



SWISSLOG HEALTHCARE

Proposal for Canister Replacement Project

Prepared for:

San Bernardino County Sheriff Division
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Swisslog Contact: Steve Hood

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THIS PROPOSAL MAY CONTAIN PROPRIETARY SWISSLOG HEALTHCARE INFORMATION, INCLUDING PATENTED DESIGNS, COPYRIGHTED MATERIAL AND TRADE SECRETS. THIS INFORMATION IS INTENDED SOLELY FOR THE CUSTOMER'S USE IN NEGOTIATING WITH SWISSLOG HEALTHCARE AND EVALUATING THIS PROJECT.

Swisslog conducts ongoing product improvements, therefore technology designs may change without notice or obligation. InSite is a registered trademark of Swisslog AG. Swisslog systems may be covered by one or more patents. See [swisslog.com/patents](https://www.swisslog.com/patents) for details.

Sales Proposal - Definition & Purpose

This sales proposal (hereinafter referred to as “Proposal”) provides details on the Recommended Solution including product and pricing details. It also highlights key considerations, such as our execution processes, implementation processes, and roles and responsibilities. This Proposal is a legally binding document and signatures by both parties are required in order to move forward with implementation and planning.

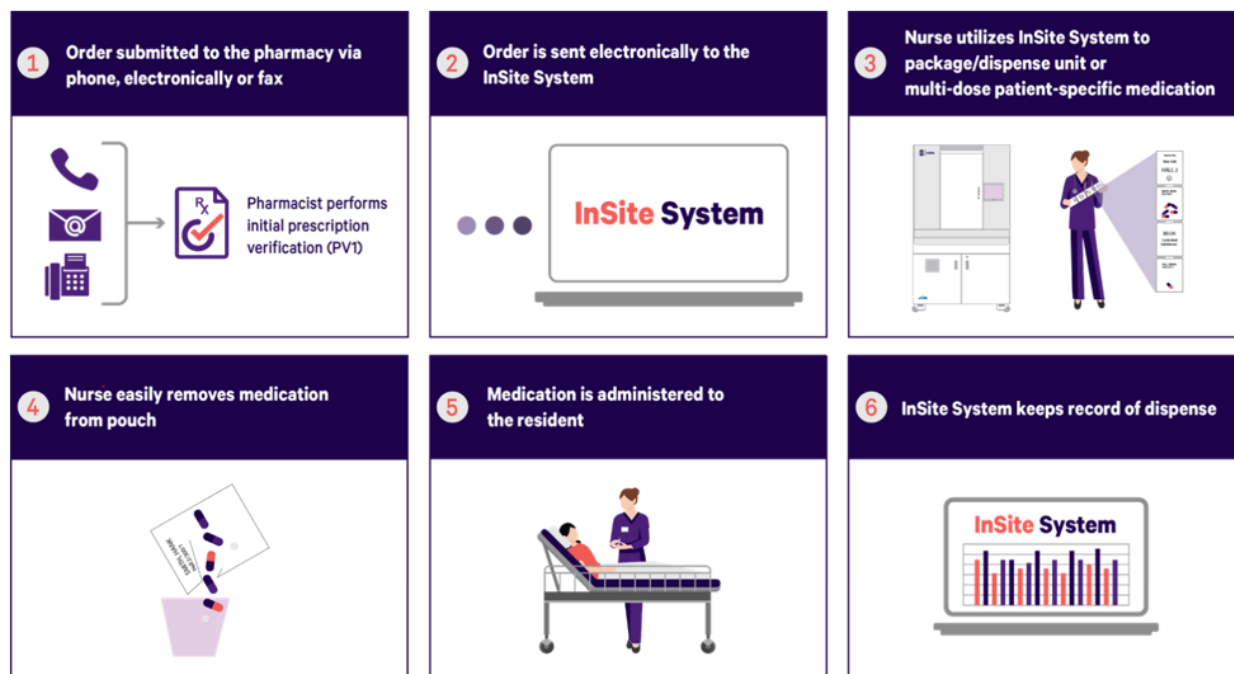
Partnering with Swisslog Healthcare

At Swisslog, we strive to lead change for better care. At the core of this vision is a focus on improving workflows and reducing the time clinicians spend doing routine and repetitive tasks – enabling more time to care for patients and residents. In addition to long-term care automation, our solutions and services extend across the continuum of care, including transport, medication and supply chain automation for hospitals and health systems.

Headquartered in Buchs, Switzerland, Swisslog Healthcare has been delivering best-in-class automation solutions for more than 100 years. We are a global organization with 2,500 talented employees in more than 20 countries on four continents and customers in more than 50 countries.

Transforming Medication Management for Long-Term Care

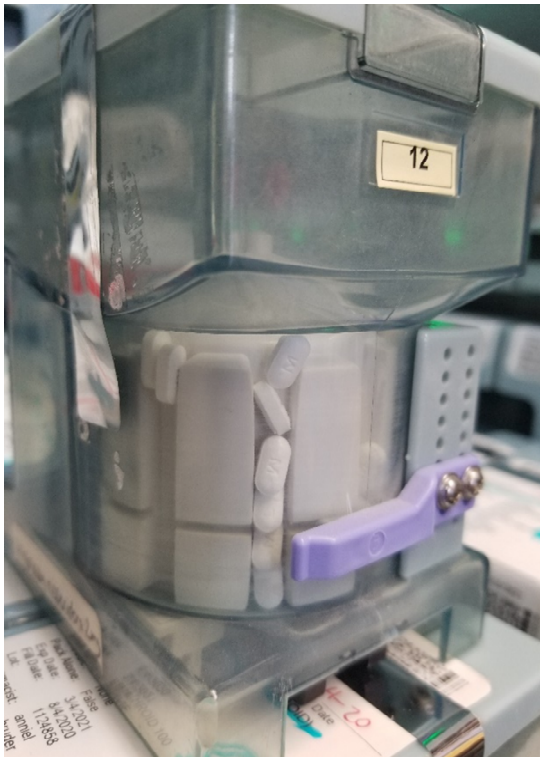
Swisslog Healthcare, a market leader in pharmacy automation solutions, is transforming medication management for long-term care facilities and pharmacies. Our InSite system enables secure, automated medication dispensing on location at long-term care facilities to deliver pharmacist-approved, on-demand medication 24/7/365. The InSite packaging system is graphically shown below:



Recommended Solutions

Swisslog Healthcare proposes to Arrowhead Medical Center - Outpatient Pharmacy the solution(s) listed below in Table 1 which are described and detailed throughout this Proposal to be implemented in accordance with the agreed upon project plan and Master Purchase and Services Agreement.

Arrowhead Regional Medical Center's Outpatient Pharmacy currently services four facilities for the County Sheriff Division and one (soon to be two) facilities for the County Probation Medical Services Division and has been a long-time customer of Talyst/Swisslog. In recent months, Swisslog has been investigating issues brought forth by the facility regarding the performance of the in-facility packager units. In response to this, not only has Swisslog dispatched service technicians to the site but also recently sent two members of the Long Term Care Operation's team to visit the facility. In all cases, a consistent finding was that the canisters and canister population has become what Swisslog refers to as compromised. A compromised canister population means that canisters have been modified or repurposed to accommodate NDC changes within the formulary but more importantly, the canisters being used are not certified for the medication they are dispensing. A picture of one of the canisters illustrating this issue is shown below.



As can be seen in this picture, the division block being used in this canister is too deep allowing pills to stack on top of each other and not line up one on top of another. Furthermore, the canister brush is too high and would intersect the 2nd pill about a 3rd of the way up its length. When canisters are modified or repurposed, situations like what is shown in the picture manifest themselves into issues such as double pill drops, pill jams, broken pills, and motor base burn outs. Each of these actions requires intervention of some sort on behalf of the staff to rectify the condition with effects the overall efficiency of the staff and medication dispensing system. Furthermore, these issues cause the facility to lose faith in the operation of the packager even though it is operating in a perfectly normal way. Ultimately, decreased customer satisfaction results.

With longer term customers, canister reuse and modification is commonplace due to staff turnover and a lack of defined standard operating procedures. Over time it impacts the entire canister population to the point where no canister can be trusted/ensured that the current build has not been tampered with.

Swisslog has spent considerable time and money in our canister lab in Denver certifying a specific canister build for each NDC. Once issued, that build should only be used for that specific NDC. If NDC's change then Swisslog should be consulted regarding the proper canister build to use.

Ultimately one solution to a compromised canister population is to completely remove the canisters currently being used and to replace them with new certified canisters configured specifically for the formulary and velocity necessary to meet the needs of the facility.

In order to keep the project at the most economical level, the following conditions/assumptions are required:

- The project assumes a total of 2,000 canisters will ultimately be replaced. This project however includes a total of 720 canisters. The reason for this is that a certain number of canisters are required with the purchase of new machines. As such we have assumed the following canisters will be available for this full canister replacement:
 - 320 canisters for the end of life unit replacement at Glenn Hellen
 - 320 canisters for the end of life unit replacement at Central Detention Center
 - 320 canisters for the end of life unit replacement at High Desert Detention Center
 - 320 canisters from the already purchased unit at the Central Valley Juvenile Detention Center
- In order to implement this project, and to have the canisters all available, Swisslog will need to receive a purchase order for the Glenn Hellen and Central Detention Center unit replacements.
- The physical canister swap needs to take place all at once and not over a period of time as to not mix in new canisters with the compromised canister population. Swisslog has included some time on site to assist with this however the bulk of the work will be done in cooperation with the pharmacy staff.
- There needs to be new operating procedures put in place and adhered to by the pharmacy to prohibit the tampering, modification, and usage of canisters that are certified for one NDC for a different NDC. Without this agreement the investment in this project is meaningless as the canister population will eventually return to the state that it is today.

Below please find the scope items and pricing for this canister replacement project

Table 1. Canister Replacement Project

| Quantity | Product | One-Time Price |
|---|--|--------------------|
| 1 Lot | Canisters <ul style="list-style-type: none"> Provide a total of 400 of the 720 canisters needed, in conjunctions with 960 canisters (to be purchased along with the replacement units at Glenn Hellen, Central Detention Center, and High Desert Detention) and 320 canisters already purchased with the replacement unit at the Central Valley Juvenile Detention Center. The remaining 320 canisters are part of separate proposal addressed directly to the probation department. Provide consulting services as necessary to analyze the total In-Site formulary and quantity usage to recommend and specify the correct number of canisters necessary for proper operation of the units. | \$27,542.03 |
| | Freight | \$428.04 |
| | Labor <ul style="list-style-type: none"> Provide up to 22 manhours of labor (inclusive of travel) to both retrain the pharmacy staff on the proper usage of the canister management equipment as well as assist in the swap out of old canisters with the new canisters. | \$6,708.32 |
| | Tax | \$2,774.27 |
| Total Canister Replacement Project Including Tax | | \$37,452.66 |

Terms and Conditions

- 1) Master Purchases Agreement - This Proposal shall be incorporated and subject to the terms and conditions of the Master Purchase and Services Agreement located at [Swisslog Purchase and Service Master v5](#). Both documents shall become legally binding between the organizations upon customer signing the proposal. Terms and conditions contained in this proposal supersede any PO terms and conditions provided by the customer.
- 2) Payment terms
 - a) For all equipment and software solutions:
 - 30% down payment due at time of Purchase Order issuance
 - 70% upon completion of the replacement activities (not including any non-used canisters that become part of the allotment as described in Item 6 below)

- 3) Taxes – Unless otherwise noted on this proposal, Sales and use taxes are excluded. Should Swisslog Healthcare be required to pay sales, use or any other taxes as a result of this proposal, the customer agrees to reimburse for same. If pharmacy or facility qualifies as Tax Exempt, a current copy of the certificate must be included with the Purchase Order.
- 4) Proposal Validity - This proposal is valid for 90 days from the date on page one.
- 5) Form of Contract - To ensure a timely transition to implementation, the Client agrees to perform one of the following options:
 - Execute this proposal and submit a Purchase Order (PO) no later than ten (10) days from date of execution. **The Purchase Order must clearly and expressly reference this proposal, state the total price for included in Table 1 and state the total price and term for the Facility and Pharmacy Support and Maintenance option selected.**
 - In the case where a Client is not set up to issue a PO, the Client shall execute this agreement. The signed agreement shall serve as Swisslog's authorization to bill against in lieu of a PO.

In either case, the Client shall indicate to Swisslog their intention to issue a PO by filling in the appropriate check box in the Acceptance section of this proposal on page 10.
- 6) Canisters - Included in this proposal is a total quantity of canisters shown in Table 1. Swisslog will work with the Customer to define the total number of upfront canisters needed for go-live. The remaining canisters must be ordered within nine (9) months of the packager go-live date at which time the allotment shall expire. This allows some flexibility for the customer to finalize their formulary and the opportunity to modify it over a 9-month period. Any canisters ordered by the customer that exceed the remaining allotment or that are ordered after the 9-month period will be purchased at the prices listed in Table 5. Furthermore, Swisslog will warrant canisters provided to the customer for a period of 45 days. Medications found to either not work properly with the Swisslog provided canister or medications that have undergone a size change from the manufacturer that are within the 45-day warranty period will be credited and Swisslog will work with the Customer to find a suitable replacement. No credit or replacement will be offered under the same conditions when the canisters are beyond the 45-day warranty period. Furthermore, canister order cancellations will be accepted up to the time when the canisters are shipped to the Client. Canister order cancellations that occur after the canisters are shipped will not be accepted.
- 7) Access - Customer will provide Swisslog Healthcare with all assistance reasonably requested for purposes of providing support, including without limitation, adequate access to the applicable physical location of the System during or after Customer's business hours, as well as high-speed remote access at all times.
- 8) System Supervision - Customer will be solely responsible for (i) providing appropriate supervision and management of the use of the System by its personnel and agents and (ii) the implementation of any backup facilities and/or plans for all computer programs and data in the event of errors or malfunction of the System. Support for browser and Internet connections are Customer's responsibility.



Customer Acceptance

By executing this proposal, the Customer agrees to the terms and conditions within the proposal. The customer shall provide a PO consistent with Item 5 in the Terms and Conditions section of this proposal. If a PO cannot be provided, then the customer shall indicate so by checking the appropriate box below and this signed agreement shall serve as the basis used to bill against.

Please check the appropriate box below:

| | |
|------------------------------|---|
| <input type="checkbox"/> Yes | A Purchase Order will be provided that is consistent with the requirements listed in Item 5 of the Terms and Conditions listed within this proposal |
| <input type="checkbox"/> No | A Purchase Order will not be provided, and this executed proposal shall be used as a basis to bill against. |

Due to the COVID-19 pandemic, pursuant to the Uniform Electronic Transaction Act (Cal. Civ. Code §§ 1633.1 to 1633.17), and the San Bernardino County Board of Supervisors Resolution No. 2020-030, the parties have agreed to the use of electronic, facsimile, and/or digital signatures in the execution of this Contract and any of its subsequent amendments.

Translogic Corporation dba Swisslog Healthcare

Jennie McQuade
Authorized Signature

Jennie McQuade
Print Name

Secretary
Title

April 19, 2021
Date

County of San Bernardino

Client

Authorized Signature

Curt Hagman
Print Name

Chairman, Board of Supervisors
Title

Date

Purchase order

Swisslog Healthcare
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USA