regulations of the County facility in which the County pharmacy is located. Director's administrator of each County facility with a County pharmacy served hereunder shall furnish a copy of its rules and regulations to Contractor prior to execution of this Agreement and, during the term of this Agreement, shall furnish Contractor with any changes thereto as from time to time may be adopted. It is the responsibility of Contractor to acquaint itself and such persons who may provide services for Contractor under this Agreement with all such rules and regulations. Contractor agrees

to permanently withdraw any of its officers, employees, agents, or subcontractors, from the provision of services hereunder upon written notice from Director that: (1) any such officer, employee, agent, or subcontractor, has violated such rules and regulations; or (2) such officer's, employee's, agent's, or subcontractor's actions, while on County premises, indicate that such officer, employee, agent, or subcontractor, may adversely affect the delivery of health care services. Director must submit with such notice a written statement of the facts supporting any such alleged violation or action.

6. BUSINESS SOLICITATION: Contractor agrees it will neither directly, nor through its officers, employees, agents, or subcontractors, solicit business from County patients.

7. BILLING AND PAYMENT:

A. County agrees to compensate Contractor in accordance with the payment structure set forth in Exhibit "A", attached hereto and incorporated herein by reference.

B. Contractor shall bill each County facility receiving services hereunder monthly in arrears for all services received by its County pharmacy (as listed under Attachment "A", County Pharmacies), during the preceding calendar month. Contractor further shall submit billings according to the terms set forth in the payment requirements paragraph of said Exhibit.

C. Payment by County hereunder shall be made within a reasonable period of time after receipt of a billing statement which is deemed to be complete and correct by each County facility's Expenditure Management Division receiving services hereunder, and/or County's Auditor-Controller, or his/her duly authorized representative.

8. COUNTY'S OBLIGATION FOR FUTURE FISCAL YEARS: Notwithstanding any other provisions of this Agreement, County shall not be obligated for pharmaceutical reverse distribution services performed hereunder, or by any provisions of this Agreement, during any of County's future fiscal July 1 - June 30 fiscal years unless and until County's Board of Supervisors appropriates funds for this Agreement in County's budget for each such future fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement shall be deemed to have terminated on June 30th of the last County fiscal year for which funds were appropriated. Director shall notify Contractor in writing of such non-appropriation of funds at the earliest possible date.

9. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/TERMINATION OF AGREEMENT: Contractor shall have no claim against County for the payment of any monies, or reimbursements of any kind whatsoever, for any service provided by Contractor after the expiration or (other) termination of this Agreement, even if

Contractor's provision of such services were requested by County directly. Should Contractor receive any such payment, it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Agreement shall not constitute a waiver of County's right to recover such payments from Contractor. This provision shall survive the expiration or (other) termination of this Agreement.

10. INDEMNIFICATION: Contractor shall indemnify, defend, and hold harmless County and its Special Districts, elected and appointed officers, employees, and agents, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement.

11. GENERAL INSURANCE REQUIREMENTS: Without limiting Contractor's indemnification of County and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense. In any event, Contractor may satisfy the insurance

coverage requirements specified in this Agreement by providing evidence of Contractor's self-insurance program, as described hereinbelow. Such evidence shall be provided in a formal declaration (on Contractor's letterhead, if available) that declares Contractor is self-insured for the type and amount of coverage as described in Paragraph 12, Insurance Coverage Requirements, hereinbelow. Contractor's declaration may be in the form of a corporate resolution or a certified statement from a corporate officer or an authorized principal of Contractor. The statement also must identify which required coverages are self-insured and which are commercially insured. Contractors who are self-insured for workers compensation must provide a copy of their "Certificate of Consent to Self-Insure" issued by the State in which services will be provided. Further, Contractor's self-insurance program must be reviewed and approved by County's Risk Manager prior to the effective date of this Agreement.

A. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to Director at the: DHS; Contracts and Grants Division; 313 North Figueroa Street, 6th Floor-East; Los Angeles, California 90012-2659, and to Los Angeles County/ University of Southern California ("LAC+USC") Healthcare Network; Pharmacy Services Building; 1100 North Mission Road, Room 236; Los Angeles, California 90033-1017, prior to

commencing services under this Agreement. Such certificates or other evidence shall:

(1) Specifically identify this Agreement.

(2) Clearly evidence all coverages required in this Agreement.

(3) Contain the express condition that County is to be given written notice by mail at least thirty (30) calendar days in advance of cancellation for all policies evidenced on the certificate of insurance.

(4) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insured for all activities arising from this Agreement.

(5) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall

be executed by a corporate surety licensed to transact business in the State of California.

B. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

C. Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

D. Notification of Incidents, Claims, or Suits: Contractor shall report to County:

(1) Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such

report shall be made in writing within twenty-four (24) hours of occurrence.

(2) Any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.

(3) Any injury to a Contractor employee which occurs on County property. This report shall be submitted on a County "Non-Employee Injury Report" to County contract manager.

(4) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies, or securities entrusted to Contractor under the terms of this Agreement.

E. Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

F. Insurance Coverage Requirements for Subcontractors: Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

(1) Contractor providing evidence of insurance covering the activities of subcontractors, or

(2) Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

12. INSURANCE COVERAGE REQUIREMENTS:

A. General Liability Insurance (written on Insurance Services Office ["ISO"] policy form "CG 00 01" or its equivalent) with limits of not less than the following:

General Aggregate:	\$2 Million
Products/Completed Operations Aggregate:	\$1 Million
Personal and Advertising Injury:	\$1 Million
Each Occurrence:	\$1 Million

B. Automobile Liability Insurance (written on ISO policy form "CA 00 01" or its equivalent) with a limit of liability of not less than \$1 Million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

C. Workers Compensation and Employers' Liability insurance providing workers compensation benefits, as

required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 Million
Disease - Policy Limit:	\$1 Million
Disease - Each Employee:	\$1 Million

D. Professional Liability Insurance covering liability arising from error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less than \$1 Million per occurrence and \$3 Million aggregate. The coverage also shall provide an extended two (2) year reporting period commencing upon expiration or earlier termination or cancellation of this Agreement.

13. ASSIGNMENT AND DELEGATION:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without prior written consent of County, in its discretion, and any attempted assignment or delegation without such prior County consent shall be null and void. For purposes of this Subparagraph, County consent shall require a written amendment to this Agreement which is formally approved and executed by the parties. Any payments

by County to any approved assignee or delegate on any claim under this Agreement shall be deductible, at County's sole discretion, against the claims, which Contractor may have against County.

B. Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such transfer, sale, exchange, assignment, or divestment is effected in such way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

C. If any assumption, assignment, delegation, or takeover of any of Contractor's duties, responsibilities, obligations, or performance of same by any entity other than Contractor, whether through assignment, delegation, subcontract, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of this Agreement which may result in the termination

of this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

14. SUBCONTRACTING:

A. For purposes of this Agreement, all subcontracts must first be approved in writing by Director. Contractor's written request to Director for approval to enter into a subcontract shall be made at least thirty (30) calendar days prior to the subcontractor's proposed effective date, and shall include:

(1) Identification of the proposed subcontractor, (who shall be licensed as appropriate for provision of subcontract services), and an explanation of why and how the proposed subcontractor was selected, including the degree of competition involved.

(2) A detailed description of the services to be provided by the subcontract.

(3) The proposed subcontract amount and manner of compensation, if any, together with Contractor's cost or price analysis thereof.

(4) A copy of the proposed subcontract. (Any later modification of such subcontract shall take the form of

a formally written subcontract amendment which also must be approved in writing by Director in the same manner as described above, before such amendment is effective.)

(5) Any other information and/or certification(s) requested by Director.

B. Director shall review Contractor's request to subcontract and shall determine, in his/her sole discretion, whether or not to consent to such a request on a case-by-case basis.

C. Subcontracts shall be made in the name of Contractor and shall not bind nor purport to bind County. The making of subcontracts hereunder shall not relieve Contractor of any requirement under this Agreement, including, but not limited to, the duty to properly supervise and coordinate the work of subcontractors. Further, Director's approval of any subcontract shall also not be construed to limit in any way, any of County's rights or remedies contained in this Agreement.

D. In the event that Director consents to any subcontracting, Contractor shall be solely liable and responsible for any and all payments or other compensation to all subcontractors, and their officers, employees, and agents.

E. In the event that Director consents to any subcontracting, such consent shall be subject to County's right to terminate, in whole or in part, any subcontract at any time upon written notice to Contractor when such action is deemed by County to be in its best interest. County shall not be liable or responsible in any way to Contractor, or any subcontractor, or to any officers, employees, or agents, of Contractor, or any subcontractor, for any liability, damages, costs, or expenses, arising from or related to County's exercising of such a right.

F. Subcontracts shall contain the following provision: "This contract is a subcontract under the terms of a prime contract with the County of Los Angeles and shall be subject to all of the provisions of such prime contract." Further, Contractor shall also reflect as subcontractor requirements in the subcontract form all of the requirements of Paragraphs 10, 11, 12, 15, 18, and 19, of the body of this Agreement, as well as, all of the provisions of the Additional Provisions attachment.

Contractor shall deliver to Director a fully executed copy of each subcontract entered into by Contractor, as it pertains to the provision of services under this Agreement, on or immediately after the effective date of the

subcontract, but in no event, later than the date any services are to be performed under the subcontract.

G. Director is hereby authorized to act for and on the behalf of County pursuant to this Paragraph, including but not limited to, consenting to any subcontracting.

15. COMPLIANCE WITH APPLICABLE LAW:

A. Contractor shall comply with the requirements of all federal, State, and local laws, ordinances, regulations, rules, guidelines, and directives, applicable to its performance hereunder. To the extent there is any conflict between federal and State or local laws, the former shall prevail.

Any reference to a specific statute, regulation, or any other document not prepared by County is deemed to include a reference to any amendment thereto as of the effective date of such amendment; further, this Agreement shall be interpreted and the parties' duties and obligations under this Agreement shall be consistent with any amendment to any applicable statute, regulation or other document not prepared by County which occurs after the effective date of the Agreement.

B. Contractor shall indemnify and hold harmless County from and against any and all loss, damage, liability, or

expense resulting from any violation on the part of Contractor, its officers, employees, or agents, of such federal, State, or local laws, regulations, guidelines, or directives.

16. ADDITIONAL PROVISIONS: Attached hereto and incorporated by reference, is a document labeled "Additional Provisions", of which the terms and conditions therein contained are part of this Agreement.

17. CONSTRUCTION: To the extent there are any rights, duties, obligations, or responsibilities enumerated in the recitals or otherwise in this Agreement, they shall be deemed a part of the operative provisions of this Agreement and are fully binding upon the parties.

18. CONFLICT OF TERMS: To the extent that there exists any conflict between the language of this Agreement (including its Additional Provisions), and that of any Exhibit(s), Schedule(s), and/or any other documents incorporated herein by reference, the language found within this Agreement shall govern and prevail.

19. ALTERATION OF TERMS: The body of this Agreement (including its Additional Provisions) and any Exhibit(s) and/or Schedule(s) attached hereto, fully express all understandings of the parties concerning all matters covered and shall constitute the total Agreement. No addition to, or alteration of, the terms of this Agreement, whether by written or verbal understanding of

the parties, their officers, employees, or agents, shall be valid and effective unless made in the form of a written amendment to this Agreement which is formally approved and executed by the parties in the same manner as this Agreement.

20. CONTRACTOR'S OFFICES: Contractor's primary business office is located at 2544 Elden Avenue, #A; Costa Mesa, California 92627. Contractor's primary business telephone number is (800) 350-0396, facsimile/FAX number is (949) 548-5849, and electronic mail ("e-mail") address is timf@expworld.com. Contractor shall notify County, in writing, of any changes made to Contractor's primary business address, business telephone number, facsimile/FAX number, and/or e-mail address, as listed herein, or any other business address, business telephone number, facsimile/FAX number, and/or e-mail address used in the provision of services herein, at least ten (10) calendar days prior to the effective date(s) thereof.

21. NOTICES: Notices hereunder shall be in writing and may either be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, attention to the parties at the addresses listed below. Director is authorized to execute all notices or demands which are required or permitted by County under this Agreement. Addresses and parties to be notified may be changed by providing at least ten (10) working days prior written notice to the other party.

A. Notices to County shall be addressed as follows:

- (1) Department of Health Service
Pharmacy Administration
313 North Figueroa Street, Room 701
Los Angeles, California 90012-2659

Attention: DHS, Director of Pharmacy Services

- (2) LAC+USC Healthcare Network
Pharmacy Service Building
1100 North Mission Road, Room 236
Los Angeles, California 90033-1017

Attention: DHS, Interim Chief Pharmaceutical
Procurement

- (2) Department of Health Services
Contracts and Grants Division
313 North Figueroa Street, Sixth Floor-East
Los Angeles, California 90012-2659

Attention: Division Chief

B. Notices to Contractor shall be addressed as follows:

- (1) EXP Pharmaceutical Waste Management, Inc.
2544 Elden Avenue, #A
Costa Mesa, California 92627
Attention: Mr. Timothy Fahy
Vice President of Sales
and Marketing

IN WITNESS WHEREOF, the Board of Supervisors of the County
of Los Angeles has caused this Agreement to be subscribed by its

/

/

/

/

/

/

Director of Health Services, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Acting Director and Chief Medical
Officer

EXP PHARMACEUTICAL WASTE
MANAGEMENT, INC.

Contractor

By _____
Signature

Print Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
RAYMOND G. FORTNER, JR.
County Counsel

By _____
Deputy

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Cara O'Neill, Chief
Contracts and Grants
Division

gi:04/11/06
AGEXP.GI

EXP PHARMACEUTICAL WASTE MANAGEMENT, INC.

ADDITIONAL PROVISIONS

PHARMACEUTICAL REVERSE DISTRIBUTION SERVICES AGREEMENT

EXP PHARMACEUTICAL WASTE MANAGEMENT, INC.

ADDITIONAL PROVISIONS

PHARMACEUTICAL REVERSE DISTRIBUTION SERVICES AGREEMENT

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EXP PHARMACEUTICAL WASTE MANAGEMENT, INC.

ADDITIONAL PROVISIONS

PHARMACEUTICAL REVERSE DISTRIBUTION SERVICES AGREEMENT

1. ADMINISTRATION: Director shall have the authority to administer this Agreement on behalf of County. Contractor agrees to extend to Director, or to authorized federal, State, County, and local governmental representatives, the right to review and monitor Contractor's program(s), policies, procedures, and financial and/or other records, and to inspect its business offices, facility(ies), and/or County work site area(s), for contractual compliance at any reasonable time.

2. FORM OF BUSINESS ORGANIZATION AND FISCAL DISCLOSURE:

A. Form of Business Organization: Contractor shall prepare and submit to Director upon request, an affidavit, sworn to and executed by Contractor's duly constituted officers, or Board of Directors, containing the following information with supportive documentation:

(1) The form of Contractor's business organization, i.e., sole proprietorship, partnership, limited liability company ("LLC"), or corporation.

(2) Articles of Incorporation and By-Laws (or articles of organization, certificate of formation,

certificate of registration, and operating agreement if Contractor's organization is a LLC).

(3) A detailed statement indicating whether Contractor is totally or substantially owned by another business organization (i.e., another legal entity or parent corporation).

(4) Board Minutes, or other legal documentation, identifying who is authorized on behalf of Contractor to conduct business, make commitments, and enter into binding agreements with County. Such Board Minutes, or legal documentation, shall especially confirm that the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation set forth in this Agreement.

(5) A detailed statement indicating whether Contractor totally or partially owns any other business organization that will be providing services supplies, materials, or equipment to Contractor or in any manner does business with Contractor under this Agreement.

(6) If, during the term of this Agreement, the form of Contractor's business organization changes, or the ownership of Contractor changes, or Contractor's authorized person to conduct business, make commitments,

and enter into binding agreements with County changes; or Contractor's ownership of other businesses dealings with Contractor under this Agreement changes; Contractor shall notify Director in writing detailing such changes within thirty (30) calendar days prior to the effective date thereof.

B. Fiscal Disclosure: Contractor shall prepare and submit to Director, within ten (10) calendar days following execution of this Agreement, a statement executed by Contractor's duly constituted officers or Board of Directors, containing the following information:

(1) A detailed statement listing all sources of funding to Contractor, including but not limited to, private contributions, if any. The statement shall include the nature of the funding, services to be provided, total dollar amount, and period of time of such funding.

(2) If, during the term of this Agreement, the source(s) of Contractor's funding changes, Contractor shall promptly notify the Director in writing detailing such changes within thirty (30) calendar days prior to the effective date thereof.

3. NONDISCRIMINATION IN SERVICES:

A. Contractor shall not discriminate in the provision

of services hereunder because of race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, or condition of physical or mental handicap, or in any manner on the basis of a client's sexual orientation in accordance with requirements of federal and State laws. For the purpose of this Paragraph, discrimination in the provision of services may include, but is not limited to, the following: denying any person any service or benefit or the availability of a facility; providing any service or benefit to any person which is not equivalent, or is provided in a non-equivalent manner or at a non-equivalent time, from that provided to others; subjecting any person to segregation or separate treatment in any manner related to the receipt of any service; restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and treating any person differently from others in determining admission, enrollment quota, eligibility, membership, or any other requirements or conditions which persons must meet in order to be provided any service or benefit. Contractor shall take affirmative action to ensure that intended beneficiaries of this Agreement are provided services without regard to race, color, religion, national origin, ethnic group

identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual orientation.

In addition, Contractor's facility access for the handicapped must fully comply with section 504 of the federal Rehabilitation Act of 1973 and Title III of the federal Americans with Disabilities Act of 1990.

4. NONDISCRIMINATION IN EMPLOYMENT:

A. Contractor certifies and agrees, pursuant to the federal Rehabilitation Act of 1973, the federal Americans with Disabilities Act of 1990, and all other federal and State laws, as they now exist or may hereafter be amended, that it, its affiliates, subsidiaries, or holding companies, will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual orientation.

Contractor shall take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual

orientation, in accordance with federal and State laws. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

Contractor shall post in conspicuous places in each of Contractor's facilities providing services hereunder, positions available and open to employees and applicants for employment, and notices setting forth the provisions of this Paragraph.

B. Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual orientation, in accordance with requirements of federal and State laws.

C. Contractor shall send to each labor union or representative of workers with which it has a collective bargaining agreement, or other contract of understanding, a

notice advising the labor union or workers' representative of Contractor's commitments under this Paragraph.

D. Contractor certifies and agrees that it shall deal with its subcontractor, bidders, or vendors without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual orientation, in accordance with requirements of federal and State laws.

E. Contractor shall allow federal, State, and County representatives, duly authorized by Director, access to its employment records during regular business hours in order to verify compliance with the anti-discrimination provisions of this Paragraph. Contractor shall provide such other information and records as such representatives may require in order to verify compliance with the anti-discrimination provisions of this Paragraph.

F. If County finds that any of the provisions of this Paragraph have been violated, the same shall constitute a material breach of Agreement upon which County may determine to cancel, terminate, or suspend, this Agreement. While County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the

California Fair Employment Practices Commission or the federal Equal Employment Opportunity Commission that Contractor has violated federal or State anti-discrimination laws shall constitute a finding by County that Contractor has violated the anti-discrimination provision of this Agreement.

G. The parties agree that in the event Contractor violates any of the anti-discrimination provisions of this Agreement, County shall be entitled, at its option, to the sum of Five Hundred Dollars (\$500) pursuant to California Civil Code section 1671 as liquidated damages in lieu of canceling, terminating, or suspending this Agreement.

5. FAIR LABOR STANDARDS ACT: Contractor shall comply with all applicable provisions of the federal Fair Labor Standards Act, and shall indemnify, defend, and hold harmless County, its officers, employees, and agents from any and all liability including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law including, but not limited to, the federal Fair Labor Standards Act for services performed by Contractor's employees for which County may be found jointly or solely liable.

6. EMPLOYMENT ELIGIBILITY VERIFICATION: Contractor warrants that it fully complies with all federal statutes and

regulations regarding employment of undocumented aliens and others, and that all its employees performing services hereunder meet the citizenship or alien status requirements contained in federal statutes and regulations. Contractor shall obtain, from all covered employees performing services hereunder, all verification and other documentation of employment eligibility status required by federal statutes and regulations, as they currently exist and as they may be hereafter amended. Contractor shall retain such documentation for all covered employees for the period prescribed by law. Contractor shall indemnify, defend and hold harmless County, its officers, and employees from employer sanctions and any other liability which may be assessed against Contractor or County in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Agreement.

7. CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM: Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the federal government, directly or indirectly, in whole or in part, and that Contractor will notify Director in writing, within thirty (30) calendar days, of: (1) any event that would require Contractor or a staff member's mandatory exclusion from participation in a federally funded health care program; and (2) any exclusionary

action taken by any agency of the federal government against Contractor or one or more staff members barring it or the staff members from participation in a federally funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any federal exclusion of Contractor or its staff members from such participation in a federally funded health care program.

Failure by Contractor to meet the requirements of this Paragraph shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement.

8. STAFF PERFORMANCE OF SERVICES WHILE UNDER THE INFLUENCE : Contractor shall ensure that no employee or other person under Contractor's control, performs services hereunder while under the influence of any alcoholic beverage, medication, narcotic, or other substance that might impair his/her physical or mental performance.

9. UNLAWFUL SOLICITATION: Contractor shall inform all of its officers and employees performing services hereunder of the provisions of Article 9 of Chapter 4 of Division 3 (commencing with section 6150) of Business and Professions Code of the State of California (i.e., State Bar Act provisions regarding unlawful solicitation as a runner or capper for attorneys) and shall take

positive and affirmative steps in its performance hereunder to ensure that there is no violation of said provisions by its officers and employees. Contractor agrees to utilize the attorney referral service of all those bar associations within Los Angeles County that have such a service.

10. RECORDS AND AUDITS:

A. Service Records: Contractor shall maintain, and provide upon request by County, accurate and complete records of its activities and operations as they relate to the provision of services, hereunder.

B. Financial Records: Contractor shall prepare and maintain on a current basis, complete financial records in accordance with generally accepted accounting principles and also in accordance with any additional accounting principles and procedures, and standards, which may from time to time be promulgated by Director. All such records shall be sufficient to substantiate all charges billed to County in the performance of this Agreement. Further, all financial records of Contractor pertaining to this Agreement, including accurate books and records of accounts of its costs and operating expenses, and all records of services (including personnel provided), as well as other financial records pertaining to this Agreement, shall be retained by Contractor for a minimum period of five (5) years following

the expiration or prior termination of this Agreement. During such five (5) year period, as well as during the term of this Agreement, all records pertaining to this Agreement, or true and correct copies thereof, including but not limited to, those records described above, shall either: (1) be retained by Contractor, accessible for review by County representatives at a location in Los Angeles County, or (2) if retained by Contractor at a location outside of Los Angeles County, moved from such a location, to a location within Los Angeles County for review, upon Director's request, and made available during County's normal business hours, within ten (10) calendar days, to representatives of County, or federal and State governments, for purposes of inspection and audit. In the event such records are located outside Los Angeles County and Contractor is unable to move such records to Los Angeles County, then Contractor shall permit such inspection or audit to take place at an agreed to outside location, and Contractor shall pay County for travel, per diem, and other costs related to such inspection and audit.

Contractor shall further agree to provide such records, when possible, immediately to County by facsimile/FAX, or through the internet (i.e., electronic mail ["e-mail"]), upon Director's request. Director's request shall include

appropriate County facsimile/FAX number(s) and/or e-mail address(es) for Contractor to provide such records to County. In any event, Contractor shall agree to make available the original documents of such FAX and e-mail records when requested by Director for review as described hereinabove.

C. Federal Access to Records: If, and to the extent that, section 1861 (v) (1) (I) of the Social Security Act [42 United States Code ("U.S.C.") section 1395x (v) (1) (I)] is applicable, Contractor agrees that for a period of five (5) years following the furnishing of services under this Agreement, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Comptroller General of the United States, or to any of their duly authorized representatives, this Agreement, books, documents, and records of Contractor which are necessary to verify the nature and extent of the cost of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period with a related organization (as that term is defined under federal law), Contractor agrees that each such subcontract shall

provide for such access to the sub-contract, books, documents and records of the subcontractor.

D. County To Be Provided Audit Report(s): In the event that an audit is conducted of Contractor specifically regarding this Agreement by any federal or State auditor, or any auditor or accountant employed by Contractor or otherwise, Contractor shall file a copy of each such audit report with Director and County's Auditor-Controller within thirty (30) calendar days of Contractor's receipt thereof, unless otherwise provided under this Agreement, or under applicable federal or State regulations. To the extent permitted by law, County shall maintain the confidentiality of such audit report(s). Failure of Contractor to comply with these terms shall constitute a material breach of this Agreement upon which County may cancel, terminate, or suspend this Agreement.

E. Audit/Compliance Review: In the event County representatives conduct an audit/compliance review of Contractor, Contractor shall fully cooperate with County's representatives. Contractor shall allow County representatives access to all records of services rendered and all financial records and reports pertaining to this Agreement and shall allow photocopies to be made of these documents utilizing Contractor's photocopier, for which County shall

reimburse Contractor its customary charge for record copying services, if requested. Director shall provide Contractor with at least ten (10) working days prior written notice of any audit/compliance review, unless otherwise waived by Contractor.

County may conduct a statistical sample audit/compliance review of all claims paid by County during a specified period. The sample shall be determined in accordance with generally accepted auditing standards. An exit conference shall be held following the performance of such audit/compliance review at which time the results shall be discussed with Contractor. Contractor shall be provided with a copy of any written evaluation reports.

Contractor shall have the opportunity to review County's findings on Contractor, and Contractor shall have thirty (30) calendar days after receipt of County's audit/compliance review results to provide documentation to County representatives to resolve the audit exceptions. If, at the end of the thirty (30) calendar day period, there remains audit exceptions which have not been resolved to the satisfaction of County's representatives, then the exception rate found in the audit, or sample, shall be applied to the total County payment made to Contractor for all claims paid

during the audit/compliance review period to determine Contractor's liability to County.

F. County Audit Settlements: If, at any time during the term of this Agreement or at any time within five (5) years after the expiration or earlier termination of this Agreement, authorized representatives of County conduct an audit of Contractor regarding the services provided to County hereunder and if such audit finds that County's dollar liability for such services is less than payments made by County to Contractor, then Contractor agrees that the difference shall be either: (1) repaid forthwith by Contractor to County by cash payment, or (2) at Director's option, deducted from any further amount due Contractor from County. If such audit finds that County's dollar liability for services provided hereunder is more than payments made by County to Contractor, then the difference shall be paid forthwith to Contractor by County by cash payment.

11. REPORTS: Contractor shall make reports as required by County, or DHS, concerning Contractor's activities and operations as they relate to this Agreement and the provision of services hereunder. In no event, however may County, or DHS, require such reports unless Director has provided Contractor with at least thirty (30) calendar days' prior written notification thereof. Director's notification shall provide Contractor with a written

explanation of the procedures for reporting the information required.

12. CONFIDENTIALITY: To the extent that Contractor may gain access hereunder to County patient records and information, Contractor shall maintain the confidentiality of such records and information from third parties, including but not limited to, billings and County records, in accordance with all applicable federal, State, and local laws, ordinances, rules, regulations, and directives relating to confidentiality. Contractor shall inform all its officers, employees, agents, subcontractors, and others providing services hereunder of this confidentiality provision requirement. Contractor shall indemnify and hold harmless County, its officers, employees, agents, and subcontractors, from and against any and all loss, damage, liability, and expense arising out of any disclosure of patient records and information by Contractor, its officers, employees, agents, subcontractors, and others providing services hereunder.

13. CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"): Under this Agreement, Contractor (also known herein as "Business Associate") provides services ("Services") to County (also known herein as "Covered Entity") in which Business Associate receives, has access to, or creates, Protected Health Information and/or Electronic Protected Health Information in

order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 (together, the "Privacy and Security Regulations").

Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Privacy and Security Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such an contract is not in place.

Therefore, the parties agree to the following:

A. DEFINITIONS:

(1) "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner Protected Health Information which is outside of Business Associate's internal operations or to other than its employees.

(2) "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Further, Electronic Media means: (a) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (b) Transmission media used to exchange information already in electronic storage media. Transmission media includes, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile ("FAX"), and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "electronic media" draws no distinction between internal and external data, at rest (that is, in storage), as well as, during transmission.

(3) "Electronic Protected Health Information" has the same meaning as the term "electronic protected

health information" in 45 C.F.R. § 160.103. Further, Electronic Protected Health Information means protected health information that is: (a) transmitted by electronic media, and (b) maintained in electronic media.

(4) "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

(5) "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that (a) relates to the past, present, or future, physical or mental health, or condition of an Individual; the provision of health care to an Individual, or the past, present, or future, payment for the provision of health care to an Individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) is received by Business Associate from or on behalf of Covered

Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity.

"Protected Health Information" includes Electronic Health Information.

(6) "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court ordered warrants; subpoenas or summons issued by a court, a grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

(7) "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health

Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.

(8) "Services" has the same meaning as used in the body of this Agreement.

(9) "Use" or "Uses" means, with respect to Protected Health Information, the analysis, application, employment, examination, sharing, or utilization of such information within Business Associate's internal operations.

(10) Terms used, but not otherwise defined, in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE:

(1) Permitted Uses and Disclosures of Protected Health Information: Business Associate:

a. Shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in this Paragraph's Sections, B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph, D.(3), and Subparagraph, E.(2) of this Agreement;

b. Shall Disclose Protected Health Information to Covered Entity upon request;

c. May, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

1) Use Protected Health Information; and

2) Disclose Protected Health Information if the Disclosure is Required By Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

(2) Adequate Safeguards for Protected Health

Information: Business Associate:

a. Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

b. Effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably

and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

(3) Reporting Non-Permitted Use or Disclosure and Security Incidents: Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its officers, employees, agents, representatives, or subcontractors, but is not specifically permitted by this Agreement, as well as, effective April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to Covered Entity's Departmental Privacy Officer at 1-(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident to the Covered Entity's Chief Privacy Officer, at: Chief Privacy Officer; Kenneth Hahn Hall of Administration; 500 West Temple Street, Suite 525; Los Angeles, California 90012.

(4) Mitigation of Harmful Effect: Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.

(5) Availability of Internal Practices, Books and Records to Government Agencies: Business Associate agrees to make its internal practices, books, and records, relating to the Use and Disclosure of Protected Health Information, available to the Secretary of the federal Department of Health and Human Services ("DHHS") for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

(6) Access to Protected Health Information: Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information, specified by Covered Entity available to the Indivi-

dual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

(7) Amendment of Protected Health Information: Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

(8) Accounting of Disclosures: Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its officers, employees, agents, representatives, or

subcontractors. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Business Associate under this Subparagraph B.(8) shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Subparagraph B.(8), Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Subparagraph B.(8) to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

C. OBLIGATION OF COVERED ENTITY: Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph, shall be the same as the term of this Agreement. Business Associate's obligations under this Paragraph's subparagraph(s) B.(1) (as modified by Subparagraph D.(2)), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph D.(3) and Subparagraph E.(2) shall all survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate

does not cure the breach or end the violation within the time specified by Covered Entity;

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

c. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary of the federal DHHS.

(3) Disposition of Protected Health Information

Upon Termination or Expiration:

a. Except as provided in Sub-subparagraph b. of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity or created, or received, by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of agents, representatives, or subcontractors, of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

b. In the event that Business Associate determines that returning or destroying the

Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement, to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assignees, any rights, remedies, obligations, or liabilities whatsoever.

(2) Use of Agents, Representatives, and/or Subcontractors: Business Associate shall require each of its agents, representatives, and/or subcontractors, that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent,

representative, and/or subcontractor to comply with all the terms of this Paragraph.

(3) Relationship to Services Agreement Provisions:

In the event that a provision of this Paragraph is contrary to another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph to a section in the Privacy and Security Regulations means the section as currently in effect, or may hereafter be amended.

(5) Interpretation: Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Regulations.

(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

14. COMPLIANCE WITH JURY SERVICE PROGRAM:

A. Jury Services Program: This Agreement is subject to the provisions of the County's ordinance entitled Contractor

Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code. The Jury Services Program applies to both Contractors and their subcontractors.

B. Written Employee Jury Service Policy:

(1) Unless Contractor has demonstrated to County's satisfaction either that Contractor is not a "contractor" as defined under the Jury Services Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Services Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its employees shall receive from Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service served. Contractor's policy may further provide that employees deposit any fees received for such jury service with Contractor or that Contractor deduct from the employee's regular pay the fees received for jury service.

(2) For purpose of this Paragraph, and as set forth in the Jury Service Program provision of the County Code as described hereinabove: "Contractor" shall mean a person, partnership, corporation, or other entity, that has a contract with County, or a subcontract with a

County contractor, and has received, or will receive, an aggregate sum of Fifty Thousand Dollars (\$50,000) or more in any twelve (12) month period under one (1) or more County contracts or subcontracts; "employee" shall mean any California resident who is a full-time employee of Contractor; and "full-time" shall mean forty (40) hours or more worked per week, or a lesser number of hours, if: 1) the lesser number is a recognized industry standard as determined by County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time.

Full-time employees providing short-term temporary services of ninety (90) days or less within a twelve (12) month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for County under this Agreement, the subcontractor shall also be subject to the provisions of this Paragraph. The provisions of this Paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

(3) If Contractor is not required to comply with the Jury Service Program on the effective date of this Agreement, Contractor shall have a continuing obligation

to review the applicability of its "exception status" from the Jury Services Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "contractor", or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. County may also require, at any time during the Agreement term, and at its sole discretion, that Contractor demonstrate to County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "contractor" and/or that Contractor continues to qualify for an exception to the Jury Service Program.

(4) Contractor's violation of this Paragraph of the Agreement may constitute a material breach of this Agreement. In the event of such breach, County may, in its sole discretion, terminate this Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

15. LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS, AND CERTIFICATES: Contractor shall obtain and maintain in effect

during the term of this Agreement, all appropriate licenses, permits, registrations, accreditations, and certificates required by all applicable federal, State, and local laws, regulations, guidelines and directives, for the operation of its business operation and for the provisions of services hereunder.

Contractor shall ensure that all of its officers, employees, and agents who perform services hereunder, obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, accreditations, and certificates required by federal, State, and local laws, regulations, guidelines and directives, which are applicable to their performance hereunder. Upon Director's written request Contractor shall provide Director with a copy of each license, permit, registration, accreditation, and certificate, as required by all applicable federal, State, and local laws, regulations, guidelines and directives, within ten (10) calendar days thereafter.

16. INDEPENDENT CONTRACTOR STATUS:

A. This Agreement is by and between County and Contractor and is not intended, and shall not be construed, to create the relationship of employee, agent, servant, partnership, joint venture, or association, as between County and Contractor. The employees and agents of one party shall not be, or be construed to be, employees or agents of the other party for any purpose whatsoever.

B. Contractor shall be solely liable and responsible for providing to, or on behalf of, its officers and employees all legally required employee benefits. County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, federal, State, and local taxes, or other compensation, benefits, or taxes to, or on behalf of, any personnel provided by Contractor.

C. Contractor understands and agrees that all persons furnishing services to County pursuant to this Agreement are, for purposes of workers' compensation liability, the sole employees of Contractor and not employees of County. Contractor shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any person for injuries arising from or connected with services performed by or on behalf of Contractor pursuant to this Agreement.

17. REQUIREMENT TO NOTIFY EMPLOYEES ABOUT FEDERAL EARNED INCOME CREDIT ("EIC"): Contractor shall notify its employees, and shall require that each of its subcontractors notify its employees, to inform them that they may be eligible for claiming federal EIC as allowed under the federal income tax laws. Such notification shall be provided in accordance with the requirements as set forth in the Department of Treasury Internal Revenue

Service's ("IRS") Notice 1015; copies of which, are available from the IRS Forms Distribution Center, by calling 1-(800)-829-3676.

18. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

A. Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through County purchase orders and/or contracts are in compliance with their court ordered child, family, and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the federal Social Security Act (42 USC section 653a) and California Unemployment Insurance Code Section 1088.55, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child or Spousal Support,

pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

B. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM :

Failure of Contractor to maintain compliance with the requirements set forth in the CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM Paragraph immediately above, shall constitute a default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure to cure such default within ninety (90) calendar days of written notice by County shall be grounds upon which County may terminate this Agreement pursuant to the Termination for Default Paragraph of this Additional Provisions attachment to Agreement, and pursue debarment of Contractor pursuant to County Code Chapter 2.202.

19. SAFELY SURRENDERED BABY LAW: Contractor shall notify and provide to each of its officers, employees, and agents, and shall require that each of Contractor's subcontractors providing services under this Agreement also notify and provide to each of its officers, employees, and agents, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. County's

fact sheet is available on the Internet at www.babysafela.org. for printing and review purposes. Further, Contractor understands that it is County's policy to encourage Contractor and all of its subcontractors, providing services under this Agreement, if any, to voluntarily post County's "Safely Surrendered Baby Law" poster in a prominent position at their place of business. County's Department of Children and Family Services will supply Contractor with the poster to be used.

20. CONSIDERATION OF COUNTY'S DEPARTMENT OF PUBLIC SOCIAL SERVICES ("DPSS") GREATER AVENUES FOR INDEPENDENCE ("GAIN") PROGRAM OR GENERAL RELIEF OPPORTUNITY FOR WORK ("GROW") PARTICIPANTS FOR EMPLOYMENT: Should Contractor require additional or replacement personnel after the effective date of this Agreement, Contractor shall give consideration for any such employment openings to participants in the County's DPSS GAIN or GROW program(s), who meet Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that Contractor will interview qualified candidates. County will refer GAIN/GROW participants by job category to the Contractor. In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

21. COUNTY EMPLOYEE'S RIGHT OF FIRST REFUSAL AND CONTRACTOR'S OFFERS OF EMPLOYMENT: To the degree permitted by

Contractor's agreements with its collective bargaining units, Contractor shall give the right of first refusal for its employment openings at Contractor's facility to qualified County employees who are laid-off or who leave County employment in lieu of reduction under County's Civil Service Rule 19, and who are referred to Contractor by Director (including those on a County re-employment list). Such offers of employment shall be limited to vacancies in Contractor's staff needed to commence services under this Agreement, as well as, to vacancies that occur during the Agreement term. Such offers of employment shall be consistent with Contractor's current employment policies, and shall be made to any former or current County employee who has made application to Contractor, and is qualified for the available position. Employment offers shall be at least under the same conditions and rates of compensations which apply to other persons who are employed or may be employed by Contractor. Former County employees who have been impacted by County's Civil Service Rule 19, and who are employed by Contractor shall not be discharged during the term of the Agreement except for cause, subject to Contractor's personnel policies and procedures, and agreement(s) with its collective bargaining units.

Contractor shall also give first consideration to laid-off or reduced County employees if vacancies occur at Contractor's other service sites during the Agreement term.

22. NO INTENT TO CREATE A THIRD PARTY BENEFICIARY CONTRACT :

Notwithstanding any other provision of this Agreement, the parties do not in any way intend that any person shall acquire any rights as a third party beneficiary under this Agreement.

23. SERVICE DELIVERY SITE - MAINTENANCE STANDARDS :

Contractor shall assure that the location(s) (e.g., facility[ies]) where Contractor provides services under this Agreement, is/are operated at all times in accordance with all County and local community standards with regard to property maintenance and repair, graffiti abatement, refuse removal, fire safety, landscaping, and in full compliance with all applicable local laws, ordinances, and regulations relating to the property. County's periodic monitoring visits to Contractor's facility(ies) shall include a review of compliance with the provisions of this Paragraph.

24. DAMAGE TO COUNTY BUILDINGS, FACILITIES, OR GROUNDS :

Contractor shall repair, or cause to be repaired, at its own cost, any damage to County buildings, facilities, or grounds, caused by Contractor or any officer, employee, or agent of Contractor. Such repairs shall be made immediately after Contractor has become aware of such damage, but in no event, later than thirty (30) calendar days after the occurrence.

If Contractor fails to make timely repairs, County may make any necessary repairs on its own. All costs incurred by County

for such repairs, as determine by Director, shall be repaid by Contractor upon demand.

25. USE OF RECYCLED - CONTENT PAPER AND PAPER PRODUCTS :

Consistent with County's Board of Supervisors policy to reduce the amount of solid waste deposited at County landfills, Contractor agrees to use recycled-content bond paper and paper products to the maximum extent possible in connection with services to be performed by Contractor under this Agreement.

26. TRADE SECRETS: Recognizing that County has no way of safeguard trade secrets or proprietary information, Contractor shall and does hereby keep and bear County harmless from all damages, costs, and expenses by reason of any disclosure by County of trade secrets and proprietary information.

27. ENDORSEMENT: Contractor shall not, in any manner, advertise, publish or represent that County endorses the goods or services herein mentioned without the prior written consent of County. Any published document referencing County must have prior written consent of County.

28. NOTICE OF DELAYS: Except as otherwise provided under this Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall within two (2) calendar days, give notice thereof, including all relevant information with respect thereto, to the other party.

39. RESTRICTIONS ON LOBBYING:

A. Federal Certification and Disclosure Requirement:

If any federal monies are to be used to pay for Contractor's services under this Agreement, Contractor shall comply with all certification and disclosure requirements prescribed by section 319, Public Law 101-121 (31 U.S.C. section 1352) and any implementing regulations, and shall ensure that each of its subcontractors receiving funds provided under this Agreement also fully comply with all such certification and disclosure requirements.

B. County Lobbyists: Contractor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code section 2.160.010, retained by Contractor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Contractor or any County lobbyist or County lobbying firm retained by Contractor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which Director may suspend or County may immediately terminate this Agreement.

30. CONFLICT OF INTEREST:

A. No County officer or employee whose position in County enables such officer or employee to influence the award or administration of this Agreement or any competing

agreement, and no spouse or economic dependent of such officer or employee shall be employed in any capacity by Contractor herein, or have any other direct or indirect financial interest in this Agreement. No officer, employee, agent, or subcontractor of Contractor who may financially benefit from the provision of services hereunder shall in any way participate in County's approval process for the award of this Agreement or any competing agreement, or ongoing evaluation of such services, under this Agreement or any competing agreement, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such services.

B. Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. Contractor warrants that it is not now aware of any facts which create a conflict of interest. If Contractor hereafter becomes aware of any facts which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to Director. Full written disclosure shall include, without limitation, identification of all persons involved, or implicated, and a complete description of all relevant circumstances.

31. COUNTY'S QUALITY ASSURANCE PLAN: County or its agent(s), will be allowed to evaluate Contractor's performance (including the performance of any party providing services on behalf of Contractor) under this Agreement as may be required from time-to-time for quality assurance purposes, but not less than on an annual basis. Such an evaluation will include, but not be limited to, assessing Contractor's compliance with all Agreement terms and performance standards. Any Contractor deficiencies or actions which are found to be in non-compliance with such terms and performance standards which Director determines are severe, or continuing, and that may place the performance of this Agreement in jeopardy if not corrected, will be immediately reported to County's Board of Supervisors by Director. The report will include a description of the quality improvement and/or corrective action measures to be taken by County and Contractor. If Contractor's performance does not improve after the initiation of such quality improvement and/or corrective actions, then County may impose other penalties as may be specified in this Agreement, or may terminate this Agreement immediately.

32. TERMINATION FOR INSOLVENCY, DEFAULT, GRATUITIES, AND/OR IMPROPER CONSIDERATIONS, AND CONVENIENCE :

A. Termination for Insolvency: County may terminate

this Agreement immediately for default in the event of the occurrence of any of the following:

(1) Insolvency of Contractor. Contractor shall be deemed to be insolvent if it has ceased to pay its debts at least sixty (60) calendar days in the ordinary course of business or cannot pay its debts as they become due, whether Contractor has committed an act of bankruptcy or not, and whether Contractor is insolvent within the meaning of the federal Bankruptcy Law or not;

(2) The filing of a voluntary or involuntary petition under the federal Bankruptcy Law;

(3) The appointment of a Receiver or Trustee for Contractor;

(4) The execution by Contractor of an assignment for the benefit of creditors.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

B. Termination For Default: County may, by written notice of default to Contractor, terminate this Agreement immediately in any one of the following circumstances:

(1) If, as determined in the sole judgment of County, Contractor fails to perform any services within

the times specified in this Agreement or any extension thereof as County may authorize in writing; or

(2) If, as determined in the sole judgment of County, Contractor fails to perform and/or comply with any of the other provisions of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in either of these two (2) circumstances, does not cure such failure within a period of five (5) calendar days (or such longer period as County may authorize in writing) after receipt of notice from County specifying such failure.

In the event that County terminates this Agreement as provided hereinabove, County may procure, upon such terms and in such manner as County may deem appropriate, services similar to those so terminated, and Contractor shall be liable to County for any reasonable excess costs incurred by County for such similar services.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

C. Termination For Gratuities and/or Improper Consideration: County may, by written notice to Contractor,

immediately terminate Contractor's right to proceed under this Agreement, if it is found that gratuities or consideration in any form, were offered or given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent, with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment, or extension of the Agreement, or making of any determinations with respect to the Contractor's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could in the event of default by Contractor.

Contractor shall immediately report any attempt by a County officer, employee, or agent, to solicit such improper gratuity or consideration. The report shall be made either to the County manager charged with the supervision of the employee or agent, or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

(Among other items, such improper gratuities and considerations may take the form of cash, discounts, services, the provision of travel or entertainment, or other tangible gifts.)

D. Termination For Convenience: The performance of services under this Agreement may be terminated, with or

without cause, in whole or in part, from time to time when such action is deemed by County to be in its best interest. Termination of services hereunder shall be effected by delivery to Contractor of a thirty (30) calendar day advance Notice of Termination specifying the extent to which performance of services under this Agreement is terminated and the date upon which such termination becomes effective.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

- (1) Stop services under this Agreement on the date and to the extent specified in such Notice of Termination; and

- (2) Complete performance of such part of the services as shall not have been terminated by such Notice of Termination.

Further, after receipt of a Notice of Termination, Contractor shall submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine on the basis of information available to County, the amount,

if any, due to Contractor in respect to the termination, and such determination shall be final. After such determination is made, County shall pay Contractor the amount so determined.

Contractor for a period of five (5) years after final settlement under this Agreement, in accordance with Paragraph 10, Records and Audits, herein, retain and make available all its books, documents, records, or other evidence, bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder.

33. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor under this Agreement, or other contracts, which indicates that Contractor is not responsible, County may or otherwise in addition to other remedies provided under this Agreement, debar Contractor from bidding or proposing on, or being

awarded, and/or performing work on County contracts for a specified period of time, which will generally not exceed five (5) years, but may exceed five (5) years or be permanent if warranted by the circumstances, and terminate this Agreement and any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated any term of this Agreement or other contract with County, or a nonprofit corporation created by County, (2) committed any act or omission which negatively reflects on Contractor's quality, fitness, or capacity to perform a contract with County, any public entity, or non-profit corporation created by County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, Director will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before County's Contractor Hearing Board.

E. County's Contractor Hearing Board will conduct a hearing where evidence on proposed debarment is presented. Contractor or Contractor's representative, or both, shall be given an opportunity to submit evidence at that hearing. After the hearing, County's Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether Contractor should be debarred, and if so, the appropriate length of time of the debarment. Contractor and Director shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to County's Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of County's Contractor Hearing Board shall be presented to the Board of Supervisors. County's Board of Supervisors shall have the right at its sole discretion to modify, deny, or adopt the proposed decision and recommendation of County's Contractor Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate

the debarment. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed, (2) a bona fide change in ownership or management, (3) material evidence discovered after the debarment was imposed, or (4) any other reason that is in the best interest of County.

H. County's Contractor hearing Board will consider a request for review of a debarment determination only where (1) Contractor has been debarred for a period longer than five (5) years, (2) the debarment has been in effect for at least five (5) years, and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, County's Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, County's Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review

decided by County's Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

County's Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. County's Contractor Hearing Board shall present its proposed decision and recommendation to County's Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the County's Contractor Hearing Board.

I. These terms shall also apply to subcontractors/consultants of County contractors.

34. SOLICITATION OF BIDS OR PROPOSALS: Contractor acknowledges that County, prior to expiration or earlier termination of this Agreement, may exercise its right to invite bids (e.g., invitation for bids ["IFB"]), request proposals (e.g., request for proposals ["RFP"]), or do other similar competitive selection procedures, in order to select providers for the continued provision of the services delivered or contemplated under this Agreement. County and/or DHS shall make the determination to solicit bids or proposals in accordance with applicable County and DHS policies.

Contractor acknowledges that County may enter into a contract for the future provision of services, based upon the

bids or proposals received, with a provider or providers other than Contractor. Further, Contractor acknowledges that it obtains no greater right to be selected through any future bids, proposals, or other competitive selection procedure, by virtue of its present status as Contractor.

35. GOVERNING LAW, JURISDICTION, AND VENUE: This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that the venue of any action (other than an appeal or an enforcement of a judgement) brought by Contractor, on Contractor's behalf, or on the behalf of any subcontractor, which arises from this Agreement or is concerning or connected with services performed pursuant to this Agreement, shall be exclusively in the courts of the State of California located in Los Angeles County, California.

36. WAIVER: No waiver of any breach of any provision of this Agreement by County shall constitute a waiver of any other breach of such provision. Failure of County to enforce at any time, or from time-to-time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

37. SEVERABILITY: If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

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EXP PHARMACEUTICAL WASTE MANAGEMENT, INC.

EXHIBIT A
(DESCRIPTION OF SERVICES)

PHARMACEUTICAL REVERSE DISTRIBUTION SERVICES AGREEMENT

1. CONTRACTOR'S ADMINISTRATOR AND PERSONNEL:

A. Contractor shall designate an administrator to lead and coordinate Contractor's provision of pharmaceutical reverse distribution services hereunder. Contractor's administrator shall be available at all reasonable times (Monday through Saturday, 8:00 a.m. to 5:00 p.m.) to explain the services Contractor will provide, or has provided, to County hereunder; such explanation shall include, but not be limited to, making oral presentations on Director's behalf and/or the provision of written reports, to County administrative staff and/or to County facility pharmacy and administrative staff requesting services hereunder.

Contractor shall notify Director in writing, of the name and telephone, pager, and facsimile/FAX numbers of Contractor's designated administrator within ten (10) calendar days prior to the effective date of this Agreement.

B. Contractor shall ensure that the personnel performing at any pharmacy located at a County facility (i.e., County pharmacy) are properly qualified, trained, and bonded, to provide the pharmaceutical reverse distribution

services required by County. When requested by Director, Contractor's administrator and Director shall meet to determine the staffing levels, scheduling dates (e.g., setting up a timetable which coordinates the provision of services from County pharmacy to County pharmacy) and staffing hours, to properly provide services as requested.

In any event, Contractor's administrator shall contact Director and the County Pharmacy Director (i.e., or any other administrator in charge of County pharmacy) requesting pharmaceutical reverse distribution services, at least three (3) calendar days before starting any provision of services hereunder. Contractor's administrator shall confirm the date and time of arrival at County pharmacy to begin the provision of services, and the name, or names, of Contractor's personnel assigned to provide such services.

C. Contractor's administrator shall institute and maintain appropriate supervision of all persons providing services pursuant to this Agreement. Further, unless directed pursuant to this Agreement by Director to do otherwise, Contractor shall work independently on designated assignments in accordance with the Statement of Work duties contained hereunder.

D. Contractor assumes the sole responsibility for the

timely completion of all services requested or activities to be performed hereunder.

2. COUNTY PERSONNEL: County does not anticipate assigning County personnel or employees to assist Contractor on a full time or even a part-time basis regarding services to be provided by Contractor pursuant to this Agreement. However, County personnel will be made available to Contractor at the discretion of Director to provide necessary input and assistance in order to answer questions between Contractor and each County pharmacy requesting services hereunder.

3. AUTHORITY TO USE COUNTY SPACE AND OTHER PROPERTY: If Contractor requires space (e.g., office space) to perform services hereunder, and only for the performance of such services, Contractor is authorized to use and occupy, free of charge and on a nonexclusive basis, available space in the County facility in which pharmaceutical reverse distribution services are being performed, but only if first approved in writing by Director.

If, at any time during the term of this Agreement, any space provided to Contractor by Director is required for other County purposes, at Director's sole discretion, then such space shall be immediately vacated by Contractor and may thereafter be used by County for any purpose.

4. STATEMENT OF WORK: The following indicates the areas to be served, the individual tasks, and general work duties or services, to be performed by Contractor:

A. Facilities to be Served: Contractor shall provide services to each of the County pharmacies located at County facilities as listed on Attachment "A", County Pharmacies, attached hereto and incorporated herein by reference.

Further, Director may add or delete County pharmacies to be served by Contractor, as may be necessary from time-to-time during the term of this Agreement, by providing at least ten (10) calendar days prior written notice to Contractor of such addition or deletion.

B. Services to be Provided: Contractor shall provide pharmaceutical reverse distribution services, or the return of damaged, recalled, or expired pharmaceutical/drug products (i.e., pharmaceutical/drug products that have exceeded their packaging expiration date and have become non-dispensable, [including products with impending dates that County pharmacy has determined will soon make them non-dispensable]), to appropriate pharmaceutical/drug manufacturers for partial credits, refunds, and/or pharmaceutical/drug replacements, and the transfer of all non-dispensable pharmaceutical/drug products that Contractor determines are non-returnable, to Contractor's State

licensed biohazardous (i.e., medical pharmaceutical/drug products) waste hauler(s) for disposal. Such Contractor provided services shall include, but not be limited to, the following specific tasks and activities:

Services to be Performed at County Pharmacy:

(1) On-site inventorying of all pharmaceutical/drug products. Contractor shall inventory non-scheduled (i.e., non-narcotic) pharmaceutical/drug products based upon paperwork and information as supplied by County, or shall perform such inventory directly at Contractor's facility. Contractor shall inventory scheduled (i.e., narcotic) pharmaceutical/drug directly at each County pharmacy location requesting services. Contractor further agrees to allow County pharmacy personnel to be present to cross-check Contractor's procedures and figures when Contractor is inventorying any scheduled pharmaceutical/drug products.

(2) Generation and presentation of computerized inventory report from information obtained during on-site inventorying to County Pharmacy Director.

(3) Completion of all required paperwork to remove pharmaceutical/drug products as required by County pharmacy and/or as required by law for shipping, or transporting, scheduled pharmaceutical/drug products.

Such paperwork shall include, but not be limited to, Drug Enforcement Agency ("DEA") Form 222 for Schedule II products and DEA Form 41, as required for repackaging scheduled products while at County pharmacy.

When requested by County Pharmacy Director, Contractor's personnel shall present all required paperwork to County Pharmacy Director for signature release and/or verbally inform and receive approval from him/her before removing, shipping, or transporting, any pharmaceutical/drug products from County pharmacy.

(4) Provide all boxes, packing materials, tape, mailing labels, and stretch-wrap shipping materials (when needed), as required to package and process for return of the non-dispensable pharmaceutical/drug products to pharmaceutical manufacturers.

(5) Package all non-dispensable pharmaceutical/drug products within boxes/packages (using packaging and shipping materials as supplied above), followed by the loading, labeling, and stretch-wrapping of boxes/packages on pallets for shipment to Contractor's facility (i.e., processing facility) for final processing.

Services to be Performed at Contractor's facility:

(6) Sort pharmaceutical/drug products as

boxed/packaged, create computer inventory listing of pharmaceutical/drug products to be returned by: manufacturer, National Drug Code ("NDC") number, expiration date, lot number, form, package, quantity, and anticipated/estimated return value information.

(Contractor agrees to use prices paid by County for pharmaceutical/drug products as purchased, or obtained, under any of its current purchasing contracts; or if not a contracted item, the average wholesale price ["AWP"] adjusted by the manufacturer's discount [which shall not exceed forty percent (40%) from manufacturer's original price] to properly calculate its anticipated/estimated return value information.)

(7) Prepare, package, and ship all returnable pharmaceutical/drug products to appropriate pharmaceutical manufacturers for partial credits, refunds, and/or drug replacements.

(8) Prepare for transfer to a State licensed biohazardous waste hauler(s) for disposal, all non-dispensable pharmaceutical/drug products that are determined by Contractor to be non-returnable to pharmaceutical manufactures for partial credits, refunds, and/or drug replacements. (Contractor shall ensure that Contractor, and/or its biohazardous waste

hauler[s], places all biohazardous waste generated by Contractor in containers which are appropriately designed to hold biohazardous waste and are properly marked and labeled with the category type of biohazardous waste for which they are used (e.g., medical, pharmaceutical, etc.) according to the California Waste Management Act, Health and Safety Code section 117600 et. seq. prior to their removal from Contractor's facility.)

Waste Disposal:

(9) Contractor agrees that all disposal of biohazardous waste will be performed by a biohazardous waste hauler(s) selected by Contractor. Contractor shall ensure that its selected biohazardous waste hauler(s) is/are State licensed to perform biohazardous waste disposal services and meet(s) the requirements of all other appropriate regulatory agencies to dispose of biohazardous waste.

(10) Contractor's biohazardous waste hauler's personnel shall be trained regarding the hazards and responsibilities associated with the work of biohazardous waste disposal, as well as, understanding which action to take if an accident occurs. Upon request, Contractor shall provide County pharmacy with a

copy of Contractor's biohazardous waste hauler's personnel training records and training program manual(s).

(11) Contractor's biohazardous waste hauler(s) shall collect/pickup biohazardous waste in containers as prepared by Contractor, or its biohazardous waste hauler(s), at Contractor's facility as described hereinabove, and in accordance with the Health and Safety Code, Medical Waste Management Act, commencing with section 117600 et. seq., incorporated herein by reference. County shall not be responsible for any activity related to the handling of pharmaceutical/drug products, once it leaves a County pharmacy, or County site, especially including, but not limited to, when such pharmaceutical/drug products are later determined by Contractor to be biohazardous waste.

(12) Contractor shall ensure that Contractor's biohazardous waste hauler(s) maintains a complete tracking document (i.e., manifest) when any biohazardous waste is removed from a Contractor's facility for disposal. When requested by County pharmacy, Contractor shall provide County pharmacy with a copy of the tracking document for its records, within ten (10) calendar dates. Contractor shall maintain a copy of the

tracking document for three (3) years. The tracking document shall include, but not be limited to, all of the following:

(a) The company name, address, and telephone number of the biohazardous waste hauler.

(b) The type, quantity, and weight of the biohazardous waste transported.

(c) The name of the generator (i.e., County pharmacy).

(d) The name, address, telephone number, and signature of an authorized representative of the permitted facility receiving the waste.

(e) The number of containers of biohazardous waste removed.

(13) Contractor shall ensure that Contractor's biohazardous waste hauler(s), when transporting biohazardous waste in a vehicle, shall have a tracking document in his or her possession while transporting the waste. Such tracking document shall be shown upon demand to any enforcement agency personnel or any State Highway Patrol officer. If the waste is transported by rail, vessel, or air, the railroad corporation, vessel operator, or airline shall enter on the shipping papers any information concerning the waste which the

enforcement agency may require. Contractor shall ensure that its biohazardous waste hauler adheres to all applicable federal, State, and local laws, rules, regulations, ordinances, and directives, in the transporting and handling of biohazardous waste under this Agreement.

(14) Contractor shall ensure that any biohazardous waste hauler transporting biohazardous waste shall provide the disposal facility receiving such biohazardous waste with the original tracking document. Contractor shall provide the County pharmacy generating the waste, with a certification indicating final disposition of the waste.

(15) Contractor shall ensure that its biohazardous waste hauler(s) comply with each County pharmacy's policies and procedures for collecting, handling, and hauling of biohazardous waste. Upon request of County representatives, Contractor shall provide a copy of each of its biohazardous waste hauler's quality assurance and safety plans for review.

Reports:

(16) Produce reports, including but not limited to, the following:

(a) Scheduled pharmaceutical/drug products returned with anticipated/estimated return value.

(b) Non-scheduled pharmaceutical/drug products returned with anticipated/estimated return value.

(c) Scheduled pharmaceutical/drug products which are not returnable, and if disposed of by Contractor, total pounds disposed.

(d) Non-scheduled pharmaceutical/drug products which are not returnable, and if disposed of by Contractor, total pounds disposed.

(e) Summary report of all returnable pharmaceutical/drug products and their total anticipated/estimated return value.

Director and County Pharmacy Director shall both receive a copy of the above listed reports within ten (10) calendar days of their completion.

5. PAYMENT:

A. Payment for Pharmaceutical/Drug Products Return Services: The fee paid Contractor by County for pharmaceutical reverse distribution services which are fully completed and performed as specified hereinabove shall be no greater than fifteen percent (15%) of the actual dollar value of all partial credits, refunds, and/or pharmaceutical/drug replacements, received by a County

pharmacy from each pharmaceutical manufacturer for County's return of pharmaceutical/drug products, as processed by Contractor.

B. Payment for Disposal Services: In addition, if requested and approved by Director and/or County Pharmacy Director, County also agrees to pay Contractor a fee of Sixty-Nine Cents (\$0.69) per pound for each pound of non-hazardous non-returnable pharmaceutical/drug products disposed of by Contractor, and a fee of Two Dollars Ninety-Five Cents (\$2.95) per pound for each pound of hazardous non-returnable pharmaceutical/drug products disposed of by Contractor.

C. Notwithstanding Subparagraphs A and B above, Contractor agrees that County shall not be obligated to pay Contractor more than nine percent (9%) for non-controlled pharmaceuticals/drugs substances, and not more than ten percent (10%) for controlled pharmaceutical/drug substances, of the total dollar value of all partial credits, refunds, and/or pharmaceutical/drug replacements as received by a County pharmacy from each pharmaceutical/drug manufacturer, when Contractor bills both for pharmaceutical/drug products returned and disposal services.

D. Reimbursement for travel, parking, shipping/mailing supplies, shipping/freight/mailing costs, computer usage,

report generation, photocopying, and all other costs, as well as compensation for all professional, technical, and clerical labor, rendered in the performance of the Contractor services described herein are included within the percentage rate to be billed County as described above. As such, Contractor agrees that it is an all-inclusive percentage rate, and no other costs, charges, taxes, fees, or fines shall be billed, or passed on, to County in any manner.

All payments by County to Contractor shall be subject to Director's express approval, in writing, of the work and services associated with such payment. Unless Contractor work which has been billed hereunder has been performed timely and efficiently, as determined in Director's sole discretion, and is otherwise satisfactory, also as determined by Director in his or her sole discretion, no payment will be made by County for that work.

E. Billing and Payment: Contractor shall bill any County pharmacy having requested and fully received pharmaceutical reverse distribution services as described hereinabove, in accordance with the payment for pharmaceutical/drug products returned and payment for disposal services paragraphs hereinabove, promptly within thirty (30) calendar days of the provision of services.

All billings shall clearly reflect and provide reasonable detail of the services for which a claim is made, including but not limited to, the type of service provided, name(s) of the person(s) who provided services, date(s) and hours worked, approvals obtained, and anticipated/estimated return value on which the billing was determined.

Billings shall be prepared as described above, and forwarded to the appropriate County pharmacy by Contractor, to the attention of the County Pharmacy Director and/or the County pharmacy's Expenditure Management Division. Contractor agrees that County's payment to Contractor shall be based on the actual value of the partial credits, refunds, and/or drug replacements received from pharmaceutical manufacturers, by a County pharmacy, and not on the anticipated/estimated return value as previously determined by Contractor. If payment to Contractor is based on an anticipated/estimated value determine by Contractor, and if it is later determined that such anticipated/estimated value is more than that actually received by County pharmacy from pharmaceutical manufacturers, then Contractor agrees to adjust, or reconcile, its billings for service to reflect billings based on the actual value of the partial credits, refunds, and/or drug replacements as actually received from pharmaceutical manufacturers by

County pharmacy. Such adjustment, or reconciliation, shall either be paid by Contractor to County by cash payment, or at Director's option, deducted from any further amount due Contractor from County.

In addition, Contractor shall agree, if Contractor requests payment for any billing in advance, or before the thirty (30) calendar day time period as stated above, and County is capable of meeting such request, that Contractor shall offer County a further discount on such bill, by a discount percentage as mutually agreed to by the parties (or by no less than ten percent [10%] if payment is made to Contractor with in twenty [20] calendar days after Contractor's provision of services, or submission of billing, to County pharmacy).

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County Pharmacies

<p>1. Edward R. Roybal Comprehensive Health Center 245 South Fetterly Avenue Los Angeles, California 90022 Attention: James Wong, Pharm.D., Pharmacy Director Telephone Number: (323) 780-2398 Facsimile/FAX Number: (323) 780-9752 E-Mail Address: jkwong@lacusc.org</p>	<p>2. El Monte Comprehensive Health Center 10953 Ramona Boulevard El Monte, California 91731 Attention: Kenneth Mar, Pharm.D., Pharmacy Director Telephone Number: (626) 579-8419 Facsimile/FAX Number: (626) 442-9278 E-Mail Address: klmar@lacusc.org</p>
<p>3. H. Claude Hudson Comprehensive Health Center 2829 South Grand Avenue Los Angeles, California 90007 Attention: Sandra Hudson, Pharm.D., Pharmacy Director Telephone Number: (213) 744-3934 Facsimile/FAX Number: (213) 746-5021 E-Mail Address: shudson@lacusc.org</p>	<p>4. Harbor/UCLA Medical Center 1000 West Carson Street Torrance, California 90509 Attention: Wes Kamikawa, Pharm.D., Pharmacy Director Telephone Number: (310) 222-2357 Facsimile/FAX Number: (310) 782-2928 E-Mail Address: wkamikawa@ladhs.org</p>
<p>5. High Desert Health System 44900 North 60th Street, West Lancaster, California 93536 Attention: Nadine Balady, Pharm.D., Pharmacy Director Telephone Number: (661) 945-8456 Facsimile/FAX Number: (661) 945-8423 E-Mail Address: nbalady@ladhs.org</p>	<p>6. Hubert H. Humphrey Comprehensive Health Center 5850 South Main Street Los Angeles, California 90003 Attention: Joe Robles, Pharm.D., Pharmacy Director Telephone Number: (323) 846-4421 Facsimile/FAX Number: (323) 231-7627 E-Mail Address: cjrobles@ladhs.org</p>
<p>7. Martin Luther King/Drew Medical Center 12021 South Wilmington Avenue Los Angeles, California 90059 Attention: John Sang, Pharm.D., Pharmacy Director Telephone Number: (310) 668-3961 Facsimile/FAX Number: (310) 609-2085 E-Mail Address: jsang@ladhs.org</p>	<p>8. Los Angeles County Sheriff's Department Sheriff's Medical Services Pharmacy 450 Bauchet Street, Room M4137 Los Angeles, California 90012 Attention: Kuldev Singh, Pharm.D., Pharmacy Director Telephone Number: (213) 893-5514 Facsimile/FAX Number: (213) 451-1299 E-Mail Address: ksingh@lasd.org</p>
<p>9. Los Angeles County - Department of Mental Health 550 South Vermont Avenue Los Angeles, California 90020 Attention: Wayland Chan, Pharm.D., Pharmacy Director Telephone Number: (213) 738-4725 Facsimile/FAX Number: (213) 637-2550 E-Mail Address: wchan@lacdmh.org</p>	<p>10. Los Angeles County - Probation Department Medical Division 1605 Eastlake Avenue Los Angeles, California 90033 Attention: Andrew Wang, Pharm.D., Pharmacy Director Telephone Number: (323) 226-8850 Facsimile/FAX Number: (323) 226-8899 E-Mail Address: anwang@ladhs.org</p>

County Pharmacies

<p>11. LAC+USC Medical Center (Outpatient Pharmacy) 1175 North Cummings Street Los Angeles, California 90033 Attention: Steve Dong, Pharm.D., Pharmacy Director Telephone Number: (323) 226-5093 Facsimile/FAX Number: (323) 226-5744 E-Mail Address: sdongk@lacusc.org</p>	<p>12. LAC+USC Medical Center Pharmacy 1100 North Mission Road Los Angeles, California 90033 Attention: Stanford Melnick, Pharm.D., Pharmacy Director Telephone Number: (323) 226-6021 Facsimile/FAX Number: (323) 226-6043 E-Mail Address: smelnick@lacusc.org</p>
<p>13. LAC+USC Medical Center Women's and Children's Hospital 1240 North Mission Road Los Angeles, California 90033 Attention: Ken Hankawa, Pharm.D., Pharmacy Director Telephone Number: (323) 226-3101 Facsimile/FAX Number: (323) 226-3068 E-Mail Address: khankawa@lacusc.org</p>	<p>14. Long Beach Comprehensive Health Center 1333 Chestnut Avenue Long Beach, California 90813 Attention: Peter Chen, Pharm.D., Pharmacy Director Telephone Number: (562) 599-8723 Facsimile/FAX Number: (562) 591-3348 E-Mail Address: pechen@ladhs.org</p>
<p>15. Olive View/UCLA Medical Center 14445 Olive View Drive Sylmar, California 91342 Attention: Steve Lee, Pharm.D., Pharmacy Director Telephone Number: (818) 364-3059 Facsimile/FAX Number: (818) 364-3627 E-Mail Address: STLee@ladhs.org</p>	<p>16. Rancho Los Amigos National Rehabilitation Center 7801 East Imperial Highway Downey, California 90242 Attention: Brian Joyo, Pharm.D., Pharmacy Director Telephone Number: (562) 401-7235 Facsimile/FAX Number: (562) 401-7249 E-Mail Address: bjoyo@ladhs.org</p>
<p>17. Wilmington Health Center 1325 Broad Avenue Wilmington, California 90744 Attention: Steve Phung, Pharm.D., Pharmacy Director Telephone Number: (310) 518-8826 Facsimile/FAX Number: (310) 816-3002 E-Mail Address: sphung@ladhs.org</p>	

Note that, Pharmacy Director is a generic title, and actual titles of Pharmacy Directors may vary from facility to facility.