SERIAL 05157 IGA MED/SURG PRODUCTS DISTRIBUTION AGREEMENT

DATE OF LAST REVISION: June 05, 2007 CONTRACT END DATE: May 31, 2010

CONTRACT PERIOD BEGINNING SEPTEMBER 02, 2005
ENDING MAY 31, 2010

TO: All Departments

FROM: Department of Materials Management

SUBJECT: Contract for **MED/SURG PRODUCTS DISTRIBUTION AGREEMENT, C-90-06-541-1, MIHS NIGP 46502-97/47506-97/26056/26902-88/27104-96**

Attached to this letter is a listing of vendors available to Maricopa County Agencies utilizing the Cardinal Health Medical Products and Services Contract #C-90-06-541-1. The using agency and other interested parties may access and electronic version of this contract from the Materials Management Web site at:
http://www.maricopa.gov/materials/Awarded_Contracts/search.asp.

Please note: Price Agreement Purchase Orders (PG documents) may be generated using the information from this list. Use NIGP CODE 4650002.

All purchases of product(s) listed on the attached pages of this letter are to be obtained from the listed contractor(s).

C-90-06-541-1

CardinalHealth

Cardinal Health
Medical Products and Services
525 West 21st Street
Tempe, AZ 85282
Office: 480.968.5454
Fax: 480.921.3873

July 18, 2005

Maricopa Integrated Health System (MIHS)
Steve Ellis, Director of Materials Management
2601 East Roosevelt Street
Phoenix, Arizona 85008

Steve,

We are excited to offer you this new Med/Surg Distribution Agreement. In the past 5 years, our partnership has saved MIHS over $1 million dollars and provided MIHS with quality service. This new Agreement builds on that foundation and extends our partnership for another 5 years.

In addition to and as part of the Cardinal Health / MIHS Distribution Agreement, we have agreed to provide MIHS with the following credits to be used against future purchases of products from Cardinal Health:

1) Cardinal Health will split the total outstanding service fee billings from October 2004 through June 2005 with MIHS, 50%/50%. Cardinal Health will credit MIHS 50% and MIHS will pay 50%. The savings for MIHS is $37,851.57.
2) Cardinal Health will split the total outstanding late fees of $51,529.57 with MIHS, 80%/20%. Cardinal Health will credit MIHS 80% and MIHS will pay 20%. The savings for MIHS is $41,233.66.
3) Cardinal Health will reimburse MIHS up to $9,000, for OnCall EDI upgrades.

The credits set forth above are "discounts or other reductions in price" under Section 1128 b(b)(3)(a) of the Social Security Act (42 U.S.C.1320- 7b(b)(3)(a)). As such, Customer shall disclose the discounts or reductions in price under any state or federal program which provides cost or charge-based reimbursement to such customer for the products or services it purchases from Cardinal Health.

Please sign and date this letter, in addition to the new Distribution Agreement, to signify your acceptance of its terms.

Sincerely,

Linda Gordien 8/10/05 — Date
Region Vice President Sales
Cardinal Health, Medical Products and Services

Steve Ellis 8/5/05 — Date
Director, Materials Management
MIHS

Cc: Shon Delia, Linda Gordien, Brian Merrill, Chris Freid and Donna Limon

Distribution Agreement

This distribution agreement ("Agreement") is entered into by Maricopa County Special Healthcare District, d/b/a, Maricopa Integrated Health System located at 2601 East Roosevelt Street, Phoenix, Arizona 85008 ("Customer") and Cardinal Health 200, Inc., Medical Products and Services with principal offices located at 1450 Waukegan Road, McGaw Park, IL 60085 ("Cardinal Health"). Customer desires to purchase certain products from Cardinal Health for its own use, and Cardinal Health wishes to sell certain products to Customer. Accordingly, the parties agree as follows:

Term and Termination

This Agreement shall begin on July 1, 2005 and shall end on May 31, 2010. Either party may terminate this Agreement, with or without cause, upon 120 days written notice to the other party.

Products and Prices

Product and pricing information is provided Schedule A. For up-to-the-minute price and availability, call your local Cardinal Health Customer Service Representative. Special handling fees may apply for products that are hazardous, require refrigeration and/or require special handling. Please confirm price at time of order placement. Some products distributed by Cardinal Health may not be available for sale outside the U.S. and Puerto Rico. Additional shipping charges may apply for delivery outside the continental U.S.

Agreement Incentives

Cardinal Health shall provide Customer an up front discount toward future product purchases in the amount of $100,000. Such up front discount shall be paid to Customer within 60 days of the Effective Date of this Agreement, in the form of a check. If the Agreement is terminated prior to the third anniversary of the Effective Date, Customer shall reimburse Cardinal Health a monthly pro-rated portion of such upfront product discount. The discount described above is a "discount or other reduction in price" to Customer under Section 1128B(b)(3)(A) of the Social Security Act [42 U.S.C. 1320a-7b(b)(3)(A)].

Payment Terms

Payment terms are net 20 days, provided that Cardinal Health may reasonably increase, decrease, or refuse future credit based upon Customer's payment performance or changes in Customer's financial condition. Any invoice that is paid past its due date will be accessed interest at a 1 1/2 % monthly (or 18% annual) rate or the highest amount allowed by law, if lower.

Returned Goods Policy

All returns must be authorized by your Cardinal Health Sales or Customer Service Representative who will advise you of the proper mode of transportation for shipment. Authorization will only be valid for 30 days. Cardinal Health will authorize the return of all products in salable condition with the following exceptions:

- products not purchased from Cardinal Health. By offering product for return to Medical Products and Services, the Customer warrants and certifies that products were purchased by the Customer directly from Medical Products and Services.
- products purchased more than 3 months prior to the return request
- products that are regulated hazardous chemicals or reagents
- instruments that have been used to analyze human body tissue
- sterile eaches of low unit of measure product
- special or custom products made to customer specifications
- products returned in defaced or other than original packaging
- drug products that are shipped outside the United States (reimport prohibited)
- Aventis Flu-Zone Vaccine
- Prescription drugs that (a) are returned without a customer signed Cardinal Health Ongoing Assurance document, or (b) do not achieve Cardinal Health protective service and protective packaging guidelines.
- refrigerated, frozen, or temperature controlled products with the exception that Cool Room coded product ("C" coded) can be accepted back from customers and returned to stock only if **ALL** 3 circumstances noted below apply to the return.
    1. The product is returned within a 5-day transit time window.
    2. The external outdoor air temperature is less than 86 degrees Fahrenheit (86F).
    3. The only acceptable reasons for the return are a picking or ordering error.

Each authorized return must include the following: (1) Purchaser name and address, (2) Cardinal Health invoice number, (3) Invoice date, (4) Purchaser purchase order number, (5) Quantity, catalog number and description of item, and (6) Reason for return. All return items not locally stocked will be subject to a restocking fee. All returns not due to Cardinal Health error will be subject to a minimum 15% restocking fee. In the event that an unauthorized return is accepted, there will be a minimum 25% restocking fee.

Freight Claims

Customer must inspect all shipments the same day they are received (visible damage). Visible damage must be noted on the delivery and inspection requested from delivery carrier or claim will be disallowed. Concealed damage requires a request of inspection from the delivering carrier. The request for this inspection must be made within 15 days of delivery and the report is mandatory when filling out a claim of ICC regulations. Customer must retain the merchandise, carton(s) and inside packaging at Customer's facility until the inspection has been made and carrier has given disposition or damaged merchandise. The Cardinal Health Customer Service Representative must be notified within 15 days of the customer receipt so a claim may be properly filed with the carrier.

Product Delivery

Shipments are FOB Destination. Cardinal Health shall use its reasonable efforts to fill orders, but shall not be liable for nonperformance or delays caused by a shortage of raw materials, manufacturing problems, delivery or labor problems, acts of regulatory agencies, discontinuation of a product line, Acts of God or causes beyond its control. Customer agrees that, in such events, Cardinal Health may allocate products among all purchasers, without liability. Additional product delivery terms and conditions are specified in Schedule B.

Warranty

Cardinal Health warrants that any product it manufactures is, as of the date of shipment, fit for the purposes and indications described in the labeling. Unless the product is used in accordance with its instructions, these warranties are void and of no effect. Other products distributed by Cardinal Health carry only those warranties made for them by their manufacturer. THERE ARE NO OTHER EXPRESSED OR IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CARDINAL HEALTH'S SOLE OBLIGATION AND CUSTOMER'S EXCLUSIVE REMEDY FOR BREACH OF ANY WARRANTY SHALL BE, AT CARDINAL HEALTH'S OPTION, TO REPAIR OR REPLACE THE PRODUCT. CARDINAL HEALTH SHALL NOT BE LIABLE FOR PROXIMATE, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES.

Confidentiality

The terms and conditions of this Agreement are confidential ("Confidential Information"). Neither party shall disclose such Confidential Information without prior written consent of the other party. Neither party will make any press release or other public announcement regarding this Agreement without the other party's express prior written consent, except as required under applicable law or by any governmental agency, in which case the party required to make the press release or public disclosure shall use commercially reasonable efforts to obtain the approval of the other party as to the form, nature and extent of the press release or public announcement prior to issuing the press release or making the public announcement. Cardinal Health may also use Customer's information as "input data" in a collection of data obtained from Cardinal Health's customers, cumulative in nature, and which does not disclose the source of the input data.

Compliance with Law

Customer represents and warrants that it has all required local, state and federal licenses, permits and approvals required to purchase, use and/or store the products it elects to purchase from Cardinal Health. If Customer receives from Cardinal Health any "discounts or other reductions in price" under Section 1128 b(b)(3)(a) of the Social Security Act (42 U.S.C.1320- 7b(b)(3)(a)), Customer shall disclose the discounts or reductions in price under any state or federal program which provides cost or charge-based reimbursement to such customer for the products or services it purchases from Cardinal Health. Cardinal Health shall comply with all Federal, State and Local laws, rules and regulations applicable to this Agreement.

Governing Law

This Agreement shall be governed by the laws of the State of Arizona, applicable to contracts made and to be performed in that state.

CUSTOMER

By: Ellis

Title: Procurement Dir

Date: 8/3/05

CARDINAL HEALTH 200, INC., Medical Products and Services

By: Gordon

Title: VP of Sales, Cardinal

Date: 8/10/05

SCHEDULE A
Pricing

1.0 DEFINITIONS

1.1 **"National Brands"** - Products manufactured by a company with a name brand identity, and that are distributed by all major medical/surgical distributors.

1.2 **"Corporately Manufactured"** - Products manufactured by a division of Cardinal Health and distributed through Cardinal Health's U.S. Distribution business

1.3 **"Non-Franchise"** - Products that Cardinal Health does not currently distribute on a national scale

1.4 **"Private Label/Exclusive"** - Products manufactured by an entity with one or more of the following three attributes:

1) the Product carries a label with the "Cardinal Health" name;
2) the Products are manufactured under the manufacturer's label and distributed exclusively through Cardinal Health; and/or,
3) the Products may be distributed through more than one distributor, but Cardinal Health has a preferred relationship with the manufacturer.

2.0 ACUTE PRODUCT PRICES

2.1 Products Covered by Group Purchasing Agreement Prices for Products subject to a group contract will be per the agreement(s) between Cardinal Health and Customer's designated GPO. Customer may only designate a secondary GPO, for purposes of this Agreement, for those products that are not on contract with its primary GPO. Notwithstanding the foregoing, Customer may select a different GPO for purchases of laboratory products. If Customer changes either of its GPO designations, Cardinal Health reserves the right to renegotiate the Product Prices, and Payment Terms.

- GPO Contracted National Brands will be priced at Cost Plus 3%.
- GPO Contracted "Dealer Net" Private Label/Exclusive and Corporately Manufactured Products will be priced at Cost Plus 3%.
- GPO Contracted "Direct" Private Label/Exclusive and Corporately Manufactured Products will be priced at Cost Plus 0%.

Committed Pricing and up front discount assumes a 90% purchase volume commitment for the following categories:

- Med/Surg Distribution.
- Suture and Endo Products Distribution.
- Lab Distribution - Per terms of the current Cardinal Health/Novation Lab Distribution Agreement.
- Convertors Standard Packs, Drapes and Gowns – Net Prices for these Products are attached at Schedule A-1.
- Custom Sterile Packs - Net Prices for these Products are attached at Schedule A-2.

If volume falls below 90% commitment for any of the above pre-committed categories, Cardinal Health reserves the right to increase the cost plus by 1.0% for each category not in compliance.

2.2 Private Label/Exclusive Products and Corporately Manufactured Products (with no GPO Contract) will be net priced. Customized Products, capital equipment, and non-franchise product pricing (with no GPO Contract) will be negotiated and agreed upon locally.

2.3 Pricing (with no GPO Contract) on contracts for National Brand Products that are negotiated by Customer and manufacturers/suppliers will be negotiated and agreed upon locally.

2.4 "Cost" for national brand products is defined as the manufacturer invoice price to Cardinal Health, plus inbound freight, other distribution expense, and any manufacturer terms changes, less any rebates on Customer's designated GPO contracts or contracts negotiated locally between the manufacturer and the Customer, and made available to Cardinal Health specifically for sales to Customer. Should the final selling price for a product paid by Customer be below Cost, Cardinal Health reserves the right to adjust the product's price.

3.0 NON-ACUTE PRODUCT PRICES

3.1 Products Covered by Group Purchasing Agreement Prices for Products subject to a group contract will be per the agreement(s) between Cardinal Health and Customer's designated GPO. Customer may only designate a secondary GPO, for purposes of this Agreement, for those products that are not on contract with its primary GPO. Notwithstanding the foregoing, Customer may select a different GPO for purchases of laboratory products. If Customer changes either of its GPO designations, Cardinal Health reserves the right to renegotiate the Product Prices, and Payment Terms.

- GPO Contracted National Brands will be priced at Cost Plus 15%.
- GPO Contracted "Dealer Net" Private Label/Exclusive and Corporately Manufactured Products will be priced at Cost Plus 4%.
- GPO Contracted "Direct" Private Label/Exclusive and Corporately Manufactured Products will be priced at Cost Plus 0%.
- All non-contracted products will be locally negotiated, net-priced, and extended to all non-acute facilities.

Schedule B
Additional Product Delivery Terms and Conditions

1. Cardinal Health commits to locally stock any item ordered at least 2 times per month

2. Cardinal Health commits to a 97% adjusted fill Rate on a mutually agreed upon core list of products. Fill Rate will be calculated on a monthly basis by dividing the total number of Product order lines of core list products filled on time by Cardinal Health by the total number of order lines for such products that should have been delivered during that period. Delivery delays caused by manufacturer backorders, or any other causes beyond Cardinal Health's control are excluded from the Fill Rate calculation. An order line is considered filled when the total number of core list products ordered on that line is delivered. Failure to maintain a monthly minimum adjusted fill rate on the core list of 97% will result in the following penalties against Cardinal Health:

First Time	Warning
Second Time	$250.00 Credit
Third Time	$500.00 Credit
Fourth and Each Additional Failure	$1,000.00 Credit

Fill rate penalty calculations will start over each contractual year. The predetermined stock list will be mutually agreed upon and published quarterly.

A report with the fill rate percentages will be prepared and forwarded to the MIHS Materials Management Director monthly.

3. Cardinal Health commits to 5 day per week delivery (M/T/W/R/F).

4. Cardinal Health commits to delivery times, no later than 5:00 AM each day.

5. Cardinal Health shall waive the OptiFreight^{SM} set-up fees at a value of $10,000.
6. Cardinal Health shall provide a primary account representative to MIHS. The representative shall work with MIHS Materials Management staff weekly to address distribution issues. Additionally, the representative shall work with the MIHS Materials Management staff to identify cost savings opportunities and provide proactive information for MIHS' consideration.

The value of the waiver of the OptiFreight^{SM} set up fees and, if applicable, any fill rate penalties paid by Cardinal Health to Customer per the terms outlined above is a "discount or other reduction in price" to Customer under Section 1128B(b)(3)(A) of the Social Security Act [42 U.S.C. 1320a-7b(b)(3)(A)].

SCHEDULE C
OPTIFREIGHT^{SM} SERVICES AGREEMENT

1. **Engagement to Provide Services.**

Customer hereby engages Cardinal Health to provide the freight management services described below in this Section 1 (the "Services") and Cardinal Health hereby accepts such engagement all in accordance with the terms and conditions of this Schedule C. Services shall include:

(a) **Initial Services**. Cardinal Health will attend Hospital department meetings to introduce OptiFreight^{SM} services. Cardinal Health will analyze Hospital's freight charges and shipping characteristics based upon a listing that will be provided to Cardinal Health by Hospital. The listing will include all of the vendors to whom Hospital has paid freight (separated by department and facility) and how much each vendor was paid, vendor contact information (name, phone number or email address) and Hospital's account number with vendor. A target list of vendors to be included in the OptiFreight^{SM} Program established under this Schedule C will be identified through the process above and submitted to Hospital.

(b) **Negotiations with Vendors**. Upon approval of a vendor as a target for inclusion in the OptiFreight^{SM} Program, Hospital will, in a timely fashion, give Cardinal Health (i) an electronic copy (email) of its freight bills and shipping documents for the target vendors; and (ii) such signed authorization letter to target vendors as Cardinal Health shall reasonably request explaining Cardinal Health's role as Hospital's freight agent. A form target vendor authorization letter is attached hereto as Schedule 1. Cardinal Health will then prepare written and verbal communications to target vendors on behalf of the Hospital and contact such Hospital vendors to obtain cooperation in implementing revised shipping terms for the Hospital. Hospital agrees, upon Cardinal Health's request, to reinforce and support Cardinal Health's freight management authority to vendors in order to increase vendor participation in the OptiFreight^{SM} Program.
Hospital acknowledges that Cardinal Health cannot begin implementation of freight management services with a target vendor until Cardinal Health receives from Hospital the signed authorization letter for such target vendor.

(c) **Brokerage Rates with Carriers**. Cardinal Health will offer Hospital the brokerage freight base rates indicated on Exhibit A with the carrier(s) listed on Exhibit A for Hospital shipments from target vendors who have agreed to participate in the OptiFreight^{SM} Program and initiate the needed Hospital accounts with the carriers to capture billing and shipping activity for the Hospital for such vendors. Hospital acknowledges and agrees that Cardinal Health will be acting in a broker capacity only, that the shipper/carrier contractual relationship will be directly between Hospital and the chosen carrier(s) and terms and conditions of shipment, other than for the discounted rates extended hereunder, shall be the third party carriers' then-current standard terms and conditions of shipment. Hospital agrees to provide such signed authorization letters to its chosen carriers as Cardinal Health shall reasonably request confirming Cardinal Health's role as Hospital's freight management agent.

(d) **Freight Payment**. Cardinal Health will pay and allocate all freight invoices per terms, manage freight invoice resolution due to invoice errors and work closely with the carrier to correct any payment or invoicing issues.

(e) **Freight Audit**. Cardinal Health will audit freight transactions for all its OptiFreight^{SM} customers. The audit verifies Hospital's responsibility for payment on a transaction-by-transaction basis. It validates the vendors submitting the freight bills, the receiving locations, and the freight charges. This audit is performed electronically on every transaction as it is processed. All invalid charges are resolved prior to customer invoicing.

(f) **Freight Reporting**. Cardinal Health will provide regular reports to Hospital on the freight savings and vendor compliance for the OptiFreight^{SM} program. These reports provide multiple summary and detail level views of parcel volume, freight billings, freight discounts, and savings achieved through the OptiFreight^{SM} program.

(g) **Mode Optimization**. Cardinal Health will provide metrics, analytic templates, and transaction data for rate and mode optimization decision-making.
-Metrics include, but are not limited to: parcel volume and cost per parcel/pound by vendor, zone, mode, service level, and General Ledger account.
-Transaction data include, but are not limited to: parcel weight, volume, rate, service level, and accessorials.

(h) **Claims**. Cardinal Health will assist Hospital in the filing and processing of claims for loss or damage to shipments. Hospital shall reimburse Cardinal Health for claims processing activity as provided in Exhibit A. Claims shall be filed and processed only in the name of Hospital.

(i) **Other Services**. On an ongoing basis and for an additional fee, Cardinal Health shall advise Hospital on additional freight management and supply chain cost saving opportunities and strategies for applying the metrics, data, and reports delivered under this agreement to Hospital's ongoing operations. These customer specific opportunities and deliverables will be documented in a Statement of Work and, if approved by Hospital, attached as a schedule to this Schedule C.

2. **Discounts and Service Fees.** The parties agree to the discounts and fees as identified in Exhibit A.

3. **Payment Terms.** Invoices for shipments facilitated by Cardinal Health pursuant to this Schedule C and for any service fees will be issued to Hospital on a weekly basis. In addition, and without limiting any other remedies to which Cardinal Health may be entitled, Hospital's failure to make payment when due may result in cessation of Services until payment is made.

4. **Standard of Performance.** All freight management services shall be performed in a commercially reasonable manner. Under no circumstances shall Cardinal Health's liability for any failure to perform services in accordance with this Schedule C exceed the amount of the list price discounts on carrier rates extended to Hospital pursuant to this Schedule C. Without limiting the foregoing, Hospital acknowledges that, while Cardinal Health will use reasonable efforts to resolve freight claims regarding shipments through this program in Hospital's favor, Cardinal Health shall not have any liability for any loss or damage to Hospital's cargo shipped under the OptiFreight^{SM} Program. The Hospital

will indemnify and hold Cardinal Health harmless against any liabilities, costs, or expenses (including reasonable attorney's fees and expenses), with regard to any third party claims arising out of the Services that to the extent not resulting from Cardinal Health Health's gross negligence or willful misconduct.

5. Term and Termination. The term of this Schedule C will begin on the Effective Date and shall continue until terminated by either party as provided below. Either party may terminate this Schedule C without cause upon thirty (30) days written notice to the other party.

6. Confidentiality. Hospital agrees to keep the terms and conditions of this Schedule C confidential. Hospital agrees to have its name appear on a published list of OptiFreight[SM] customers. Cardinal Health agrees to keep the information it learns regarding Hospital's relations with its vendors in the course of performing its obligations hereunder confidential. These obligations shall apply during the term of this agreement and for a period of two years after the termination of this Schedule C. Except as set forth above or for such disclosures to carriers and Hospital vendors by Cardinal Health as may be necessary and contemplated in the course of Cardinal Health performing its obligations under this Schedule C, neither party will make any press release or other public announcement regarding this Schedule C without the other party's express prior written consent, except as required under applicable law or by any governmental agency, in which case the party required to make the press release or public disclosure shall use commercially reasonable efforts to obtain the approval of the other party as to the form, nature and extent of the press release or public announcement prior to issuing the press release or making the public announcement.

7. Required Disclosure. If the Hospital receives from Cardinal Health any "discounts or other reductions in price" under Section 1128B(b)(3)(A) of the Social Security Act [42 U.S.C. 1320a-7b(b)(3)(a)], Hospital shall disclose the discounts or reductions in price under any state or federal program which provides cost or charge-based reimbursement to the Hospital for the Services covered by this Schedule C.

Exhibit A
OptiFreight[SM] Service Fee Structure

Hospital Name: Maricopa County Hospital #11008378

Hospital Address: 2601 E. Roosevelt Street, Phoenix, AZ 85008

Hospital Purchase Order (P.O.) Number for Conversion Fee "OPTIFRGHT"

Carrier Partner Selected: Federal Express

ALTERNATE DISCOUNT OFF CARRIER LIST RATES:

Service	Base	Level 1	Level 2	Level 3	Level 4	Level 5
Ground:	10%	10%	10%	11%	12%	13%
Air:						
-Priority	22%	21%?	23%	25%	29%	37%
-Standard	17%	18%	19%	22%	25%	35%
- 2 Day	15%	15%	16%	17%	18%	25%
LTL	20%	20%	25%	25%	30%	38%

Level 1 priority appears to be incorrect due to the other trending

The above discounts are based on current Carrier Rates and Discounts and may be amended for changes in the rate and discount structures by the Carrier. Freight discounts do not apply when freight charges are less than carrier minimums or when freight charges less the discounts are less than carrier minimums. Cardinal will provide the Hospital a 30-day written notice of any changes.

Base volume= 0-1,000 parcels per month through OptiFreight[SM] Program
Level 1 volume= 1,001 to 2,000 parcels per month through OptiFreight[SM] Program
Level 2 volume=Over 2,001 parcels per month through OptiFreight[SM] Program
Level 3 volume=Over 3,001 parcels per month through OptiFreight[SM] Program
Level 4 volume=Over 4,001 parcels per month through OptiFreight[SM] Program
Level 5 volume=Over 5,000 parcels per month through OptiFreight[SM] Program

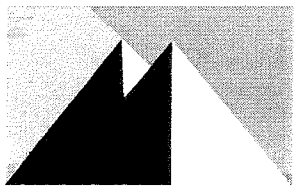
First Overnight, palletized airfreight fees and accessorials; such as fuel charges, account service fees and delivery surcharges are excluded from OptiFreight[SM] discounts. Customer continues to be responsible for paying all Federal Express invoices for parcels shipped under non-OptiFreight[SM] account numbers.

Freight Claim Service Fee: If the number of Freight claims exceeds 3% of package volume for the month, there will be a service fee of 1% of the monthly billing.

Schedule 1 – Vendor Authorization Letter

Draft

Please Insert Hospital Logo
Or Use Hospital letterhead



MARICOPA
INTEGRATED
HEALTH SYSTEM

Count on us to care.

Date:

Dear Vendor,

Hospital has employed the services of OptiFreight℠ Logistics from Cardinal Health to act as our third-party logistics provider, assisting us with our inbound transportation activity. This change is intended to help us better manage certain aspects of our inbound pipeline. Such things like FOB terms will remain the same as they are today.

Please become familiar with the enclosed routing guide instructions, as your compliance with these instructions will have an ultimate affect on the success of this program. Additionally, we would request you sign and fax the enclosed confirmation form back to Optifreight℠ Logistics at your earliest convenience so we can begin the program with you in a timely manner.

Thanks for your support during this transition. Should you have any questions regarding the program, please contact Jacki Liuzzo at Cardinal Health 847-689-6488 or fax 847-785-6070.

Sincerely,

Name
Title
Phone Number
Email

1. **ORDER OF PRECEDENCE**

The terms and conditions set forth herein are incorporated into the Distribution Agreement between Maricopa Integrated Health System and Cardinal Health (the "Agreement") to the extent not in conflict with the terms and conditions set forth therein. To the extent that the provisions contained herein are in conflict with the provisions contained in the Agreement, the provisions contained in the Agreement shall control.

2. **DEFINITIONS**

As used in this Contract, the following terms shall have the meanings set forth below:

CEO means the Chief Executive Officer of Maricopa Integrated Health System or his/her designee.

Clean Invoice means an invoice that may be processed to adjudication without obtaining additional information from the Contractor or provider of service or from a third party, but it does not include invoices under investigation for fraud or abuse or invoices under review for medical necessity.

Comprehensive Health Center (CHC) means the Family Health Center, located on the Maricopa Medical Center campus, which provides outpatient primary and specialty care services.

Contract means the Agreement, this document and all its attachments and amendments, including where applicable, contractors/respondents proposal.

Contractor means the person, firm or organization listed on the cover page of this Contract and includes its agents, employees, and sub-contractors.

District means Maricopa County Special Healthcare District, a political subdivision of the State of Arizona.

Department means any Department of the District.

Desert Vista means the stand-alone mental health facility located at 570 West Brown Road, Mesa, Arizona 85207, owned and operated by Maricopa Integrated Health System.

Family Healthcare Centers (FHC) means one or more of the 12 facilities listed below:

Avondale FHC
950 East Van Buren
Avondale, AZ 85323
Phone: (623) 344-6800

Chandler FHC
811 South Hamilton
Chandler, AZ 85225
Phone: (480) 344-6100

Comprehensive Health Ctr.
2601 East Roosevelt
Phoenix, AZ 85008
Phone: (602) 344-1015

El Mirage FHC
12428 W. Thunderbird
El Mirage, AZ 85335
Phone: (623) 344-6500

Glendale FHC
5141 West LaMar
Glendale, AZ 85301
Phone: (623) 344-6700

Guadalupe FHC
5825 East Calle Guadalupe
Guadalupe, AZ 85283
Phone: (480) 344-6000

Maryvale FHC
4011 North 51st Ave.
Phoenix, AZ 85031
Phone: (623) 344-6900

McDowell FHC
1144 East McDowell Rd.
Phoenix, AZ 85006
Phone: (602) 344-6550

Mesa FHC
59 South Hibbert
Mesa, AZ 85202
Phone: (480) 344-6200

Sunnyslope FHC
934 West Hatcher Road
Phoenix, AZ 85020
Phone: (602) 344-6300

Seventh Avenue FHC
407 South 9th Ave
Phoenix, AZ 85009
Phone: (602) 344-6600

South Central FHC
33 West Tamarisk Ave.
Phoenix, AZ 85040
Phone: (602) 344-6400

Fraud means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to him or some other person. It includes any act that constitutes fraud under applicable state or federal law.

Grievance means a complaint concerning an adverse action, decision, or policy by Contractor, its subcontractor, non-contracted provider, MIHS, presented by an individual or entity.

HIPAA means the Health Insurance Portability and Accountability Act of 1996 (PL 104-191) and the United States Department of Health and Human Services (DHHS) final regulations on "Privacy Standards for Individually Identifiable Health Information", as amended and clarified from time to time.

JCAHO means the Joint Commission for the Accreditation of Healthcare Organizations.

Maricopa Health System means Maricopa Medical Center (MMC) and the Family Healthcare Centers (FHCs).

Maricopa Integrated Health System (MIHS) means the component of Maricopa County Special Healthcare District Government that operates the Maricopa Health System MIHS Health Plans.

Maricopa Medical Center (MMC) means the hospital component of MIHS located at 2601 East Roosevelt, Phoenix, Arizona.

Patient means any individual who is provided health care at a MIHS owned, operated or contracted health care facility or by a MIHS contracted provider.

Payer means any party other than MIHS and Contractor who is obligated to make payments to MIHS and/or the Contractor pursuant to a contract or standards of participation for the provision of health care services.

Payer Contract means an agreement between MIHS and a Payer or funder, pursuant to which MIHS agrees to provide or arrange to provide Covered Services to Members, Patients, or Beneficiaries.

Plan means a health benefits plan under which a Payer/Funder has contracted with MIHS to provide or arrange to provide Covered Services to enrolled Members, Beneficiaries or Patients.

Subcontractor means one who enters into an agreement with and assumes some of the obligations of the primary Contractor.

3. LAWS, RULES AND REGULATIONS

A. This Contract, MIHS and Contractor is subject to all state and federal laws, rules and regulations that pertain hereto, including OSHA statutes and regulations.

4. NO GUARANTEED VOLUME

MIHS makes no representations nor guarantees the Contractor any maximum or minimum volume, payment, reimbursement, member assignment or number of units of service to be provided, other than as set forth in the Agreement.

5. NON-EXCLUSIVE STATUS

MIHS reserves the right to have the same or similar service provided by a vendor other than the Contractor, provided that MIHS maintains its purchase commitment of 90% of Med/Surg and Lab Distribution as set forth in the Agreement. Contractor will not be obligated to render professional services exclusively on behalf of MIHS or Patients; provided however, that such non-MIHS activities do not hinder, impair or conflict with Contractor's ability to fully perform its obligations under this Contract.

6. UNIVERSALITY

This Contract is awarded on behalf of District in its entirety. Any Department in District that has need of the services identified herein may utilize such services. Such use by other District Departments will require an amendment to this Contract to adjust the issues related to other services, specify the payment process, and address any other Department's processes that vary from this Contract.

7. COOPERATION WITH OTHER CONTRACTORS AND SUBCONTRACTORS

Contractor shall reasonably cooperate with other MIHS contractors and subcontractors and carefully plan and perform its own work to accommodate the work of other MIHS contractors. The Contractor shall not commit or permit any act, which will interfere with the performance of work by any other contractor, with the exception of those necessary to protect Patients, employees and visitors from danger.

8. SAFEGUARDING OF CONFIDENTIAL AND PRIVILEGED PATIENT INFORMATION

MIHS and Contractor shall safeguard confidential and privileged Patient information i.e., medical, financial and patient specific information, and shall only disclose such information in accordance with all applicable federal, state and local laws, rules, and/or regulations, including HIPAA. The use or disclosure by any party of any information concerning a Patient served under this Contract or any other applicable Payer Contract is directly limited to services under this Contract subject to applicable federal, state and local laws, rules and/or regulations. Contractor's obligation to maintain the confidentiality of all medical, financial and patient specific information shall exist after termination or expiration of this Contract. Contractor shall reasonably assist MIHS with regard to MIHS' obligation to comply with HIPAA.

9. LICENSES AND PERMITS

A. The Contractor shall, without limitation, obtain and maintain all licenses, permits, and authority necessary to do business, render services, and perform work under this Contract, and shall comply with all laws regarding unemployment insurance, disability insurance, and worker's compensation. Contractor shall pay all charges and fees necessary and incidental to the lawful conduct of his business. He shall keep himself current and fully informed of existing and future federal, state, and local laws, ordinances and regulations, which in any manner affect the fulfillment of this Contract and shall comply with the same.

B. The Contractor, Contractor's employees and Subcontractors must not be under any sanctions, restrictions or provisional status from any applicable federal or state licensing/certifying/credentialing agency, including but not limited to JCAHO.

10. TAX AND INSURANCE OBLIGATIONS

Contractor and MIHS each assume sole and exclusive responsibility for payment of any state and federal income taxes, federal social security taxes, worker's and unemployment insurance benefits for their own physicians, staff, agents and employees as well as any and all other mandatory governmental deductions or obligations; in addition, each party hereto assumes sole and exclusive responsibility for any pension or retirement program(s) for their own physicians, staff, agents or employees whether required by law or not; in connection with the obligations contained in this paragraph, each party shall indemnify, defend and hold harmless the other for any and all liability which the indemnified party may incur as a result of the indemnifying party's failure to pay such taxes or any such financial responsibility, as well as the indemnified party's liability for any such taxes or mandatory governmental obligations.

11. RETENTION AND ADEQUACY OF RECORDS

The Contractor agrees to retain all financial books, records, and other documents pertaining to this Contract or any other applicable Payer Contract for at least four years after final payment or until four years after the resolution of any audit questions or disputes. The Contractor's record system will provide accurate, timely, complete, organized and legible information.

12. AUDIT AND AUDIT DISALLOWANCE

A. MIHS reserves the right to audit any financial records of the Contractor or any Subcontractor(s), which relate to the terms under this Contract including services and billings made to MIHS, provided that MIHS may only audit such records once in any twelve (12) month period during the term of the Agreement. Such audits will be made at MIHS' expense at a time and place convenient to the Contractor so as to not unduly interfere with Contractor's normal business operations. If the Contractor desires to participate in the selection of the auditor, the Contractor must be willing to share equally in the costs.

B. MIHS representatives displaying MIHS identification shall have the right, during normal business hours, to enter the Contractor's facility for the purpose of examining records and related documents pertaining to services performed under this Contract or any other applicable Payer Contract and Contractor shall make available such records as requested.

C. If at any time it is determined by MIHS that a service or commodity for which payment has been made is disallowed, MIHS shall notify the Contractor in writing with the proposed course of action. It is at MIHS' option to submit an invoice to Contractor for the amount, to adjust any future invoice submitted by the Contractor in the amount of the disallowance or to require repayment plus interest at the rate provided in ARS § 44-1201 of the disallowed amount by the Contractor.

D. Contractor, upon written notice, shall reimburse MIHS for any payments made under this Contract, which are disallowed by a state, federal, or District audit in the amount of the disallowance. The parties acknowledge that reimbursement may be in the form of a credit memo issued to MIHS for future purchases of products from Contractor.[Confirm with customer as to any rights to dispute audit findings]

E. Should either party undertake court action concerning a disallowance, the prevailing party shall receive, as part of its remedy, compensation for reasonable attorney fees, costs, expenses and court costs.

13. DISTRICT RECOUPMENT RIGHTS

In addition to any other remedies set forth in this Contract, MIHS has the right to recoup, offset or withhold from Contractor any monies that Contractor has received but not yet provided the services, or where such monies should not have been provided to Contractor under the terms of this Contract or any other Payer Contract or where MIHS is obligated to recoup under state or federal laws.

14. DISPUTES

Except as otherwise provided by law, any dispute arising under this Contract shall be submitted to the Maricopa County Dispute Process as specified in the Maricopa County Procurement Code, Article 9 (available at www.maricopa.gov) as amended from time to time.

15. NON-DISCRIMINATION

To the extent applicable, the Contractor shall not in any way discriminate against any Patient on the grounds of race, color, religion, sex, national origin, age, disability, health status and genetics, political affiliation or belief. The Contractor shall include a clause to this effect in all its pertinent subcontracts. The Contractor shall also comply with all applicable provisions of the Americans with Disabilities Act of 1990.

16. EQUAL EMPLOYMENT OPPORTUNITY

The Contractor will not discriminate against and shall take positive action to ensure that discrimination does not occur regarding any employee or applicant for employment because of race, color, religion, sex national origin, age, disability, or political affiliation. Employment discrimination includes harassment because of an individual's race, color, religion, sex, national origin, age or disability. The Contractor will, to the extent such provisions apply, comply with the Equal Pay Act of 1963; Title VI and VII of the Federal Civil Rights Act; the Federal Rehabilitation Act; the Age Discrimination in Employment Act; the Americans with Disabilities Act of 1990; the Immigration Reform and Control Act (IRCA) of 1986; and Arizona Executive Order 99-4 and Federal Order 11246, which mandates that all persons shall have equal access to employment opportunities. Furthermore, Contractor shall not violate any local, state, or federal law, rule or regulation prohibiting discrimination in employment.

17. COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee excepting bona-fide employees or bona-fide established commercial or selling agencies retained by the Contractor for the purpose of securing business. For breach or violation of this warranty, MIHS shall have the right to terminate this Contract without liability and at its sole discretion, to

deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

18. INDEPENDENT CONTRACTOR STATUS AND NON-LIABILITY

A. The Contractor is an Independent Contractor in the performance of all work and the provision of all services under this Contract and is not to be considered an officer, employee, or agent of District.

B. This Contract is not intended to constitute, create, give rise to or otherwise recognize a joint venture agreement or relationship, partnership or formal business organization of any kind, and the rights and obligations of the parties shall be only those expressly set forth in this Contract.

C. District and its officers and employees shall not be liable for any act or omission by the Contractor occurring in the performance under this Contract or any other applicable Payer Contract, nor shall the District be liable for purchases or contracts made by the Contractor in anticipation of funding hereunder.

19. INDEMNIFICATION

In accordance with the terms of the Agreement Contractor and the District agree to the following Mutual Indemnification:

Contractor
Contractor shall indemnify, hold harmless and defend the District, its affiliates, directors, officers, shareholders, employees, agents, assigns and successors from any and all damages and expenses (including reasonable attorney fees) which the District is required to pay to third parties as a result of personal injury, death or property damage solely and directly caused by the gross negligence or willful misconduct of Contractor in the performance of the services described in the Agreement.

District
The District shall indemnify, hold harmless and defend Contractor, its affiliates, directors, officers, shareholders, employees, agents, assigns and successors, from any and all damages and expenses (including reasonable attorney fees) which Contractor is required to pay to third parties as a result of personal injury, death or property damage solely and directly caused by the gross negligence or willful misconduct of the District or its employees or agents.

Nothing in this Contract or any other Payer Contracts that are incorporated into this Contract may be construed as limiting the scope of the indemnification provisions contained in this Contact.

The provisions of this paragraph and each party's indemnification obligations will survive beyond the expiration or termination of this Contract.

20. INSURANCE PROVISIONS AND REQUIRED COVERAGE, TERM AND TERMINATIONS

A. **General.** The Contractor shall, at its own expense, purchase and maintain the minimum insurance specified below with companies duly licensed, with a current A.M. Best, Inc. Rating of B++6, or approved unlicensed by the State of Arizona Department of Insurance.

B. **Additional Insured.** The insurance coverage, except Workers' Compensation, required by this Contract, shall name the District as Additional Insured.

C. **Duration of Coverage.** All insurance required herein shall be maintained in full force and effect during the term of this Contract and until all work or services required to be performed has been satisfactorily completed and formally accepted by MIHS. Thereafter, the insurance and indemnification provisions contained in this Contact will extend beyond the termination date of this Contract.

D. **Tail Coverage.** In the event any insurance policy (ies) required by this Contract are written on a "claims made" basis, Contractor shall obtain coverage that shall extend for at least two years beyond the termination of this Contract based on availability of such coverage and reasonableness of cost.

E. **Claim Reporting**. Any failure to comply with the claim reporting provisions of Contractor's policies or any breach of a policy warranty shall not affect Contractor's obligations or coverage afforded under the policies to protect the District.

F. **Waiver (Subrogation)**. The policies, except Workers' Compensation and Professional Liability, shall contain a waiver of transfer rights of recovery (subrogation) against the District, its agents, representatives, directors, officers, and employees for any claims arising out of the Contractor's work or service.

G. **Deductible/Retention.** Contractor's policies may provide coverage, which contain deductibles or self-insured retention's. The Contractor shall be solely responsible for the deductible and/or self-insured retention.

H. **Certificates of Insurance.** Prior to commencing work or services under this Contract, Contractor shall furnish the District with Certificates of Insurance, or formal endorsements evidencing that the required policies and/or coverage are in full force and effect during term of this Contract and where relevant, thereafter. All Certificates of Insurance shall be identified with this Contract number and title.

I. **Cancellation and Expiration Notice.** Insurance required by the terms of this Contract shall not expire, be canceled, or materially changed without 30 days prior written notice to the District. If a policy does expire during the life of this Contract, a renewal Certificate must be sent to the District thirty (30) days prior to the expiration date.

J. **Copies of Policies.** The District reserves the right to request and receive, within 10 working days of the request, certified copies of any or all of the above policies and/or endorsements referenced herein.This information will not be disclosed unless subject to public release of information requirements.

K. **Primary Coverage.** Contractor's insurance shall be the primary insurance under the terms of this Contract as respects the District for any negligent acts of Contractor; any insurance or self insurance program maintained by District shall not contribute to Contractor's insurance obligations for its negligent acts hereunder.

L. **Types of Coverage Required.** Contractor is required to procure and maintain the following coverages indicated by a checkmark:

☒ 1. **Commercial General Liability.** Commercial General Liability insurance with a limit of not less than 1,000,000 for each occurrence and with a $1,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual covering; the liability assumed under the indemnification provisions of this Contract shall be at least as broad as Insurance Service Office, Inc. Policy Form CG 00011093 or any replacements thereof. The Commercial General Liability additional insured endorsement will be at least as broad as the Insurance Service Office, Inc, Additional Insured, Form B, and CG 20101185.

Such policy shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause, or any provision, which would serve to limit any third party action over claims.

☒ 2. **Automobile Liability.** Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than $500,000 each occurrence with respect to any of the Contractor's owned, hired, and non-owned vehicles assigned to or used in performance of the Contractor's work or services under this Contract. Coverage will be at least as broad as coverage code 1, "any auto", (Insurance Service Office, Inc. Policy Form CA 00011293, or any replacements thereof).

☐ 3. **Workers' Compensation.** Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of the work or services under this Contract; and Employer's Liability insurance of not less than $100,000 for each accident, $100,000 disease for each employee, and $500,000 disease policy limit.

☐ 4. **Professional Liability.** Professional Liability insurance (for health care, and health care related services) which will provide coverage for any and all acts arising out of the work or services performed by the Contractor under the terms of this Contract, with a limit of not less than $1,000,000 for each claim, and $3,000,000 for all (aggregate) claims.

$3,000,000 for all (aggregate) claims.

☐ 5. **Errors and Omissions Insurance.** Errors and Omissions Insurance, other than Professional Liability Coverage referenced above, which will insure and provide coverage for errors or omissions of the Contractor, with limits of no less than $1,000,000 for each claim and $3,000,000 in the aggregate.

21. ASSIST WITH DEFENSE IN LITIGATION

Contractor agrees to reasonably cooperate in the defense of lawsuits or other quasi-legal actions arising from work performed under this Contract or any other applicable Payer Contract. Cooperation may include, but not be limited to, participating in depositions, interpreting medical records, meeting with District Attorney staff, or other representatives of the District.

22. USE OF DISTRICT PROPERTY

A. The Contractor shall not use District premises, property (including equipment, instruments and supplies), or personnel for any purpose other than the performance of the duties under this Contract.

B. Contractor will be responsible for any damages to District property when such property is the responsibility of or in the custody of the Contractor, his employees or subcontractors.

23. SEVERABILITY

Any provision of this Contract which is determined to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and remaining provisions shall remain in full force and effect.

24. NO WAIVER OF STRICT COMPLIANCE

Acceptance by MIHS of performance not in strict compliance with the terms hereof shall not be deemed to waive the requirement of strict compliance for all future performance obligations.

25. PROHIBITION AGAINST LOBBYING

A. Pursuant to P.L.101-121 (31 U.S.C.§1352) recipients of federal contracts, grants, loans, or cooperative agreements are prohibited from using appropriated funds to pay anyone to influence or attempt to influence Congress, or an executive agency, in connection with any federal grant, contract or loan.

B. Contractor shall not use, directly or indirectly, any of the monies received pursuant to the terms of this Contract for purposes of lobbying, influencing, or attempting to influence, any governmental entity, public official or member of any state, District, or local governmental entity, with regard to any grant, contract or loan.

26. QUALITY MANAGEMENT

Contractor shall reasonably cooperate with MIHS to fulfill any quality management program requirements undertaken by MIHS or required by the Centers for Medicare and Medicaid Services (CMS), AHCCCS/ALTCS, Arizona Department of Health Services (ADHS), and all other regulatory or accrediting bodies, including but not limited to the JCAHO, that pertain to services provided under this Contract.

27. USE OF CONTRACTOR'S NAME, SYMBOLS AND SERVICE MARKS

MIHS may utilize Contractor's name as one of its Contractors or vendors in its marketing literature. Use of the Contractor's name for any other purpose requires Contractor's prior approval.

While each party agrees to permit the other to use that party's address, photograph, telephone number, and description of services in its regulatory documentation or for marketing purposes, neither party may use the other party's name, symbols or trademarks, nor any proprietary information without prior written approval of the other party.

28. NO THIRD PARTY BENEFICIARY RIGHTS

The obligation of each party under this Contract is intended to solely benefit the other party. No other person shall be a third party beneficiary of this Contract, nor have any rights under this Contract.

29. ASSIGNMENTS

A. Notwithstanding any other provision contained herein, neither party may assign this Contract, or any portion thereof, without the written consent of the other. Any attempt by a party to assign any portion of this Contract without the written consent of the other shall constitute a breach of this Contract, and may render this Contract null and void.

B. No assignment shall alter the assigning party's legal responsibility to assure that all of the provisions under this Contract are carried out. All terms and conditions in this Contract shall be included in any assignments.

D. This contract shall be assigned by District, DBA Maricopa Integrated Health System (MIHS) to the political subdivision referred to as the District special Health Care District, created as a result of the November 4, 2003 special election, which is hereby acknowledged and agreed to be effective January 1, 2005.

30. AMENDMENTS

A. All Amendments to this Contract must be in writing and signed by both parties.

31. TERMINATION

A. Termination By Mutual Agreement

This Contract may be terminated by mutual written agreement of the parties specifying the termination date therein.

B. Termination For Cause

MIHS may terminate this Contract for cause upon 30-calendar days written notice to the Contractor. Such cause may include, but not be limited to, the following:

(1) Breach of this Contract, which is not corrected within 30 calendar days after written notice thereof, served by certified, or registered mail, return receipt requested.

(2) Professional misconduct as determined by MMC's Medical Staff in accordance with the MMC's Medical Staff Bylaws or Rules and Regulations.

(3) Continual neglect of duty or violation of MMC's Policies or MMC's Medical Staff Bylaws or Rules and Regulations.

(4) Inability to discharge the duties and responsibility under this Contract for a continual period of 14 calendar days or more.

C. Termination Without Cause. Termination without cause rights shall be as set forth in the Agreement.

32. DEFAULT

The District may suspend, modify or terminate this Contract in whole or in part, immediately upon written notice to Contractor in the event of a non-performance of stated objectives or any other material breach of contractual obligations; or upon the happening of any event which would jeopardize the ability of the Contractor to perform any of its contractual obligations. Maricopa District reserves the right to have service provided by other than the Contractor if the Contractor is unable or fails to provide requested service within the specified time frame or in the contractually prescribed manner.

33. AVAILABILITY OF FUNDS

The provisions under this Contract or any other applicable Payer Contract relating to payment for services shall become effective when funds assigned for the purpose of compensating the Contractor as herein provided are actually available to MIHS for disbursement. The CEO shall be the sole judge and authority in determining the availability of funds and MIHS shall keep the Contractor fully informed as to the availability of funds.

34. CONTRACTOR'S CONDUCT

Contractor will not engage in any conduct, activities, business or professional arrangements that jeopardize this Contract or Contractor's performance, obligations or duties under this Contract.

35. RIGHT OF CANCELLATION PER A.R.S. § 38-511

Notice is given that pursuant to A.R.S. § 38-511 the District may cancel this contract without penalty or further obligation within three years after execution of the Contract, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the District is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party of the Contract with respect to the subject matter of the Contract.

Additionally, pursuant to A.R.S. § 38-511 the District may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the District from any other party to the Contract arising as the result of the Contract

SCHEDULE A-1
SURGICAL STANDARD PACKS, DRAPES & GOWNS

Prices shall remain in effect until 12/31/06 of this agreement. After such time prices on (on an aggregate average basis across all products not to exceed ten percent (10%) and may be increased during each successive twelve (12) month period by no more than the lesser of (a) three percent (3%), or (b) the percentage increase over the past year in the published American Association Hospital Market Basket Index, with an annual review between Hospital and Cardinal at that time.

Material	Description	Sell UM	Price	Last 12 Mnths Qty
59405	DRAPE, EXTREMITY, HEAVY DUTY	CS	$99.870	95
29422	THYROID SHEET TIBURON	CS	$49.120	69
39575	GOWN TRIMAX STANDARD	CS	$57.810	155
39545	GOWN TRIMAX STANDARD	CS	$51.960	351
39515	GOWN TRIMAX STANDARD LARGE	CS	$53.040	111
39070	GOWN TRIMAX POLY-REINFORCED	CS	$67.260	46
39040	GOWN TRIMAX POLY-REINFORCED	CS	$62.780	327
29492	PEDIATRIC DRAPE, TIBURON	CS	$48.440	2
29475	LAVH DRAPE, TIBURON	CS	$99.300	1
29474	LAVH DRAPE, TIBURON	EA	$14.000	1
29474	LAVH DRAPE, TIBURON	CS	$112.020	28
29440	ENLARGED ORTHO SPLIT SHEET, TIBURON	CS	$57.730	189
39541	GOWN TRIMAX FABRIC-REINFORCED	CS	$49.790	91
29421	TRANSVERSE LAP SHEET, TIBURON	CS	$69.170	10
29419	HAND DRAPE TIBURON 18/CS	CS	$138.970	26
29416	BILATERAL LIMB SHEET, TIBURON	CS	$88.180	1
29410	LAP PACK TIBURON	CS	$62.820	9
29380	CYSTO PACK TIBURON	CS	$69.450	16
29350	DRAPE 3 QTR TIBURON 20/CS	CS	$48.930	290
29153	CV PACK, TIBURON	CS	$122.700	0
2475	GOWN SPECIALTY W/TOWEL XL	CS	$66.150	5
1587	STOCKINETTE IMPERVIOUS XL	CS	$146.380	14
29455	LITHOTOMY DRAPE W/POUCH, TIBURON	CS	$109.360	27
8476	DRAPE U 60X70IN	CS	$65.990	52
9448	NEUROLOGICAL DRAPE, TIBURON	CS	$151.160	10
9430	LAPAROTOMY DRAPE W/POUCHES, TIBURON	CS	$130.570	121
9414	EXTREMITY DRAPE, TIBURON	CS	$199.610	4
9358	FAN-FOLDED HALF SHEET, TIBURON	CS	$20.940	579
9133	NEONATAL LAP DRAPE, TIBURON	CS	$82.340	5
39511	GOWN TRIMAX FABRIC-REINFORCED	CS	$46.810	152
8483	DRAPE UNDER BUTTOCKS LAMINATED	CS	$56.360	10
8421	LEGGING 48 X 31	CS	$52.400	4
8337	COVER MAYO STAND 23PLASTIC	CS	$23.780	20
8186	TABLE COVER, 65"X90", HVY DUTY	CS	$63.170	18
7553	TOWEL UTIL N/ABSORB 15" X 26" ADH 2/PK	CS	$75.800	35
599	SLEEVE STERILE	BX	$23.930	19

SCHEDULE A-2
CUSTOM STERILE PACKS

Prices shall remain in effect until 12/31/06 of this agreement. After such time prices on (on an aggregate average basis across all products, modules, and packs not to exceed ten percent (10%) and may be increased during each successive twelve (12) month period by no more than the lesser of (a) three percent (3%), or (b) the percentage increase over the past year in the published American Association Hospital Market Basket Index, with an annual review between Hospital and Cardinal at that time. During this Agreement, Hospital agrees to purchase annually at least 100% of the pack and module units listed below from Cardinal hereunder.

Material	Description	Sell UM	Price
SAN54ADMCL	ADULT CATH PACK (ADMCK)266	CS	$ 204.37
SER54BRMCI	BURN ACCESSORY PACK (BRMCH)266	CS	$ 115.19
SAN54BXMCE	BX PACK (BXMCD)267	CS	$ 418.72
SMA54CSMCD	C-SECTION ACCESS PACK (CSMCC)266	CS	$ 46.44
SAN54BSMCO	GEN RADIOLOGY PACK (BSMCN)266	CS	$ 107.80
SBA5472GSD	H.S.G. TRAY (72GSC)267	EA	$ 12.16
06-6300	KIT, SUTURE REMOVAL	CS	$ 26.84
SBA54MAMCE	MAJOR SET UP PACK (MAMCE)266	CS	$ 45.09
SBA54ORMCC	MINOR PACK (ORMCB)266	CS	$ 266.36
SBA54MIMCD	MINOR SET-UP PACK (MIMCC)266	CS	$ 45.14
SNE54NAMCE	NEURO ACCESSORY PACK (NAMCD)266	EA	$ 154.40
SBA54ORMCA	O.R. BASIC PACK 266	CS	$ 289.95
09-9000	PELVIC EXAM TRAY	CS	$ 178.05
SID54PBMCA	PREP BLADE PACK 266	CS	$ 688.04
SMA54LAMCB	STERILE LDR ACCESSORY PACK (LAMCA)267	CS	$ 104.85
SBA54THMCA	THORACOSTOMY TRAY 266	CS	$ 132.97
NI15-0069	TRAY, BURN INSTRUMENT	CS	$ 168.30
03-0073	TRAY, CENTRAL LINE DRESSING	CS	$ 98.25
NI05-0185	TRAY, ER LACERATION	CS	$ 131.83
SMA54TAMCC	TUBAL ACCESSORY PACK (TAMCB)267	CS	$ 110.67
SCV54VAMCE	VASCULAR ACCESSORY (VAMCD)266	CS	$ 230.82

*** Prices identified above are based on current configuration and component selection. Hospital and Cardinal agree that during the course of this Agreement there may be component changes and configuration changes, which will be agreed upon between Hospital and Cardinal in which a Hospital signature represent agreed-upon amendments to this Prcing Schedule A-2.**