

**City and County of San Francisco
Office of Contract Administration
Purchasing Division**

First Amendment

THIS AMENDMENT (this “Amendment”) is made as of **February 1, 2024**, in San Francisco, California, by and between **McKesson Corporation** (“Distributor”), and the City and County of San Francisco, a municipal corporation (“City”), acting by and through its Director of the Office of Contract Administration.

Recitals

WHEREAS, City and Distributor have entered into the Agreement (as defined below); and

WHEREAS, City and Distributor desire to modify the Agreement on the terms and conditions set forth herein to extend the performance period and increase the contract amount; and

WHEREAS, this Agreement was procured as required by San Francisco Administrative Code Chapter 21A.2, including the requirement that the City buy ninety percent (90%) of its pharmaceutical supply from Distributor in order to obtain Prime Vendor pricing from Distributor; and

WHEREAS, this Contract is deemed exempt from Chapter 14B of the San Francisco Administrative Code and there is no Local Business Entity (“LBE”) subcontracting participation requirement for this Agreement; and

WHEREAS, the City’s Department of Public Health Board of Supervisors approved the Original Agreement by Resolution No. 123-20 (File No. 200012) on March 24, 2020 (attached).

WHEREAS, the City’s Board of Supervisors approved this First Amendment to the Agreement by Resolution No. [REDACTED] on [REDACTED]

NOW, THEREFORE, Distributor and the City agree as follows:

Article 1 Definitions

The following definitions shall apply to this Amendment:

1.1 **Agreement.** The term “Agreement” shall mean the Agreement dated February 1, 2020 between Distributor and City.

1.2 **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

Article 2 Modifications of Scope to the Agreement

The Agreement is hereby modified as follows:

2.1 **Article 2. Term of Agreement.** Section 2.1 **Term** of the Agreement currently reads as follows:

The term of this Agreement shall commence on February 1, 2020 and expire on January 31, 2024, so long Distributor has a GPO Base Agreement in place, unless earlier terminated as otherwise provided herein. Both Parties understand and agree that within one year in advance of the expiration date, the City must commence its process to renew and/or replace this Agreement.

In the event that such renewal is not completed before the expiration of the Term, the Holdover Extension of Section 2.2 will apply.

Such section is hereby amended in its entirety to read as follows:

The term of this Agreement shall commence on February 1, 2020, and expire on June 30, 2028, so long Distributor has a GPO Base Agreement in place, unless earlier terminated as otherwise provided herein. Both Parties understand and agree that within one year in advance of the expiration date, the City must commence its process to renew and/or replace this Agreement. In the event that such renewal is not completed before the expiration of the Term, the Holdover Extension of Section 2.2 will apply.

2.2 **Section 3.4 Guaranteed Maximum Price.** Section 3.4 **Guaranteed Maximum Price** of the Agreement currently reads as follows:

Section 3.4 Guaranteed Maximum Price.

Distributor shall provide an invoice to the City on a monthly basis for Services completed in the immediate preceding month, unless a different schedule is set out in Appendix B, "Calculation of Charges." Compensation shall be made for Services identified in the invoice that the Director of Health, in his or her sole discretion, concludes has been satisfactorily performed in material conformance with the requirements set forth in this Agreement. Payment shall be made in conformance with Appendix A, Attachment 3, unless the City notifies the Distributor that a dispute as to the invoice exists in accordance with Section 11.6.1. In no event shall the amount of this Agreement exceed THREE HUNDRED EIGHTY ONE MILLION THREE HUNDRED EIGHTY TWO THOUSAND NINE HUNDRED NINETY ONE (\$381,382,991).

The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. Contested Amounts shall be resolved pursuant Section 11.6 (Dispute Resolution). Late payment charges, if applicable, shall be resolved pursuant to Appendix A, Attachment 3, of the Agreement in accordance with to the Base Agreement terms, and may be paid from budgeted contingency funds as appropriate.

Such section is hereby amended in its entirety to read as follows:

Section 3.4 Guaranteed Maximum Price.

Distributor shall provide an invoice to the City on a monthly basis for Services completed in the immediate preceding month, unless a different schedule is set out in Appendix B, "Calculation of Charges." Compensation shall be made for Services identified in the invoice that the Director of Health, in his or her sole discretion, concludes has been satisfactorily performed in material conformance with the requirements set forth in this Agreement. Payment shall be made in conformance with Appendix A, Attachment 3, unless the City notifies the Distributor that a dispute as to the invoice exists in accordance with Section 11.6.1. In no event shall the amount of this Agreement exceed NINE HUNDRED SEVENTY SEVEN MILLION SIX HUNDRED FIFTY TWO THOUSAND ONE HUNDRED FIFTY FIVE (\$977,652,155). The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. Contested Amounts shall be resolved pursuant Section 11.6 (Dispute Resolution). Late payment charges, if applicable, shall be resolved pursuant to Appendix A, Attachment 3, of the Agreement in accordance with to the Base Agreement terms, and may be paid from budgeted contingency funds as appropriate.

2.3 **Appendix A.** Appendix A is hereby replaced in its entirety by Appendix A dated October 2, 2023, and attached to this Amendment and fully incorporated within the Agreement. To the extent the Agreement refers to Appendix A in any place, the true meaning shall be Appendix A, which is a correct and updated version.

2.4 **Attachment 1 to Appendix B-1.** Attachment 1 to Appendix B-1 dated October 2, 2023 is hereby attached to this Amendment and fully incorporated within the Agreement.

2.5 Recognize attached Revision to Program Budget Form approved on September 30, 2020.

2.6 Attach Resolution No. 123-20 (File No. 200012) dated March 24, 2020.

Article 3 Updates of Standard Terms to the Agreement (Reserved)

The following provisions are hereby added to Article 10 of the Agreement and incorporated herein by reference:

10.20 Consideration of Salary History. Contractor shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or “Pay Parity Act.” Contractor is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee’s salary history without that employee’s authorization unless the salary history is publicly available. Contractor is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Contractor is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

10.21 Protection of Private Information. If this Agreement requires City to disclose “Private Information” to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

10.22 Disposition of Confidential Information. Upon request of City or termination or expiration of this Agreement, and pursuant to any document retention period required by this Agreement, Contractor shall promptly, but in no event later than thirty (30) calendar days, return all data given to or collected by Contractor on City’s behalf, which includes all original media. Once Contractor has received written confirmation from City that City’s Data has been successfully transferred to City, Contractor shall within ten (10) business days clear or purge all City Data from its servers, any hosted environment Contractor has used in performance of this Agreement, including its subcontractors environment(s), work stations that were used to process the data or for production of the data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within five (5) business days of the purge. Secure disposal shall be accomplished by “clearing,” “purging” or “physical destruction,” in accordance with National Institute of Standards and Technology (NIST) Special Publication 800-88 or most current industry standard.

Article 4 Effective Date

Each of the modifications set forth in Articles 2 and 3 shall be effective on and after February 1, 2024

Article 5 Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Distributor and City have executed this Amendment as of the date first referenced above.

CITY

Recommended by:

Grant Colfax, MD
Director of Health
Department of Public Health

Approved as to Form:

David Chiu
City Attorney David E. Smith

By: _____
Louise S. Simpson
Deputy City Attorney

DISTRIBUTOR

McKesson Corporation

DocuSigned by:
Scott Kemme
76442F566FD0426...

10/30/2023

Scott Kemme President, McKesson Health Systems
PO Box 936279
Atlanta GA 31193

City Supplier Number: 0000015454

APPENDIX A TO THE P-250 - SUPPLY AGREEMENT2

1. PRIME VENDOR COMMITMENTS:2

2. AUTOMATIC ALTERNATE [REDACTED] :2

3. COST REPORTING:3

4. CHANGE IN MEMBER STATUS:3

5. OWN USE:3

ATTACHMENT 1 - LIST OF CITY FACILITIES4

ATTACHMENT 2 – MEMBER MARKUP AND COMMITMENTS 7

ATTACHMENT 3 - CITY PAYMENT TERMS14

1. WEEKLY STATEMENT PAYMENT15

2. 15-DAY INVOICE PAYMENT15

3. SEMI-MONTHLY STATEMENT PAYMENT15

4. MONTHLY STATEMENT PAYMENT15

5. PAYMENT UPON DELIVERY (C.O.D.)15

ATTACHMENT 4 - PRODUCT RETURN POLICY16

1. RETURNED GOODS16

2. DEFINITIONS16

3. PRODUCTS AUTHORIZED FOR RETURN TO DISTRIBUTOR16

4. EXCLUDED MERCHANDISE:17

5. PRODUCT SHORTAGES AND MISPLICKS17

6. CREDITS ISSUED18

7. CITY ELIGIBILITY18

8. PRICING ON RECALLED AND RETURNED GOODS18

9. NOTIFICATION OF CHANGES19

ATTACHMENT 5 - DISTRIBUTOR’S CUSTOMER-FACING MANAGEMENT REPORTING SYSTEM CAPABILITIES20

ATTACHMENT 6 - NON-INJECTABLE GENERICS AUTO-SHIP PROGRAM DESCRIPTION22

APPENDIX B – CALCULATION OF CHARGES26

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

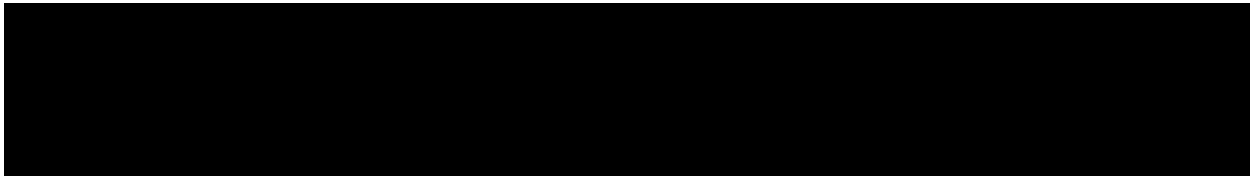
APPENDIX A TO THE P-250 - SUPPLY AGREEMENT
For Pharmacy Distribution Services

1. PRIME VENDOR COMMITMENTS:

- a. **Prime Vendor for Wholesale Pharmaceuticals:** Throughout the Agreement Term, in order to receive the Member Markup, City must not order less than ninety percent (90%) of all dollars spent on Products by using Distributor as its Prime Vendor for the purchase of such Products normally purchased through wholesale pharmaceutical distributors.
- b. **Prime Vendor for Non-Injectable Generic Products:** In addition, as a further and separate condition to a Customer's access to the terms and pricing of this Agreement, Customer must purchase not less than ninety percent (90%) of Customer's requirements of Non-Injectable Generic Products through the Enhanced Vizient OneStop Products or Pathway OneStop Products portfolio (as such term is defined in Exhibit K to the Base Agreement) available from Distributor as its prime vendor for the purchase of such products normally purchased through wholesale pharmaceutical distributors ("OneStop Prime Vendor"); provided, however, that to the extent that Distributor is unable to supply such products, those purchases shall be excluded from the ninety percent (90%) calculation. Customer's compliance with the ninety percent (90%) OneStop Prime Vendor commitment of this paragraph will be measured during each quarter during the Term, beginning on the Agreement Effective Date. Upon request by Distributor, Customer shall make internal documentation denoting total purchase dollars available to Distributor for audit in order to verify compliance with the OneStop Prime Vendor commitment set forth above. If Distributor believes that a Customer is not using Distributor as the OneStop Prime Vendor, then (1) Distributor shall provide evidence supporting such belief to Customer; (2) Distributor and Customer shall promptly meet to discuss in good faith such Customer's continued participation under this Agreement, and (3) Distributor may discontinue the Customer's ability to purchase from the Enhanced Vizient OneStop Products or Pathway OneStop Products portfolio pursuant to this Agreement.

City's compliance with the ninety percent (90%) Non-Injectable Generics Prime Vendor commitment of this paragraph will be measured during each quarter during the Term, beginning on the Agreement Effective Date. Upon request by Distributor, City shall make internal documentation denoting total purchase dollars available to Distributor for audit in order to verify compliance with the Non-Injectable Generics Prime Vendor commitment set forth above. If Distributor believes that City is not using Distributor as the Non-Injectable Generics Prime Vendor, then (1) Distributor shall provide evidence supporting such belief to City; (2) Distributor and City shall promptly meet to discuss in good faith City's continued participation under this Agreement, and (3) Distributor may discontinue the City's ability to purchase from the Non-Injectable Generics Products at the pricing set forth in in this Agreement. Distributor will provide City with a minimum of thirty (30) days written notice. The Parties shall work together to identify the cause of City's noncompliance.

2. AUTOMATIC ALTERNATE [REDACTED]:



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UNDER PUBLIC RECORDS LAWS



3. COST REPORTING:

City will comply with all laws, including reporting or reflecting discounts, rebates and other price reductions pursuant to 42 U.S.C. §1320a-7b(b)(3)(A) on cost reports or claims submitted to federal or state healthcare programs, retaining invoices and related pricing documentation and making them available on request to healthcare program representatives. Thus, City or any Facility, if applicable, will accurately report, under any state or federal program which provides cost or charge based reimbursements for the Products and services covered by this Agreement, the net cost actually paid by City or any Facility. Distributor will comply with all laws, including requirements under 42 U.S.C. §1320a-7b(b)(3)(A) to (i) disclose on invoices or statements the amount of all discounts, rebates and other price reductions on Products purchased hereunder, and (ii) provide City with notice of City's obligations to report and disclose such discounts, rebates and other price reductions. City and any Facility, if applicable, will each accurately report pricing, together with any reductions in price, in connection with any federal or state pricing survey (e.g., National Average Drug Acquisition Cost Survey).

4. CHANGE IN MEMBER STATUS:

Distributor understands and agrees that if during the Term of this Agreement the City's status as a GPO member changes, any change to the terms of this Agreement will require as appropriate a new agreement or a Formal Amendment pursuant to Section 3.3.1 of the Agreement.

5. OWN USE:

City and Facilities represent and warrant that (i) prescription Products being purchased for dispensing or administration to patients pursuant to a legitimate prescription, and (ii) any subsequent resale by City or any Facility will be in compliance with applicable law and to a licensed healthcare provider for its dispensing or administration to patients pursuant to a legitimate prescription. City and Facilities shall defend, indemnify and hold Distributor harmless from any and all liability arising out of or due to nonadherence with such representation and warranty.

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

ATTACHMENT 1 - LIST OF CITY FACILITIES

The following list may be updated quarterly by informal agreement pursuant to Section 3.3.2:

GPO City ID	Facility Name	Address	Number of Scheduled Deliveries per Week
40169	SAN FRANCISCO GH PHCY PUR	1001 POTRERO AVE RM1P2 SAN FRANCISCO, CA 94110	6
40170	SFGH SFCC TOM WADDELL PUR	1001 POTRERO AVE. RM 1P2 SAN FRANCISCO CA 94110	6
40172	LAGUNA HONDA HOSPITAL	375 LAGUNA HONDA BLVD SAN FRANCISCO, CA 94116	5
40174	CBHS PHARMACY SERVICES	1380 HOWARD ST, STE 130 SAN FRANCISCO CA	5
40175	S F COUNTY JAIL #8 PHCY	425 7TH STREET SAN FRANCISCO, CA 94103	5
40176	S F CITY JAIL #7 PHCY	1 MORELAND DRIVE SAN BRUNO, CA 94066	5
103230	SFDPH/ADULT IMCL/STIER	101 GROVE STREET ROOM 102 SAN FRANCISCO, CA 94102	5
40170	WALG/03185/SFCCC PHS	825 MARKET STREET SAN FRANCISCO CA 94103	5
853297	WALG/03711/SF GEN HOS PHS	1189 POTRERO AVE SAN FRANCISCO CA 94110	5
853429	WALG/03711/SFCCC PHS	1201 TARVAL SAN FRANCISCO CA 94116	5
853551	WALG/13666/SF GEN HOS PHS	1300 BUSH STREET SAN FRANCISCO CA 94109	5
854407	WALG/04609/SF GEN HOS PHS	1301 MARKET STREET SAN FRANCISCO CA 94103	5
852694	WALG/00893/SF GEN HOS PHS	1344 STOCKTON SAN FRANCISCO CA 94133	5
40169	WALG/07150/SF GEN HOS PHS	965 GENEVA AVE SAN FRANCISCO CA 94122	5
40169	WALG/13583/SF GEN HOS PHS	901 HYDE STREET SAN FRANCISCO CA 94109	5
855653	WALG/02153/SF GEN HOS PHS	790 VAN NESS AVE SAN FRANCISCO CA 94102	5

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

848550	WALG/03849/SF GEN HOS PHS	745 CLEMENT STREET SAN FRANCISCO CA 94118	5
848548	WALG/05487/SFGEN HOS PHS	5300 3RD STREET SAN FRANCISCO CA 94124	5
40172	WALG/13667/SF GEN HOS PHS	5280 GEARY STREET SAN FRANCISCO CA 94118	5
40172	WALG/01283/SF GEN HOS PHS	500 GEARY STREET SAN FRANCISCO CA 94102	5
1901112	WALG/02244/SF GEN HOS PHS	3801 3RD STREET SUITE 550 SAN FRANCISCO CA 94124	5
40169	WALG/04318/SF GEN HOS PHS	4129 18TH STREET SAN FRANCISCO CA 94114	5
852694	WALG/1120/SF GEN HOS PHS	4645 MISSION STREET SAN FRANCISCO CA 94112	5
2240080	WALG/01327/SF GEN HOS PHS	498 CASTRO STREET SAN FRANCISCO, CA 94114	5
1901112	PRK SFCR SFGH PHY PUR PHS	4060 BUSINESS PARK DR COLUMBUS OH 43204	5
853272	WALG/00890/SF GEN HOS PHS	135 POWELL STREET SAN FRANCISCO, CA 94102	5
1900696	WALG/02866/SF GEN HOS PHS	1363 DIVISADERO STREET SAN FRANCISCO, CA 94115	5
851499	WALG/13668/SFCCC PHS	1496 MARKET STREET SAN FRANCISCO, CA 94102	5
1900696	WALG/01393/SF GEN HOS PHS	1630 OCEAN AVE SAN FRANCISCO, CA 94112	5
852534	WALG/03869/SF GEN HOS PHS	1750 NORIEGA STREET SAN FRANCISCO CA 94122	5
851499	WALG/01126/SF GEN HOS PHS	1979 MISSION STREET SAN FRANCISCO CA 94103	5
1900696	WALG/06557/SFCCC PHS	199 PARNASSUS SAN FRANCISCO CA 94103	5
1901112	WALG/02705/SF GEN HOS PHS	2050 IRVING STREET SAN FRANCISCO CA 94122	5
1901112	WALG/15296/SF GEN HOS PHS	2262 MARKET STREET SAN FRANCISCO CA 94114	5

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

1901112	WALG/01626/SF GEN HOS PHS	2494 SAN BRUNO AVE SAN FRANCISCO CA 94134	5
1901112	WALG/03475/SF GEN HOS PHS	25 POINT LOBOS AVE SAN FRANCISCO CA 94121	5
1901112	WALG/04231/SF GEN HOS PHS	2690 MISSIONS STREET SAN FRANCISCO CA 94110	5
1901112	WALG/01054/SF GEN HOS PHS	3398 MISSION AVE SAN FRANCISCO CA 94110	5
1901112	WALG/03849/SF GEN HOS PHS	3400 CESAR CHAVEZ STREET SAN FRANCISCO CA 94110	5

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

ATTACHMENT 2 – MEMBER MARKUP AND COMMITMENTS

1. **PRODUCT CATEGORIES.** For pricing purposes, the following additional definitions shall apply:

1. **ANDA Products.** A Product that is approved through an Abbreviated New Drug Application (“ANDA”), shall be referred to as an “ANDA Product.”
2. **BLA Products.** “BLA” means biologics license application. A Product that has been licensed by the FDA through a marketing application or supplement under Section 351(a) of the Public Health Service Act (42 U.S.C. 262(k)) (“Act”) shall be referred to as a “BLA Product” (including those brand or innovator products deemed to be licensed under Section 351(a) of the Act as of March 2020 pursuant to the Biologics Price Competition and Innovation Act of 2009).
3. **Biosimilar Products.** “Biosimilar Product” means (i) any Product for which a biologics license application has been licensed under Section 351(k) of the Act, including Products that the FDA has deemed to be either “biosimilar to” but not “interchangeable with” an FDA-licensed reference product (“Biosimilar Biological Product”), or Products that the FDA has deemed to be “interchangeable with” an FDA-licensed reference product (“Interchangeable Biosimilar Biological Product”) and (ii) any Product subject to an approved application deemed to be a license under Section 351(k) of the Act pursuant to the Biologics Price Competition and Innovation Act of 2009. As used herein, the terms “biosimilar” and “interchangeable” shall have the meanings set forth in Section 351 of the Act. Determination of biosimilarity or interchangeability shall be made by consulting the FDA’s “Lists of Licensed Biological Products with Reference Product Exclusivity and Biosimilarity or Interchangeability Evaluations” (the “Purple Book”), available at <https://www.fda.gov/drugs/therapeutic-biologics-applications-bla/purple-book-lists-licensed-biological-products-reference-product-exclusivity-and-biosimilarity-or>.
4. **OTC Products.** “OTC Product” means a “nonprescription drug” as defined at FDC Act § 760(a)(2) and any nonprescription NDA or ANDA drugs approved by the FDA.

█ **GLP-1 Products.** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2. **CUSTOMER MARKUP:**

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UNDER PUBLIC RECORDS LAWS

1. In lieu of any other price reductions available in the Base Agreement, commencing on the Effective Date for the entire duration of the Agreement Term, Customer Product purchases will be priced (receive a Customer markup) as follows:
 - a) BLA Products. BLA Products shall be priced at [REDACTED] (“BLA Customer Markup”).
 - b) Biosimilar Products, Notwithstanding the foregoing, Biosimilar Products shall be priced at [REDACTED] (“Biosimilar Customer Markup”).
 - c) GLP-1 Products. GLP-1 Products shall be priced at [REDACTED], including 340B products. (“GLP-1 Product Markup”).
 - d) OTC Products. OTC Products shall be priced at [REDACTED] (“OTC Product Markup”).
 - e) Flu Vaccines. BLA Products that are flu vaccines shall be priced at [REDACTED] and shall not be eligible for any Customer markup or adjustments described in this Section B.
 - f) Products sold through the Enhanced Vizient OneStop Product portfolio shall receive a Customer markup of [REDACTED] (“OneStop Customer Markup”).
 - g) 340B Accounts. Products purchased through 340B Accounts (including BLA [REDACTED] (“340B Customer Markup”).
 - h) All other Products, including ANDA Products that do not fall under the OTC Products definition and are not sold through the Pathway OneStop Product portfolio **OR** Enhanced Vizient OneStop Product portfolio, shall receive a [REDACTED] (“Customer Markup”).
2. **Customer Markup Adjustment.** Pricing for Products eligible for the Customer Markup, the OneStop Customer Markup, and the 340B Customer Markup shall be adjusted further based upon Customer’s average total monthly Net Purchase Volume over the prior calendar quarter (“Customer Markup Adjustment”) as set forth below:

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Monthly Net Purchase Volume			Customer Markup Adjustment
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

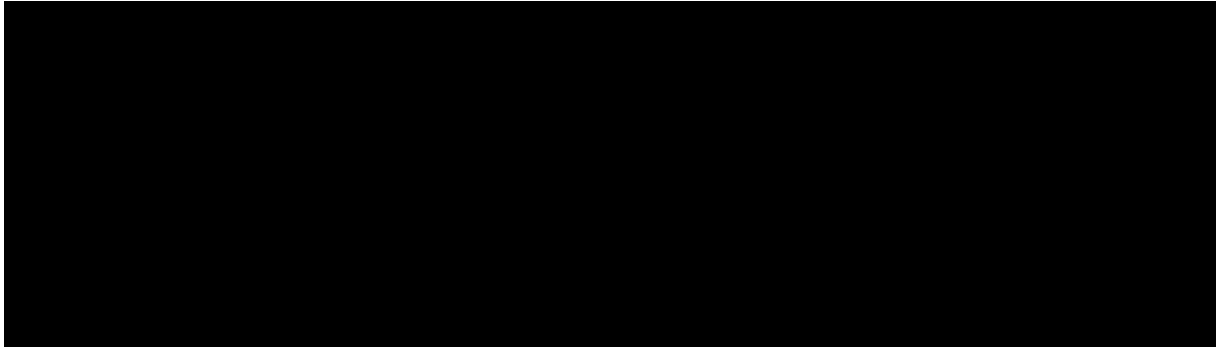
*Note: MPB sales count towards volume tiers, but COGs does not apply to MPB business

- Payment Term Adjustment.** Pricing for Products eligible for the Customer Markup, the Enhanced Vizient OneStop Product portfolio, BLA Products, Biosimilar Products, GLP-1 Products and purchases made through 340B accounts shall be adjusted further based on Customer Payment Term (“Payment Term Adjustment”) as set forth below:

Payment Term	Payment Term Adjustment
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

Next Day Pay	[REDACTED]
Weekly Statement Pay	[REDACTED]
Semi-monthly Statement Pay	[REDACTED]
Monthly Statement Pay	[REDACTED]



- ii. all MPB products will be priced in accordance with the Plasma Product Distribution Agreement between MPB and Vizient effective May 1, 2015 (as may be amended, modified, supplemented, renewed, replaced, restated or extended, the MPB Agreement”), and not any Customer markup under this Agreement.

For purposes of clarification, (a) MPB will pay administrative fees on MPB products as provided in the MPB Agreement; and (b) Distributor will continue to pay Vizient Administrative Fees on all Products, including drop ship products, as provided in the Base Agreement. Notwithstanding anything to the contrary contained in the Base Agreement, Distributor shall have no obligation to drop ship blood plasma products from vendors other than MPB.

- 5. For purposes of this Attachment 2, “Net” shall mean net of returns, credits and adjustments (but, for clarification, not net of rebates).
- 6. Notwithstanding anything else herein, Drop Shipped Products and Specially Priced Products shall be priced as set forth in the Base Agreement, and shall not be eligible for any Customer markup or adjustments described in this Section B.

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

C. MINIMUM COMMITMENTS: Customer markups are conditioned upon Customer maintaining, and Customer agrees to and shall maintain, the following minimum commitments (“Minimum Commitments”):

1. a minimum monthly Net purchase volume equal to or greater than [REDACTED] (“Net Purchase Volume”);
2. a minimum total quarterly Net purchase volume for all generic contract Products purchased, excluding generics Products contracted directly by Member (individual, GPO or vendor-driven) (“McKesson Generics Volume” or “MGV”) equal to or greater than [REDACTED] (“Minimum McKesson Generic Volume” or “Minimum MGV”). Notwithstanding the foregoing, 340B Prime Vendor Distributor contracted Products (if applicable) and Distributor’s private label generic Products will be included in the MGV, and
3. for non-340B accounts, participate in the automatic substitution program for Products ordered through the Enhanced Vizient OneStop Product portfolio.

If Customer fails to meet the Minimum Commitments during any calendar quarter during the Agreement Term, in addition to other remedies herein, Distributor will have the right to open negotiations to reasonably adjust Customer markups. As soon as practicable after receipt of such markup adjustment request by Customer, Distributor and Customer shall meet and begin good faith negotiations. If, at the end of the sixty (60) days following receipt of the adjustment request by Customer, Distributor and Customer have been unable to agree on satisfactory pricing or other terms, Distributor shall have the right to terminate this Agreement, upon sixty (60) days’ prior written notice to Customer.

If Member fails to meet the Minimum MGV during any calendar quarter during the Addendum Term, Distributor will adjust pricing for the following calendar quarter for Products eligible for the Member Markup, the OneStop Member Markup, and the 340B Member Markup by [REDACTED]

[REDACTED] below the Minimum MGV, plus an additional t [REDACTED]

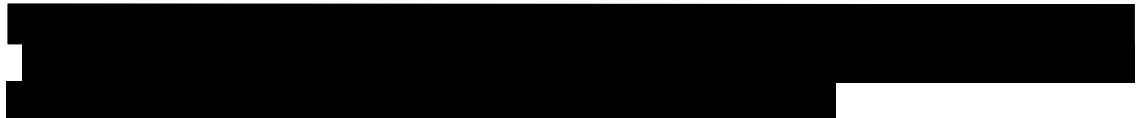
[REDACTED] below the Minimum MGV the Member falls during such calendar quarter (the “MGV Adjustment”). For the avoidance of doubt, Distributor will measure MGV and apply MGV Adjustments as applicable based on such MGV on a calendar quarter basis. The MGV Adjustment is not cumulative from one calendar quarter to the next calendar quarter.

D. PAYMENT TERMS: The above listed payment terms, as more fully described in the Base Agreement, will be made available to Customer so long as justified under Distributor’s general credit policies. Customer may elect to move to another payment term by providing written notice

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

to Distributor. Distributor reserves the right to adjust pricing to the corresponding payment term that most closely matches Customer's demonstrated payment history by providing notice to Customer.

- E. PAYMENT VIA AUTOMATED CLEARING HOUSE ("ACH") OR ELECTRONIC FUNDS TRANSFER ("EFT"):** The Customer Markup is conditioned upon payment being made via ACH or EFT or other acceptable EFT method that provides Distributor with immediately available funds. If Customer does not use ACH or EFT with its payment terms, the Customer Markup will be increased by five basis points (+0.05%).
- F. CSOS Markup.** In the event a Customer or IDN elects not to remit orders for Schedule II Products using Distributor's electronic controlled substance ordering system (CSOS), Distributor shall INCREASE the Customer Markup by five basis points (+0.05%) for such Customers or IDNs.
- G. RETURN GOODS POLICY:** The Customer Markup is conditioned upon Customer utilizing Distributor standard returns goods policy set forth in Exhibit E of the Base Agreement.
- H. DELIVERY FREQUENCY:** The Customer Markup is conditioned upon each Facility receiving no more than the number of scheduled deliveries per week set forth on Attachment 1, excluding Sundays or holidays.
- I. REBATES/DISCOUNTS.**



- b. Rebate Earning and Payment.** Each rebate in this Agreement shall be paid via credit memo (unless Distributor and Customer agree to a different manner of payment) no later than thirty (30) days following the end of the period in which such rebate is earned. Monthly and quarterly rebates shall be paid on a calendar basis, prorated for any partial periods. Not-to-exceed amounts will be prorated for any partial periods. Rebates that are subject to a not-to-exceed ("NTE") amount terminate when the NTE amount is earned and Distributor shall have no liability for payment of any amount in excess of the NTE amount. No rebates are paid on BLA Products or Biosimilar Products hereunder, unless the individual rebate is subject to a NTE amount, or unless otherwise set forth in this Agreement.
- J. CONDITION FOR REBATES/DISCOUNTS:** To qualify for the rebates and discounts in this Agreement, Customer and Facilities must meet the Minimum Commitments throughout the Agreement Term. In the event of any default or breach by Customer or any Facility of its

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

obligations under this Agreement, such Facility's (or Facilities') eligibility for the rebates and discounts in this Agreement may be suspended, upon Distributor's notice (verbal or via email) to Customer and/or Facility(ies), until such time as Customer and/or Facility(ies) cure such default or breach. In the event of termination of this Agreement by any party for any reason whatsoever during the Agreement Term hereof, Customer and Facilities' eligibility for rebates and discounts shall immediately cease (for the avoidance of doubt, Distributor's obligation to pay any rebate earned prior to such termination would survive). For purposes of clarification, nothing herein shall obligate Customer to pay back any discounts or rebates received from Distributor under this Agreement. Rebates shall not be paid on Drop Shipped Products and Products with a Cost over \$30,000, unless otherwise set forth in the Agreement.

- K. TAXES:** If any federal, state, or local tax currently or in the future is levied on Distributor in a jurisdiction where Distributor, Customer or any Facility does business and such tax relates or applies to the Products, transactions or business activity covered by this Agreement (excluding taxes imposed on Distributor's net income), Distributor may request in writing (a "Request") the right to (i) separately invoice the applicable tax liability to Distributor associated with Customer's or a Facility's (as applicable) purchases in such jurisdiction where allowed or (ii) renegotiate pricing and/or other terms of this Agreement so as to reflect the effect of such tax. The Request shall identify the tax and set forth the general nature and the specific adjustment(s) requested. As soon as practicable after receipt of such Request by Customer, Distributor and Customer shall meet and begin good faith negotiations. If, at the end of the sixty (60) days following receipt of a Request by Customer, Distributor and Customer have been unable to agree on satisfactory pricing or other terms, Distributor shall have the right to terminate this Agreement upon one-hundred twenty (120) days' prior written notice to Customer.
- L. INCREASE IN FUEL SURCHARGE:** In the event that either (a) the "U.S. Regular Gasoline Retail Prices (Cents per Gallon)", as reported by the Department of Energy in "This Week in Petroleum" (the "Index Price"), is greater than \$5.50 or (b) Distributor is assessed a fuel surcharge or other increase related to increased cost of fuel by its couriers, Distributor shall have the right to charge a delivery surcharge (the "Fuel Surcharge") of (i) \$1.00 where the Index Price is between \$5.50 and \$6.00, and (ii) \$2.00 where the Index Price is greater than or equal to \$6.00. The Fuel Surcharge shall be assessed for each delivery stop made by a vehicle, even if such stops are within the same Facility or occurs in the same location but at multiple times on the same day or otherwise. Thus, for illustration purposes, if a Facility receives a morning and afternoon delivery which requires that the driver deliver Products to two (2) locations within the Facility, the Fuel Surcharge assessed would be \$8.00 if the Index Price is \$6.75. In the event that Distributor imposes a Fuel Surcharge or removes the same pursuant to this section, such action will be effective upon five (5) days' written notice to Customer.

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

ATTACHMENT 3 - CITY PAYMENT TERMS

For all payment plans, the funds must be received by the Distributor at the designated remittance address on or before the dates due. Payments due on Saturday shall be due on the preceding Friday. Payments due on a Sunday shall be due on the following Monday. Payments due on a holiday shall be due on the preceding business day except when the holiday falls on a Monday. In that instance, payments shall be due on the following business day.

In the event City chooses to utilize an electronic payment program or card-based platform for the payment of Products ("E-Payable Program"), the Distributor shall participate in City's E-Payable Program, will offer its full and timely cooperation in assisting City, or its designate, to make such E-Payable Program operate successfully, and shall not impose any additional fees, costs, penalties, surcharges or other charges to City based upon E-Payable Program utilization.

- a. Late Payment Charges. Any service charges on past due amounts will accrue only on the unpaid balance of undisputed amounts at a daily rate not to exceed [REDACTED] per month ([REDACTED] Annual Percentage Rate). At the City's request, Distributor may waive late payment charges acting in its sole discretion.
- b. Disputed Invoices. Should the City dispute an invoice in good faith, City may report the issue to Distributor within thirty (30) business days of invoice date. Distributor shall promptly research the disputed invoice and City and Distributor shall use good faith to resolve the dispute. Disputed invoices are not subject to late fees or penalties during the resolution of the dispute. Upon resolution of such dispute, late fees or penalties applicable may be applied if City was not justified in disputing the applicable item(s) on invoice.
- c. Revocation of Credit Privileges. Notwithstanding any other provision of the Agreement, should City have an excessive late payment history or a substantial past due balance, Distributor shall notify GPO and City in writing of the problem prior to Distributor removing City's credit privileges. If Distributor rescinds City's credit privileges, the City shall be entitled to continue to purchase Products and Services from Distributor on a C.O.D. basis.
- d. Set-Off. Distributor shall set off any amount owing at any time from City against any amount payable at any time by Distributor to City (i.e., credits-on-account as set forth in the Agreement shall be deducted from amounts due before calculating any late payment penalties owed by the City).

The following payment terms will be made available to City so long as justified under Distributor's general credit policies. The City may elect to move to another payment term by providing written notice to the Distributor. Distributor reserves the right to adjust pricing to the term that most closely matches City's demonstrated payment history.

REGULAR PAYMENT TERMS

PAYMENT TERMS BEYOND THE TERMS STATED HEREIN SHALL BE NEGOTIATED BETWEEN THE CITY AND THE DISTRIBUTOR and Distributor will disclose the terms to GPO during the reporting process set forth in the Base Agreement.

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

1. **WEEKLY STATEMENT PAYMENT**

[REDACTED]

2. **15-DAY INVOICE PAYMENT**

[REDACTED]

3. **SEMI-MONTHLY STATEMENT PAYMENT**

[REDACTED]

4. **MONTHLY STATEMENT PAYMENT**

[REDACTED]

5. **PAYMENT UPON DELIVERY (C.O.D.)**

Subject to Attachment 3, Section (c) (Revocation of Credit Privileges) above.

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

ATTACHMENT 4 - PRODUCT RETURN POLICY

1. RETURNED GOODS

Subject to any separate policy and/or terms and conditions for returned goods adopted by Distributor for purposes of complying with any applicable federal and/or state law, rule or regulation (including without limitation laws, rules and regulations of the State of Florida), Distributor will process returned goods for items purchased by City from Distributor, in accordance with Distributor's Returned Goods Policy (which is subject to change by Distributor, effective on thirty (30) days' prior notice to City, as follows:

2. DEFINITIONS

(a) Saleable Products shall include the following:

- 1) Products are determined saleable by Distributor based on the ability to resell the item without special handling, refurbishing or other expense; or
- 2) Saleable Products must have dating of current month plus six (6) months remaining until expiration. Exceptions to this dating policy are:
 - A) Refrigerated and other temperature-controlled Products; or
 - B) Products deemed permanently short-dated by Distributor and manufacturers/vendors.

In the above-specified instance as set forth in Subsection (a)(2)(B) above, City shall be permitted to return the Products with current month plus three (3) months remaining until expiration.

(b) Unsaleable Products:

- 1) Products with less than current month plus six (6) months remaining until expiration (except as otherwise provided in Subsection (1)(a));
- 2) Torn or damaged packaging;
- 3) Labels attached (prescription or price sticker);
- 4) Soiled, stained or worn;
- 5) Safety or security seals not intact; or
- 6) Prescription Products returned to Distributor that does not include City's signature on the returns authorization form to assure that such Products have been stored and protected under proper conditions specified by the manufacturer/vendor.

Distributor reserves the right to determine whether Products are Saleable or Unsaleable on inspection of the returned item.

3. PRODUCTS AUTHORIZED FOR RETURN TO DISTRIBUTOR

City must provide signed verification certifying that proper conditions for storage, handling and shipping have been maintained for all Products returned to Distributor.

- a) Saleable and Unsaleable Products that were purchased from Distributor unless otherwise blocked for return (determined by manufacturer/vendor or Distributor);
- b) If prescription ("Rx") Products, City has attested that each specific unit of returned Rx Products was purchased from Distributor and that the conditions specified by the manufacturer/vendor for

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

storage, protection, handling, and shipping have been maintained at all times. Returned Rx Products must also include the original invoice number in order to be Saleable, in compliance with the Drug Supply Chain Security Act.

- c) Unsaleable Products purchased from Distributor which can be returned by Distributor to the manufacturer/vendor according to their policy;
- d) Distributor Private Label Merchandise (Valu-Rite®, Health Mart®, Sunmark®, etc); and
- e) Manufacturer/vendor recall or market withdrawal in original manufacturer containers. Authorized returns of partials require City to include pill counts, NDC expiration date and lot number for any Products not returned in its original manufacturer container.

4. EXCLUDED MERCHANDISE:

- a) Products not purchased from Distributor;
- b) Products not physically carried by Distributor;
- c) Products not eligible for return to the manufacturer/vendor or deemed collectible by Distributor;
- d) Saleable Products returned that do not meet proper storage conditions;
- e) Unsaleable returns on City's or its buying group's private label Products;
- f) Products not in their original container;
- g) Overbagged or "robot-ready" Products;
- h) Products requiring refrigeration except for Products shipped by Distributor in error or received damaged;
- i) Repackaged Products that have less than nine (9) months dating or are defined as Unsaleable Products;
- j) ScanPak™ Unit Dose and ScanPak™ Multi Dose Products that have less than nine (9) months dating or are defined as Unsaleable Products;
- k) Products discontinued by manufacturer/vendor and no longer stocked by Distributor;
- l) Controlled Substances containing hazardous materials;
- m) Partial bottles, liquids and other containers except for recalls of Products other than Controlled Substances;
- n) Schedule II Controlled Substances will be evaluated on individual return requests;
- o) Products damaged or defaced at the City facility location or on the shelf; and
- p) Home Healthcare Hub Products unless said Products were received damaged by City from Distributor or said Products have been recalled/withdrawn by the manufacturer/vendor.

5. PRODUCT SHORTAGES AND MISPICKS

Distributor will provide credit for Product shortages and mispicks, provided that (x) City provides Distributor the applicable invoice number and (y) any claim is submitted within five (5) business days of the original invoice date. Claims filed after five (5) business days will not be considered.

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6. CREDITS ISSUED

Distributor will provide the following credit based on the pricing rules outlined below in Subsection (6) as calculated from invoice date to credit request date:

Saleable	██████████	██████	
	██████████	██████████	
Received Damaged or Short-dated	██████████	██████	
	██████████	██████████	
Recall*		██████	if and to the extent Distributor recovers an equal percent from the manufacturer/vendor.
Unsaleable Products Eligible for Return to Distributor*		██████	if and to the extent Distributor recovers an equal percent from the manufacturer/vendor.

* Notwithstanding anything in this Agreement to the contrary, with regard to Unsaleable Products, recalls, market withdrawals and any other manufacturer/vendor initiated returns (collectively, "Unsaleable and Recalled Merchandise"), in the event a pharmaceutical manufacturer/vendor fails for any reason to pay Distributor for the cost of or any amounts due with respect to any Unsaleable or Recalled Merchandise returned to Distributor by City or City's agent, City agrees that City will be responsible for the collection of any unpaid monies due from the manufacturer/vendor, and shall fully reimburse Distributor for any credits or other forms of advance, including deductions, that have already been paid to or received by City for such Unsaleable or Recalled Merchandise.

7. CITY ELIGIBILITY

Distributor reserves the right to designate if the Products returned by City are eligible for return, and to determine the appropriate percentage of credit to be provided.

8. PRICING ON RECALLED AND RETURNED GOODS

Distributor will use the invoice price when City provides a valid invoice number.

If no invoice number is provided, the lowest price determined under the following pricing rules will apply:

- (a) City will be credited the contract price for Products which are Contract Products on the date that return authorization is created.
- (b) City will be credited a weighted average price based on City's past twelve (12) month purchase history for Non-Contract Rx/OTC Products.
- (c) City will be credited the lowest price paid by City over the past twelve (12) months for Non-Contract Generics Products.

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

(d) City will be credited the manufacturer's/vendor's published acquisition cost (exclusive of cash discounts) on the date of the return authorization for Non-Contract Products purchased more than twelve (12) months prior to the date the return authorization is created.

Any handling charges will apply where appropriate to the determined price.

Final credit will be issued based on the condition and timing of the returned goods to Distributor.

9. NOTIFICATION OF CHANGES

Distributor reserves the right to change the above stated Returned Goods Policy at any time with thirty (30) days' notification to City, including without limitation implementing modifications required to meet applicable federal and/or state laws, rules and regulations, FDA and other regulatory guidelines, and any additional restrictions applicable to returned Products.

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UNDER PUBLIC RECORDS LAWS

**ATTACHMENT 5 - DISTRIBUTOR'S CUSTOMER-FACING MANAGEMENT REPORTING
SYSTEM CAPABILITIES**

This Exhibit sets forth the minimum specifications required for purchase history and management reporting systems that shall be provided by Distributor ("Reporting Systems").

1. Distributor's Reporting Systems shall include a minimum twenty-four (24) months of City's purchase history, detailed by month, to include actual prices paid, quantities purchased, and quantities returned or credited, contract type indicator (e.g., GPO, individual, etc.) and Product description.
2. The Reporting Systems shall include all Products in the Ordering System's catalog in addition to the Products that have purchase history. Such Reporting Systems shall clearly identify and distinguish Product labels to facilitate such identification. Such Product identification and distinction shall be obvious to a customer familiar with Distributor's Reporting Systems.
3. The Reporting System shall create reports at the individual facility level and roll up sales history to summarize sales at the IDN level. City shall be able to define which Distributor account numbers to combine/include when creating a sales history report.
4. Reserved.
5. The Reporting Systems shall include an advanced report-writing function that City shall be able to use to create and customize reports as needed. Examples of reports that are available include:
 - a. 80/20 velocity report
 - b. Purchases by Supplier
 - c. Purchases by therapeutic class
 - d. Purchases by generic name
 - e. Controlled substance purchases
 - f. Contract priced Product listing, with delineation by contract type
 - g. Purchases by Product category, such as: branded vs. generic Product, single source vs. multiple source Product, Rx vs. non-Rx Product
 - h. Purchases by Orange Book bioequivalence codes
6. The Reporting System shall accommodate user-defined query parameters, including time-period of purchase history and the ability to limit the report by Supplier and contract type. The Reporting System shall have the capability to generate a purchase history report for all City Net Sales over a prior twelve (12) month period, including Product NDC, Product description, total units purchased, current price WITHOUT Member Markup (the price the City would be invoiced WITHOUT Member Markup if City ordered the Product that day), and current price WITH Member Markup (the price the City would be invoiced if City ordered the Product that day).
7. Reports shall be viewable on-screen, printed, or downloaded/exported in a standard format that is easily imported into Microsoft Excel.

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UNDER PUBLIC RECORDS LAWS

- 8.** City shall be able to access the Reporting Systems via multiple logins to the Reporting Systems, and each such login shall have a separate password and secure access.

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UNDER PUBLIC RECORDS LAWS

ATTACHMENT 6 - NON-INJECTABLE GENERICS AUTO-SHIP PROGRAM DESCRIPTION

Non-Injectable Generics Auto-Ship Program Description

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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UNDER PUBLIC RECORDS LAWS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

CONFIDENTIAL AND PROPRIETARY TO DISTRIBUTOR SUBJECT TO PROTECTION FROM RELEASE
UNDER PUBLIC RECORDS LAWS

ATTACHMENT 7: DISASTER RESPONSE PLAN

Distributor will submit a comprehensive Disaster Response Plan (substantively addressing the topics identified below) to City as part of this Agreement.

Planning for an Emergency

- I.** Introduction
- II.** Corporate Objective
- III.** Definition of an Emergency
- IV.** Review Internal Plans and Policies
- V.** Establish an Evacuation Procedure
- VI.** Meet with Community Experts
- VII.** Identify Specific Codes and Regulations
- VIII.** Identify critical Products, Operations and Services
- IX.** Locate Company Specific Resources for Emergencies
- X.** Training
- XI.** Distribution of the Plan

Procedures during an Emergency

- XII.** Procedure for Reporting Emergencies
- XIII.** Procedure for Evaluating Severity of an Emergency
- XIV.** Emergency Response Team
- XV.** Communications During an Emergency
- XVI.** Procedure for Handling Emergencies
- XVII.** Contacting Outside Service
- XVIII.** Hazardous Materials
- XIX.** Evacuation Procedure
- XX.** First Aid

Action following an Emergency

- XXI.** Recovery and Restoration
- XXII.** Evaluation and Modification of the Plan

Appendixes

- Appendix I Persons Qualified to Act as Emergency Coordinators
- Appendix II Outside Agencies--Emergency Telephone Listing
- Appendix III Internal Emergency Phone Call List Sample
- Appendix IV Evacuation Routes
- Appendix V Emergency Assembly Reporting Procedure
- Appendix VI Job Descriptions
- Appendix VII Persons Responsible for Hazardous Waste Management
- Appendix VIII Emergency Checklists
- Appendix IX Guidance for Preparation of Spillage Confirmation Report
- Appendix X Business Continuity and Disaster Preparedness Websites

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APPENDIX B – CALCULATION OF CHARGES

Department Unit	FY 18 19	FY 19 20	FY 20 21	FY 21 22	Estimated Total	
Zuckerberg San Francisco General Hospital		36,341,212.00	39,248,508.96	42,388,389.68	117,978,110.64	
Laguna Honda Hospital		12,674,574.00	13,688,539.92	14,783,623.11	41,146,737.03	
Jail Health Services		3,246,164.00	3,505,857.12	3,786,325.69	10,538,346.81	
Primary Care		2,095,079.00	2,262,685.32	2,443,700.15	6,801,464.47	
Community Behavioral Health		1,351,399.00	1,459,510.92	1,576,271.79	4,387,181.71	
Public Health Division						
		-	55,708,428.00	60,165,102.24	64,978,310.42	180,851,840.66
				Taxes		
				Sub Total (All Units)	180,851,840.66	
				Contingency	21,702,220.88	
				Guaranteed Maximum Cost	202,554,061.54	

ATTACHMENT 1 to APPENDIX B-1 : MCKESSON PHARMA MOD#1 BUDGET SUMMARY

Line #	Departmental Unit	FY 23 24	FY 24 25	FY 25 26	FY 26 27	FY 27 28	Value of Amendment #1	Total Contract Budgeted Amount
		2/1/2024 - 6/30/2024	7/1/2024 - 6/30/2025	7/1/2025 - 6/30/2026	7/1/2026 - 6/30/2027	7/1/2027 - 6/30/2028	Calender Year 2023	2/1/2020 - 6/30/2028
1	Zuckerberg San Francisco General Ho	\$ 13,581,842.00	\$ 36,725,300.00	\$ 42,234,095.00	\$ 48,569,209.00	\$ 55,854,590.00	\$ 196,965,036.00	\$ 300,839,523.00
2	Laguna Honda Hospital	\$ 8,305,941.00	\$ 22,459,265.00	\$ 25,828,154.00	\$ 29,702,377.00	\$ 34,157,733.00	\$ 120,453,470.00	\$ 183,977,653.00
3	Jail Health Services	\$ 2,127,285.00	\$ 5,752,179.00	\$ 6,615,005.00	\$ 7,607,255.00	\$ 8,748,343.00	\$ 30,850,067.00	\$ 47,119,635.00
4	Primary Care	\$ 1,372,953.00	\$ 3,712,465.00	\$ 4,269,334.00	\$ 4,909,734.00	\$ 5,646,194.00	\$ 19,910,680.00	\$ 30,411,080.00
5	Community Behavioral Health	\$ 4,862,498.00	\$ 13,148,194.00	\$ 15,120,423.00	\$ 17,388,486.00	\$ 19,996,758.00	\$ 70,516,359.00	\$ 107,704,943.00
6	Public Health Division	\$ 419,406.00	\$ 1,134,074.00	\$ 1,304,185.00	\$ 1,499,812.00	\$ 1,724,783.00	\$ 6,082,260.00	\$ 9,289,898.00
7		\$ 30,669,925.00	\$ 82,931,477.00	\$ 95,371,196.00	\$ 109,676,873.00	\$ 126,128,401.00	\$ 444,777,872.00	\$ 679,342,732.00
8					Sub Total (All Units)			\$ 679,342,732.00
9					Pharmaceutical Innovation Initiatives			\$ 64,443,706.00
10					Subtotal of All Pharmaceuticals			\$ 743,786,438.00
11					Taxes (Over the Counter)			\$ 150,000.00
12					Sub Total			\$ 743,936,438.00
13					Contingency			\$ 88,668,056.00
14					Sub Total			\$ 832,604,494.00
15					Holdover Amount (Calculated from the last 12 months of the contract)			\$ 145,047,661.00
16					Guaranteed Maximum Cost			\$ 977,652,155.00

Starting FY 23/24 15% annual increase to account for anticipated drug price inflation.

Line 9: HCV in Jail Health. Funding for such services are subject to budgetary approval. Emerging Specialty Drugs expected to be ready for use on patients over the course of the Agreement. For ammendment # 1 Carried over Pharmaceituical initiative amount

Line 11: Only Over the Counter (OTC) Drugs are taxable

Line 8: 20 % of the last 12 months of the contract will give DPH 1 year of uninterrupted service to find an alternate vendor if needed.

Holdover terms are specified under section 2.2 of the contract. The holdover period shall be FY 28 29 (7/1/2028 - 6/30/2029)

FY 23/24 full year amounts are as follows:

Zuckerberg SFGH	\$31,935,044.00
Laguna Honda Hospital	\$19,529,796.00
Jail Health Services	\$5,001,895.00
Primary Care	\$3,228,231.00
Community Behavioral Health	\$11,433,213.00
Public Health Division	\$986,152.00
Total FY 23/24 Amount	\$72,114,331.00

Document Date: 10/2/2023

**SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH
REVISION TO PROGRAM BUDGETS (RPB) #1**

The Department of Public Health hereby requests a revision to the Program Budgets of F\$P Contract ID# 1000013809, in order to clarify standard contractual clauses.

WHEREAS, the City and County of San Francisco, through its Department of Public Health (“DPH”), entered into a group purchasing distribution agreement with McKesson Corporation (“Distributor”) dated November 1, 2019, hereinafter referred to as the “Agreement,” with a not-to-exceed contract amount of **\$381,382,991**, comprised of a base contract amount of **\$232,625,513** (“Base”), a FY 20 21 Pharmaceutical Innovation Initiatives amount of **\$ 34,395,955** (“Pharmaceutical Innovation Initiatives”), a taxes amount of **\$150,000** (“Taxes”), and a contingency amount of **\$32,152,595** (“Contingency”); and

WHEREAS, the term and **\$381,382,991** not-to-exceed contract amount of the Agreement remain unchanged;

NOW THEREFORE, The City and Contractor agree as follows.

1. Definitions. The following definitions shall apply to this Amendment:

1. a. Agreement. The term “Agreement” shall mean the group purchasing distribution agreement dated November 1, 2019, between Contractor and City.

1. b. Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. Revision to Section 6.a. of Appendix A to the P-250 – Supply Agreement.

2. 1. Section 6.a. Section 6.a. “Rebates/Discounts” of the Agreement currently reads as follows:

6. a. Monthly Rebate. Commencing on the Effective Date, City is eligible to earn a monthly (each month, an “Earning Period”) rebate equal to 2.00% of its Product purchases from Distributor, less all returns, not to exceed \$30,000 in aggregate for all Earning Periods per Contract Year. Each twelve (12) month period ending on the anniversary of the Effective Date shall constitute a “Contract Year.” For clarity, the aggregate rebate over the total uninterrupted five (5) year term of this Agreement is \$150,000.

Such section shall be replaced in its entirety to read as follows:

6. a. Monthly Rebate. Commencing on the Effective Date, City is eligible to earn a monthly (each month, an “Earning Period”) rebate equal to 2.00% of its Product purchases from Distributor, less all returns, not to exceed \$30,000 in aggregate for all Earning Periods per Contract Year. Each twelve (12) month period ending on the anniversary of the Effective Date shall constitute a “Contract Year.” For clarity, the aggregate rebate over the total uninterrupted four (4) year initial term of this Agreement is \$120,000.

3. Legal Effect. Except as expressly revised herein, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Revision to Program Budgets on the day first mentioned above.

CITY:

CONTRACTOR:

DocuSigned by:

Roland Pickens

DocuSigned by:

Scott Miller

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Roland Pickens
Director, SF Health Network
San Francisco Department of Public Health

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Scott Miller
President, Health Systems MCKESSON
CORPORATION

TEMPORARY ORIGINAL

FILE NO. 200012

RESOLUTION NO. 123-20

1 [Agreement - Retroactive - McKesson Corporation - Group Purchasing Distribution of
2 Pharmaceuticals - Not to Exceed \$381,382,991]

3 **Resolution retroactively approving an agreement between McKesson Corporation and**
4 **the Department of Public Health for a group purchasing agreement for the purchase of**
5 **pharmaceuticals for a total amount not to exceed \$381,382,991 for a term of five years,**
6 **from February 1, 2020, through January 31, 2024.**

7
8 WHEREAS, The Department of Public Health (DPH) has the ongoing need to procure
9 a broad range of pharmaceutical products for use in the daily delivery of care to patients of
10 various Department programs; and

11 WHEREAS, This Agreement was procured as required by San Francisco
12 Administrative Code, Chapter 21.A.2, Membership in Group Purchasing Organizations; and

13 WHEREAS, San Francisco Charter, Section 9.118(b) requires that the Board of
14 Supervisors approve by resolution all City contracts having an amount in excess of ten million
15 dollars; now, therefore, be it

16 RESOLVED, That the Board of Supervisors hereby authorizes the Director of Public
17 Health and the Director of the Office of Contract Administration/Purchaser, on behalf of the
18 City and County of San Francisco, to execute an agreement with McKesson Plasma and
19 Biologics LLC for the purchase of pharmaceutical products, biologics and specialty drugs for a
20 total amount not to exceed \$381,382,991, for term of five years, February 1, 2020, through
21 January 31, 2024; and, be it

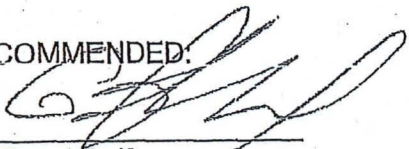
22 FURTHER RESOLVED, That the Board of Supervisors authorizes the
23 Department of Public Health to enter into any amendments or modifications to the
24 contract, prior to its final execution by all parties, that the Department determines, in
25 consultation with the City Attorney, are in the best interest of the City, do not otherwise

TEMPORARY ORIGINAL

1 materially increase the obligations or liabilities of the City, are necessary or advisable to
2 effectuate the purposes of the contract, and are in compliance with all applicable laws;
3 and, be it

4 FURTHER RESOLVED, That within thirty (30) days of the contract being fully executed
5 by all parties, the Director of Heath and/or the Director of the Office of Contract
6 Administration/Purchaser shall provide the final contracts to the Clerk of the Board for
7 inclusion into the official File No. 200012.

8
9 RECOMMENDED:



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11 Dr. Grant Colfax

12 Director of Health

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25



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 200012

Date Passed: March 24, 2020

Resolution retroactively approving an agreement between McKesson Corporation and the Department of Public Health for a group purchasing agreement for the purchase of pharmaceuticals for a total amount not to exceed \$381,382,991 for a term of five years, from February 1, 2020, through January 31, 2024.

February 12, 2020 Budget and Finance Committee - RECOMMENDED

March 24, 2020 Board of Supervisors - ADOPTED

Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

File No. 200012

I hereby certify that the foregoing Resolution was ADOPTED on 3/24/2020 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved