

On-Site Rx, Inc.
Service Agreement

This Service Agreement is made and entered into this ____ day of January, 2012, by and between Lexington-Fayette Urban County Government ("Client"), an urban county government of the Commonwealth of Kentucky created pursuant to KRS Chapter 67A ("CLIENT") and On-Site Rx, Inc., a Georgia Corporation ("On-Site Rx").

Recitals:

A. On-Site Rx contracts with plan sponsors to provide pharmacists, Pharmacy Services, onsite pharmacy expertise and pharmacy benefit guidance at the plan sponsor's place of business to the employees and retirees of such plan sponsors and/or their dependents. As used herein, the term "Pharmacy Services" shall mean the act of compounding, dispensing and processing legend, non-legend and over the counter medications and the counseling of employees and dependents in compliance and adherence to their pharmacy therapy regimens.

B. On-Site Rx contracts with plan sponsors to provide Registered Pharmacists and Pharmacy Technicians at the plan sponsor's place of business to perform certain medical services to the employees of such plan sponsors and/or their dependents including, but not limited to dispensing of prescription medications.

C. CLIENT desires to contract with On-Site Rx to provide on-site pharmacy management and services to the active members and retirees of CLIENT and their dependents enrolled in CLIENT'S health insurance plan or eligible under CLIENT'S occupational coverage subject to the conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and the sufficiency of which are hereby acknowledged, CLIENT hereby agrees as follows:

ARTICLE I
PHARMACY MANAGEMENT

On-Site Rx shall serve the active members and retirees of CLIENT's self-funded health plan and their dependents by providing Pharmacy Services on property owned or rented by CLIENT. Through use of its purchasing and operations expertise, On-Site Rx will provide prescription and over-the-counter drugs to CLIENT at discounts available through proprietary wholesale drug purchasing arrangements. Furthermore, On-Site Rx agrees to act in the best interest of CLIENT to provide goods and services in a manner that complies with all state and federal laws, including pharmacy regulations and statutes specific to the Commonwealth of Kentucky. The service elements and the conditions upon which they will be provided include:

1.01 Licensing - On-Site Rx shall coordinate and pay for the pharmacy to be licensed to operate and dispense medications in the Commonwealth of Kentucky. On-Site Rx will register with state and local governments or regulatory agency(s) in order to comply with any and all local and/or state laws or regulations. On-Site Rx will register the name of the pharmacy as On-Site Rx, Inc. doing business as "<CLIENT's NAME> Pharmacy". On-Site Rx will insure that all pharmacists and technicians employed to dispense products from the on-site pharmacy will at all times hold appropriate licensing and certification from the Commonwealth of Kentucky.

1.02 Inventory - On-Site Rx shall make available to CLIENT, On-Site Rx's proprietary pricing agreement through one or more selected drug wholesalers. The Pharmacist employed at the on-site pharmacy will have access to a procurement system that will allow daily orders and delivery to provide the inventory necessary to efficiently operate the on-site pharmacy. On-Site Rx shall be responsible for the initial and continual purchase of pharmaceuticals at the Pharmacy. CLIENT shall reimburse On-Site Rx for On-Site Rx's invoice cost for such pharmaceuticals as outlined in Article III of this Agreement. Pharmaceuticals purchased by On-Site Rx shall be the property of CLIENT; however, On-Site Rx shall retain custody and control of all such property for CLIENT for the term of the Agreement and any renewal period thereafter.

1.03 Patient Communication - On-Site Rx will provide consultation to CLIENT with regards to the most effective patient communication strategies to achieve CLIENT'S stated goals. On-Site Rx will provide appropriate signage for the pharmacy. CLIENT will be responsible for all costs associated with printing and distribution of agreed materials.

1.04 Labor & Hours of Operation - On-Site Rx will provide all staff responsible for the dispensing of medication at the on-site pharmacy. On-Site Rx and CLIENT agree that the pharmacy shall be open not more than forty-four (44) hours per week of normal business operation, with hours to be mutually agreed by CLIENT and On-Site Rx.. If CLIENT instructs On-Site Rx in writing that the pharmacy shall be open for additional hours beyond the above, On-Site Rx shall be entitled to an additional fee increase to the PMPM fee at the following rates for all such additional hours that the pharmacy is open.

45 - 48 hours	\$0.55
49 - 52 hours	\$1.10
53 - 56 hours	\$1.65
57 - 60 hours	\$2.20

On-Site Rx will insure that the staffing levels are appropriate to meet the needs of CLIENT and their covered dependents, however regular ongoing staffing shall not exceed one and one-half (1.5) full-time equivalent (FTE) Pharmacists and three (3) FTE Certified Pharmacy Technicians.

On-Site Rx will lead and manage the candidate identification and selection process with final approval of all staff being granted to CLIENT. On-Site Rx will provide the ongoing management and retention of staff to provide adequate coverage for the hours of operation. On-Site Rx will establish and manage a pool of candidates that are licensed or duly qualified to avoid situations where the pharmacy is not closed due to labor shortages. The costs of pharmacy staff salary and their associated employment benefits will be the responsibility of On-Site Rx.

1.05 Reporting. On-Site Rx shall provide reporting to CLIENT based on claims data provided from CLIENT's prescription benefit manager or derived internally. These reports shall demonstrate utilization, spending and trend patterns within the prescription benefit. Such reports shall be distributed to CLIENT no less frequent than quarterly for the first twelve (12) months of the agreement, and then semiannually thereafter.

1.06 Ad Hoc Reporting. On-Site Rx will provide up to four (4) ad hoc reports per year at no additional cost, unless additional programming is required. After the fourth report, CLIENT will be charged \$150 per hour for report production.

1.07 Insurance.

(a) On-Site Rx shall maintain insurance to cover the furniture, equipment, hardware, software and point of sale technology. On-site Rx shall maintain comprehensive general liability insurance (to include completed operations and liabilities assumed under contract coverages with coverage limits not less than \$3 million per occurrence, \$5 million aggregate, with a \$2

million umbrella rider, as well as E&O coverage with primary limits of not less than \$3 million. CLIENT and its Affiliates will be named as additional insured parties with respect to the policies.

(b) For each person providing the Pharmacy Services (as defined herein), On-Site Rx shall obtain and keep in force a policy of (a) professional liability (malpractice) insurance with a minimum coverage of \$2 million for each incident and \$5 million annually for the aggregate of all claims and (b) workers' compensation insurance in such amounts as required under applicable state laws. CLIENT and its Affiliates shall be named as additional insureds under such coverage except workers' compensation.

(c) On-Site Rx shall provide certificates evidencing any insurance policies required under this Section 1.07. All such policies shall contain provisions to the effect that they may not be cancelled without at least 30 days' prior notice to CLIENT.

(d) On-Site Rx shall furnish the CLIENT with certificates of insurance and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the CLIENT before work commences.

(e) Insurance is to be placed with Kentucky admitted insurers rated B+ or better by A.M. Best's rating service.

(f) Each insurance policy required by this clause shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the CLIENT.

1.08 Prescription Benefit Manager Analysis. At the CLIENT's discretion, On-Site Rx may conduct a prescription benefit manager market analysis within the initial three (3) year term of this agreement. Such analysis shall include a vendor evaluation process, including review of contractual and pricing terms of not less than three prescription benefit managers. At the CLIENT's discretion, On-Site Rx may coordinate and conduct finalist visits with vendors and CLIENT. On-Site Rx will provide recommendations to CLIENT based on organizational fit and financial outcome to CLIENT.

1.09 Security. On-Site Rx shall provide an electronic security system for the premises as well as secure fixtures for the legal and safe storage of controlled substances. On-Site Rx will provide policies and procedures for the prevention of diversion. On-Site Rx will provide policies and procedures for their pharmacy staff to insure that all materials, property and premises are secure during the hours of operation. CLIENT shall be responsible for physical security to the premises.

1.10 Record Management. On-Site Rx shall maintain adequate and current pharmaceutical records for Participants, which comply with acceptable standards and practice. The parties shall cooperate so as to comply with all applicable laws and regulations relating to such records, including without limitation the Patient Health Records Privacy Act (1997) and the Standards for Privacy of Individually Identifiable Health Information, promulgated by the Department of Health and Human Services under Title II, Subtitle f, SECTION 261-264 of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (the "HIPAA Privacy Rule").

1.11 Required Plan Document Disclosures. CLIENT acknowledges that under Section 504(f) of the HIPAA Privacy Rule, only Summary Health Information will be shared with CLIENT unless CLIENT'S plan documents inform the plan participants as to the manner in which the plan will be sharing "protected health information" (as defined in the HIPAA Privacy Rule, hereafter "PHI") with CLIENT and how CLIENT will be using the PHI, and describe those CLIENT employees or classes of employees which will have access to PHI in the course of the plan's operations. "Summary Health

Information" is information that summarizes the claims history, claims expenses, or types of claims experienced by beneficiaries of the group health plan, from which identifiers have been deleted.

1.12 Use of PHI. For PHI that is released to the CLIENT by On-Site Rx, CLIENT represents, warrants and agrees:

- a) Such PHI will not be used to make employment related decisions about participants;
- b) Use of PHI will be restricted to what is necessary for plan administration
- c) Access shall be limited to those employees performing plan administration functions
- d) Appropriate safeguards have been implemented by CLIENT to protect PHI;
- e) CLIENT'S health plan has a privacy officer, and will provide training regarding privacy issues to employees to whom PHI is disclosed;
- f) CLIENT will make available information required to provide an accounting of any accidental or non-allowed disclosures of PHI
- g) Upon termination of the Agreement, CLIENT will continue to maintain any PHI disclosed under the protections of this Agreement and permissible by law.

CLIENT acknowledges that On-Site Rx shall be entitled to terminate this Agreement if CLIENT materially violates the provisions of this Section 1.13.

1.14 Performance Criteria. On-Site Rx is willing to provide certain financial assurances of its performance to CLIENT. Addendum A outlines Performance Guarantees and their conditions.

ARTICLE II PROVISION OF PHARMACIST

2.01 Provision of Pharmacist. On-Site Rx shall furnish a pharmacist(s) ("Pharmacist") and a pharmacy technician(s) ("Technician") to provide the Pharmacy Services (as defined herein) at the offices of CLIENT to service the employees of CLIENT and/or the dependents thereof. On-Site Rx is not committing to furnish a particular person as the Pharmacist or Technician and, at any time and from time to time, On-Site Rx may change the Pharmacist and Technician. CLIENT shall have the opportunity to interview all final Pharmacist-in-Charge candidates identified by On-Site Rx. CLIENT shall also have the right to have On-Site Rx remove any pharmacist or technician upon written notice, which notice shall specify the time by which the pharmacist shall be removed.

2.02 Standards of Pharmaceutical Professional Performance. On-Site Rx shall contract with the Pharmacist such that the Pharmacist is obligated to perform or deliver the following under the Pharmacist's direction and control:

- a) The Pharmacist shall determine his or her own means and methods of providing Pharmacy Services in connection with this Agreement.
- b) The Pharmacist shall comply with all applicable laws and regulations with respect to the licensing and the regulation of pharmacists, and shall ensure that the Pharmacist does the same with respect to the supervision and regulation of the Technician.
- c) The Pharmacist shall provide the Pharmacy Services in a manner consistent with all applicable laws and regulations and in a professional manner consistent with Pharmacy Services provided in the community.

d) ~~The Pharmacist shall maintain, during the term of this Agreement, Appropriate Credentials~~ including:

- (1) A duly issued and active license to practice pharmacy and prescribe medication in the Commonwealth of Kentucky
- (2) A good standing with his or her profession and state professional association,
- (3) The absence of any license restriction, revocation, or suspension,
- (4) The absence of any involuntary restriction placed on his or her federal DEA registration, and
- (5) The absence of any conviction of a felony.

e) In the event that any Pharmacist (1) has his or her license to practice pharmacy or prescribe medication restricted, revoked or suspended, (2) has an involuntary restriction placed on his or her federal DEA registration, (3) is convicted of a felony, or (4) is no longer in good standing with his or her professional or state licensing authority, On-Site Rx shall promptly remove that Pharmacist and replace such Pharmacist with another Pharmacist that meets the requirements of Section 2.02 (d).

f) On-Site Rx shall require the Pharmacist to ensure that all support personnel comply with the requirements of this Section 2.02 with respect to performance, licensing, certification, and good standing, as applicable, except as otherwise provided in Section 2.06 with respect to pharmacy technicians and assistants. On-Site Rx shall require the Pharmacist to notify On-Site Rx immediately in the event the Pharmacist learns of the possibility that any of the events specified in Section 2.02(e) may occur with respect to the Pharmacist, and On-Site Rx shall immediately notify the CLIENT of such notification, so that CLIENT can determine whether or not to exercise its right to remove the Pharmacist pursuant to Section 2.01.

2.03 Place of Services. CLIENT shall provide, without charge to On-Site Rx suitable premises for the provision of Pharmacy Services, including without limitation, office space, environmental and janitorial services, electricity, water, heat, air conditioning, internet, phone lines and any other required utilities. In addition to meeting all zoning ordinances and other applicable laws, the Pharmacy shall be medically appropriate and secure. The Pharmacy, including the interior, exterior and roof shall be maintained and kept in good repair and working order by the CLIENT at CLIENT's sole expense unless damaged by On-site Rx.

It shall be the responsibility of CLIENT to adhere to all local, state and federal codes pertaining to the building including regulations by local and state governments as well as the State Board of Pharmacy.

2.04 Equipment and Supplies. On-Site Rx, as part of its management fee shall provide the Pharmacist with all equipment and supplies, including fixtures, furniture, point of sale technology, telephone systems, pharmacy computer systems, and all other equipment pertinent to operating a pharmacy.

2.05 Responsibilities of Parties. On-Site Rx and pharmacist(s) are independent contractors. The Pharmacist shall be solely responsible for his or her actions and/or omissions and the actions and/or the omissions of any agent or any employee used by him or her (including without limitation any technician or assistant) in connection with providing the Pharmacy Services contemplated by this Agreement. Neither CLIENT nor On-Site Rx shall have any control or involvement in the independent exercise of professional judgment by the Pharmacist and/or any agent or any employee used by the Pharmacist, and neither CLIENT nor On-Site Rx shall incur any liability for the actions or the omissions of the Pharmacist and/or any agent or any employee used by the Pharmacist (including without limitation any technician or assistant) in connection with this Agreement. On-Site Rx agrees to indemnify and hold harmless CLIENT from and against any cost, damage, expense, loss, liability or

obligation of any kind, including, without limitation, reasonable attorney's fees, which CLIENT may incur in connection with On-Site Rx's furnishing of Pharmacists, or with the Pharmacy Services provided by them, under this Agreement. However, such indemnification by On-Site Rx shall not be construed to mean professional liability or malpractice insurance in any manner. On-Site Rx will, however, ensure that at all times Pharmacist carries appropriate levels of professional liability/malpractice insurance and executes a release approved by CLIENT which releases CLIENT from liability for the actions or omissions of the Pharmacist and/or its agents employees used in the performance of any work related to this Agreement prior to the performance of any such work. Copies of all certificates of insurance in the amounts required pursuant to the RFP, including those of the Pharmacist, will be provided to CLIENT in advance of the performance of any work.

2.06 Other Licensed Pharmacy Professionals and Health Professionals. CLIENT agrees and acknowledges that Pharmacist may from time to time have other Pharmacy Professionals, as defined by this paragraph, assist the Pharmacist and/or replace the Pharmacist during his or her regularly scheduled time at CLIENT's place of business in the event of an emergency (provided, however, that On-Site Rx will require the Pharmacist to ensure that the services provided by replacement individuals do not exceed the scope of their professional training and licensure). "Pharmacy Professional" shall mean a duly licensed pharmacist. Section 2.02 shall apply in the same manner to the Pharmacy Professionals as such section applies to the Pharmacist. On-Site Rx shall also ensure, or require the Pharmacist to ensure, that all Pharmacy Professionals who provide services hereunder have insurance coverage consistent with the requirement of the State Board of Pharmacy.

On occasion, the Pharmacist, may have pharmacy interns associated with one of the pharmacy schools in the state observe and assist the Pharmacist for educational and teaching purposes under the Pharmacist's direct supervision. The same level of professional standards as set forth in Section 2.0 shall apply as well to pharmacy interns working under the direct supervision of the Pharmacist.

2.07 Billing. On-Site Rx shall contract with the Pharmacist to ensure that the Pharmacist will not bill or otherwise solicit any payment from members of CLIENT'S health benefit plan for any service provided by the Pharmacist without prior written approval of the CLIENT

2.08 Medical Records. On-Site Rx shall maintain pharmacy records with respect to all of the patients and/or customers, all of which pharmacy records shall be maintained in a professional manner consistent with the accepted practice of the community in which the Pharmacist provides the Pharmacy Services in connection with this Agreement. On-Site Rx shall also require the Pharmacist comply with the Health Insurance Portability and Accountability Act ("HIPAA") privacy standards. On-Site Rx and CLIENT have previously executed a HIPAA Business Associate agreement.

Pharmacy and medical records as allowed by HIPAA statutes are considered the property of CLIENT and are in the custodial care of On-Site Rx for the term of their agreement. All patient records maintained by the Pharmacist in connection with this agreement shall be the mutual property of the Pharmacist and On-Site Rx as required by HIPAA, notwithstanding the availability of such records to CLIENT.

CLIENT understands and agrees that all of the pharmacy records and other protected information maintained by the Pharmacist will be held by the Pharmacist in strictest confidence, and that CLIENT will not be entitled to have access to the pharmacy records maintained by the Pharmacist, in the absence of an appropriate written authorization from the patient/employee.

2.09 Other Records. On-Site Rx shall maintain inventory, point of sale, and all other necessary on-site pharmacy records. In the event that the relationship between On-Site Rx and CLIENT is terminated, On-Site Rx Warrants that it shall turn over all records, electronic or otherwise, that are necessary to run the on-site pharmacy and for the seamless transition to any successor to On-Site Rx. Reasonable expenses incurred to transfer the records shall be the responsibility of CLIENT.

2.10 Noncompliance by the Pharmacist. In the event that CLIENT becomes aware of any failure by the Pharmacist to comply with the obligations of the Pharmacist outlined in this Agreement, CLIENT shall immediately provide written notice to On-Site Rx of such failure, which written notice shall describe the failure in reasonable detail, and On-Site Rx shall use its best efforts to address such failure. In the alternative, On-Site Rx may arrange for the substitution of another person as the Pharmacist. As provided in Section 2.01, CLIENT shall have the right to require the immediate removal of the Pharmacist by On-Site Rx.

ARTICLE III FINANCIALS & ACCOUNTING

3.01 Cost of Pharmaceuticals. On-Site Rx shall be responsible for the initial and continual purchase and inventory of pharmaceuticals at the Pharmacy. CLIENT shall reimburse On-Site Rx for On-Site Rx's invoice cost for such pharmaceuticals. Said pharmaceutical cost shall be payable to On-Site Rx within three (3) days of receipt of invoice by CLIENT from On-Site Rx by Electronic Funds Transfer ("EFT").

3.02 Out of Stock Pharmaceuticals. Reimbursements for out-of-stock pharmaceutical substitutions at non-contracted rates will be reimbursed to CLIENT on a quarterly basis. As agreed in **Section 1.02** Pharmaceuticals purchased by On-Site Rx shall be the property of CLIENT; however, On-Site Rx shall retain custody and control of all such property for CLIENT for the term of the Agreement and any renewal period thereafter.

3.03 Initial Inventory Purchase. The initial inventory purchase shall be made within four (4) days of the pharmacy's opening. At that time, CLIENT shall be billed fifty (50) percent of total inventory purchase to be paid within seven (7) days. The remaining amount shall be billed after CLIENT has reached thirty (30) percent utilization for two (2) consecutive months. Such remaining payment shall be due within seven (7) days of invoice. Measurement of utilization shall be calculated as follows: Total days of therapy provided at on-site pharmacy divided by total days supplied for all plan participants in that month.

3.04 Inventory Management. Through On-Site's perpetual inventory systems and quarterly audits by the Pharmacist-in-Charge (PIC) for short dated products, On-Site will endeavor to manage the pharmaceutical inventory in a manner to reduce the number of expiring medications and insure CLIENT receives full credit. Pharmaceuticals that have a short-term expiration date will be returned to the manufacturer for credit based solely on the terms of the manufacturer. Medications that expire will be returned to the manufacturer for credit based on the terms of the manufacturer; credits amounts that are less than the acquisition cost of the medication at the time of purchase will be fully credited by On-Site RX. Remuneration for expired medications will be paid once annually following the fiscal inventory performed by RGIS Inventory Services. All credits will be applied to the CLIENT'S monthly invoice with supporting documentation as they are received.

3.05 Buyback of Inventory. In the event the plan sponsor should decide to close the pharmacy in accordance with the terms outlined in Section, On-Site Rx will purchase any unopened prescription and over-the-counter medications at one-hundred (100) percent of the acquisition cost. Where allowable by law, On-Site Rx will purchase opened containers at full value based on the inventory amounts determined by RGIS Inventory Services.

3.06 Professional Services Fee. Simultaneous with the execution and delivery of this Agreement, CLIENT shall begin to pay a monthly Professional Services Fee to On-Site Rx in the amount of \$7.76 per member per month, with the initial month pro-rated. Such fees are for On-Site

Rx's ongoing management and expertise in the pharmacy field. Ongoing fees will be invoiced on the twenty-fifth (25th) of each month for the upcoming month's services. On-Site Rx will debit CLIENT's account on the third (3rd) business day via Electronic Funds Transfer ("EFT"). The Pharmacy Service Fee is a fixed rate for the first year of the agreement. For the second year of the agreement, that rate shall increase to \$8.15 to cover the increased need and expense of Labor. In the third year, the Professional Services Fee shall be \$8.55. On-Site Rx reserves the right to modify its rate if the number of subscribers covered by the plan increases or decreases by more than twenty (20) percent from the initiation of this agreement. Billing for such fees shall be based CLIENT's monthly health plan enrollment as provided by their current health plan provider.

3.07 Late Fees. A penalty of 0.06% of unpaid amount per day will be assessed for each day that any amount remains unpaid beyond ten (10) days. (THIS IS DRIVEN BY KRS 65.140) All late payment penalties will be invoiced separately. However, in no event shall the interest rate be greater than the rate permitted by applicable law.

3.08 Suspension of Services. If CLIENT fails to pay On-Site Rx within ten (10) days of the date as outlined in Section 3.0, On-Site Rx may suspend all service until all fees and charges, including any Late Fee penalties as outlined in Section 3.07 are paid in full.

3.09 Accounting. CLIENT agrees to work with On-Site Rx to adopt internal protocols for the accounting of monies (cash, credit, debit, coupons) collected at the point of sale in the Pharmacy. Monies will be deposited into the CLIENT'S designated financial institution on a daily basis. Pharmaceutical reimbursements from the CLIENT'S designated PBM will be reconciled by On-Site Rx and paid to the CLIENT within ten (10) days of receipt by deposit into a bank account identified by CLIENT. [IS THIS FEASIBLE?]

3.10 Subcontracting. On-Site Rx shall not subcontract any aspect of its services without the express prior written consent of the CLIENT, which consent shall not be unreasonably withheld.

3.10 Payment Form. All payments and transfer of funds contemplated in this agreement from the CLIENT to On-Site Rx shall be completed as an Electronic Funds Transfer.

ARTICLE IV

TERM AND TERMINATION

4.01 Term. The term of this agreement will be for an initial period of three (3) years, with two additional renewal periods of two (2) year each. The renewals are automatic unless either party notifies the other party in writing at least sixty (60) days in advance that it is not renewing the Agreement..

4.02 Termination Without Cause. Notwithstanding any other provision of this Agreement, on or after the eighteenth (18th) month of the Commencement of Services Date, either party may send written notice of termination to the other party providing for termination of this Agreement without cause. Such notice shall provide for an effective date of termination that is on or after the 90th day following such written notice. In such event, On-Site shall continue to provide services through the date of termination.

4.03 Termination With Cause. This Agreement may be terminated by either the CLIENT or On-Site Rx, with cause, by providing the other party at least sixty (60) calendar days' prior written notice. The violating party producing the "cause" for termination has twenty (20) days to respond and remedy the cause. Should the violating Party fail to remedy the cause, then the Agreement may be terminated at the end of the sixty (60) calendar day period.

4.04 Effect of Expiration or Termination. The expiration or the termination of this Agreement shall not affect the obligation of CLIENT to pay compensation to On-Site Rx or pay for any outstanding invoice for the period prior to such expiration or termination and shall not affect the obligation of On-Site Rx to provide services up to time of such termination. In the event this Agreement between On-Site Rx and CLIENT is terminated, On-Site Rx will arrange for pharmacy records to be transferred to CLIENT'S chosen vendor in a HIPAA compliant manner and in a format acceptable to On-Site Rx. Costs associated with such transfer shall be responsibility of client.

4.05 Employment of Pharmacy Staff. CLIENT agrees to not employ any pharmacists or technicians assigned to CLIENT in a similar Pharmacy Services (as defined herein) capacity, for a period of twelve (12) months following the termination of this agreement. CLIENT agrees to a penalty of \$25,000 for each identified employee for whom this clause has been breached.

ARTICLE V MISCELLANEOUS

5.01 Notice. All notices and other communications permitted or required pursuant to this Agreement shall be in writing, addressed to the party at the address set forth at the end of this Agreement or to such other address as the party may designate from time to time in accordance with this Section 5.01. All notices and other communications shall be (a) mailed by certified or registered mail, return receipt requested, postage pre-paid, (b) personally delivered or (c) sent by telecopy with a receipt confirmation. Notices mailed pursuant to this Section 5.01 shall be deemed given as of three days after the date of mailing and notices personally delivered or sent by telecopy shall be deemed given at time of receipt.

5.02 Transferability. Except as provided in Section 5.07, neither CLIENT nor On-Site Rx may assign or otherwise transfer this Agreement to a third party without the prior written consent of the other party, which may not be unreasonably withheld.

5.03 Entire Agreement; Amendment. This Agreement constitutes the entire agreement between CLIENT and On-Site Rx with respect to the subject matter hereof. Provided there is a separate agreement, to the extent that this agreement conflicts with the separate agreement, the most recent agreement controls. This Agreement shall not be amended or waived, in whole or in part, except by a writing signed by both CLIENT and On-Site Rx.

5.04 Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the internal laws of the Commonwealth of Kentucky, without giving effect to its conflict of laws provisions.

5.05 Non-Disclosure. CLIENT and On-Site Rx shall take all reasonable steps to insure that all proprietary, confidential and trade secret information acquired by virtue of the position of the other party under this Agreement shall not be disclosed or used outside of the business of any of the parties. This includes information with respect to the terms of this Agreement or the business of CLIENT and/or On-Site Rx.

Nothing in this section shall be construed as preventing any party from continuing to use or disclose any information:

- a) That is in the public domain
- b) That subsequently becomes part of the public domain through no act of the party
- c) That is disclosed to it by a third party, where said disclosure does not itself violate any contractual or legal obligation
- d) That is independently developed by a party
- e) That is known or used by it prior to this agreement.

The burden of establishing the existence of (a) through (e) shall be upon the party attempting to use or disclose the information.

5.06 Records. The parties agree to maintain books, records, and documents generated by themselves or as reported by any Contractor to them, insofar as they related to work performed or money received under this Agreement, for a period of seven (7) full years from the date of final payment for any obligation pursuant. Accounting records shall be prepared in accordance with generally accepted accounting principles.

5.07 Successors. This Agreement is binding upon the parties, their successors and assigns. The party experiencing the change in ownership, management, etc. shall give thirty (30) days notice to the other party. In such event, this Agreement shall be assumed upon a change of ownership, change of control, change in management, reorganization, etc. of, or at, CLIENT.

5.08 Force Majeure. In the event of any Party hereto being rendered unable, wholly or in part, by reason of Force Majeure to carry out its obligations hereunder, or to meet the requirements to earn a payment or other commitment of another Party hereto, the obligations of the disabled party suffering such Force Majeure event shall be suspended during the continuance of any inability so caused, but for no longer period and/or the deadline to earn any such payments or other benefits shall be tolled for the period of such Force Majeure event and the deadline shall be extended for the period of such Force Majeure event; provided, however, that such Party suffering the Force Majeure event shall (i) deliver prompt notice, to the Party to whom the obligations are due, of the occurrence of such a Force Majeure event (such notice to describe the circumstances creating the event and the steps that such party proposes to take to eliminate the event or the effects thereof), (ii) use its best efforts to eliminate such event or the effects thereof and shall deliver periodic status reports regarding such efforts to the Party to whom the obligations are due, (iii) promptly deliver notice to the Party to whom the obligations are due when such event has been eliminated or has ceased to prevent the performance of the suffering Party's obligations and (iv) proceed to fulfill or perform such obligations as soon as reasonably practical after the event has been eliminated or has ceased to prevent the performance of the suffering Party's obligations.

5.09 Indemnification. On-Site Rx shall indemnify and hold harmless CLIENT for any and all claims arising from their performance of this Agreement. Furthermore, On-Site Rx agrees to provide the aforementioned duties and/or activities for the above compensation as independent contractors and not as employees of CLIENT. On-Site Rx agrees to pay all applicable taxes incurred in performance of the contract including any self-employment tax that they or their employees may incur. NOT WITHSTANDING SECTIONS 4.02 AND 4.05, BOTH PARTIES SPECIFICALLY AGREE THAT NO CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES MAY BE AWARDED AS A RESULT OF ANY BREACH OF THIS AGREEMENT AND EACH WAIVES ITS RIGHTS THERETO. Both parties understand that this waiver was an integral part of the other party's decision to enter into this Agreement.

5.10 Non-Discrimination. The parties hereby agree, warrant, and assure that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Agreement or in the employment practices of the parties on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Kentucky State constitutional, or statutory law. The parties shall, upon request, show proof of such non-discrimination and shall post in conspicuous places, available to all employees and applicants, notices of non-discrimination.

5.11 Access to Books and Records. On-Site Rx and CLIENT agree to provide other party access to all books and records pertaining to this agreement. The CLIENT has the right to audit the records of On-Site Rx, which are related to this agreement with the CLIENT. The CLIENT or its assign may audit all financial and related records (including digital) associated with the terms of the contract or agreement including inventory records, timesheets, reimbursable out of pocket expenses, materials,

goods, equipment, and all records related to the operations of the CLIENT's pharmacy. The CLIENT may further audit any records to conduct performance audits (to identify waste and abuse or to determine efficiency and effectiveness of the contract or agreement) or to identify conflicts of interest.

On-Site Rx and CLIENT shall at all times during the term of this Agreement and for a period of seven years after the end of Agreement, keep and maintain records of the work performed pursuant to this Agreement. This shall include proper records of quotations, contracts, correspondence, invoices, vouchers, timesheets, and other documents that support actions taken by the parties. On-Site Rx shall maintain documents necessary to clearly reflect all work and actions taken. All such records shall be maintained in accordance with generally accepted accounting principles. On-Site Rx shall at its own expense make such records available for inspection and audit (including copies and extracts of records as required) by the CLIENT with reasonable prior notice. Costs of any audits conducted under the authority of this section and not addressed elsewhere will be borne by the CLIENT.

IN WITNESS WHEREOF, the CLIENT and On-Site Rx have executed and delivered this Agreement as of the date first above written.

CLIENT

By: _____

Name: JIM GRAY
Title: MAYOR

Address:

On-Site Rx, Inc.

By:  1/25/2012

Name: Dan Doebler

Title: Officer

Address: 210 Washington St. NW, Suite 101
Gainesville, GA 30501

ADDENDUM A

PERFORMANCE GUARANTEES

Whereas On-Site Rx has experience and confidence in its abilities to achieve outcomes that are beneficial to CLIENT and wishes to provide language that provides certain safeguards for CLIENT should such outcomes not be achieved, On-Site Rx shall guarantee the following:

- I. LFUCG shall have not less than fifty-percent of prescription utilization filled at the on-site pharmacy within twelve months of the pharmacy's opening. After one year, for every month going forward where utilization is not above fifty (50) percent, On-Site Rx shall reduce the monthly billed amount by \$5,000 from Pharmacy Services Fee.
- II. The agreed upon pharmacy location shall open on or before scheduled date [WHAT IS DATE?]. Such dates shall be identified after initial implementation meeting, which meetings are to be held upon receipt of signed contract and first month's billing. For every business day that the CLIENT's pharmacy remains unopened after the guaranteed date, On-Site Rx shall reimburse LFUCG a sum of \$500.
- III. On-Site Rx guarantees that within twelve months of the pharmacy's opening, the drug savings achieved shall be greater than the expenses paid to On-Site Rx for pharmacy design, build-out, staffing and management during the same time period. For every month that drug savings do not exceed expenses to On-Site Rx, On-Site Rx shall reduce CLIENT's monthly billed amount by \$5,000 from Pharmacy Services Fee.
- IV. Annual Survey. On-Site Rx shall conduct a survey of pharmacy users and achieve a satisfaction rate of "Above Average" or "Excellent" on eighty (80) percent of survey responses. If On-Site Rx fails to achieve such results, five (5) percent of the Professional Services fees paid during the measurement period shall be returned to the CLIENT.

Notwithstanding any language to the contrary, all of the above guarantees are subject to the terms outlined within the On-Site Rx Service Agreement, including Force Majeure language as outlined in Section 5.08.

Additionally, each of the above guarantees are conditional upon LFUCG's cooperation in the following manners:

Guarantee I:

- a) Such terms are contingent upon PBM providing claims level data to On-Site Rx not less than quarterly.
- b) Measurement of utilization shall be calculated as follows: Total days of therapy provided at on-site pharmacy divided by total days supplied for all plan participants in that month. Terms are contingent upon LFUCG adopting not less than a \$15 differential in copays for preferred brand and non-preferred brand drugs and generic drugs not being more expensive than \$3.
- c) Terms are contingent upon LFUCG adopting all communication and plan designs recommended by On-Site Rx during implementation.

Guarantee II:

- a) Identified property must be owned or under executed rental agreement with LFUCG at the commencement of agreement with On-Site Rx.
- b) Guarantees of opening date shall voided if structural modifications as assigned to LFUCG or their building contractor are completed after date agreed upon during implementation process.

- c) ~~Guarantees of opening date shall be voided if LFUCG fails to provide feedback and approval on necessary items pertaining to pharmacy build-out, including pharmacy design, selection of vendors and internal processing systems within three (3) business days receipt of such request during the implementation.~~
- d) Prescription Benefit Manager and any other vendor partners of LFUCG shall provide necessary cooperation. Specifically, LFUCG's PBM shall cooperate to provide functionality to the processing system within 2 weeks of credentialing and licensing information being made available.

Guarantee III:

- a) Savings shall be a calculation of what CLIENT would have paid in the network, versus expenses paid at the On-Site Rx pharmacy using a cost per "day of therapy" average for each source.
- b) Inventory, as an asset which can be returned for full credit shall not be calculated as an expense paid to On-Site Rx.
- c) Such terms are contingent upon PBM providing claims level data to On-Site Rx not less than quarterly.
- d) Terms are contingent upon LFUCG adopting not less than a \$15 differential in copays for preferred brand and non-preferred brand drugs and generic drugs not being more expensive than \$3.
- e) Terms are contingent upon LFUCG adopting all communication and plan designs recommended by On-Site Rx during implementation.

Guarantee IV:

- a) Survey shall be of non-identifiable, random customers of the employee pharmacy.
- b) Survey shall be conducted and results reported to the CLIENT annually.
- c) Survey shall contain question(s) assessing professionalism; accuracy of prescription, and availability of prescribed medication.
- d) Survey shall be conducted according to a five-point Likert Methodology rating (i.e. Poor, Below Average, Average, Above Average, Excellent).
- e) Should the CLIENT require a third-party to collect survey data, CLIENT shall be responsible for all costs associated with such, including development, collection and analysis.
- f) In all instances, On-Site Rx retains the right to design the survey questions and format notwithstanding any subject matter specifications set forth in this section.

IN WITNESS WHEREOF, LEUCG and On-Site Rx have executed and delivered this Agreement as of the date first above written.

CLIENT

By: _____

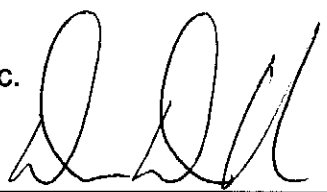
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