

**CITY OF BLOOMINGTON
COUNCIL MEETING AGENDA
109 E. OLIVE
MONDAY, OCTOBER 8, 2012, 7:00 P.M.**

- 1. Call to order**
- 2. Pledge of Allegiance to the Flag**
- 3. Remain Standing for a Moment of Silent Prayer**
- 4. Roll Call of Attendance**
- 5. Public Comment**
- 6. Recognition/Appointments**
- 7. “Consent Agenda”**
 - A. Council Proceedings of September 24, 2012. (Recommend that the reading of the minutes of the previous Council Proceedings of be dispensed with and the minutes approved as printed.)**
 - B. Bills and Payroll. (Recommend that the Bills and Payroll be allowed and the orders drawn on the Treasurer for the various amounts as funds are available.)**
 - C. Application of Morrissey Unit One, LLC, d/b/a Sweet & Savory Grille, located at 1605 Morrissey Dr., for an RAS liquor license, which will allow the sale of all types of alcohol by the glass for consumption on the premises seven (7) days a week. (Recommend that an RAS liquor license for Morrissey Unit One, LLC, d/b/a Sweet & Savory Grille located at 1605 Morrissey Dr., be created, contingent upon compliance with all applicable health and safety codes.)**
 - D. Variance from Chapter 38, Section 123(a) of City Code to Allow a Driveway Approach 28 Feet Wide at 3201 Stonebridge Drive, Lot 27 in White Eagle South Subdivision. (Recommend that the variance be approved.)**

FOR COUNCIL: October 8, 2012

SUBJECT: Council Proceedings of September 24, 2012

RECOMMENDATION/MOTION: That the reading of the minutes of the previous Council Proceedings of be dispensed with and the minutes approved as printed.

BACKGROUND: The Council Proceedings of September 24, 2012 have been reviewed and certified as correct and complete by the City Clerk.

In compliance with the Open Meetings Act, Council Proceedings must be approved within thirty (30) days after the meeting or at the Council’s second subsequent regular meeting whichever is later.

In accordance with the Open Meetings Act, Council Proceedings are made available for public inspection and posted to the City’s web site within ten (10) days after Council approval.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Not applicable.

Respectfully submitted for Council consideration.

Prepared by:

Recommended by:

Tracey Covert
City Clerk

David A. Hales
City Manager

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Anderson				Alderman Purcell			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman McDade				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Stockton			

**COUNCIL PROCEEDINGS
PUBLISHED BY THE AUTHORITY OF THE CITY COUNCIL
OF BLOOMINGTON, ILLINOIS**

The Council convened in regular Session in the Council Chambers, City Hall Building, at 7:01 p.m., Monday, September 24, 2012.

The Meeting was opened by Pledging Allegiance to the Flag followed by moment of silent prayer.

The Meeting was called to order by the Mayor who directed the City Clerk to call the roll and the following members answered present:

Aldermen: Judy Stearns, Mboka Mwilambwe, Bernard Anderson, David Sage, Robert Fazzini, Jennifer McDade, Steven Purcell, Karen Schmidt, Jim Fruin and Mayor Stephen F. Stockton.

City Manager David Hales, Chief Deputy Clerk Renee Gooderham, and Corporate Counsel Todd Greenburg were also present.

Staff Absent: City Clerk Tracey Covert.

The following was presented:

SUBJECT: Appointment to the Beautification Commission

RECOMMENDATION/MOTION: That the Appointment be approved.

BACKGROUND: I ask your concurrence in the appointment of Valerie Dumser of 809 W. Washington, Bloomington 61701 to the Beautification Commission. Her 4 year term will begin September 24, 2012.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Not applicable.

Respectfully submitted for Council consideration.

Prepared by:

Recommended by:

Kathryn Buydos
Executive Assistant

Stephen F. Stockton
Mayor

Mayor Stockton introduced Valarie Dumser. Ms. Dumser addressed the Council. She had previously served on the Beautification Commission for ten (10) years. She resigned from on the West Bloomington Revitalization project to serve on same. She stated her passion was the beautification of the City.

The following was presented:

SUBJECT: Council Proceedings of September 10, 2012 and Work Session Minutes of July 23, 2012

RECOMMENDATION/MOTION: That the reading of the minutes of the previous Council Proceedings of September 10, 2012 and Work Session Minutes of July 23, 2012 be dispensed with and the minutes approved as printed.

BACKGROUND: The Council Proceedings of September 10, 2012 and Work Session Minutes of July 23, 2012 have been reviewed and certified as correct and complete by the City Clerk.

In compliance with the Open Meetings Act, Council Proceedings must be approved within thirty (30) days after the meeting or at the Council's second subsequent regular meeting whichever is later.

In accordance with the Open Meetings Act, Council Proceedings are made available for public inspection and posted to the City's web site within ten (10) days after Council approval.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Not applicable.

Respectfully submitted for Council consideration.

Prepared by:

Recommended by:

Tracey Covert
City Clerk

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Fruin that the reading of the minutes of the previous Council Proceedings of September 10, 2012 and Work Session Minutes of July 23, 2012 be dispensed with and the minutes approved as printed.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, Fruin and Purcell.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Bills and Payroll

RECOMMENDATION/MOTION: That the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.

BACKGROUND: The list of bills and payrolls will be posted on the City's website on Thursday, September 20, 2012 by posting via the City's web site.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Total disbursements information will be provided via addendum.

Respectfully submitted for Council consideration.

Prepared by:

Recommended by:

Patti-Lynn Silva
Director of Finance

David A. Hales
City Manager

(ON FILE IN CLERK'S OFFICE)

Motion by Alderman Fazzini, seconded by Alderman Fruin that the Bills and Payroll be allowed and the orders drawn on the Treasurer for the various amounts as funds are available.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, Fruin and Purcell.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Lake Bloomington Lease Transfer Petition for Lots 6 & 7, Block 2 of Camp Kickapoo from William R. and Mary E. Masters to Jeffrey A. and Diana L. Lowe

RECOMMENDATION/MOTION: That the Lake Lease be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

BACKGROUND: Staff has reviewed the Lake Bloomington Lease Transfer Petition for Lots 6 & 7, Block 2 in Camp Kickapoo from William R. and Mary E. Masters to Jeffrey A. and Diana L. Lowe. The sewage disposal system inspection was completed in August of 2012 and the septic system was functioning properly at that time. The sewage disposal system is 13 years old. The McLean County Health Department estimates sewage disposal systems have an average life span of approximately 20-25 years. However, this can be affected greatly by usage patterns of the premises (seasonal versus full time occupancy) and system maintenance.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: There were no Community Groups contacted for this petition as it is a routine matter.

FINANCIAL IMPACT: This petition will have a neutral financial impact in that the lease uses the current formula, (\$0.40 per \$100 of Equalized Assessed Value) to determine the Lake Lease Fee. The current lake lease formula will generate approximately \$850 per year in lease income for the Water Fund. This lake lease income will be posted to Lake Lease revenue account line item 50100140-57590.

It should be noted the term of this lease will expire on December 31, 2131, the same term as other lease renewals since 1998.

Respectfully submitted for Council consideration.

Prepared by:

Financial review by:

Reviewed by:

Craig M. Cummings
Director of Water

Patti-Lynn Silva
Director of Finance

Barbara J. Adkins
Deputy City Manager

Reviewed as to legal sufficiency:

Recommended by:

Rosalee Dodson
Asst. Corporation Counsel

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Fruin that the Lake Lease be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, Fruin and Purcell.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Petition from the Ireland Grove Properties, LLC Requesting Approval of Dedication of Water Main Easement located at 1603 - 1607 Tullamore Ave., south of Ireland Grove Rd.

RECOMMENDATION/MOTION: That the Dedication be approved and the Ordinance passed.

BACKGROUND: This easement plat dedicates a twenty foot (20') easement for a public water main to be constructed at the Links at Ireland Grove Office Buildings.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Ireland Grove Properties, LLC.

FINANCIAL IMPACT: All survey and platting costs are being paid by Ireland Grove Properties, LLC.

Respectfully submitted for Council consideration.

Prepared by:

Reviewed by:

Reviewed as to legal sufficiency:

Jim Karch
Director of Public Works

Craig Cummings
Director of Water

Rosalee Dodson
Asst. Corporation Counsel

Recommended by:

David A. Hales
City Manager

**PETITION FOR DEDICATION OF
WATERMAIN EASEMENT**

STATE OF ILLINOIS)
)SS.
COUNTY OF MCLEAN)

TO: THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF
BLOOMINGTON, MCLEAN COUNTY, ILLINOIS

Now comes Ireland Grove Properties, LLC, an Illinois limited liability company, and owner of the subject property, hereinafter referred to as your Petitioner, respectfully representing and requesting as follows:

1. That your Petitioner is interested in the dedication of a 20 foot wide Water main Easement for 1603 – 1607 Tullamore Ave., Bloomington, Illinois, in the premises hereinafter described in Exhibit A attached hereto and made a part hereof by this reference;
2. That your Petitioner seeks approval of the dedication of the proposed 20 foot Water main Easement located on said premises;
3. That said Dedication of the Water main Easement is reasonable and proper for the further development of the property.

WHEREFORE, your Petitioner prays that the proposed Dedication of Water main Easement for Ireland Grove Properties, LLC, Bloomington, Illinois be accepted with such further reservation of utility easements as may seem proper.

Respectfully submitted,

By: Marti Rave
Ireland Grove Properties, LLC
Petitioner

ORDINANCE NO. 2012 - 62

**AN ORDINANCE PROVIDING FOR THE DEDICATION OF
WATERMAIN EASEMENT**

WHEREAS, there was heretofore filed with the City Clerk of the City of Bloomington, McLean County, Illinois, a petition requesting the Dedication of a Water main Easement for Ireland Grove Properties, LLC., Bloomington, Illinois on the premises heretofore described in Exhibit A attached hereto and made a part hereof by Ireland Grove Properties, LLC., the owner of the subject property; and

WHEREAS, said petition complies in all respects with the ordinances of said City and the statutes of the State of Illinois in such case made and provided; and

WHEREAS, the City Council of said City has the power to pass this Ordinance and grant said Dedication; and

WHEREAS, it is reasonable and proper to accept the said dedication of the Water main Easement as requested in this case.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BLOOMINGTON, MCLEAN COUNTY, ILLINOIS:

1. That the dedication of the 20 foot Water main Easement for 1603 – 1607 Tullamore Ave., Bloomington, Illinois, is hereby accepted.
2. The aforesaid dedication notwithstanding, the City reserves to itself and to all utilities an easement the full width of the dedicated Water main Easement for the purpose of laying, installing, maintaining, repairing, removing, or replacing such facilities as they may deem appropriate.
3. That this ordinance shall be in full force and effective as of the time of its passage and approval.

PASSED this 24th day of September, 2012.

APPROVED this 25th day of September, 2012.

Stephen F. Stockton
Mayor

ATTEST:

Tracey Covert, City Clerk

Exhibit A

Description of Property

Lot 314 in the First Addition to Links at Ireland Grove Road Subdivision, Bloomington, Illinois, according to the plat thereof recorded January 26, 2006, as Document Number 2006-2199, McLean County, Illinois.

Motion by Alderman Fazzini, seconded by Alderman Fruin that the Dedication be approved and the Ordinance passed.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, Fruin and Purcell.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Intergovernmental Agreement with District 87 for Providing Salt for 2012/2013 Winter Season

RECOMMENDATION/MOTION: That the Agreement be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

BACKGROUND/MOTION: The City of Bloomington purchases salt every year for its snow operations through the Illinois state contract. In the past, the City has sold a small amount of salt to District 87 to supplement their snow operations. In an effort to assist with our local school district, staff has negotiated an agreement this year to assist District 87 with a small amount of salt. The amount of salt covered under the agreement is 2.8% of the normal amount used in any given year and should not affect the quality of snow operations that the citizens of Bloomington are used to receiving.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: District 87.

FINANCIAL IMPACT: The city will charge District 87 a cost of \$65.21 per ton which is comprised of the raw material cost of \$60.21 per ton in addition to an overhead costs which includes storage, handling and loading fee of \$5 per ton.

Respectfully submitted for Council consideration,
Prepared by:

Financial review by:

Reviewed as to legal sufficiency:

Jim Karch, PE CFM
Director of Public Works

Patti-Lynn Silva
Director of Finance

Rosalee Dodson
Asst. Corporation Counsel

Reviewed by:

Recommended by:

Barbara J. Adkins
Deputy City Manager

David A. Hales
City Manager

**Intergovernmental Agreement
Between the City of Bloomington and
Bloomington Public Schools, District 87**

In order to better conserve taxpayer dollars, the City of Bloomington (hereafter "City") and Bloomington Public Schools, District 87 (hereafter "District 87") hereby enter into the following agreement regarding road salt from the date of its execution through April 30, 2013.

1. The City store and load the salt from its 502 South East Street salt storage facility. District 87 will provide the transportation from this salt storage facility.
2. The City of Bloomington would prefer, but does not require, that the total salt distribution be taken by District 87 at one time. Loading of the salt will need to be arranged by District 87 with the City a minimum of 48 hours prior to the date of request. The City reserves the right to deny the timeline of pickup given based upon daily operations of the City.
3. The salt will be paid for by District 87 at a cost of \$65.21 per ton (this cost includes the raw material cost of \$60.21 per ton plus a storage, handling and loading fee of \$5 per ton).
4. The amount of salt provided to District 87 shall not exceed 250 tons prior to April 30, 2013.
5. This agreement shall be effective as of the date it is passed by the final party to do so.

Passed this 24th day of September, 2012.

Stephen F. Stockton
Mayor
City of Bloomington

ATTEST:

Tracey Covert
City Clerk

Passed this _____ day of _____, 2012

Michael Harrison
Board President
Bloomington Public Schools
District 87

Motion by Alderman Fazzini, seconded by Alderman Fruin that the Agreement be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, Fruin and Purcell.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Analysis of Bids for Water Treatment Chemicals

RECOMMENDATION/MOTION: That the bids be awarded to the various vendors and the Purchasing Agent authorized to issue Purchase Orders for same.

BACKGROUND: On September 11, 2012, bids were opened for the City of Bloomington's water treatment chemical needs for the twelve months following the award of the bids. As can be seen in the table (below), three chemicals increased in price by double digit amounts and two others decreased in price by low single digit amounts. One chemical remained at the same price because it was contractually bound to remain unchanged in price over three years. This is a clear indication of the continued volatility of the industrial bulk chemical market. Water treatment chemicals are one of the three main expenses in the Water Department operation and maintenance budget. The other two are labor and electricity.

CHEMICAL	VENDOR	Unit of Measure	CURRENT YEAR	LAST YEAR	% Change
Ferric Sulfate	Kemira Water Solutions	Ton	\$169.00	\$147.00	15%
Carbon Dioxide	Praxair	Ton	\$58.00*	\$47.50	22.1%
Sodium Hexametaphosphate	Carus Phosphates	Ton	\$2,000.00 ♦	\$2,060.00	-2.9%
Anhydrous Ammonia	Tanner Industries	Ton	\$1,600.00	\$1,440.00	11.1%
Hydrofluosilicic Acid	Mosaic Crop Nutrition, LLC.	Ton	\$544.00	\$550.00	-1.1%
Liquid Chlorine	JCI Jones, Inc.	Ton	\$500.00^	\$500.00	0%

All chemicals are delivered on an as-needed truckload basis, except sodium hexametaphosphate which is delivered as a single shipment of 20,000 pounds

* Three year agreement with a maximum 4% per year escalator.

♦ Single 20,000 lb. shipment price

^ Year two of a three year contract with no price increase in this second year.

There are several water chemicals that are used in the water treatment process. These chemicals are used in widely varying dosages when compared one to another and individual chemicals will routinely change in dosage as the quality of the water withdrawn from the supply reservoirs changes. The Water Department has budgeted \$625,000 for the overall cost of water treatment chemicals in FY 12-13. In FY 11-12, \$800,000 was spent on water treatment chemicals and in FY 10-11, \$677,000 was spent.

Due to the volatility in the industrial bulk chemical market, the City attempted to reduce some of the exposure to the market swings by requesting multi-year pricing. All vendors were invited to submit proposals for 3 year agreements for supplying chemicals in addition to the standard one year bid. Two vendors submitted 3 year proposals, namely one for carbon dioxide and one for hydrofluosilicic acid. The number of vendors willing to commit to three year pricing is down from years past, again indicating ongoing volatility in this market.

The carbon dioxide 3 year pricing proposal of \$58 per ton in year one and a maximum 4% escalator in years two and three from Praxair, Inc. is being recommended by Staff over the three year pricing proposal of \$62.00 per ton in each of the three years from Continental Carbonic Products, Inc. (“CCP”). If the three year pricing from Praxair were accepted, the savings in year one would be between \$2,000 - \$3,000 as a result of the difference between the bid price of \$58/ton from Praxair compared to the \$62/ton bid by CCP and assuming between 500 and 750 tons of carbon dioxide were used in a year. In year two, assuming a worst case scenario of the full 4% increase in the price from Praxair, their year two price per ton would be \$60.32 as compared to the \$62 per ton price from CCP. The savings in year two would be between \$840 – \$1,260 assuming again that between 500 and 750 tons of carbon dioxide was used in a year. In

year three, assuming a worst case scenario of the full 4% increase in the price from Praxair, their year three price would be \$62.73 per ton as compared to the \$62 per ton price from CCP. There would be no savings in year three. The cost for the Praxair carbon dioxide in year three would actually be more expensive than the year three price per ton from CCP; between \$365 – \$547.50 more expensive, assuming again that between 500 and 750 tons of carbon dioxide was used in a year. Therefore, the two year savings range of the Praxair carbon dioxide would be between \$2,840 – \$4,260 and the year three expense (Praxair's price would be higher in year three under the worst case scenario) would be between \$365 – \$547.50. Adding the three year savings/expenses together, the three year contract with Praxair, in the opinion of Staff, is the more economical alternative to bidding the carbon dioxide each year for the next three years or accepting the CCP bid. The savings would be in the range of \$2,475 – \$3,712.50 over the three year term of the contract.

Liquid chlorine is shown on the table but actually was not bid in 2012. It was bid in 2011 and a three year contract was approved by the City Council on September 26, 2011 at a price of \$500 per ton for each of the three years of FY's 2012, 2013 and 2014. Staff committed at that time to present to Council each year for approval, the current year pricing for multi-year contracts.

The use of these individual chemicals in the water treatment process is as follows:

Ferric Sulfate – A compound used to increase the removal of suspended materials, such as small soil particles, that are suspended in the water. Basically, very small suspended particles clump together to settle quicker in the water treatment plant.

Carbon Dioxide – The compound that gives pop its fizz is the same material used to lower the pH in water after the removal of dissolved minerals through the use of lime (the water softening process). Lime greatly increases the pH of the water and that pH must be lowered to prevent the formation of scale on the filters and to make the water palatable. Carbon Dioxide, which forms a weak acid, is bubbled into the water to accomplish this.

Sodium Hexametaphosphate – This phosphate compound is used to prevent scale from forming on the filters in the water treatment plant.

Liquid Chlorine – Chlorine is used as a disinfectant in water treatment plants. It is a strong oxidant so it helps with taste and odor as well. In the United States, a minimal amount of chlorine must be present in the pipes in all areas of the water distribution system to continue working as a disinfectant all the way to a customer's water service connection.

Anhydrous Ammonia – Ammonia is added to the water already containing chlorine to form a class of compounds known as chloramines. Chloramines act as disinfectants, just like chlorine, but are stable in the water delivered to customers for a longer period of time than just chlorine alone.

Hydrofluosilicic Acid – Commonly just referred to as fluoride, this chemical is added to the water to increase the amount of fluoride in drinking water to levels which are optimal for the protection of adults, but to a greater extent, children's teeth from cavities. There is a modest

amount of naturally occurring fluoride in the water taken from our reservoirs; the addition of hydrofluosilicic acid simply increases that to optimal levels. The addition of fluoride to optimal levels is a State Law in Illinois.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: There were no Community Groups contacted for this petition as it is a routine matter.

FINANCIAL IMPACT: Payment for the purchase of water treatment chemicals throughout the year will be made from the Water Department, O & M budget, Purification Division, Water Treatment Chemicals, Account #50100130-71720. This account is budgeted at \$655,000, for all of the above-mentioned chemicals, for FY 2012/13.

Respectfully submitted for Council consideration.

Prepared by:

Reviewed by:

Reviewed by:

Craig M. Cummings
Director of Water

Kim Nicholson
Purchasing Agent

Barbara J. Adkins
Deputy City Manager

Financial review by:

Reviewed as to legal sufficiency:

Recommended by:

Patti-Lynn Silva
Director of Finance

J. Todd Greenburg
Corporation Counsel

David A. Hales
City Manager

Motion by Alderman Fazzini, seconded by Alderman Fruin that the bids be awarded to the various vendors and the Purchasing Agent authorized to issue Purchase Orders for same.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, Fruin and Purcell.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Lake Bloomington Lease addition for Lot 1, Block 29 in Camp Potawatomic

RECOMMENDATION/MOTION: That the Lake Lease be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

BACKGROUND: The lease for Lot 1, Block 29 of Camp Potawatomie was transferred in 1998. When the owner of the property applied for a building permit from McLean County to rebuild an existing porch, it was discovered that the porch and part of the house extended over land owned by the City but not in the description of the lease for the property. This encroachment has apparently existed for some time. In order for a permit to be issued, the County Building and Zoning Department requires that the home and all of its appurtenances be within the legally described leased property. This lease addition, amounting to approximately 1,345 square feet does not add materially to the property already leased from the City. It is being recommended to clear up the issue of the entire building being within the legally described lease so a permit can be issued.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: There were no Community Groups contacted for this petition as it is a routine matter.

FINANCIAL IMPACT: This petition will have a neutral financial impact. This lease is at the formula of \$0.15 per \$100 of Equalized Assessed Value. The current lease rate is about \$105 per year. This addition is approximately 1,345 square feet and does not add materially to this leased property. This lake lease income will be posted to Lake Lease revenue account 50100140-57590.

Respectfully submitted for Council consideration.

Prepared by:

Financial review by:

Reviewed by:

Craig M. Cummings
Director of Water

Patti-Lynn Silva
Director of Finance

Barbara J. Adkins
Deputy City Manager

Reviewed as to legal sufficiency:

Recommended by:

Rosalee Dodson
Asst. Corporation Counsel

David A. Hales
City Manager

**AMENDMENT TO LAKE BLOOMINGTON LEASE
FOR LOT 1, BLOCK 29 OF CAMP POTAWATOMIE**

THIS AMENDMENT is made this 24th day of September, 2012 by and between the City of Bloomington, a municipal corporation, of McLean County, Illinois (hereinafter referred to as "City") and Shirley Newberry, of Lexington, McLean County, Illinois (hereinafter referred to as "Lessee").

THIS AMENDMENT IS ENTERED INTO on the basis of the following facts, intentions and understanding of the parties:

- A. In 1998, the City and Lessee entered into a Lease Agreement for property owned by the City in the vicinity of Lake Bloomington, Illinois for Lot 1, Block 29 of Camp Potawatomie.
- B. Said Lease expires on December 31, 2131, unless sooner terminated as provided for in the Lease Agreement.
- C. When Lessee applied for a building permit from McLean County to rebuild an existing porch, it was discovered that the porch and part of the house extended over land owned by the City, but not in the description of the Lease Agreement.
- D. In order for a permit to be issued, McLean County requires that the house and all of its appurtenances be within the legally described leased property.
- E. Lessee desires to lease additional property from the City; such addition does not add materially to the property.

NOW, THEREFORE, in consideration of the mutual promises hereinafter expressed between the parties, and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties agree as follows:

- 1. The Lease Agreement shall be amended in that added to and as an additional part of the premises is approximately 1,345 square feet of real property described in Exhibit A attached hereto and incorporated herein by reference.
- 2. All other terms and conditions contained in the Lease Agreement, except amended with the additional parcel to the premises, is otherwise unchanged and remains in full force and effect.

By: Stephen F. Stockton
Mayor

By: _____
Shirley Newberry

Attest:

Attest: _____

Tracey Covert
City Clerk

Name
Title

Legal Description – Proposed Additional Lease Area

A part of the E ½ of the NW ¼ of Section 12 Township 25 North, Range 2 East of the Third Principal Meridian, McLean County, Illinois, more particularly described as follows: Beginning at the northeast corner of Lot 1 in Bock 29 of the unrecorded Plat of Camp Potowatomie in the possession of the City of Bloomington; thence Southeasterly 30.00 feet on the Easterly extension of the north line of said Lot 1; thence Southeasterly 8.00 feet on a line that forms an angle to the left of 123°-19'59" with the last described course; thence Southwesterly 72.00 feet on a line that forms an angle to the left of 144°-56'-43" with the last described course to the southeast corner of said Lot 1; thence Northerly 85.00 feet to the Point of Beginning on a line that forms an angle to the left of 24°-00'023" with the last described course.

Said Proposed Additional Lease Area containing 1,345.19 square feet/0.03 acres, more or less, as determined by this survey.

Alderman Purcell expressed concern with amendments to Lake Bloomington leases. There was a tendency to find out about buildings on city property after the fact. He believed there was abuse of same by various lease holders. He planned to vote no on this item.

Alderman Stearns echoed Alderman Purcell's comments. She believed this would set a precedent.

Alderman McDade stated that most property owners were able to clearly define lot lines. She believed the bigger issue was staff resources and priorities to investigate. Each requested should be viewed on a case by case basis.

Mayor Stockton questioned how to avoid potential issues.

David Hales, City Manager, addressed the Council. Craig Cummings, Director of Water and staff had reviewed this request. He reminded Council that the land was City owned. Survey lines had been determined decades ago. Lot boundaries were hard to tie down. Homes at the lake were bigger and required more than one (1) lot. Ms. Newberry had gone to the County for a building permit. She was informed at that time that approval was required. He believed this was an opportunity for a small subcommittee to address concerns.

Motion by Alderman Fruin, seconded by Alderman Fazzini that the Amendment be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, and Fruin.

Nays: Alderman Stearns and Purcell.

Motion carried.

The following was presented:

SUBJECT: Purchase of a Sole Source Bulk Water Dispensing Unit

RECOMMENDATION/MOTION: That the purchase of a sole source Truck Fill System bulk water dispensing unit from Northern Water Works Supply of DeKalb, Illinois in the amount of \$29,900 be approved, and the Purchasing Agent be authorized to issue a Purchase Order for same.

BACKGROUND: The Water Department Distribution Division provides a bulk water dispensing station at its Division Street pump station. This bulk water dispensing station provides potable water to customers that provide their own tanks for transporting the water. This unit operates in an efficient, safe and cost-effective manner. The customers include contractors needing water for directional drilling, farmers needing water for livestock and rural customers that need water to supplement wells or refill cisterns. This station generates revenues of around \$12,000-\$15,000 each year.

The current system uses a gift-style credit card that is loaded with a given amount of credit by Water Department personnel and is drawn down by the customer with water purchases until exhausted. The card can then be reused by purchasing more credit. The system does not accept cash at the dispensing unit and the purchases are tracked through the City's cash registers.

The microprocessor in the current unit is obsolete as are the magnetic strip cards. The unit can no longer be reprogrammed and the City cannot acquire any more cards for the unit. The unit has failed repeatedly in the last several months and can no longer be repaired.

The Water Department has looked for replacement units and found only one supplier of a fully automated, programmable credit/debit card unit which can link directly to the new MUNIS enterprise software. The unit is priced as follows:

Truck Fill system	\$16,935
Control computer with software installed	\$ 2,600
Credit card interface with thermal printer	\$ 5,000
2" control valve	\$ 2,430
<u>On-site start up and training</u>	<u>\$ 2,935</u>
TOTAL	\$29,900

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: There were no Community Groups contacted for this matter.

FINANCIAL IMPACT: The purchase of this equipment has been appropriated FY 2013 Water Department budget line item #50100120-72140 Capital Outlay, Equipment Other than Office, Account.

Respectfully submitted for Council consideration.

Prepared by:

Reviewed by:

Financial review by:

Craig M. Cummings
Director of Water

Barbara J. Adkins
Deputy City Manager

Patti-Lynn Silva
Director of Finance

Reviewed as to legal sufficiency:

Recommended by:

J. Todd Greenburg
Corporation Counsel

David A. Hales
City Manager

RESOLUTION NO. 2012 - 31

**A RESOLUTION WAIVING THE FORMAL BIDDING PROCESS AND
AUTHORIZING THE PURCHASE OF A TRUCK FILL SYSTEM BULK WATER
DISPENSING UNIT FROM NORTHERN WATER WORKS SUPPLY OF DEKALB,
ILLINOIS AT A PURCHASE PRICE OF \$29,900**

Be It Resolved by the City Council of the City of Bloomington, Illinois,

1. That the bidding process be waived and the Purchasing Agent be authorized to Purchase a Truck Fill System Bulk Water Dispensing Unit at a Purchase Price of \$29,900.

ADOPTED this 24th day of September, 2012.

APPROVED this 25th day of September, 2012.

APPROVED:

Stephen F. Stockton
Mayor

ATTEST:

Tracey Covert
City Clerk

Alderman Fazzini cited concerns that the wording of waiving the competitive bid process was not included in the motion.

Motion by Alderman Fazzini, seconded by Alderman Fruin that the original motion include the wording waiving the competitive bid process.

Motion by Alderman Fazzini, seconded by Alderman Fruin that the formal bid process be waived, that the purchase of a sole source Truck Fill System bulk water dispensing unit from Northern Water Works Supply, DeKalb, IL in the amount of \$29,900, be approved, the Purchasing Agent be authorized to issue a Purchase Order for same and the Resolution adopted.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, Fruin and Purcell.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Analysis of Request for Proposals (RFP) for Taxable Capital Lease

RECOMMENDATION/MOTION: That the RFP for Taxable Capital Lease be awarded to Commerce Bank in the amount of \$5.572 million, and the Mayor and City Clerk be authorized to execute the necessary documents.

BACKGROUND: City staff use a diverse range of equipment and vehicles to provide services to residents. Beginning FY 2011, the City undertook an equipment replacement program to replace worn, outdated equipment through the issuance of direct General Fund revenue and a \$4.4 million dollar taxable capital lease. The replacement program has been highly successful in that the City has incurred cost savings in repair and maintenance in addition to low borrowing rates. *In fact, the City's 2011 capital lease program borrowed at a rate of 2.99%, while the proposed 2012 lease will borrow at a rate of 1.84% (a savings of 1.15%).*

The FY 2013 budget included a recommendation the City obtain a five (5) year capital lease to replace approximately \$5.572 million in high cost equipment. Plans to purchase various pieces of equipment and vehicles were adopted in the FY2013 budget at the full recommended budget.

This \$5.572 million equipment list (see attached spreadsheet) is composed of equipment from multiple operational departments. The equipment financed through this capital lease includes equipment such as one (1) ladder truck for the fire department, five (5) dump trucks, and two (2) automated garbage trucks. Further, this list includes five (5) additional automated garbage trucks and nineteen thousand (19,000) refuse totes providing an opportunity for the City to have fully automated refuse collection. The equipment identified for replacement by the capital lease was

recommended by each department and reviewed by Fleet Management who recommended the replacement of the highest priority items.

The Purchasing Agent included a statement in the RFP documents to notify all potential bidders the City would be financing procurement of capital equipment/vehicles with a lessor. The City has purchased thirteen pieces of equipment and this lease will reimburse the City's General operating fund for these individual purchases.

A Request for Proposals was published in the Pantagraph on August 13, 2012 and posted on the City's web site. Eighteen (18) financial institutions were provided RFP's for this program. Six (6) responses were received. The results are as follows:

Bidders	Interest Rate
Commerce Bank	1.84%
JP Morgan Chase	1.857%
US Bank	1.95%
PNC Equipment Finance	2.17%
Busey Bank	2.65%
Caterpillar Financial Services	3.80%

The Chief Budget Officer oversaw the bid process, compiled results, and is recommending the Commerce Bank bid. This recommendation is based upon the lowest interest rate; in addition, this proposal by Commerce Bank provides the City flexibility to retire the debt anytime during the duration of the contract without a "make whole" or penalty clause. The JP Morgan Chase bid has a rate slightly above the Commerce rate, but the lease is subject to a "make whole" clause if the City prepays the lease within 24 months of its issuance. Commerce Bank was awarded the 2011 Capital lease and this relationship has been very successful. Commerce Bank provides the City's Procurement Cards and Utility Lockbox services. The City has received exceptional customer service for these products.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: An RFP was published in the Pantagraph on August 13, 2012 and posted on the City's web site. Sixteen (16) financial institutions were mailed RFP's. Six (6) responses were received.

FINANCIAL IMPACT: The estimated five (5) year interest rate cost is approximately \$232,440. Commerce Bank indicated they would pass on interest rate savings from any short term change in interest rates to the City between the bid and the execution of the capital lease contract. The principal and interest expenditures for this item are budgeted from the following line items within each department (73401 – Principal Expense) and (73701 – Interest Expense).

Respectfully submitted for Council consideration.

Prepared by:

Reviewed by:

Reviewed by:

Timothy Ervin
Performance Auditor/Budget
Officer

Patti-Lynn Silva
Director of Finance

Barbara J. Adkins
Deputy City Manager

Recommended by:

David A. Hales
City Manager

Mayor Stockton introduced this item.

David Hales, City Manager, addressed the Council. He stated this was the second (2nd) year for the capital lease program. It was economical to purchase large equipment through same.

Patti-Lynn Silva, Finance Director addressed the Council. The full 2013 budgeted amount was bid. Bidding the full amount created options. Commerce Bank had the lowest interest rate. There was the ability for early to pay off without penalty.

Mr. Hales stated the lease program would assist with the purchase of the automated refuse trucks conversion. The purchase would support the creation two (2) automated routes. The full conversion was anticipated by late summer/early fall 2013.

Alderman Stearns questioned commitment of a citywide automated refuse system without committing to the solid waste plan heard at the earlier Work Session. Mr. Hales responded that Council had already committed to the recycling program and the purchase of two (2) automated trucks for household waste. This allows for last minute changes to the programs. He anticipated one (1) truck remaining a rear loader.

Alderman Sage stated that the rating agencies looked a multiple levels one of which was purchasing updated capital equipment. He believed this was a benefit to the City's credit rating.

Mr. Hales stated the rating agencies were monitoring the progress the city's ability to be back on track with equipment investments and projects. The agencies will review the various master plans as a way to identify capital improvement programs for realistic funding. The current the credit rating success was due to paying off short term debt and building the reserve fund.

Alderman Mwilambwe questioned long term funding of equipment. Mr. Hales responded the goal was to fund only large equipment items.

Mayor Stockton suggested setting up various emergency reserve funds.

Motion by Alderman Fazzini, seconded by Alderman Fruin that the RFP for Taxable Capital Lease be awarded to Commerce Bank in the amount of \$5.5 million, and the Mayor and City Clerk be authorized to execute the necessary documents.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, Fruin and Purcell.

Nays: None.

Motion carried.

The following was presented:

SUBJECT: Presentation and Video Streaming Technology for City Council Chambers

RECOMMENDATION/MOTION: That the unit prices from Zeller Digital Innovations, Inc. (Zdi), for the purchase and implementation of video presentation, recording and streaming technology in the amount of \$80,215 be accepted, the contract be approved, and the Mayor and City Clerk be authorized to execute the necessary documents.

BACKGROUND: In support of the Council's 2012 Action Plan, approved by Council on February 13, 2012, staff has been working to bring recommendations before Council to improve the communications technology in the Council Chambers. The 2012 Action Plan item is "Communications Technology Master Plan Phase III and IV – Council Chambers Presentation System and Televising/Webstreaming Council Meetings." This item is in support of City Council Goal #1, which is "Financially Sound City Providing Quality Basic Services."

During the April 12, 2010 meeting, Council approved a Communications Technology Master Plan brought forward by staff. The plan laid out recommendations for improving the technology within the Council Chambers (phases I, III and IV) and a redesign of the City's web site (phase II). The City's new web site went live on July 3, 2012.

The technology improvements within Council Chambers consist of three phases:

- Phase I (audio reinforcement improvements) – This phase involved replacing the audio system (microphones, speakers, amplifiers) that staff believed was the original system installed in Council Chambers. Council gave staff approval to move forward with this phase during the April 12, 2010 meeting in the amount of \$40,825.44. This phase has been completed and the first audio recording of City Council was June 28, 2010.

- Phase III (video presentation) – This phase involves implementing new presentation equipment within Council Chambers. Equipment includes a permanently mounted projector, replacement projection screen, two 55” LED monitors (to allow Council member viewing of presented material), digital signage player and a DVD player.

- Phase IV (video streaming) – This phase will provide the cameras, recording and video streaming equipment to output a video stream of Council and other meetings that can be viewed live, archived and rebroadcasted.

Staff is respectfully seeking Council approval to complete phases III and IV (phases I and II are complete). In addition, staff has been given Council direction to implement a system to display voting results and to provide a timer that would be viewable by Council members, the public and staff during Council meetings. Assuming Council approval, the remaining technology improvements are scheduled to be completed by December 31, 2012.

Attached are three (3) proposals from Zdi. These proposals provide solutions for phase III and IV of the Council communications technology improvements as mentioned above, while also providing a solution for displaying Council voting results and a visual timer.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Staff has received multiple requests from private citizens to provide video streaming of Council meetings.

FINANCIAL IMPACT: In bringing Phase I before Council in 2010, staff received proposals from Zdi and three (3) other audio/visual technology vendors for three (3) phases of the Council Chambers portion of the master plan. Staff’s intention was to use the same vendor selected for phase I for phases III and IV. Zdi was selected from four (4) vendors who submitted proposals for all three (3) phases of technology improvements to Council Chambers. The overall Zdi design for all three (3) phases used a building block approach where phases III and IV used technology installed in phase I as a foundation. Staff believes it critical to maintain vendor continuity for this reason.

The Communications Technology Master Plan originally included budgetary estimates for the technology improvements. The budgetary amount included for the Council Chambers improvements (not including web site redesign) was originally \$130,000. In 2010, Zdi’s overall proposal (phases I, III and IV) was for \$124,181.65. Assuming Council approves staff’s current recommendation, the total project cost will be \$121,040.44 (\$40,825.44 phase I + \$80,215.00 phases III and IV plus the voting and timer system).

Funds for the purchase of these technology improvements were appropriated by Council in the Information Services Capital Outlay Computer Equipment account (10011610-72120) within the FY 2013 Budget.

Respectfully submitted for Council consideration.

Prepared by:

Financial review by:

Reviewed by:

Scott A. Sprouls
Director of Information Services

Patti-Lynn Silva
Director of Finance

Barbara J. Adkins
Deputy City Manager

Reviewed as to legal sufficiency:

Recommended by:

Rosalee Dodson
Asst. Corporation Counsel

David A. Hales
City Manager

Mayor Stockton introduced this item. He stated that the equipment could be installed by the end of the year. The purchase would provide streaming on the internet and broadcasting on the Comcast public access channel.

David Hales, City Manager, addressed the Council. The purchase of equipment allowed for flexibility later in the way of production.

Scott Sprouls, Information Services Director, addressed the Council. This was the final phase of the 2010 Communications Plan. The first (1st) phase was installation of microphones; second (2nd) was the web site which went live July 3, 2012. A Request For Proposal was completed in 2010. Zeller's original proposal was for \$130,000, the actual cost was \$121,000.

Mayor Stockton stated that this was a benefit to the public. Streaming would be raw video delayed by seconds. A DVD would be sent to Comcast for the access channel. Scheduling had not been determined.

Mr. Hales questioned the possibility of indexing the video. Mr. Sprouls explained that indexing would allow the public to fast forward to certain parts of the meeting from the agenda. This concept would be looked at in the future.

Alderman Sage questioned operating costs. Mr. Sprouls responded if production was kept to a minimum there would be no additional costs.

Mayor Stockton stated that post production could be flexible with the equipment. Mr. Sprouls responded that four (4) cameras collected information. Only one (1) will be used for streaming.

Alderman Anderson questioned the ability to have a written transcript of meeting. Mr. Sprouls stated the technology was available but limited. He stated the ability to identify the speaker was not available. Alderman Anderson believed this would save time for the City Clerk.

Alderman Fazzini expressed his appreciation to staff. He cited the Town of Normal and City of Champaign have this technology.

Alderman Stearns expressed her appreciation for the ability of the public to “attend” a Council meeting. She questioned the ability to access same without a computer. Mr. Sprouls stated a DVD would be given to Comcast for airing.

Alderman Schmidt questioned server space and archiving. Mr. Sprouls explained at this time streaming would be conducted through a hosting site. He cited www.youtube.com as an example. There was the possibility of using Cloud technology for archiving.

Motion by Alderman Fazzini, seconded by Alderman Fruin that the video presentation, recording and streaming technology known as Phases III and IV of the Communications Technology Improvement Master Plan be purchased and installed by Zeller Digital Innovations, Inc., Normal, IL, in the amount of \$40,825.44, the contact be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

The Mayor directed the clerk to call the roll which resulted in the following:

Ayes: Aldermen Stearns, Mwilambwe, Schmidt, McDade, Anderson, Fazzini, Sage, Fruin and Purcell.

Nays: None.

Motion carried.

MAYOR’S DISCUSSION: None

CITY MANAGER’S DISCUSSION: David Hales, City Manager, addressed the Council. Staff was working to present the recommended budget on February 11, 2013. He anticipated a Budget Work Session on Saturday, March 2, 2013. Property tax levy and pre budget would be discussed in the upcoming months.

He reminded Council that the subcommittees were a pilot program. These committees needed to begin meeting. He suggested the following begin first (1st): public safety, infrastructure. He anticipated within the next three to six (3 – 6) months discussions on the following: property tax levy, pre budget, and master plan actions items.

Mayor Stockton requested Council indicate the committees of interest.

ALDERMEN’S DISCUSSION: Alderman Fruin highlighted the Zoning Board of Appeals (ZBA) meeting on September 19, 2012. The ZBA voted unanimously against the Special Use Petitions on Pamela Dr. He cautioned other permitted uses without a hearing. He believed careful consideration should be given as to the best use of the property.

Alderman McDade reminded Council about the Citizen's Voice meeting to be held Wednesday, September 26, 2012 at 6:00 p.m. at the Miller Park Pavilion.

Alderman Fazzini commented on the recent Attorney General's ruling on an Open Meetings Violation. He had spoken with other municipal officials who stated they attend training together. The officials sit and discuss same. He questioned how they were not reported for an Open Meetings Act Violation.

Motion by Alderman Anderson, seconded by Alderman Schmidt, that the meeting be adjourned. Time: 8:15 p.m.

Motion carried.

**Renee Gooderham
Chief Deputy City Clerk**

FOR COUNCIL: October 8, 2012

SUBJECT: Bills and Payroll

RECOMMENDATION/MOTION: That the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.

BACKGROUND: The list of bills and payrolls will be posted on the City's website on Thursday, October 4, 2012 by posting via the City's web site.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Not applicable.

FINANCIAL IMPACT: Total disbursements information will be provided via addendum.

Respectfully submitted for Council consideration.

Prepared by:

Recommended by:

Patti-Lynn Silva
Director of Finance

David A. Hales
City Manager

(ON FILE IN CLERK'S OFFICE)

Attachment: Attachment 1. Bills and Payroll on file in the Clerk's office. Also available at www.cityblm.org

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Anderson				Alderman Purcell			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman McDade				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Stockton			

SUBJECT: Application of Morrissey Unit One, LLC, d/b/a Sweet & Savory Grille, located at 1605 Morrissey Dr., for an RAS liquor license, which will allow the sale of all types of alcohol by the glass for consumption on the premises seven (7) days a week

RECOMMENDATION/MOTION: That an RAS liquor license for Morrissey Unit One, LLC, d/b/a Sweet & Savory Grille located at 1605 Morrissey Dr., be created, contingent upon compliance with all applicable health and safety codes.

BACKGROUND: The Bloomington Liquor Commissioner Buchanan called the Liquor Hearing to order to hear the application of Morrissey Unit One, LLC d/b/a Sweet & Savory Grille, located at 1605 Morrissey Dr., requesting an RAS liquor license which allows the sale of all types of alcohol by the glass for consumption on the premises seven (7) days a week. Present at the hearing were Liquor Commissioners Richard Buchanan, Marabeth Clapp, Steve Petersen, Mark Gibson, and Geoffrey Tompkins; George Boyle, Asst. Corporation Counsel, Clay Wheeler, Asst. Police Chief, and Tracey Covert, City Clerk, and Stephanie Karonis, owner/operator and Applicant representative.

Commissioner absent: Steve Stockton.

Commissioner Buchanan opened the liquor hearing and requested that the Applicant address the Commission. Stephanie Karonis, owner/operator and Applicant representative, addressed the Commission. Sweet & Savory Grille would offer home made food, large portions and employ local residents.

Commissioner Gibson cited the complete application. He questioned Ms. Karonis' liquor license experience. He questioned owner/operator and staff training. He also questioned Ms. Karonis' familiarity with local ordinances and state law. Ms. Karonis stated her intention to attend server classes, for herself and her employees. Commissioner Gibson cited BASSETT, (Beverage Alcohol Sellers & Server Education & Training), and STEPS, (Safety Training to Encourage Profitable Services), training.

Commissioner Clapp strongly recommended server training. She added that BASSETT training was available as web based training.

Ms. Karonis informed the Commission that she had grown up in the restaurant business. She currently owned/operated Wildberries in Normal and Peoria, IL.

Commissioner Buchanan noted that Ms. Karonis would be the operations manager. He questioned the individuals who would be employed upon opening and their experience level. Ms. Karonis noted that Sweet & Savory Grille would be a family business. She planned to employ family members.

Commissioner Petersen questioned the space used and if it would include the outdoor patio. Ms. Karonis noted that the application included the outdoor patio.

Commissioner Gibson questioned the business hours. Ms. Karonis stated 10:00 a.m. to 10:00 p.m., seven (7) days a week. The central bar would offer alcohol and coffee service.

Commissioner Buchanan noted that this had been the site of the Red Fire Grille.

He requested public input regarding this application. No one came forward to address the Commission.

Motion by Commissioner Tompkins, seconded by Commissioner Clapp that the application of Morrissey Unit One, LLC, d/b/a Sweet & Savory Grille, located at 1605 Morrissey Dr., requesting an RAS liquor license which would allow the sale of all types of alcohol by the glass for consumption on the premises seven (7) days a week, be approved.

Motion carried, (viva voce).

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Public notice was published in the Pantagraph on September 4, 2012 in accordance with City Code. In accordance with City Code, approximately nine (9) courtesy copies of the Public Notice were mailed on August 31, 2012. In addition, the Agenda for the September 11, 2012 Meeting of the Liquor Commission was placed on the City’s web site. There also is a list serve feature for the Liquor Commission.

FINANCIAL IMPACT: This would be a new liquor license. Annual fee for an RAS liquor license is \$2,210.

Respectfully,

Reviewed by:

Stephen F. Stockton
Chairman of Liquor Commission

Randall D. McKinley
Police Chief

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Anderson				Alderman Purcell			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman McDade				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Stockton			

FOR COUNCIL: October 8, 2012

SUBJECT: Variance from Chapter 38, Section 123(a) of City Code to Allow a Driveway Approach 28 Feet Wide at 3201 Stonebridge Drive, Lot 27 in White Eagle South Subdivision

RECOMMENDATION/MOTION: That the variance be approved.

BACKGROUND: Staff has received a written request from Matt Vose, owner of 3201 Stonebridge Drive, to grant a variance to Chapter 38, Section 123(a) of City Code to allow a driveway approach 28 feet wide at this address. This is an existing single family residence with a 3 car garage on a corner lot that has 110 feet of frontage along Plantation Lane which is where the existing 18 feet wide driveway approach is located. The driveway itself is currently 28 feet wide and the owner is asking permission to add 10 feet to the driveway approach to match the existing driveway. City Code allows residential double wide driveways to be up to 20 feet wide at the property line. The maximum taper allowed by City Code is 2 feet on either side of the driveway, resulting in a curb cut of 32 feet in this case. Driveway variances are recommended by the Public Works Department on a case by case basis after evaluation of criteria such as sight distance, width of adjacent roadway and amount of property frontage.

The following is the evaluation by staff on the different criteria:

- Sight distance – there are no identified issues with horizontal or vertical sight distance by allowing this variance.
- Width of adjacent roadway – the adjacent roadway is of sufficient width to allow the driveway widening without causing concern.
- Distance to intersection – The driveway is being expanded further away from the intersection so that is not a concern.
- Amount of property frontage – With 110 feet of frontage, this is enough to allow for expanding the existing driveway by 10 feet.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Owner Matt Vose.

FINANCIAL IMPACT: None.

Respectfully submitted for Council consideration.

Prepared by:

Legal review by:

Reviewed by:

Jim Karch
Director of
Public Works

J. Todd Greenburg
Corporation Counsel

Barbara J. Adkins
Deputy City Manager

Recommended by:

David A. Hales
City Manager

Attachments: Attachment 1. Letter of Request
Attachment 2. Map

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Anderson				Alderman Purcell			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman McDade				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Stockton			

To the City of Bloomington,

I am requesting a variance to widen my driveway and curb cut by 10 ft. in the city-owned area between the sidewalk and the road. My house has a 3 car garage. The driveway is 3 car widths between the garage and sidewalk and then it narrows to 2 car widths between the sidewalk and the road. I made a mistake when it was built in that the side that is "chopped off" when it narrows to 2 car widths is the side that my wife parks her car. When she backs out of the garage, she has to turn sharply to stay out of the yard. As a result, the yard gets driven on frequently. I would really like widen this so she can back straight out into the street.

I am requesting to widen my driveway in the area between the sidewalk and the street by 10 ft. Even with this change, my driveway would be 48 ft. from the property line.

Thank you for considering,

Matt Vose

3201 Stonebridge Dr.

Bloomington, IL 61704

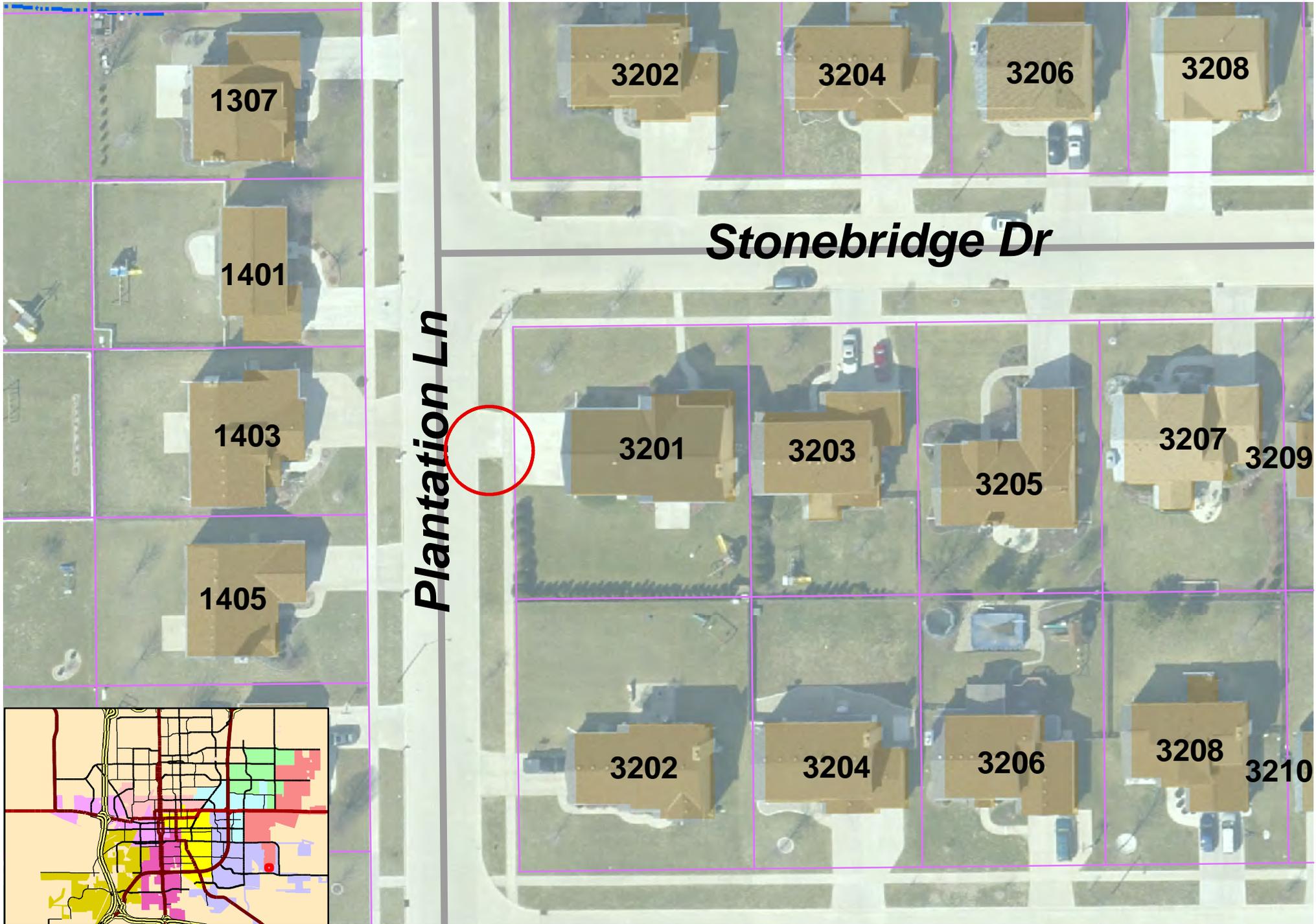
White Eagle South

(309) 530 2996

3201 Stonebridge Drive Driveway Approach Variance Request



50 25 0 50 100 150 Feet



FOR COUNCIL: October 8, 2012

SUBJECT: Permanent Easement for the Construction, Replacement and Extension of Electrical Lines located near Evergreen Lake in Comlara Park

RECOMMENDATION/MOTION: That the Easement Agreement between the City of Bloomington and Corn Belt Energy Corporation regarding City-owned property located near Evergreen Lake in Comlara Park be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

BACKGROUND: Corn Belt Energy Corporation (CBEC) provides power to over 33,000 households and businesses in eighteen (18) counties throughout Central Illinois, including McLean County. Their electricity is supplied by Wabash Valley Power Association, a generation and transmission cooperative based in Indianapolis, Indiana. CBEC, the largest energy cooperative in Illinois, is owned by the members it serves.

On May 29, 2012 the City Council approved a contract between the City and CBEC in which the City agreed to sell to CBEC 0.75 acres of City-owned vacant land located near Evergreen Lake in Comlara Park in the amount of \$16,500.00. In an effort to meet a growing demand for electricity in that area, CBEC requested to purchase the land for purposes of building an electric substation.

CBEC is now requesting a permanent non-exclusive easement near the area of the proposed substation to construct one or more lines, poles, cross arms, wires, conduits, cables, cabinets, transformers, anchors, guy wires, foundations, footings, and any other appurtenances thereto for the purpose of transmitting and distributing electric energy, telecommunications, or other power.

The City is not requesting compensation for granting the easement. Requesting compensation for easements of this type has not been a traditional practice. Moreover, the City has had a long cooperative relationship with CBEC. Recently, CBEC and the City executed an easement that will cross the landscaped area in front of CBEC's corporate office. The City plans to install a new 24" water main line to improve service in that area. This was granted to the City by CBEC at no charge. Similar agreements have been made in the past, such as the City expanding an old township road in front of CBEC's substation at the corner of Airport and GE. CBEC has also relocated and extended electric lines at Comlara Park benefitting McLean County, volunteering materials and labor.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: None.

FINANCIAL IMPACT: None.

Respectfully submitted for Council consideration.

Prepared by:

Reviewed by:

Recommended by:

Rosalee Dodson
Asst. Corporation Counsel

Craig Cummings
Director of Water Department

David A. Hales
City Manager

Attachment: Attachment 1. Easement Agreement
Attachment 2. Easement Diagrams (Exhibit A)

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Anderson				Alderman Purcell			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman McDade				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Stockton			

Parcel #'s 19-01-300-002
19-01-400-002
19-12-100-002
19-12-300-004

EASEMENT

BY THIS AGREEMENT entered and executed this ____ day of October, 2012, by and among the **CITY OF BLOOMINGTON**, an Illinois municipal corporation (hereinafter referred to as "Grantor"), and **CORN BELT ENERGY CORPORATION**, an Illinois electric cooperative (hereinafter referred to as "Grantee"), for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor does hereby convey unto Grantee the permanent, non-exclusive, right and easement in, on, over, upon, along, under, through, and across the following described real estate:

Eighty (80') feet of City of Bloomington property that is utilized as road right of way, designated McLean County Highway 8, except the area that crosses the Evergreen Lake dam.

Additionally, the Westerly twenty (20') feet off the south one thousand three hundred and twenty (1320') feet of property in NW ¼ of the SW ¼ of Section 12 and a twenty (20') foot strip of property south of the drive entrance to 345 Evergreen Lake Road, that connects the last described route to County Highway 8.

Additionally, a guy easement ten (10') foot wide by twenty (20') foot long in an Easterly direction, to back up the overhead line on the adjoining property as shown on Exhibit A.

Additionally, a ten (10') foot by fifty (50') foot strip of property lying on the north side of County Highway 8 and Southwesterly from the drive entrance to 363 Evergreen Lake Road.

Additionally, a twenty (20') foot strip of property, in the area around the dam,

that extend off of the eighty (80') foot road right of way in a Northeasterly direction as installed in the field and as indicated by a centerline on Exhibit A for Future Underground Electric.

Additionally, a twenty (20') foot strip of property, in the area around the dam, whose centerline is depicted by the existing pole line.

Additionally, a ten (10') foot strip of property lying on the north side of County Highway 8 and Southwesterly from the Corn Belt Energy substation for a distance of two hundred and twenty five (225') feet.

Additionally, a twenty (20') foot strip of property lying on the south side of County Highway 8, beginning at a point directly across from the west property line of the new Corn Belt Energy substation and extending along County Highway 8 in a Northeasterly direction for a distance of eight hundred (800') feet.

Additionally, a twenty (20') foot strip of property lying on the Northeasterly side of the new Corn Belt Energy substation.

Additionally, a guy easement twenty (20') feet wide and fifty (50') feet long in a Southeasterly direction on the south side of County Highway 8, to back up the high voltage line crossing County Highway 8 as it enters the Corn Belt Energy substation.

Additionally, a twenty (20') foot strip of property lying on the north side of County Highway 8, beginning at a point Five hundred and thirty (530') feet east of the east property line of the new Corn Belt Energy substation and extending along County Highway 8 in a Northeasterly direction for a distance of Six hundred and thirty five (635') feet.

**SEE ALSO EXHIBIT A WHICH IS ATTACHED HERETO AND
HEREBY INCORPORATED BY THIS REFERENCE AS THOUGH
FULLY STATED HEREIN**

(hereinafter referred to as "Easement"), for the purpose of surveying, staking, constructing, reconstructing, erecting, placing, keeping, operating, maintaining, inspecting, patrolling, adding to the number of and relocating, at any time, and from time to time, in, on, over, upon, along, under, through, and across the Easement one or more lines, poles, cross arms, wires, conduits, cables, cabinets, transformers, anchors, guy wires, foundations, footings, and any other appurtenances thereto for the purpose of transmitting and distributing electric energy, telecommunications, or other power (hereinafter referred to as the "Facilities"); together with the right and privilege to trim, cut, clear, eradicate, or remove, at any time, and from time to time, by any means whatsoever, from the Easement or the adjoining premises of the Grantor any and all trees, brush, vegetation, and any and all obstructions of whatsoever kind or character which, in the sole and exclusive judgment of Grantee, may endanger the

safety of, or interfere with the use of the Easement or the Facilities, or the exercise of the Grantee's rights granted herein; and together with the right of ingress to and egress from the Easement over and across the adjoining lands of the Grantor at any and all times for doing anything necessary or convenient in the exercise of Grantee's rights granted herein. All materials or equipment used in the construction, installation, operation, maintenance, repair and/or replacement of the Facilities, and all surplus soil and debris excavated in the course thereof, may be transported to or from and be used and stored upon the Easement. Grantor shall not restrict Grantee's access to the Easement.

The Grantor shall not erect or construct any building or structure on the Easement, or create or permit any hazard or obstruction of any kind or character which, in the sole and exclusive judgment of Grantee, will interfere with the Grantee's use of the Easement or the Facilities, or the exercise of the Grantee's rights granted herein.

The Grantor does hereby further warrant and covenant unto Grantee that, subject to liens and encumbrances of record as of the date of Grantor's execution of this Easement, Grantor is the fee simple owner of the real estate described herein, has full right and authority validly to grant this Easement to the Grantee, and that Grantee shall have the quiet use and enjoyment of the Easement for the uses and purposes set forth herein.

Subject to Grantee's right to trim, cut, clear, eradicate, or remove by any means whatsoever, from the Easement or the adjoining premises of the Grantor any and all trees, brush, vegetation, and any and all obstructions of whatsoever kind or character which may endanger the safety of, or interfere with the use of the Easement or the Facilities, Grantee shall be responsible for all other actual damages occurring on the Easement or the adjacent real estate of the Grantor which are actually caused by the actions of the Grantee and shall reimburse the owner thereof for such actual loss or damage which exceed Grantee's right herein. The consideration hereinabove recited shall constitute payment in full for any damages to the Easement area described in Exhibit A by reason of the initial construction and installation of the improvements; provided, however, that Grantee shall pay Grantor for actual damages caused to growing crops caused by Grantee, and shall restore the Easement area to its approximate condition that existed prior to Grantee conducting its activities on the Easement. Grantee shall not be liable for any special, lost profits, consequential, indirect, exemplary, punitive damages or losses.

TO HAVE AND TO HOLD the Easement, together with any and all rights, privileges, appurtenances and immunities hereto belonging or in anywise appertaining unto said Grantee, its successors, assigns, agents, lessees, tenants, contractors, subcontractors, and licensees, forever. This Easement shall constitute a covenant running with the land for the benefit of the Grantee, its successors and assigns, and this Easement shall be binding upon and inure to the benefit of the successors, assigns and legal representatives of the Grantor and the Grantee. This Easement shall not be effective until acceptance thereof by the Grantee.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be executed this ____ day of October, 2012.

GRANTOR: CITY OF BLOOMINGTON

By: _____

Stephen F. Stockton, Mayor

ACCEPTANCE

CORN BELT ENERGY CORPORATION hereby accepts the foregoing Easement and agrees to the terms thereof.

GRANTEE: CORN BELT ENERGY CORPORATION

By: _____

Ronald D Hopkins, Manager of Engineering Services

ACKNOWLEDGEMENT

STATE OF ILLINOIS)
)
COUNTY OF _____)

SS.

I, the undersigned Notary Public in and for said County and State aforesaid, do hereby certify that this instrument was acknowledged before me on the ____ day of October, 2012 by _____ as

of the **CITY OF BLOOMINGTON**.

Given under my hand and notarial seal this ____ day of October, 2012.

Notary Public

Printed Name

My commission expires:

ACKNOWLEDGEMENT

STATE OF ILLINOIS)
)
COUNTY OF _____)

SS.

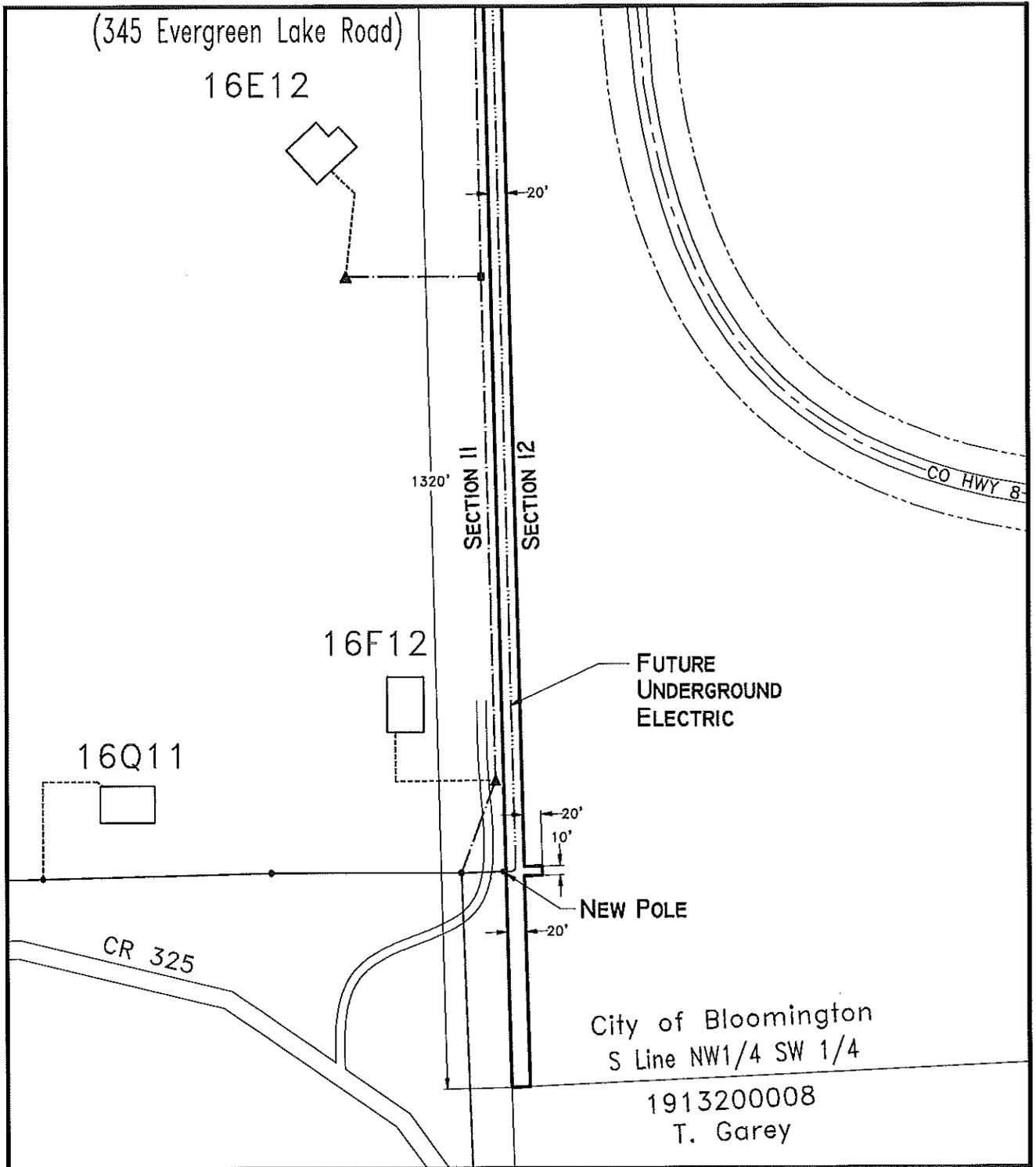
I, the undersigned Notary Public in and for said County and State aforesaid, do hereby certify that this instrument was acknowledged before me on the ____ day of October, 2012 by _____ as _____ of **CORN BELT ENERGY CORPORATION**.

Given under my hand and notarial seal this ____ day of October, 2012.

Notary Public

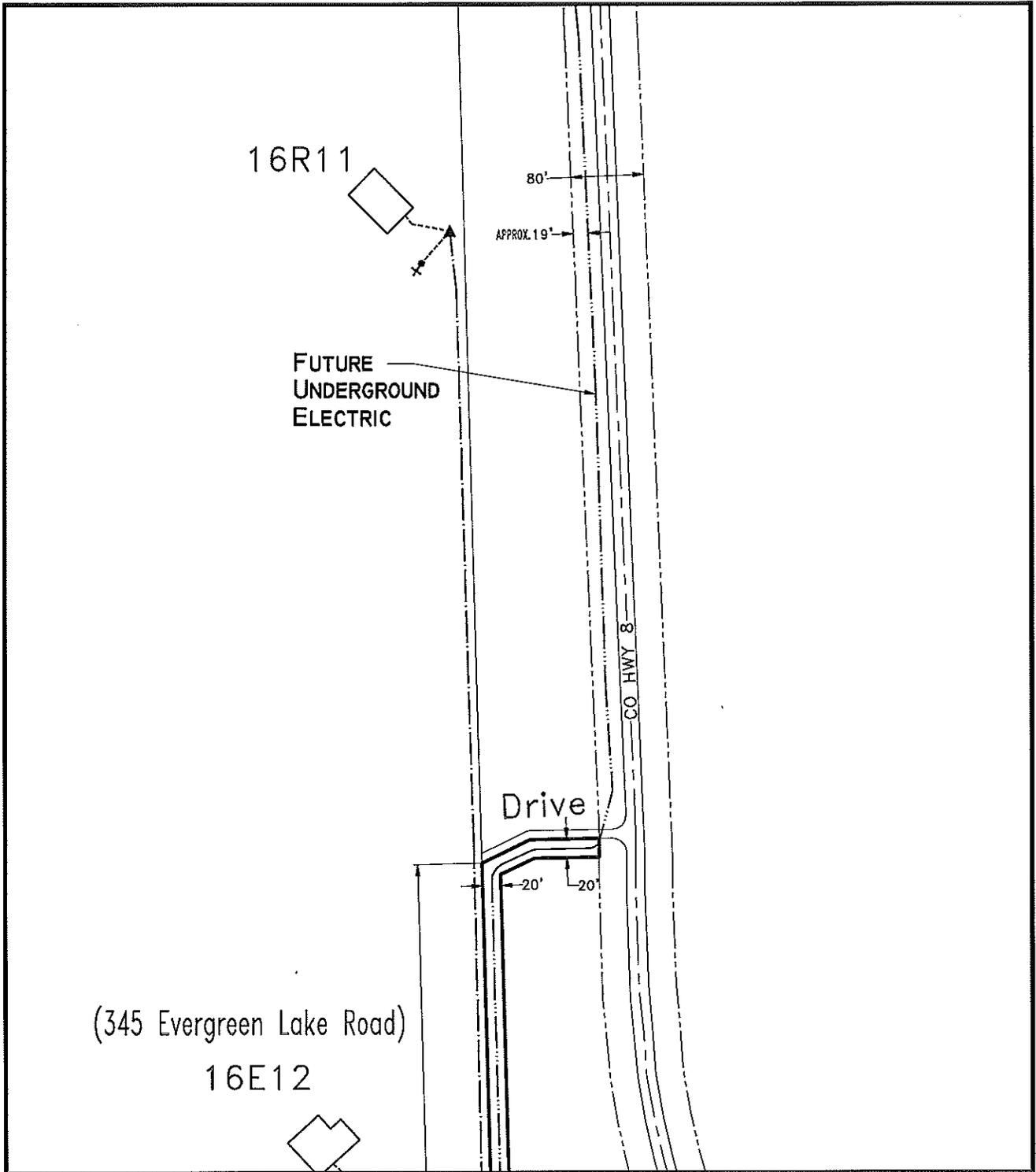
Printed Name

My commission expires:



EASEMENT
DETAIL
T.16- S.1, 12
EVERGREEN SUBSTATION
SHEET 1 OF 8 SHEETS





EASEMENT
 DETAIL
 T.16- S.1, 12
 EVERGREEN SUBSTATION
 SHEET 2 OF 8 SHEETS



16 | 12
(363 Evergreen Lake Road)

FUTURE
UNDERGROUND
ELECTRIC

APPROX. 19'

80'

CO HWY 8

50'
10'

FUTURE
UNDERGROUND
ELECTRIC

APPROX. 19'

80'

EASEMENT
DETAIL
T.16- S.1, 12
EVERGREEN SUBSTATION
SHEET 3 OF 8 SHEETS



16AA12
(373 Evergreen Lake Road)

FUTURE
UNDERGROUND
ELECTRIC

16 | 12
(363 Evergreen Lake Road)

APPROX. 19'

80'

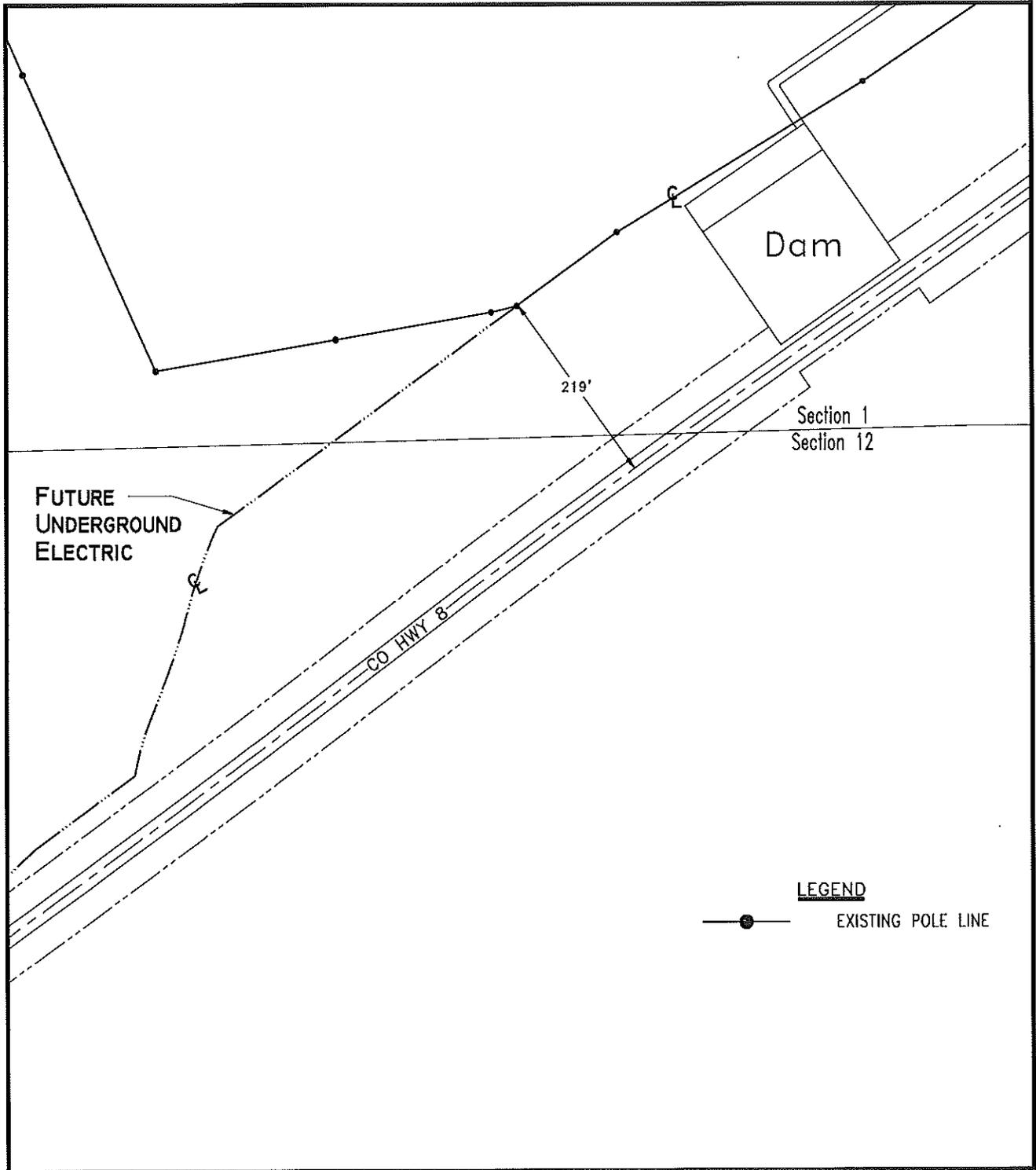
FUTURE
UNDERGROUND
ELECTRIC

50'
10'

CO HWY 8

EASEMENT
DETAIL
T.16- S.1, 12
EVERGREEN SUBSTATION
SHEET 4 OF 8 SHEETS





FUTURE
UNDERGROUND
ELECTRIC

Dam

Section 1
Section 12

CO HWY 8

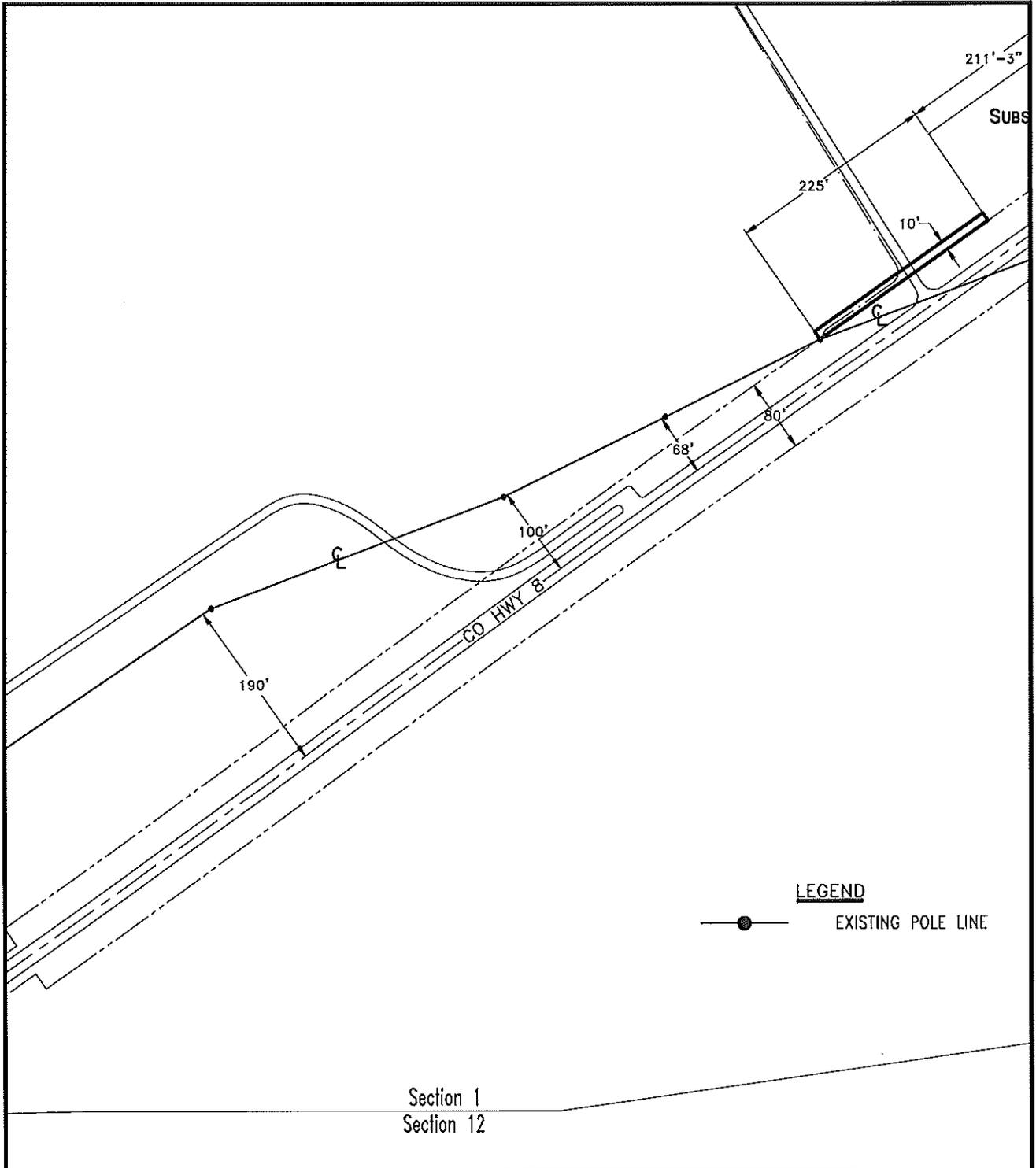
219'

LEGEND

—●— EXISTING POLE LINE

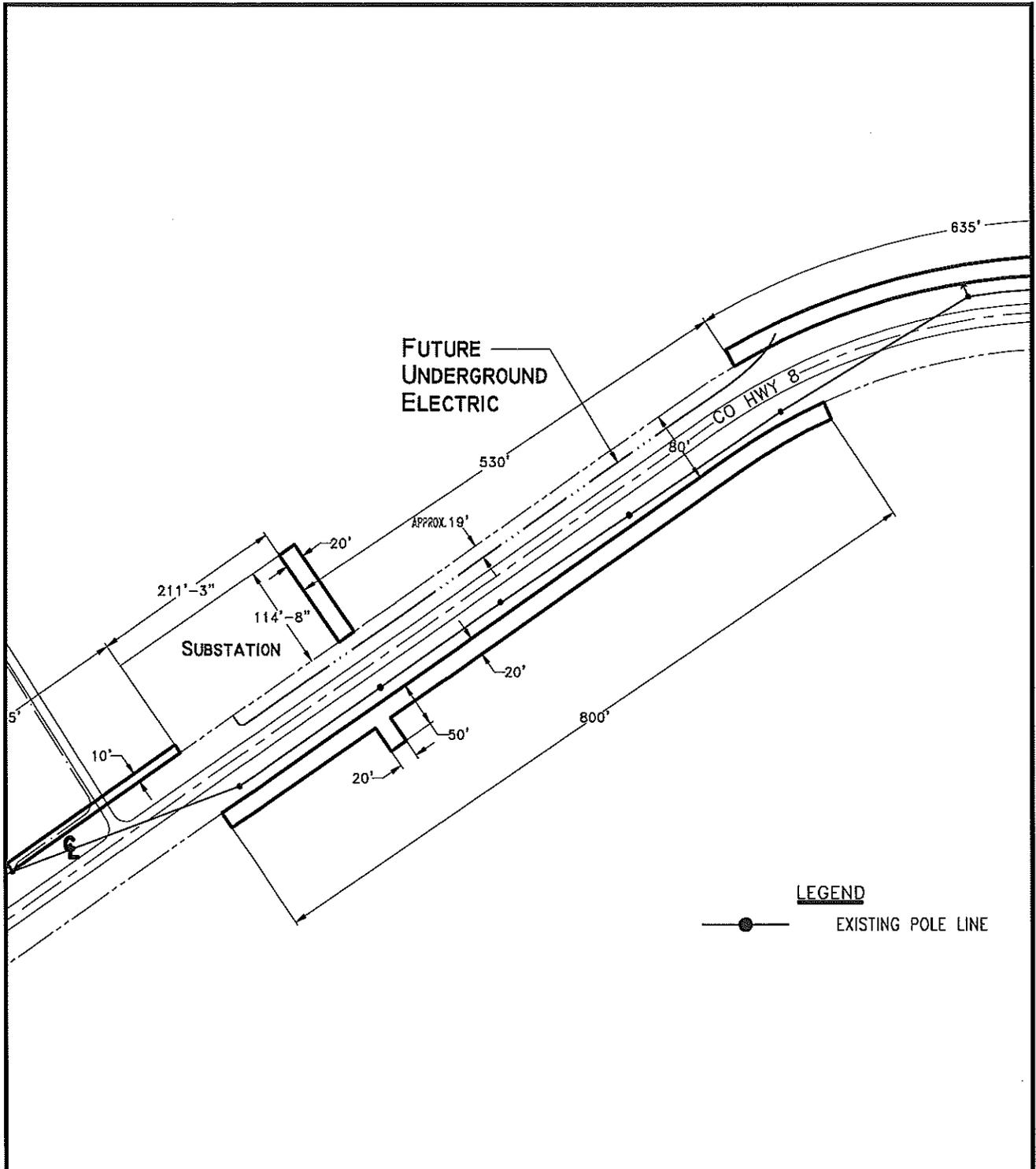
EASEMENT
DETAIL
T.16- S.1, 12
EVERGREEN SUBSTATION
SHEET 5 OF 8 SHEETS



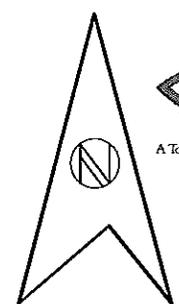


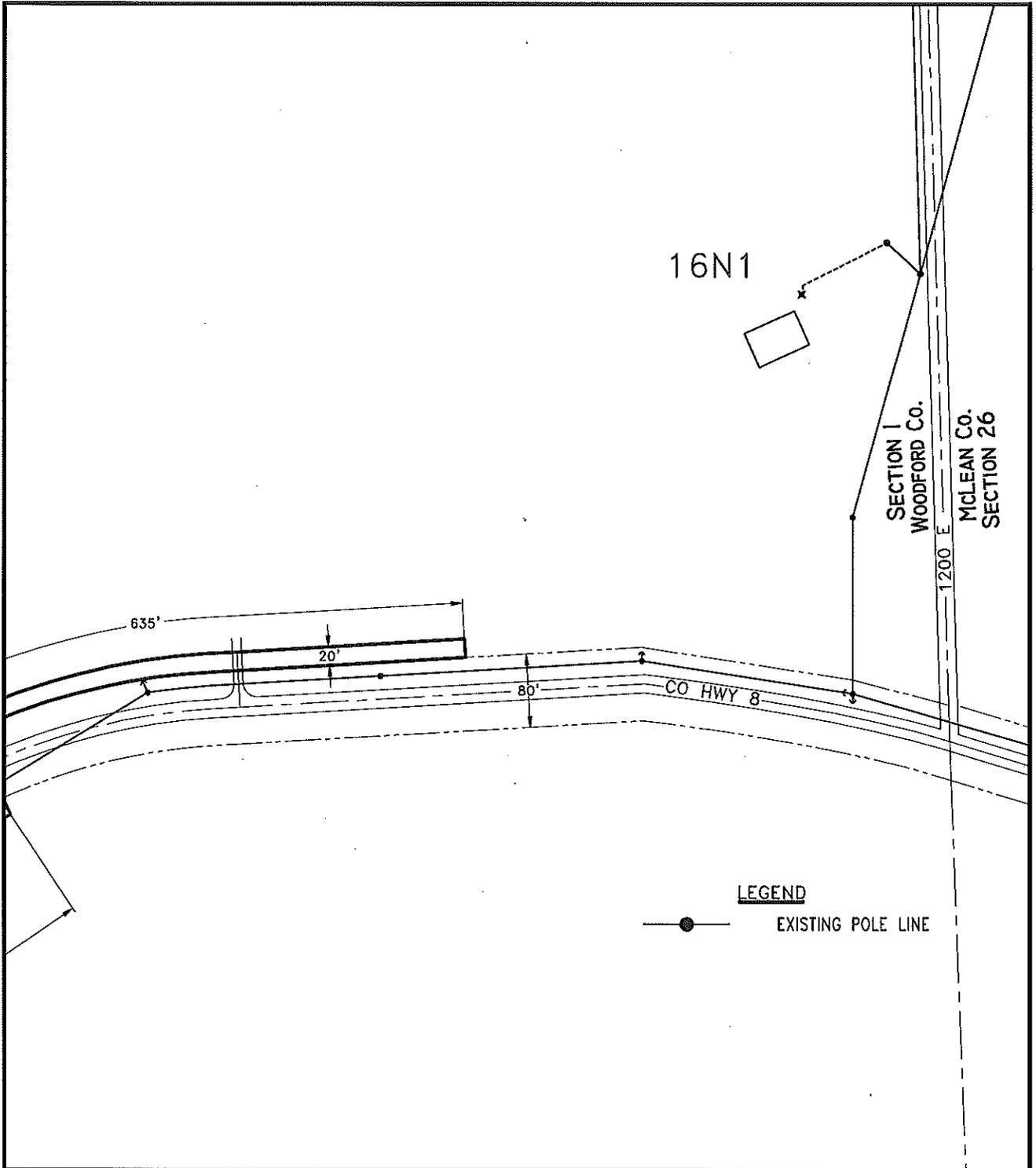
EASEMENT
 DETAIL
 T.16- S.1, 12
 EVERGREEN SUBSTATION
 SHEET 6 OF 8 SHEETS



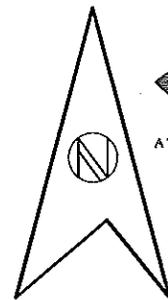


EASEMENT
 DETAIL
 T.16- S.1, 12
 EVERGREEN SUBSTATION
 SHEET 7 OF 8 SHEETS





EASEMENT
 DETAIL
 T.16- S.1, 12
 EVERGREEN SUBSTATION
 SHEET 8 OF 8 SHEETS



FOR COUNCIL: October 8, 2012

SUBJECT: Client Agreement between the City of Bloomington and Catamaran for Pharmacy Benefit Management (PBM) Services for the City's Preferred Provider Organization (PPO) Employee/Retiree Health Insurance Plan

RECOMMENDATION/MOTION: That the Client Agreements be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

BACKGROUND: The City of Bloomington hired Mr. Jeff Scarpinato of Holmes Murphy in August to facilitate a Request for Proposal (RFP) for PBM services for the City's PPO employee/retiree health insurance plan. Mr. Scarpinato is an insurance broker and was hired on a flat fee basis to prepare the RFP and perform a detailed analysis of the proposals submitted to the City. Pharmacy benefits are a particularly complex area and the City does not possess the in-house capability to fully evaluate these proposals.

Of thirteen potential vendors who received RFPs, seven submitted proposals. Holmes Murphy conducted a thorough analysis of each submitted proposal based on cost, access to in-network pharmacies, formulary disruption (prescriptions which would change from the current copay to a different copay) and customer service. Mr. Scarpinato is recommending that the City select the second to lowest bidder, Catamaran because of the significant disruption and the lower network access rate with the Humana product. Catamaran is the City's current PBM and the product would continue to be purchased through Heartland Healthcare Coalition, a group of regional employers. Heartland has access to this product through an agreement with the Employers Health Purchasing Corporation (EHPC), an Ohio purchasing coalition. It is the EHPC's name that is on the contract.

Cost: Holmes Murphy sent potential bidders the City's pharmacy claims for 2011 and the first half of 2012. Before being released to Holmes Murphy, claims were stripped of any patient identification information. Vendors were required to re-price the claims under the discounts and terms they were proposing to arrive at an estimate of future claim costs. The firms also estimated the manufacturers' rebates that the City would receive. Claim cost, manufacturer rebates and any proposed administrative fees were combined to obtain a net total cost. The difference between the actual costs and the proposed costs are shown in Figures 1 and 2 for the three finalists (Catamaran, Humana and Blue Cross/Blue Shield).

Formulary Disruption and Access: Aggressive pricing without consideration of formulary disruption and network access can lead to a transition that is difficult for both employees and management. Figures 3 and 4 illustrate the disruption and exclusions from coverage with the top three vendors. Figure 5 show the average distance to two pharmacies for the three products (based on zip code analysis) and Figure 6 shows the percent of employees with access to two (2) in-network pharmacies within ten (10) miles.

Customer Service: Responders were required to complete an extensive questionnaire concerning customer service and quality issues. Although it was felt that the top firms addressed most of the issues very well, Catamaran provides 24/7 phone access, including holidays, for member service and clinical questions while Humana staffs its live phone line only Monday through Friday from 8 a.m. to 6 p.m. depending on time zone. This was felt to be an important distinction in that pharmaceutical issues, their quality and timely provision are key concerns plan members and to the City as a stakeholder in the provision of prescription medications.

Catamaran omitted returning an addendum to the request for proposal and staff is requesting Council to waive the technicality and accept a signed copy of the addendum from the selected firm.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: None.

FINANCIAL IMPACT: The FY 2013 budget appropriated \$6,060,070 for the employee/retiree PPO health insurance within the employee and retiree health insurance fund line items 60200210-70717 and 60280210-70717. Approximately \$1,321,314 was budgeted in regards to pharmacy benefits for both classifications of former and current employees. The proposed three year contract, which is based upon calendar year, will impact the last four months of FY 2013 in addition to the FY 2014, FY 2015, and FY 2016 budgets. The FY 2013 expenditures within these line items for these pharmacy agreements within the employee and retiree health insurance fund is slightly below the budgeted amount.

Respectfully submitted for Council consideration.

Prepared by:

Reviewed by:

Laurie Wollrab, MBA, PHR
Compensation and Benefit Manager

Emily Bell, IPMA – CP
Director of Human Resources

Legal review by:

Financial review by:

Rosalee Dodson
Assistant Corporation Counsel

Patti-Lynn Silva
Director of Finance

Recommended by:

David A. Hales
City Manager

Attachments: Attachment 1. Master Services Agreement
Attachment 2. Business Associate Agreement
Attachment 3. Table and Graphs

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Anderson				Alderman Purcell			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman McDade				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Stockton			

**COALITION MASTER SERVICES AGREEMENT
BETWEEN
CATAMARAN PBM OF ILLINOIS, INC.
AND
EMPLOYERS HEALTH PURCHASING CORPORATION**

This Coalition Master Services Agreement (this “**Agreement**”) is effective January 1, 2013 (“**Effective Date**”) between Catamaran PBM of Illinois, Inc. (“**Catamaran**”) a Delaware corporation and **Employers Health Purchasing Corporation (“EHPC”)** an Ohio organization, each a “**Party**” and together the “**Parties**”.

WHEREAS, EHPC provides collective purchasing strategies for prescription drugs and related services for persons eligible to receive such benefits through affiliation with a group that has a contract or other arrangement in effect with EHPC;

WHEREAS, EHPC is a wholly owned subsidiary of Employers Health Coalition, Inc.; and

WHEREAS, Members of Employers Health Coalition, Inc., and other affiliated organizations, are eligible to participate in collective purchasing strategies offered by EHPC; and

WHEREAS, Catamaran provides prescriptive benefit management services; and

WHEREAS, EHPC desires to retain the services of Catamaran to provide a prescription drug benefit program (the “**Services**”) including, but not limited to retail pharmacy, mail order pharmacy and specialty drug pharmacy services for eligible persons; and

WHEREAS, EHPC and its’ Clients participating under this Agreement recognize and acknowledge that they are participating in the EHPC as provided in this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the parties hereto agree as follows:

1. Defined Terms.

Defined terms used throughout this Agreement are provided in Exhibit D attached hereto and incorporated herein by reference.

2. Obligations of EHPC. EHPC will promptly furnish, in a format acceptable to Catamaran, the following information which is necessary for Catamaran to render the services set forth herein:

(a) The name of each Client and which pricing offer Client is electing under the pricing options provided pursuant to either Exhibit C-1 (Pass-Through Model, Options 1-6) or Exhibit C-2 (Traditional Model, Options 1-6). EHPC agrees to educate Clients under this Agreement on the pricing set forth in Exhibit C-1 and Exhibit C-2 and EHPC agrees to advise Client that Pass-Through Pricing is only available under Exhibit C-1.

(b) The Activation Date of coverage for each Client.

(c) EHPC may provide the pricing set forth in Exhibit C, and the terms set forth in this Master Coalition Agreement, to prospective clients and their representatives provided that EHPC identifies the information as confidential and proprietary and EHPC ensures the prospective client enters into a Non-Disclosure Agreement as set forth in Exhibit F.

3. Obligations of Catamaran.

(a) Claims Processing.

(i) Claims Processing Services. Catamaran shall provide the services related to processing Claims for prescriptions dispensed on or after the Activation Date. Catamaran will process Claims received from Participating

Pharmacies and Covered Individuals, determine whether such Claims qualify for reimbursement in accordance with the terms of each Client's applicable Plan Design Document, and determine the payment applicable to the Claim. Catamaran will process Claims within the National Council for Prescription Drug Programs ("NCPDP") standard adopted under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Regulations for Electronic Transactions. Upon termination of this Agreement, Catamaran shall be solely responsible to process only those Claims that are for prescriptions dispensed before the termination date and received by Catamaran from Participating Pharmacies no later than sixty (60) days after the termination date and from Covered Individuals no later than one hundred eighty (180) days after the termination date.

(ii) Claims from Participating Pharmacies. The following services will be provided upon receipt of a Claim:

(A) Verification that the individual for whom the prescription has been provided is a Covered Individual;

(B) Verification that the medication dispensed is covered under the Client's applicable Plan Design Document; and

(C) If applicable, verification that the prescribing person is authorized under the Client's applicable Plan Design Document.

(b) Retail Participating Pharmacy Network.

(i) National Network. Catamaran will provide a national network of Participating Pharmacies (Catamaran National Network) to provide Covered Drugs to Covered Individuals. Catamaran may terminate a specific Participating Pharmacy for good cause, including quality of care issues, loss of appropriate licensure, or an economic analysis that the pharmacy is not needed. Except termination for cause, Catamaran will notify Client three months in advance of the effective date of any termination of a Participating Pharmacy when the terminated Participating Pharmacy would cause disruption to more than five percent (5%) of Covered Individuals and Catamaran will send notice to any Covered Individuals who have utilized a terminated Participating Pharmacy during the prior six months no less than three weeks in advance of the effective date of such termination of a Participating Pharmacy.

(ii) Collection of Copayment by Participating Pharmacies. Prior to providing a Covered Individual any of the Covered Drugs to which the Covered Individual is entitled under the Client's applicable Plan Design Document, Catamaran will require the Participating Pharmacy to collect any applicable Copayment, deductible or co-insurance from the Covered Individual. Participating Pharmacies shall not recover any unpaid balances, other than any Copayment, deductible or co-insurance due Participating Pharmacies from such Covered Individuals.

(iii) Payments to Participating Pharmacies. Catamaran will pay the Catamaran National Network within an industry-standard time frame for such payments to the Participating Pharmacies.

(iv) Customer Service for Participating Pharmacies and Provider Inquiries. Catamaran will provide a call center telephone line available to all Participating Pharmacies 24-hours per day, 7 days per week.

(v) Catamaran will require all Claims to be processed by Participating Pharmacies utilizing Client's prescription drug benefit, including, but not limited to Claims for non-preferred brand drugs.

(c) Mail Service Pharmacy. Catamaran shall provide the following services from its mail service pharmacy:

(i) receive prescriptions from Covered Individuals via U.S. mail or commercial carrier at an address as specified by Catamaran from time to time, subject to and in accordance with the Plan Design Document.

(ii) fill prescriptions during normal business hours, subject to the professional judgment of the dispensing pharmacist, provided that the prescription is accompanied by the correct copay, deductible, or coinsurance amount as applicable.

(iii) provide Covered Individuals toll-free telephone access to a pharmacist and customer service representative;

(iv) provide to Client, at no additional charge, promotional materials that explain to Covered Individuals how to use the mail service program, as well as any other materials Covered Individuals may require to begin using the mail service program and Client shall distribute such information to Covered Individuals;

(v) provide computerized drug interaction monitoring of Covered Individuals based upon the Covered Individual profile, programs for generic substitution and therapeutic intervention, pharmaceutical cost containment services and safety edits, and subject to prescriber approval, clinical appropriateness, the terms of the Plan and applicable law;

(vi) ship all prescription orders to Covered Individuals via U.S. Postal Service or other appropriate carrier to the address provided by Client and/or the Covered Individual, as long as such addresses are located in the United States; and

(d) Specialty Pharmacy. Catamaran shall provide the following services from its specialty pharmacy:

(i) receive prescriptions for Specialty Drugs as identified in Exhibit C-1 or Exhibit C-2 hereof from Covered Individuals via the U.S. mail or commercial carrier at an address specified by Catamaran from time to time, subject to and in accordance with the Client's applicable Plan Design Document.

(ii) fill prescriptions, subject to the professional judgment of the dispensing pharmacist via U.S. mail or commercial carrier or facsimile at an address or telephone number specified by Catamaran from time to time;

(iii) provide Covered Individuals toll-free telephone access to a pharmacist and customer service representative;

(iv) provide to Client, at no additional charge, promotional materials that explain to Covered Individuals how to use the specialty service program, as well as any other materials Covered Individuals may require to begin using the specialty program and Client shall distribute such information to Covered Individuals;

(v) provide computerized drug interaction monitoring of Covered Individuals based upon the Covered Individual profile, programs for generic substitution and therapeutic intervention, pharmaceutical cost containment services and safety edits, and subject to prescriber approval, clinical appropriateness, the terms of the Plan and applicable law;

(vi) ship all prescription orders to Covered Individuals via U.S. Postal Service or other appropriate carrier to the address provided by Client and/or the Covered Individual, as long as such addresses are located in the United States; and

(vii) provide Client with a list of certain drugs that will be subject to the specialty pharmacy pricing rate. Catamaran's specialty pharmacy will not dispense drugs if the prescription is not accompanied by the correct copay, deductible, or coinsurance amount as applicable.

(e) Catamaran Manufacturer Revenue Program.

(i) Client shall receive the greatest of 100% of Manufacturer Revenue received by Catamaran from pharmaceutical manufacturers (the "Covered Manufacturer") and/or third party rebate aggregator for prescription drugs dispensed to Covered Individuals, or the minimum guarantees set forth in Exhibit C. EHPG and Client understand that:

(A) Catamaran publishes a drug formulary or other preferred drug list managed solely by Catamaran, including all subsequent revisions and provides the formulary electronically to Client; and

(B) If Client is utilizing the EHPG Standard Formulary, Catamaran will publish and distribute the EHPG Standard Formulary including all subsequent revisions, and provide such formulary electronically to Client.

If Client is utilizing an Catamaran standard preferred drug list, on an annual basis, but no later than ninety (90) days prior to the beginning of each calendar year, Catamaran will provide Client with updated Formulary document templates in a mutually agreeable format. Catamaran shall provide a EHPC Standard Formulary at no additional cost to EHPC and/or Client.

(ii) Payment of Manufacturer Revenues. Subject to the terms and conditions of this Agreement, Catamaran will receive Manufacturer Revenue paid by Covered Manufacturers or third party rebate aggregator for Qualified Claims. Claims data shall be processed based on the utilized formulary on the date dispensed. Accompanying each quarterly Manufacturer Revenue payment Catamaran shall provide reports that detail the applicable pricing model and option, the applicable Client, the amount paid pursuant to the minimum guarantees, the amount paid pursuant to over-performance, and the quarter of utilization to which the payment applies. For Pass-Through Model only, such reports shall include amount invoiced, invoice adjustments and amount collected.

(iii) Eligible Rebate Data. Drug utilization submitted by any entity other than SXC (or any entity on behalf of Catamaran) including, but not limited to the following government entities (the "Government Plans"): Medicaid, Medicare, or other state or federal health care program that receive rebates, discounts, or other forms of price reduction directly or indirectly from Covered Manufacturers, shall not be eligible to participate in the Catamaran Rebate Program. EHPC and Client agree that Client shall clearly identify to Catamaran all Covered Individuals whose drug utilization or Claims have been otherwise submitted to Covered Manufacturers or third party rebate aggregator or whose Claims have been or will be filed for reimbursement with Government Plans. Client agrees that if Client fails to identify such known Covered Individuals and any Covered Manufacturer's audit of its rebate program reveals improperly calculated Rebates involving such Covered Individuals, then Client shall be solely responsible for the reimbursement of any Rebates improperly made or calculated and any corresponding costs or penalties associated with the audit. Notwithstanding the foregoing, this provision shall not be construed to prohibit Client from participating in Medicare or Medicaid risk contracting.

(iv) Rebate Limitations. EHPC and Client waive, release, and forever discharge Catamaran from any claims, demands, losses, attorneys' fees, costs, expenses, or liabilities of any nature, whether known or unknown, arising from (i) a Covered Manufacturer's breach of any agreement related to the Catamaran Rebate Program; or (ii) a Covered Manufacturer's negligence or misconduct, except where Catamaran is determined to have been the cause of such claim, demand or loss. The previous sentence notwithstanding, in no event shall the terms of this section change, modify or amend the minimum Manufacturer Revenue guarantees set forth in Exhibit C-1 and Exhibit C-2.

(v) Manufacturer Revenue Limitations. EHPC and Client waive, release, and forever discharge SXC from any claims, demands, losses, attorneys' fees, costs, expenses, or liabilities of any nature, whether known or unknown, arising from (i) a Covered Manufacturer's breach of any agreement related to the Catamaran Manufacturer Revenue Program; or (ii) a Covered Manufacturer's negligence or misconduct, except where Catamaran is determined to have been the cause of such claim, demand or loss. The previous sentence notwithstanding, in no event shall the terms of this section change, modify or amend the minimum Manufacturer Revenue guarantee set forth in Exhibit C-1 and Exhibit C-2.

(vi) Other Pharmaceutical Relationships. Nothing in this Agreement shall preclude Catamaran, EHPC or Client from pursuing sources of revenue that are not Manufacturer Revenue from Covered Manufacturers or third party rebate aggregator, or engaging in other revenue-producing relationships with Covered Manufacturers, including, but not limited to, obtaining funding for Clinical Communications as described in Section 1(f)(iv). Client agrees that during the term of his Agreement, Client will not directly or indirectly enter into an agreement with any pharmaceutical company, or other third party, for the purpose of obtaining Manufacturer Revenue. Client represents and warrants that it does not have any direct or indirect arrangements, agreements and/or contracts with any pharmaceutical company or other third party related to Manufacturer Revenue.

(vii) Pharmacy & Therapeutics (P&T) Committee. Catamaran P&T Committee is an external advisory committee comprised of healthcare professionals (physicians, pharmacists, nurses, etc.) that is responsible for managing and administering the Catamaran drug formulary system, including utilization management strategies. The P&T Committee will develop, maintain, and review the complete Catamaran formularies at least annually to ensure that the formularies are appropriately revised to adapt to both the number and types of drugs on the market.

(f) Clinical Services. EHPC and Client agree that "Clinical Services" will be provided under this Agreement so long as Client elects to participate in and pay, if applicable, any additional fees associated with Catamaran Formulary and Clinical Services. Examples of Clinical Services include:

(i) Concurrent Drug Utilization Review. Catamaran will provide concurrent on-line drug utilization review ("DUR") to Participating Pharmacies for all Claims submitted through point of sale. DUR is intended to assist the pharmacist in identifying possible drug interactions and other issues which may be indicative of prescribing inappropriate drugs.

(ii) Prior Authorization. At each applicable Client request, Catamaran shall perform a prior authorization review, consisting of administering rules and conditions established by Client to determine if certain drugs or drug classes or categories are approved under the Plan Design Document.

(iii) Formulary Management. Catamaran will provide an electronic utilized formulary to each Client. Client shall use either the Catamaran Formulary or the EHPC Standard Formulary and Client shall not use a custom formulary. EHPC and Client agree that any Client-imposed changes to the Catamaran Formulary and/or the EHPC Standard Formulary will alter Manufacturer Revenue to EHPC in an amount that is commensurate with the change in Manufacturer Revenue received by Catamaran as a result of such change. Catamaran agrees to provide Client with documentation that reflects the financial impact any such Client-imposed change to the Catamaran Formulary and/or the EHPC Standard Formulary may have and Catamaran shall obtain Client approval prior to making any such change.

(iv) Clinical Communications/Programs. The Clinical Services Department of Catamaran may, from time to time, have the need to communicate directly with the Client's plan membership or conduct clinical programs. These communications and programs are designed to support the Client's goals for their pharmacy benefit. The communications are intended to promote patient safety, quality of care, reduction in cost (Client and/or Covered Individual), and drive better healthcare outcomes. Communications and programs may address safety, product selection, choices in drug delivery options, wellness, disease education, and disease state management. The cost of these mailings will be paid by Catamaran. Other types of Clinical Communication, associated with specific Clinical Programs, may carry an associated charge and will be discussed in relation to the specific Clinical Program. Catamaran shall provide any such communications to Client for review and approval prior to distribution to Covered Individuals. Client shall review and provide feedback and/or approve or deny any such communication within five (5) business days of its receipt from Catamaran of any such communication. Catamaran shall not send communications of any kind or in any manner to Client's plan membership if Catamaran has not first obtained written approval from Client.

(g) Benefit Plan Administration. Catamaran shall provide support in pharmacy benefit plan development, set-up and administration to assist Client. Catamaran will maintain pharmacy benefit plan administration protocols as requested by each applicable Client via plan implementation documents provided by each applicable Client to Catamaran. Client and Catamaran shall mutually agree on the format of the implementation documents; however, EHPC and Client agree that Client will have the ultimate responsibility for approving all pharmacy benefit plan design and protocols. Additionally, EHPC and Client acknowledges that nothing in this Agreement shall be deemed to confer upon Catamaran or EHPC the status of fiduciary as defined in the Employee Retirement Income Security Act of 1974, as amended, or any responsibility for the terms or validity of the pharmacy benefit plans.

(h) Client and Covered Individual Services.

(i) Account Management. Catamaran shall provide trained, experienced account service resources to serve as liaison between Client and Catamaran for the purpose of facilitating operational activities, resolving issues, and providing consultative support. Dedicated account management support includes scheduling conference calls to monitor and discuss outstanding priorities. Account management staff will act as the primary contact to Client after the implementation process is completed. Catamaran shall replace a dedicated Account Manager within thirty (30) days of Catamaran's receipt of Client's reasonable request.

(ii) Covered Individual Customer Service. Covered Individual Customer Service provides Covered Individuals with information regarding pharmacy locations, eligibility, drug coverage, copays/deductibles/out of pocket maximums, prior authorization requirements, appeals process, direct member reimbursement instructions, claims status and general information regarding their prescription benefit plan. Covered Individual Customer Service is available via a dedicated toll-free phone number 24 hours a day, 7 days a week, 365 days a year.

(iii) Implementation Support. Catamaran shall provide trained, experienced project management resources to serve as liaison between Client and Catamaran and to manage the implementation process. An Catamaran implementation project manager will act as the primary contact to Client during implementation. Implementation support shall include establishing a project plan; identifying necessary activities to support the implementation; and coordinating internally, within Catamaran, to identify and resolve implementation issues.

(i) Ancillary Services. If Client requests additional or ancillary services, including consultative services, other than those described herein Catamaran shall attempt to accommodate Client at a mutually agreed upon rate under a separate agreement signed by the Parties prior to the performance of the services.

(j) Enhanced Services. Clients may elect to receive enhanced services from Catamaran. Prior to implementation, each Client will notify Catamaran in writing whether it chooses to participate in any of the enhanced services set forth in Section B (Enhanced Services for Additional Fees) of Exhibit B (Standard and Enhanced Catamaran Products and Services). In such event, Catamaran shall provide Client the applicable enhanced services. The fees for any such enhanced services are set forth in Exhibit C.

(k) Performance Guarantees. Catamaran agrees to the performance guarantees as set forth in Exhibit E-1 (Implementation Performance Guarantees) and Exhibit E-2 (Performance Guarantees).

4. Client Responsibilities.

(a) Client will promptly furnish, in a format acceptable to Catamaran, a file of each Client's Covered Individuals, and subsequent timely additions and deletions to such file as changes occur. Client will pay for any Covered Drug dispensed to a person reported by Client as no longer a Covered Individual, if such notification is not received by Catamaran at least two (2) full business days prior to the dispensing date of such prescription.

(b) Client will promptly furnish, in a format acceptable to Catamaran, designation, in writing, of those Plan Design features to be determined by Client.

(c) Administrative Payments to Catamaran. Catamaran shall invoice monthly each Client for services set forth in Exhibit C, Exhibit C-1 or Exhibit C-2. Client will pay all valid invoices for such services within thirty (30) days after the date of the invoice. Invoices remaining unpaid over forty-five (45) days following the date of the invoice by Client will be charged a late fee of the lesser of one and one-half percent (1½%) or the highest rate allowed by law, for each thirty (30) days that payment is late.

(d) Network Claims Funding. Catamaran shall invoice bi-monthly each Client for Network Claims Funding. Payments by each Client to Catamaran for the Catamaran National Network, or other network, for Covered Drugs ("Network Claims Funding") shall be made via electronic fund transfer or Automated Clearing House (together "Electronic Payment") debit within ten (10) days after Client receives notification of the amount due from Catamaran. Late payment shall bear a fee of the lesser of one and one-half percent (1½%) or the highest rate allowed by law, for each thirty (30) days, that payment is late. Catamaran shall retain cash management responsibilities over the Network Claims Funding to help ensure prompt payment to Participating Pharmacies.

(e) Non-payment. EHPC and Client agree that if Client fails to meet the payment obligations of Section 4(d) within the time specified, Client shall be deemed in breach of the Agreement. Notwithstanding Section 4(d) of the Agreement, or any other provisions contained herein, if Client fails to cure such breach within three (3) business days, Catamaran, in its sole discretion, shall have the non-exclusive and cumulative options to: (a) suspend processing of claims, (b) require Client to pre-fund a pharmacy spend account in the amount of two (2) times the average monthly prescription drug spend of Client, or (c) utilize available deposited or escrowed funds all as set forth in Section 4(f) of the Agreement.

(f) Payment Protections.

(i) Should Client miss two Network Claims Funding payments, EHPC and Client agree Catamaran is authorized to take any actions reasonably necessary to protect Catamaran from damages in connection with a failure of Client to pay, the costs and fees required under this Agreement, within the times outlined in this Agreement, including, but not limited to requiring Client to fund, in advance, two (2) months' of fees for Participating Pharmacies and related Dispensing Fees disbursed by Catamaran, an account designated for Network Claims Funding. Catamaran shall exercise

its right to invoke such payment protection by providing written notice to Client. Client shall have forty-five (45) days from its receipt of such notice to comply with this payment protection.

(ii) If Client fails to make payment pursuant to Section 4(d) above, Catamaran may, in addition to its remedies under this Agreement, at law or in equity, do any or all of the following: (i) suspend performance of any or all of Catamaran's obligation under or in connection with this Agreement, including Catamaran's obligation to process claims; (ii) apply all or any portion of any security or funding posted by Client with Catamaran to Client's delinquent account; or (iii) set off against any amounts payable to Client (including any Manufacturer Revenues Catamaran receives from manufacturers on behalf of Client) any amounts due to Catamaran (including late interest charges).

(e) Plan Design Specifications. EHPC and Client agree Client will provide a Plan Design Document for each plan administered by Catamaran in sufficient detail to permit Catamaran to perform its duties and obligations under this Agreement. Any changes to the Plan Design Document will be submitted by each Client to Catamaran through a revised Plan Design Document no less than thirty (30) days prior to their intended implementation by Client to permit timely implementation and minimal disruption of Claims Processing Services for those Covered Individuals.

(f) Eligibility File. Client agrees to provide Catamaran a complete file (each a "Eligibility File") on electronic media acceptable to Catamaran of all Covered Individuals Benefit Plan to be serviced by Catamaran hereunder. Client will promptly furnish Catamaran on electronic media acceptable by Catamaran, files of all Covered Individuals whose enrollment has been terminated and an Eligibility File containing each new Covered Individual and Catamaran shall implement each file within one (1) business day of receipt by Catamaran. Catamaran shall not be liable for any prescriptions filled or processed for any ineligible persons due to incorrect or untimely eligibility data provided to Catamaran.

(g) EHPC's Ability to Modify. EHPC and Catamaran may agree to modify the obligations and responsibilities of Catamaran during the term of this Agreement following the execution of an amendment hereto by the Parties. Client acknowledges that EHPC has the authority to negotiate on Client's behalf.

(h) Financial Terms. In the event a client no longer desires to continue to receive Services through EHPC as provided by Catamaran pursuant to this Coalition Agreement, EHPC and Client acknowledge and agree that Catamaran may provide alternative financial terms considering Client's position as a stand-alone client but no more favorable than the aggregated financial terms described herein. Client acknowledges that Catamaran is precluded from offering Client the financial terms described herein.

5. Term and Termination.

(a) Term. This Agreement will become effective on the date hereof and continue for three (3) years after the Activation Date (the "Initial Term"). Thereafter, this Agreement shall automatically continue in effect for additional one-year terms (each a "Renewal Term"), provided that either party may terminate this Agreement effective as of the last day of the Initial Term or any Renewal Term by providing written notice of non-renewal to the other party at least ninety (90) days prior to the end of such Initial Term or Renewal Term.

(b) Termination for Cause. Either Party may terminate this Agreement following a material breach by the other Party. The non-breaching Party shall notify the breaching Party of the breach and the breaching Party shall have thirty (30) days (the "Cure Period") to cure the breach to the reasonable satisfaction of the non-breaching Party. If the breaching Party fails to cure the breach within the Cure Period, then the non-breaching Party may terminate the Agreement immediately.

(c) Termination for Convenience. Client may terminate this Agreement for convenience by providing Catamaran and EHPC with no less than one hundred eighty (180) days written notice of intent to terminate, with termination being effective one hundred eighty (180) days from the date of such written notice or a later date as specified by Client.

(d) Effect of Termination. If Client terminates this Agreement without cause or if Catamaran terminates this Agreement for default by Client prior to the end of the Initial Term or any Renewal Term, Catamaran will retain any and all pending or future Manufacturer Revenues payable under this Agreement. Each Party will return to the other Party all papers, materials and properties of the other Party. Further, Client agrees to pay back to Catamaran within thirty (30) days

of termination a pro-rata amount of any Implementation Credits it received based on the number of months remaining in the initial term and any Manufacturer Revenues paid in advance that has not been captured from the Covered Manufacturers or third party rebate aggregator.

6. Confidentiality.

(a) Confidential Information. For purposes of this Agreement, "Confidential Information" means any data or information that is proprietary to the party making disclosure (the "Disclosing Party") and not generally known to the public, whether in tangible or intangible form, whenever and however disclosed, including, but not limited to: (i) any marketing strategies, plans, financial information, contract terms or rates, pricing, projections, operations, sales estimates, business plans and performance results relating to the past, present or future business activities of such party, its affiliates, subsidiaries and affiliated companies; (ii) plans for products or services, and customer or supplier lists; (iii) any scientific or technical information, invention, design, process, procedure, formula, improvement, technology or method (iv) any concepts, reports, data, know-how, works-in-progress, designs, development tools, specifications, computer software, source code, object code, flow charts, databases, inventions, information and trade secrets; (v) any and all summaries, analysis, determinations, distillations, excerpts, work product, results or other documents utilizing or incorporating Confidential Information, whether in whole or in part; (vi) any Protected Health Information, as that term is defined by the HIPAA Privacy Rule, 45 C.F.R. Secs. 160 and 164, that is provided by either Catamaran or EHPC pursuant to this Agreement; (vii) any information that either Party learns or becomes aware of, directly or indirectly, through the disclosure of Confidential Information; and (viii) any other information that should reasonably be recognized as confidential information of the Disclosing Party. Confidential Information need not be novel, unique, patentable, copyrightable or constitute a trade secret in order to be designated Confidential Information. The party receiving the information (the "Receiving Party") acknowledges that the Confidential Information is proprietary to the Disclosing Party, has been developed and obtained through great efforts by the Disclosing Party and that Disclosing Party regards all of its Confidential Information as trade secrets. All Confidential Information shall at all times, and throughout the world, remain the property of either Catamaran or the EHPC (as the case may be), exclusively, and all applicable rights in patents, copyrights, trademarks, service marks, trade names and trade secrets shall remain vested in the appropriate party, exclusively.

(b) Use of Confidential Information. The Receiving Party shall use the Confidential Information it receives pursuant to this Agreement for the sole purpose of its obligations under this Agreement. Except as specifically provided herein, in no event shall the Receiving Party disseminate or communicate the Confidential Information in any form to any other person, firm, corporation or affiliate without the express written consent of the Disclosing Party. The Receiving Party shall only disclose Confidential Information to persons within its organization who (i) need to know the Confidential Information in order to accomplish the objectives in connection with this Agreement, and (ii) are required to protect and otherwise not disclose or use the Confidential Information except as provided in this Agreement. Such persons who receive any Confidential Information shall be subject to written agreement no less restrictive than this Section 6.

(c) Derivatives of Confidential Information. Any reports, documents, notes or other information in whatever form or medium that are derived or result from the receipt of Confidential Information shall be governed by the same terms and conditions respecting confidentiality and use as the Confidential Information is itself used.

(d) Rights in Confidential Information. All Confidential Information of the Disclosing Party shall be and remain the property of the Disclosing Party. The Receiving Party shall not obtain any rights of any nature whatsoever in or to the Confidential Information as a result of such disclosure. Upon the Disclosing Party's request, the Receiving Party shall promptly destroy or return to the Disclosing Party all of the Disclosing Party's Confidential Information, including all copies thereof. An officer of the Receiving Party shall certify to the Disclosing Party that all Confidential Information has been destroyed or returned to the Disclosing Party.

(e) Exceptions. Notwithstanding any provisions contained in this Agreement, the Receiving Party shall not be required to maintain in confidence the following information: (i) information which, at the time of disclosure to the Receiving Party, is in the public domain; (ii) information which, after disclosure, becomes part of the public domain by publication or otherwise, except by breach of this Agreement; (iii) information which was in the Receiving Party's possession at the time of disclosure to the Receiving Party, and which was not acquired, directly or indirectly, from the Disclosing Party; (iv) information which the Receiving Party can demonstrate resulted from its own research and development, independent of disclosure from the Disclosing Party; (v) information which the Receiving Party received from third parties, provided that such information was not obtained by such third parties from the Disclosing Party on a

confidential basis; or (vi) information which is produced in compliance with applicable law or a court order, provide that the Disclosing Party is given reasonable notice of such law or order and an opportunity to attempt, at the expense of the Disclosing Party, to preclude or limit such production. The Receiving Party shall have the burden of showing any one or more of these exceptions apply.

7. Access and Records.

(a) Record Maintenance. For the longer of the period required by law or seven (7) years from the date of rendering any Covered Prescription Drug Service, the Parties will maintain records related thereto, including, but not limited to, prescription records and other documentation related to healthcare services provided to Covered Individuals. Requests for data that is older data than thirty-nine (39) months may be subject to payment of fees for retrieval of data.

(b) Use of Information. Except for Confidential Information, any Party may use, reproduce, or adapt information obtained in connection with this Agreement, including Claims data information and eligibility information, in any manner they deem appropriate, except that each Party and its agents, employees, and contractors shall maintain the confidentiality of this information to the extent required by applicable law or regulation including the provisions of HIPAA, and may not use the information in any way prohibited by law. Each Party shall be solely responsible for its own use of such information, and shall indemnify and hold the other Party harmless for, from and against any and all costs, losses, and damages incurred by the other Party as a result of such use.

(c) Audit. Either Party may once annually audit the other Party in relation to its duties and obligations under this Agreement. Due to the extraordinary demands placed on staff during the annual renewal period of December and January, no audits may be initiated or conducted during these months. These rights shall include auditing Claims and other relevant records which shall be made accessible upon thirty (30) days prior written notice and at reasonable intervals during the regular business hours of the audited Party. Notwithstanding the foregoing, Client's audit of Catamaran records is limited to review of Claims transactions, Manufacturer Revenue agreements and related data and documents, and all other data, agreements and documentation reasonably necessary to validate adherence to the terms of this Agreement, adherence to and accuracy against the approved plan design, pricing, Manufacturer Revenue, and Performance Guarantees under this Agreement. All expenses for such audits shall be at the expense of the requesting Party. Client acknowledges that it shall not be entitled to audit: (i) documents, in whole or in part, that Catamaran reasonably and in good faith deems to be proprietary, confidential or trade secret; and (ii) documents, in whole or in part, Catamaran is barred from disclosing by law or pursuant to an obligation of confidentiality to a third party. The previous sentence notwithstanding, Catamaran shall work with EHPC or Client in good faith to obtain consent from any third party with whom Catamaran has a confidentiality obligation to disclose any documents requested as part of an audit. All information and records reviewed pursuant to this section shall be considered Confidential Information for purposes of this Agreement.

(d) Auditors. Notwithstanding the foregoing, only an independent third-party auditor, who is not a competitor of Catamaran, will have the right to review to the items identified in Section 7(c) of this Agreement. No auditor will be unreasonably prohibited by Catamaran. No third party may be allowed or designated to conduct an audit without an executed nondisclosure agreement with Catamaran no less than thirty (30) days prior to the date of the audit, ensuring the confidentiality of Catamaran's Confidential Information, and the prior written consent of the party whose records are being audited. The audit scope will cover a period not to exceed one Contract Year, unless the audit relates to a financial guarantee for a period exceeding twelve (12) months, in such case, shall be limited to the term of the financial guarantee. The subject of an audit for a particular audited period may not be re-audited once the audit is complete. Neither party may initiate an audit more than once in any Contract Year, nor more than eighteen (18) months after the date of the termination of this Agreement.

Client's auditor shall not be an individual or entity that is: a competitor of Catamaran, a Covered Manufacturer representative, or any retail, mail or specialty drug pharmacy representative or vendor.

(e) Audit Close. A final audit report shall be provided by Client (or its auditor) in writing to Catamaran within thirty (30) days of the end of the audit. Catamaran shall have thirty (30) days to respond. Automatic closure and/or settlement, if applicable, will occur if Client or its auditor fails to communicate within thirty (30) days of Catamaran's response.

8. Indemnification. Each party (an "Indemnitor") shall indemnify and hold harmless the other party (an "Indemnitee"), and its officers, directors, shareholders, employees and other agents, from and against any claims, liabilities,

damages, judgments or other losses (including, but not limited to, attorneys' fees) incurred by the Indemnitee arising out of or as a result of any acts or omissions of the Indemnitor, or its officers, directors, employees or other agents in connection with the performance of any of their duties and obligations contained within this Agreement.

9. Insurance. Catamaran will maintain, during the term of this Agreement, liability coverage with limits not less than \$1,000,000 per occurrence and in the aggregate per pricing per year, with excess liability coverage in an amount not less than \$5,000,000 per policy year. Evidence thereof will be furnished to EHPC upon request.

10. Limitation on Liability.

(a) Catamaran's maximum liability as a result of any breach of this Agreement by Catamaran or otherwise arising from Catamaran's wrongful acts, errors or omissions shall not exceed such amount that Catamaran may recover under any liability insurance policy maintained by Catamaran with respect to claims made against Catamaran by Client or others with respect to this Agreement. Client shall give timely written notice to Catamaran of any alleged loss or damage.

(b) Client shall give timely written notice to Catamaran of any alleged loss or damage. Notwithstanding the foregoing, in no event shall Catamaran be liable for any legal fees incurred by Client in connection with its defense of any such assertion. The foregoing limitation shall apply regardless of the cause of action or legal theory on which the assertion is based, whether in contract, tort or otherwise.

(c) In no event shall either party be liable to the other or any third party for any loss of profits, lost business opportunity or any special, indirect, consequential or incidental damages arising out of or in connection with this Agreement, regardless of the cause of action.

(d) Catamaran will not be responsible for any claims, losses, or damages sustained as a result of the actions, or failure to act, by any retail pharmacy, pharmaceutical manufacturer or other pharmaceutical providers pursuant to this Agreement.

11. Client's Authority over Plan. The Client acknowledges that it has the sole authority to control and administer the Plan. Except as is specifically provided below regarding claims adjudication services, the Client acknowledges that Catamaran is engaged to perform Services as an independent contractor and not as a fiduciary of the Plan or as an employee or agent of the Client, or as the Plan administrator. Nothing in this Agreement shall be construed or deemed to confer upon Catamaran or EHPC any responsibility for or control over the terms or validity of the Plan. Except as specifically described below, Catamaran shall have no discretionary authority over or responsibility for the Plan's administration. Further, because Catamaran is not an insurer, plan sponsor, Plan administrator, or a provider of health care services to Covered Individuals, Catamaran shall have no responsibility for (i) funding of Plan benefits; (ii) any insurance coverage relating to the Client, the Plan or the Covered Individuals; or (iii) the nature or quality of professional health care services rendered to Covered Individuals.

12. Notices. Unless otherwise specifically provided herein, all notices, consents, requests, demands and other communications required or permitted hereunder:

(a) shall be in writing;

(b) shall be sent by messenger, certified or registered U.S. mail, a recognized national overnight delivery service for next business day delivery, facsimile or e-mail (with a copy sent by one of the foregoing means), charges prepaid as applicable, to the appropriate address or number set forth below; and

(c) shall be deemed to have been given on the date of receipt by the addressee (or, if the date of receipt is not a business day, on the first business day after the date of receipt), as evidenced by (i) a receipt executed by the addressee (or a responsible person in his or her office), the records of the person delivering such communication or a notice to the effect that such addressee refused to claim or accept such communication, if sent by messenger, U.S. mail or recognized national overnight delivery service, or (ii) a receipt, or other evidence of transmittal, generated by the sender's facsimile or e-mail software showing that such communication was sent to the appropriate number or e-mail address on a specified date, if sent by facsimile or e-mail.

All such communications shall be sent to the following addresses or numbers, or to such other addresses or numbers as any Party may inform the others by giving five (5) business days' prior notice:

If to Catamaran: Catamaran PBM of Illinois, Inc.
2441 Warrenville Road, Suite 610
Lisle, IL 60432-3642
Attention: Contract Administration
Facsimile: (630) 288-9825
E-Mail: legal@sxc.com

If to EHPC: Employers Health Purchasing Corporation
4143 Fulton Drive NW
Canton, OH 44718
Attention: David M. Uldricks, J.D., LL.M.
Phone: (614) 336-2883 ext. 2403
Facsimile: (614) 336-3042
E-Mail: duldricks@ehpc.com

13. General Provisions.

(a) Advertising. Neither Party shall use promotional material referencing or referring to the other Party without the prior consent of the other Party; provided, however, that the parties may publicize that Catamaran provides Covered Drugs to Client. Both Parties will cease any and all usage immediately upon termination of this Agreement.

(b) Intellectual Property. Any rights in information, innovations, ideas, discoveries, products, creative works and the like (whether or not copyrightable or patentable), suggestions, communications, data, reports and results conceived, derived, reduced to practice, made or developed by either Party as a direct result of the services under this Agreement shall be the sole property of the Party developing such.

(c) Other Obligations. The Parties represent and warrant that the terms of this Agreement are not inconsistent with any other obligations whether contractual or otherwise that the Party may have or with the policies of any other entity with which the parties are associated.

(d) Business Associate. EHPC and Catamaran agree to be bound by the terms of the Business Associate Exhibit.

(e) Governing Law. This Agreement will be governed by and construed according to the laws of the State of Ohio without regard to its choice of law provisions, and all disputes related to this Agreement, its formation or interpretation shall be heard in a court located in Ohio.

(f) Independent Contractors. Each Party is an independent entity and nothing in this Agreement shall be construed to establish an employer/employee or principal/agent relationship or any fiduciary or other relationship other than independent parties contracting with each other for the purpose of carrying out the duties and obligations of this Agreement. Nothing in this Agreement is intended or shall be construed to confer upon any person or entity (including Participating Pharmacies, Covered Manufacturers and Covered Individuals) other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

(g) Force Majeure. Neither Party shall be deemed to have breached this Agreement or be held liable for any failure or delay in the performance of all or any portion of its obligations under this Agreement if prevented from doing so by a cause or causes beyond its control. Without limiting the generality of the foregoing, such causes include acts of God or the public enemy, fires, floods, storms, earthquakes, riots, strikes, boycotts, lock-outs, wholesalers, wars and war-operations, restraints of government, power or communication line failure or other circumstances beyond the Party's control, or by reason of the judgment, ruling, order of any court or agency of competent jurisdiction, or materially altering the law or regulations covering the subject matter of this Agreement or any other change in such law or regulations subsequent to the execution of this Agreement. However, if the force majeure event continues for thirty (30) consecutive

days the party not directly affected by it may terminate this Agreement immediately upon written notice to the other party without penalty to it.

(h) Non-Solicitation of Employees. During the term of this Agreement and for one (1) year thereafter, neither Party may (without the prior written consent of the other Party) actively solicit any person employed then or within the preceding year by the other Party and involved directly or indirectly in the performance of this Agreement. Such consent may be withheld in the other Party's sole discretion. The term "actively solicit" does not include any employment of the other Party's personnel through means of advertisements, job postings, job fairs and the like and any employment where the individual has made the initial approach to the hiring Party.

(i) Assignment. Neither party may assign any rights or obligations under this Agreement without the other party's prior written consent, except that either party may assign this Agreement without the consent of the other party to a parent company, controlled affiliate, or affiliate under common control with the assigning party. Notwithstanding the foregoing, Catamaran may assign this Agreement in connection with a sale of assets, or other business combination, without the consent of Client.

(j) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties; provided, however this agreement may not be assigned by either Party without the expressed written consent of the other Party.

(k) Severability and Waiver. The invalidity or unenforceability of any term or provision of this Agreement shall in no way affect the validity or enforceability of any other term or provision. The waiver by either Party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

(l) Headings. The headings to the sections and subsections of this Agreement shall be disregarded in its interpretation.

(m) Dispute Resolution Procedures. The parties shall make a good faith effort to resolve any disputes arising during the term of this Agreement.

(i) If the parties are unable to resolve the dispute through informal discussions, either party may submit a written complaint to the other party describing the dispute and proposing a manner of resolving such dispute. The party receiving such complaint shall respond by accepting, rejecting, or modifying such proposed resolution, in writing, within thirty (30) days of the date of receipt of such complaint.

(ii) If the parties are still unable to resolve the dispute and only after both parties have determined through proper documentation that they have complied with Section 13(l)(i) above, then both parties shall agree to Executive Dispute Resolution. Executive Dispute Resolution requires each party to meet in person for a reasonable amount of time at a mutually agreeable location. This meeting shall be attended by at least one senior member of each company with the authority to settle disputes arising from this Agreement.

(iii) Only after the parties have tried in good faith to resolve disputes through informal means, both parties have tried to resolve disputes through formal written means, and they have met to resolve disputes through the Executive Dispute Resolution process, may either party instigate legal action.

(n) Exclusivity. By signing the Client Addendum (Exhibit G), Client agrees that Catamaran shall be the exclusive provider for the services selected by Client to be provided to Client by Catamaran ("Client Selected Services") as listed in the Client Addendum (Exhibit G). Further, Client agrees to utilize only Catamaran to provide it with any of the Client Selected Services comparable to those described herein during the term of this Agreement for its Covered Individuals receiving benefits under this Agreement. This Section shall not prohibit Client from including pharmacy coverage under a managed care, HMO or other comprehensive medical/prescription benefit plan. If Client acquires or is merged with another company through any legal business combination after such Client's Activation Date and the population of said acquired or merged organization is contracted with another prescription benefit provider, Client will not be in breach of the Agreement if it utilizes an organization other than Catamaran to provide any of the services described herein. These Services will be provided to the Covered Individuals as defined herein. Client acknowledges and agrees that a breach of this Section shall be deemed a material breach of this Agreement and shall entitle Catamaran to modify pricing

terms set forth in the Client Addendum in accordance with the pricing terms applicable to the services selected by Client and provided by Catamaran on an exclusive basis.

(o) Survival of Terms. The provisions of Sections 6 through 11, as well as any other provisions required by the parties to exercise their post termination rights hereunder, shall survive the termination or expiration of this Agreement.

(p) Entire Agreement. This Agreement, any Exhibits, attachments, and any documents incorporated by reference constitute the entire agreement of the parties regarding the subject matter hereof. It supersedes any prior agreements, negotiations or representations, either oral or written, relating to the subject matter of this Agreement. This Agreement may be modified only by a writing executed by both parties.

(q) Compliance with Laws. Catamaran and EHPC shall take all actions necessary and appropriate to assure that they comply with the applicable federal, state and local laws and regulations, including, without limitation, the Anti-Kickback Statute, the Public Contracts Anti-Kickback Act, the Stark Law and the laws and regulations relating to disclosure or notification of plan benefits or the terms of Manufacturer Revenue administration under the Client Addendum (Exhibit G) to Client. EHPC represents and warrants that: (i) in connection with this Agreement it is acting as a group purchasing organization on behalf of the respective Clients and shall satisfy and comply with the applicable requirements of 42 C.F.R. 1001.952(j); (ii) each Client is responsible, directly or indirectly, for the provision of health care benefits, including pharmaceutical benefits, and (iii) none of the Clients is wholly-owned by EHPC or a subsidiary of a parent company which wholly owns EHPC. EHPC must disclose in writing to the Clients at least annually, the amount received from Catamaran with respect to purchases made by or on behalf of Clients.

(r) EHPC Administrative Fee. Catamaran shall pay EHPC for contract and administrative services provided by EHPC as a group purchasing organization: a monthly fee consisting of the greater of \$0.50 per Claim, or \$0.95 per mail Claim and \$0.30 per retail claim for the aggregate number of EHPC scripts by channel above. The parties acknowledge and agree that the monthly fee is an aggregate measurement of all the retail and mail Claims from a particular calendar month. Such fees shall be paid within thirty (30) days of the end of each month and reconciled annually. The parties acknowledge that this fee is paid to EHPC in accordance with the provisions of 42 USC Sec. 1320a-7(b)(3)(C).

Accepted By:
EMPLOYERS HEALTH PURCHASING CORP.

Accepted By:
CATAMARAN PBM OF ILLINOIS, INC.

Authorized Signature

Authorized Signature

Printed Name

Printed Name

Title

Title

Date

Date

EXHIBIT A

BUSINESS ASSOCIATE EXHIBIT ("BA Exhibit")

1. General Terms and Conditions

- (a) "Business Associate" means Catamaran.
- (b) "Covered Entity" means each Client who has signed a Client Addendum.
- (c) "Privacy Rule" means the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. part 160 and subparts A and E of part 164.
- (d) "Security Rule" means the Standards for Security of Individually Identifiable Health Information at 45 C.F.R. part 160 and subparts A and C of part 164.
- (e) Capitalized terms used but not otherwise defined in this BA Exhibit have the same meaning as those terms in the Privacy Rule and Security Rule, including 45 CFR §160.103 and 164.501.

2. Obligations and Activities of Business Associate

- (a) Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by this BA Exhibit, the Service Agreements or as Required by Law.
- (b) Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this BA Exhibit.
- (c) Business Associate agrees to report to Covered Entity's Privacy Official, within ten (10) business days of discovery, any use or disclosure of the Protected Health Information not provided for by this BA Exhibit, including the identification of each individual whose unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, or disclosed during such breach. In the event of a Breach by Business Associate, Business Associate shall bear all reasonable costs associated with notification of affected individuals.
- (d) Business Associate agrees to ensure that any agent or subcontractor to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity agrees to the same restrictions and conditions that apply through this BA Exhibit to Business Associate with respect to such information.
- (e) To the extent Business Associate has Protected Health Information in a Designated Record Set, and only to the extent required by HIPAA, Business Associate agrees to provide access, at the request of Covered Entity to Protected Health Information in a Designated Record Set, to Covered Entity in order to meet the requirements under 45 C.F.R. § 164.524.
- (f) Business Associate agrees to make any amendment(s) to Protected Health Information in its possession contained in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 C.F.R. § 164.526 at the request of Covered Entity; provided, however, that Covered Entity makes the determination that the amendment(s) are necessary because the Protected Health Information that is subject to the amendment(s) has been, or could reasonably be, relied upon by Business Associate or others to the detriment of the individual who is the subject of the Protected Health Information to be amended.
- (g) Business Associate agrees to make internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, available to the Secretary, in a time and manner designated the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
- (h) Business Associate agrees to document such disclosures of Protected Health Information in its possession and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual

for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528 and the HITECH Act.

(i) Business Associate agrees to provide to Covered Entity information collected in accordance with Subsection 2(h) of this BA Exhibit, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

(j) Beginning on February 17, 2010, or such earlier date as required by law or regulation, Business Associate agrees to comply with the following:

(i) Sections 164.308 (administrative safeguards), 164.310 (physical safeguards), 164.312 (technical safeguards) and 164.316 (policies and procedures and documentation requirements) of the Security Rule shall apply to Business Associate in the same manner that such sections apply to Covered Entity. The additional requirements of the HITECH Act that relate to security and that are made applicable with respect to covered entities shall also be applicable to Business Associate and shall be and by this reference hereby are incorporated into this BA Exhibit.

(ii) Unless Covered Entity agrees, in writing, that this requirement is infeasible with respect to particular data, Business Associate shall secure all Protected Health Information by a technology standard that renders Protected Health Information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute and is consistent with guidance issued by the Secretary specifying the technologies and methodologies that render Protected Health Information unusable, unreadable, or indecipherable to unauthorized individuals, including the use of standards developed under Section 3002(b)(2)(B)(vi) of the Public Health Service Act, as added by HITECH.

(iii) Business Associate may use and disclose Protected Health Information that Business Associate obtains or creates only if such use or disclosure, respectively, is in compliance with each applicable requirement of Section 164.504(e) of the Privacy Rule, relating to business associate contracts. The additional requirements of Subtitle D of the HITECH Act that relate to privacy and that are made applicable with respect to Covered Entity shall also be applicable to Business Associate and shall be and by this reference hereby are incorporated into this BA Exhibit.

(iv) In accordance with Section 164.504(e)(1)(ii) of the Privacy Rule, each party agrees that, if it knows of a pattern of activity or practice of the other party that constitutes a material breach or violation of the other party's obligation under the BA Exhibit, the non-breaching party will take reasonable steps to cure the breach or end the violation, as applicable, and, if such steps are unsuccessful, terminate the contract or arrangement, if feasible, or if termination is not feasible, report the problem to the Secretary.

(k) Except as otherwise allowed in this BA Exhibit and HIPAA and the HITECH Act, Business Associate shall not directly or indirectly receive remuneration in exchange for any Protected Health Information of an individual unless the individual has provided a valid, HIPAA-compliant authorization.

(l) Business Associate shall use and disclose only the minimum necessary Protected Health Information to accomplish the intended purpose of such use, disclosure or request. Unless directed otherwise by Covered Entity, prior to any use or disclosure, Business Associate shall determine whether a limited data set would be sufficient for these purposes.

(m) In addition to its overall obligations with respect to Protected Health Information, to the extent required by the Security Rule, Business Associate will:

(i) Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of Covered Entity as required by HIPAA;

(ii) Ensure that any agent or subcontractor to whom it provides such electronic Protected Health Information agrees to implement reasonable and appropriate safeguards to protect it; and

(iii) Provide aggregate reports to Covered Entity regarding any Security Incident of which Business Associate becomes aware in a frequency mutually agreeable to the parties, but no more than once per quarter unless such Security Incident must be reported under Subsection 2(c) herein.

3. Permitted Uses and Disclosures of Protected Health Information by Business Associate

(a) General Use and Disclosure Provisions

Business Associate may use or disclose Protected Health Information obtained from or on behalf of Covered Entity to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in this BA Exhibit, provided that such use or disclosure by Business Associate does not violate HIPAA.

(b) Specific Use and Disclosure Provisions

(i) Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity and fulfill its obligations under any underlying agreement with Covered Entity, provided that such use or disclosure would not violate the Privacy Rule or Security Rule if done by the Covered Entity.

(ii) Business Associate may use and disclose Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that, as to any such disclosure, the following requirements are met:

(1) the disclosure is Required by Law; or

(2) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

(iii) "Proper management and administration of Business Associate", for the purposes of this BA Exhibit includes creation of de-identified information that may be used and disclosed by Business Associate as Business Associate deems appropriate, provided that the information is de-identified in accordance with the Privacy Rule.

(iv) Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity.

(v) Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, in a manner consistent with the Privacy Rule.

4. Obligations of Covered Entity.

(a) Provisions for Covered Entity to Inform Business Associate of Restrictions

(i) Covered Entity agrees to notify Business Associate of any limitation(s) in its Notice of Privacy Practices of Covered Entity, to the extent that such limitation may affect Business Associate's use or disclosure of Protected Health Information.

(ii) Covered Entity agrees to notify Business Associate, in writing and in a timely manner, of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.

(iii) Covered Entity agrees to notify Business Associate, in writing and in a timely manner, of any restriction on the use and/or disclosure of Protected Health Information to which Covered Entity has agreed, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.

(iv) Covered Entity agrees to obtain any patient authorizations or consents that may be required under state or federal law in order to transmit Protected Health Information to Business Associate and to enable Business Associate to use and disclose Protected Health Information as contemplated by this BA Exhibit and any underlying agreement.

(b) Permissible Requests by Covered Entity

Covered Entity may not ask Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under applicable law.

5. Limitation of Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE OR RESPONSIBLE TO THE OTHER FOR ANY TYPE OF INCIDENTAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST REVENUE, LOST PROFITS, LOSS OF DATA, OR CIVIL OR CRIMINAL PENALTIES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, FOR VIOLATIONS OF THIS BA EXHIBIT, WHETHER ARISING UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR STRICT LIABILITY. .

6. Interpretation and Amendment of this BA Exhibit

A reference in this BA Exhibit to a section of the Privacy Rule or the Security Rule means the section as in effect or as amended. Any ambiguity or inconsistency in this BA Exhibit shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Rule and the Security Rule. The parties hereto agree to negotiate in good faith to amend this BA Exhibit from time to time as is necessary for Covered Entity to comply with the requirements of law and for Business Associate to provide services to Covered Entity. However, no change, amendment, or modification of this BA Exhibit shall be valid unless it is set forth in writing and signed by both parties.

7. Standard Transactions

BA and Covered Entity each acknowledge that it may be a "trading partner" of the other under the HIPAA Transaction Rule. The HIPAA Transaction Rule provides for certain transaction standards for the transfer of data between trading partners. BA and Covered Entity each agrees not to change any definition, data condition or use of a data element or segment in a standard, add any data elements or segment to the maximum defined data set, use any code or data elements that are either marked "not used" in the standard's implementation specification or are not in the implementation specification, or change the meaning or intent of the implementation specification.

8. Effect on Agreement

All provisions of the Agreement shall remain in full force and effect, except to the extent specifically required to implement the purposes of this Exhibit or to the extent such provisions are inconsistent with this Exhibit.

EXHIBIT B

STANDARD AND ENHANCED CATAMARAN PRODUCTS AND SERVICES

A. Standard Services included in Base Fee: Catamaran shall provide the following standard services (as more fully described in this Coalition Agreement) to Client consistent with Client's current Plan Design Document. Such services are included in the Base Fee set forth in Exhibit C.

1. Claims Processing Services
 - a. Eligibility Management
 - b. Eligibility Verification
 - c. On-line Electronic Claims Processing/Administration
 - d. Data Retention – 39 months Operational On-line Data
 - e. File Transfer – Catamaran Format – Batch File
2. National Pharmacy Network Services
 - a. Administration of the National Pharmacy Network
 - b. Pharmacy Help Desk
3. Pharmaceutical Manufacturer Revenue Services (Catamaran and EHPC Standard Formulary only)
 - a. Management and Administration of Pharmaceutical Manufacturer Revenue Program
4. Clinical Services
 - a. Concurrent Drug Utilization Review (DUR)
5. Plan Design Administration
 - a. Plan Design Development, Setup and Administration
6. Client & Services for Covered Individuals
 - a. Services Help Desk for Covered Individuals
 - b. Administrative overrides to plan benefit (*Additional charge will apply for specialty pharmacy when Ascend Specialty Rx is not the exclusive specialty provider.*)
 - c. Account Management
 - d. Implementation Support
 - e. Standard Reporting Package
7. ID Cards Production & Mailing
 - a. Standard Communications to Covered Individuals, e.g., Welcome Letter with ID Cards (initial mailing at time of program activation included, fees for subsequent mailings on Exhibit C-1 or Exhibit C-2)
 - b. Standard Replacement Card Carrier (fees for mailings on Exhibit C-1 or Exhibit C-2)
8. Online Client Access to Eligibility for Covered Individuals
 - a. Verifying, Entering or updating eligibility for Covered Individuals
 - b. Viewing claims history for Covered Individuals
9. Online Standard Reporting (for up to 5 users at no additional charge)
10. Online Website Access by Covered Individuals
 - a. Web site for access to general and plan-specific information by Covered Individuals
11. Mail Service and Specialty Pharmacy
 - a. Postage included (additional charges may apply for express shipments)
12. EHPC Retail Pharmacy Direct Price Implementation and Support
 - a. Implementation of custom price lists or discount rates provide by Direct Price Pharmacies
 1. Work with EHPC or their designee on an implementation plan
 - b. Periodic updates to the price lists as provided by Direct Price Pharmacies at a frequency designated by EHPC.
 - c. Off cycle updates to price lists as needed when price list errors are discovered.
 - d. Update or amend Pharmacy Provider Agreements if required by Direct Price Pharmacies

EXHIBIT B, continued

STANDARD AND ENHANCED CATAMARAN PRODUCTS AND SERVICES

- B. Enhanced Services for Additional Fees. Prior to implementation, each Client will notify Catamaran in writing whether it chooses to participate in any of the enhanced services set forth below. In such event Catamaran shall provide the applicable enhanced services consistent with Client's current Plan Design Document. The fees related to the services set forth in this Section B (Enhanced Services for Additional Fees) are set forth in Exhibit C.
1. Clinical Analytics
 - a. Clinically focused analysis of Client pharmacy data through standard and custom reports.
 - b. Analysis can help identify clinical issues, answer clinical questions and support clinical recommendations.
 2. P & T Committee Support
 - a. Level 1 – P & T Support associated with Catamaran National Network.
 - b. Level 2 – P&T Support associated with EHPC Standard Formulary.
 3. Disease Management Support
 - a. Identification of Covered Individuals based on new drug therapy
 - b. Gaps in care identification for provision of Covered Individual list to disease management vendor.
 - c. No clinical interventions performed by Catamaran.
 4. Dose Optimization
 - a. Identify Covered Individuals who are receiving multiple lower strength tablet/capsules to achieve their total daily does and take action.
 5. High Utilization Program
 - a. Identify Covered Individuals who have an established pattern of receiving multiple fills for controlled substances during the most recent months.
 - b. Clinical pharmacist reviews the pharmacy profiles by the program and intervenes where clinically appropriate.
 - c. Intervention packet sent to prescriber.
 6. Medication Compliance/Adherence
 - a. Identify Covered Individuals that appear non-compliant with their medication regimen.
 - b. Covered Individual receives a refill reminder letter.
 - c. Programs follows drugs related to seven (7) disease states including, asthma, congestive heart failure (COPD), coronary artery disease (CAD), diabetes, hypertension and hyperlipidemia.
 7. Pharmacy "Gap in Care" Programs
 - a. Utilizes pharmacy data to infer a condition.
 - b. Analyzes the Covered Individual data for medication therapy that is usually included as standard of care for that condition.
 - c. Letter sent to prescriber of the medications used to infer the condition if standard of care medication is not found in Covered Individual's history.
 8. Therapeutic Interchange Program (Brand to Brand, Generic to Generic)
 - a. Identifies Covered Individuals with Brand Drugs who along with the Client could save money by using a preferred Brand Drug or Generic Drug alternative.
 - b. Letter mailed to the prescriber to discuss the savings and opportunity identified.
 9. Prior Authorization
 - a. 1st level appeals
 - b. 2nd level appeals

EXHIBIT C

Each Client shall elect one pricing option set forth in Exhibit C. Should Client elect Pass-Through Pricing, the pricing options set forth in this Exhibit C-1 (Pass Through Model, Option 1 - 5) shall apply. Should Client elect Traditional Pricing, the pricing options set forth in this Exhibit C-2 (Traditional Model, Option 1 - 5) shall apply. In no event may Client elect both Pass-Through Pricing under Exhibit C-1 and Traditional Pricing under Exhibit C-2. Client understands the pricing Client receives under this Exhibit C is determined by the total number of EHPC Covered Individual Lives.

A. Implementation Credit: \$4.00 per Covered Individual multiplied by the total number of Covered Individuals.

If Client abandons or otherwise terminates the Client Addendum before the end of the Initial Term for any reason other than a termination for cause (hereinafter a "Breach"), Client shall refund to Catamaran within thirty (30) days after the effective date of the Breach a 'pro rata share' of the Implementation Credit (amount equal to \$4.00 per Covered Individual multiplied by the total number of Covered Individuals). The 'pro rata share' of said amount shall be calculated by determining the percentage of time that has elapsed in the Client Addendum out of a total period of three (3) years, and applying 1 minus that percentage times an amount equal to \$4.00 per Covered Individual multiplied by the total number of Covered Individual on the Activation Date.

B. Additional Services. Certain services as indicated below are not included in the standard Administrative Fee and are available for an additional charge. This is not an inclusive list. Catamaran may charge for any products or services not specifically represented herein.

General Ancillary Services

Concurrent Drug Utilization Review Programs	Included
Eligibility – Direct Access	Included
Standard Formulary Management Services	Included
Group Set Up Fees	Included
Covered Individual Communication – Printing	Included
On-line Access / Query	Included
On-line Access / Reports	Included
Ad Hoc Reports / Custom Reporting	Included
Custom EHPC Standard Formulary Materials, implementation and maintenance	Included
Covered Individual ID Cards – Customized	Included
Covered Individual ID Cards – Replacements (Note: Initial ID Cards are included in the financial offer. However, postage, shipping & handling for initial ID Cards is not.)	\$1.00 per ID Card for standard card w/ logo plus postage, shipping & handling
Manual Eligibility Maintenance	\$0.50 per record
Prior Authorization (PA) Plan Tech Overrides	Included
Explanation of Benefits (EOB)	\$0.10 per sheet plus postage, shipping & handling
Audit Administration (Desktop and On-site)	100% of recovered amount to Client
Coordination of Benefits	NC if standard / Enhanced priced as % of savings
Covered Individual Communication – Mailing	Postage, shipping & handling
Medication Therapy Management (MTM)	\$2.50 per Covered Individual per Month

Specialty Pharmacy Miscellaneous

24-hour Call Center support for participant calls	Included
Postage	Included
Prior Authorization Administrative Overrides	No charge when sole source specialty provider

EXHIBIT C, continued

Clinical Products and Services	
Concurrent Drug Utilization Review Program	Included
Clinical Analytics (Basic)	Included
Clinical Analytics (Complex)	\$150 per hour
P&T Committee Support (Level 1)	Included
P&T Committee Support (Level 2)	\$150 per hour
Disease Management Support	\$0.05 per Covered Individual per month
Dose Optimization (POS)	Included
Dose Optimization (Retrospective)	Either \$3 per intervention or 50/50 shared savings
High Utilization Program	\$0.10 per Covered Individual per month
Medication Compliance/Adherence	\$3.00 per intervention
Pharmacy "Gap in Care" Program	\$0.02 per Covered Individual per month
Therapeutic Interchange Program (Brand to Brand/Generic to Generic)	\$3 per intervention or 50/50 shared savings
Prior Authorization Clinical Overrides	\$50 per attempt
Prior Authorization Appeals (Level 1)	\$100 per attempt
Prior Authorization Appeals (Level 2)	Pass-through cost from vendor plus 10%

- C. Pricing Conditions. The pricing conditions set forth below in this Exhibit C, Section C are applicable to each pricing option set forth in Exhibit C-1 (Pass-Through Model, Option 1 - 6) and Exhibit C-2 (Traditional Model, Option 1 - 6).

Pricing Conditions
General
All financial guarantees and Administrative Fee charges apply only to Paid Claims.
Covered Individuals will pay the lower of the following: (1) Covered Individual Cost Share, (2) the pharmacy's Usual and Customary charge for the product, (3) discounted Ingredient Cost plus Dispensing Fee, or (4) MAC price plus Dispensing Fee.
Client will reimburse Catamaran the lower of the following: (1) The difference between discounted Ingredient Cost and Covered Individual Cost Share plus Dispensing Fee, (2) the pharmacy's Usual and Customary charge for the product less Covered Individual Cost Share, or (3) MAC price plus Dispensing Fee less Covered Individual Cost Share.
All Covered Drugs dispensed from Catamaran's mail order pharmacy, unless otherwise excluded herein, are included in the Mail Order AWP Effective Rate, Dispensing Fee and Manufacturer Revenue guarantees regardless of the days supply.
No surplus in any Pricing Category guarantee (e.g. Brand or Generic Drug Minimum AWP Effective Rate at Retail 30, Brand or Generic Drug Minimum AWP Effective Rate at Retail 90, Brand or Generic Drug Minimum AWP Effective Rate Mail Service, or Dispensing Fees) or Manufacturer Revenue guarantee (e.g. Retail 30 Minimum, Retail 90 Minimum, Mail Minimum and Specialty Minimum) may be used to offset or be commingled with a deficiency in any other Pricing Category guarantee or Manufacturer Revenue guarantee. Each Pricing Category guarantee and Manufacturer Revenue guarantee shall be measured and reconciled independent from any other Pricing Category guarantee or Manufacturer Revenue guarantee. In the event that Catamaran fails to meet any Pricing Category guarantee, Catamaran shall pay EHPC the shortfall within ninety (90) days of the end of the Contract Year, and provide sufficient reporting detail to support such payment.

EXHIBIT C, continued

Pricing Conditions	
General, continued	
Within ninety (90) days of the end of each calendar quarter, Catamaran shall remit to EHPC on behalf of and at the direction of Client, Manufacturer Revenue in accordance with the minimum guarantees set forth in <u>Exhibit C-1</u> and <u>Exhibit C-2</u> for claims adjudicated in the prior calendar quarter. To the extent Catamaran receives Manufacturer Revenue exceeding the minimum guarantees set forth in <u>Exhibit C-1</u> and <u>Exhibit C-2</u> , Catamaran shall remit to EHPC on behalf of and at the direction of Client any such Manufacturer Revenue over-performance at a time which is the earlier of the next quarterly Manufacturer Revenue payment or within one hundred eighty (180) days of receiving said Manufacturer Revenue over-performance.	
The AWP Effective Rate shall be calculated in accordance with the definitions contained in <u>Exhibit D</u> .	
The Dispensing Fees set forth in <u>Exhibits C-1</u> and <u>Exhibit C-2</u> represent the Dispensing Fee Average and shall be guaranteed in accordance with the definition for Dispensing Fee Guarantee contained in <u>Exhibit D</u> .	
Catamaran shall adjudication logic for the following: <ul style="list-style-type: none">- Compound Drug Claims- 340B Claims- Secondary Payer Claims/ COB Claims- Military Treatment Facility (i.e., Veterans Administration, Department of Defense) Claims	
The effective overall generic discount rate is the only generic rate guaranteed for purposes of retail and mail service pharmacy rates.	
Pass-Through Pricing Model	
Client shall pay the actual retail pharmacy rates paid by Catamaran for prescriptions electronically processed and dispensed to a Covered Individual through Catamaran's retail pharmacy network, which represents the average net effective rate for the overall network as set forth in Pass-Through Pricing Model – Options 1-6 in <u>Exhibit C-1</u> . Experience for specific network pharmacies may differ.	
Traditional Pricing Model	
Client shall pay the fixed retail pharmacy rates as set forth in Traditional Pricing Model – Options 1-6 in <u>Exhibit C-2</u> .	
Manufacturer Revenue	
Manufacturer Revenue Guarantees may not be decreased due to known Brand Drug patent expirations, OTC introductions of Brand Drugs, changes in contract terms between Catamaran and drug manufacturers, or due to Catamaran formulary changes for the term of the Agreement.	
Catamaran will pass through to Client 100% of Manufacturer Revenues it receives that can be attributed to utilization of Covered Individuals hereunder, in accordance the Pricing Conditions as set forth herein.	

Pricing Conditions, continued

Rebates

Effective date of any changes to Rebate arrangements shall be at the beginning of a calendar quarter following the Effective Date of the Client Addendum.

For Rebates (2 Tier Open Formulary), Catamaran negotiates Rebates based on market share over its aggregate book of business and not on behalf of any client. Rebates shall be based upon net paid claims submitted on behalf of Client, allocable to Client. The two-tier Rebate option set forth in Exhibit C-1 and Exhibit C-2 applies to all qualified two-tier plan designs, and three tier plan designs with less than a \$15 differential between preferred and non-preferred brand drugs, and plan designs with a coinsurance copayment for non-preferred brand drugs that is less than a multiple of 1.5 times the coinsurance copayment for preferred brand drugs, and compliance with Catamaran's open formulary.

For Rebates (3-Tier Catamaran Managed Formulary), Catamaran negotiates Rebates based on market share over its aggregate book of business and not on behalf of any client. Rebates shall be based upon net paid claims submitted on behalf of Client, allocable to Client. The three-tier Rebate option in Exhibit C-1 and Exhibit C-2 applies to qualified plan designs with three (3) or more tiers with a minimum differential of \$15 between preferred and non-preferred brand drugs, and plan designs with a coinsurance copayment for non-preferred brand drugs that is at least a multiple of 1.5 times the coinsurance copayment for preferred brand drugs, and Client's 100% compliance with the Catamaran Formulary.

For Manufacturer Revenue, Catamaran negotiates Rebates based on market share over its aggregate book of business and not on behalf of any client. Rebates shall be based upon net paid claims submitted on behalf of Client, allocable to Client. Catamaran is at risk for reconciling to the client to the guarantee per net paid Rebate claim amount (with Client's 100% compliance with the utilized formulary.. The amount secured by Catamaran from various manufacturers or payment to pharmacies may vary above or below in aggregate from the reference guarantee amounts.

Specialty Drugs

The specialty pricing is subject to Catamaran acting as the exclusive specialty pharmacy provider to Client. If Catamaran is no longer the exclusive specialty pharmacy provider, nonexclusive rates shall apply. The attached specialty drug list may be modified from time to time to include for pricing and/or exclude drugs in a disease state.

Catamaran may update the Specialty Drugs on the Specialty Pricing Schedule. Catamaran will provide Client quarterly notifications regarding such updates (each a "Specialty Drug Update") upon request from Client. Any new Specialty Drug (each a "New Specialty Drug") will be dispensed at the Default Specialty Drug Rate. The rates included on the Specialty Pricing Schedule do not include ancillary charges such as nursing and per diems (e.g. pumps, supplies, etc.) which may apply to certain infused Specialty Drugs.

Unless notified otherwise by Catamaran, the following Default Specialty Drug Rate will apply for Specialty Drugs.

- The Default Specialty Drug Rate for New Specialty Drugs that fall into an existing therapeutic class shall be the lowest AWP discount within the therapeutic class. For example, if discounts of AWP-10% and AWP-12% exist within the same therapeutic class, new products would be priced at AWP-10%.
- Any existing products or newly FDA-approved products that do not fall into an existing therapeutic class will be billed and reimbursed at a Default Specialty Drug Rate of 18%.

Notwithstanding anything to the contrary, from the date Client requests a Specialty Drug which is not set forth in the fee schedule or included in an existing therapeutic class, Catamaran reserves the right to adjust the pricing upon sixty (60) days written notice.

The rates for Specialty Drugs may vary if filled by a pharmacy other than a specialty pharmacy owned or affiliated with Catamaran.

MAC: Certain dosage forms and strengths may not be included on the Catamaran MAC list. These products will price at the Default Specialty Drug Rate.

Pricing Conditions, continued

Mail Service Pharmacy

Except for Pass Through Model – Option 2 and 4 in Exhibit C-1 and Traditional Model – Option 2 and 4 in Exhibit C-2, a minimum charge of \$7.99 shall apply for mail service orders.

Pricing Assumptions

Catamaran reserves the right to equitably modify or amend the financial provisions of this Agreement upon prior notice to Client in the event of (a) any government imposed change in federal, state or local laws or interpretation thereof or industry wide change that would make Catamaran's performance of its duties hereunder materially more burdensome or expensive; (b) a change in formulary which impacts the Manufacturer Revenue Catamaran receives; or (c) changes made to the AWP benchmark or the methodology by which AWP is calculated or reported. Except where noted otherwise, the pricing for each service line contained herein (i.e. retail, mail, specialty, etc.) is based upon Catamaran being the exclusive service provider. Should Client elect to utilize an Catamaran service line on a non-exclusive basis, except where noted otherwise, the pricing contained herein shall not apply and the pricing for such non-exclusive services shall be agreed to, in writing, by the parties. Should Client elect to utilize a service provider other than Catamaran for the performance of any service line, the pricing for any Client Selected Services shall not be modified.

Other Remuneration

Catamaran compensation for its services shall be the Claims Administration Fees set forth above and a fee in an amount agreed to by the parties for any additional services authorized by Client. In addition, Catamaran may, from time to time, receive reimbursement from pharmacies for its costs in connection with transmitting claims and discounts on its own behalf from wholesalers and manufacturers as a purchaser of pharmaceutical products for its mail service and specialty pharmacies. All other amounts received by Catamaran shall be disclosed and forwarded to Client, except as otherwise described herein.

EXHIBIT C, continued

Price Guarantee Reconciliation*

Claim Type	Retail Guarantee		Mail Guarantee		Specialty Guarantee		Manufacturer Revenue Guarantee
	Brand	Generic	Brand	Generic	Brand	Generic	Per Brand RX
Single Source Generics	Excluded	Included	Excluded	Included	Excluded	Included	Excluded
Multisource generics	Excluded	Included	Excluded	Included	Excluded	Included	Included if Brand Drug
Drugs filled at DAW 3,4,5,6,9 (multi-source brand drugs moved to a generic)	Excluded	Included	Excluded	Included	Excluded	Included	Included
Claims with patent litigation issues	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug
Drugs in limited supply	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug
Single Source Brands	Included	Excluded	Included	Excluded	Included	Excluded	Included
Multisource Brands	Included	Excluded	Included	Excluded	Included	Excluded	Included
Usual and customary claims	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug
Zero balance claims	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug
Compound drugs	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Included if Brand Drug
Over-The-Counter medications	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Included if Brand Drug	Included if Generic Drug	Excluded

*If a Claim falls into more than one category, the exclusion controls.

EXHIBIT C, continued

Price Guarantee Reconciliation, continued*

Claim Type	Retail Guarantee		Mail Guarantee		Specialty Guarantee		Manufacturer Revenue Guarantee
	Brand	Generic	Brand	Generic	Brand	Generic	Per Brand RX
Specialty	Excluded	Excluded	Excluded	Excluded	Included	Included	Included in Specialty Manufacturer Revenue Guarantee
Outlier Claims*	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Included if Brand Drug
Claims Filled at Retail Chains with a Direct Contract in place	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Included if Brand Drug
Secondary Claims	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded
VA/Health Centers (Military Treatment Facilities)	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded

*If a Claim falls into more than one category, the exclusion controls.

EXHIBIT C-1

PASS THROUGH MODEL – OPTION 1

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS < 200,000

If the number of EHPC Covered Individual Lives is < 200,000, Clients will pay Catamaran for the services provided herein pursuant to Table 1 below:

TABLE 1 – Pricing if EHPC Covered Individual Lives is < 200,000			
PASS THROUGH MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$1.25 per Paid Claim Retail 90: \$1.25 per Paid Claim Mail Service: \$1.25 per Paid Claim Specialty: \$1.25 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 15.30% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 15.30% plus \$1.20 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74%	AWP minus 74.5%	AWP minus 75%
Retail 90 (≥83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 17.90% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 17.90% plus \$0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74%	AWP minus 74.5%	AWP minus 75%
Catamaran Mail Service Pharmacy			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 22.00% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 22.00% plus \$ 0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 77%	AWP minus 77.5%	AWP minus 78.0%
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			

EXHIBIT C-1, continued

PASS THROUGH MODEL – OPTION 1, continued

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS < 200,000

TABLE 1 – Pricing if EHPC Covered Individual Lives is < 200,000, continued	
PASS THROUGH MODEL	
Manufacturer Revenue 2-Tier Open Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$13.00 Paid Claim for Brand Drugs
Retail 90 Minimum	\$13.00 Paid Claim for Brand Drugs
Mail Minimum	\$47.50 Paid Claim for Brand Drugs
Specialty Minimum	\$13.00 Paid Claim for Brand Drugs
Manufacturer Revenue Rebates (3-Tier Catamaran Managed Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$16.50 Paid Claim for Brand Drugs
Retail 90 Minimum	\$42.50 Paid Claim for Brand Drugs
Mail Minimum	\$54.50 Paid Claim for Brand Drugs
Specialty Minimum	\$16.50 Paid Claim for Brand Drugs
Manufacturer Revenue (Custom Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$9.72 Paid Claim for Brand Drugs
Retail 90 Minimum	\$21.94 Paid Claim for Brand Drugs
Mail Minimum	\$27.00 Paid Claim for Brand Drugs
Specialty Minimum	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-1, continued

PASS THROUGH MODEL – OPTION 2

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS < 200,000 AND ACQUISITION COST PLUS PRICING WILL BE USED FOR MAIL PHARMACY SERVICES

If the number of EHPC Covered Individual Lives is < 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services, Clients will pay Catamaran for the services provided herein pursuant to Table 2 below:

TABLE 2 – Pricing if EHPC Covered Individual Lives is < 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services			
PASS THROUGH MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$1.25 per Paid Claim Retail 90: \$1.25 per Paid Claim Mail Service: \$1.25 per Paid Claim Specialty: \$1.25 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 15.30% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 15.30% plus \$1.20 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74%	AWP minus 74.5%	AWP minus 75%
Retail 90 (≥83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 17.90% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 17.90% plus \$0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74%	AWP minus 74.5%	AWP minus 75%
Catamaran Mail Service Pharmacy (Mail Acquisition Cost Plus Pricing)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 23.00% plus \$9.25 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$9.25 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 23.00% plus \$9.25 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 86.0%	AWP minus 86.0%	AWP minus 86.0%
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			

EXHIBIT C-1, continued

PASS THROUGH MODEL -- OPTION 2, continued

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS < 200,000 AND ACQUISITION COST PLUS PRICING WILL BE USED FOR MAIL PHARMACY SERVICES

TABLE 2 – Pricing if EHPC Covered Individual Lives is < 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services	
PASS THROUGH MODEL	
Manufacturer Revenue (2-Tier Open Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$13.00 Paid Claim for Brand Drugs
Retail 90 Minimum	\$13.00 Paid Claim for Brand Drugs
Mail Minimum	\$47.50 Paid Claim for Brand Drugs
Specialty Minimum	\$13.00 Paid Claim for Brand Drugs
Manufacturer Revenue (3-Tier Catamaran Managed Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$16.50 Paid Claim for Brand Drugs
Retail 90 Minimum	\$42.50 Paid Claim for Brand Drugs
Mail Minimum	\$54.50 Paid Claim for Brand Drugs
Specialty Minimum	\$16.50 Paid Claim for Brand Drugs
Manufacturer Revenue (Custom Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$9.72 Paid Claim for Brand Drugs
Retail 90 Minimum	\$21.94 Paid Claim for Brand Drugs
Mail Minimum	\$27.00 Paid Claim for Brand Drugs
Specialty Minimum	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-1, continued

PASS THROUGH MODEL – OPTION 3

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS \geq 200,000

Once the number of EHPC Covered Individual Lives reaches \geq 200,000, Clients will pay Catamaran for the services provided herein pursuant to Table 3 below:

TABLE 3 – Pricing if EHPC Covered Individual Lives is \geq 200,000			
PASS THROUGH MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$1.25 per Paid Claim Retail 90: \$1.25 per Paid Claim Mail Service: \$1.25 per Paid Claim Specialty: \$1.25 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 15.30% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 15.30% plus \$1.20 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74.5%	AWP minus 75.0%	AWP minus 75.5%
Retail 90 (\geq83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 17.90% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 17.90% plus \$0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74.5%	AWP minus 75.0%	AWP minus 75.5%
Catamaran Mail Service Pharmacy[‡]			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 23.10% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 23.10% plus \$ 0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 78.0%	AWP minus 78.5%	AWP minus 79.0%
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			

EXHIBIT C-1, continued

PASS THROUGH MODEL – OPTION 3, continued

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS ≥ 200,000

TABLE 3 – Pricing if EHPC Covered Individual Lives is ≥ 200,000, continued	
PASS THROUGH MODEL	
Manufacturer Revenue (2-Tier Open Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$13.00 Paid Claim for Brand Drugs
Retail 90 Minimum	\$13.00 Paid Claim for Brand Drugs
Mail Minimum	\$47.50 Paid Claim for Brand Drugs
Specialty Minimum	\$13.00 Paid Claim for Brand Drugs
Manufacturer Revenue (3-Tier Catamaran Managed Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$16.50 Paid Claim for Brand Drugs
Retail 90 Minimum	\$42.50 Paid Claim for Brand Drugs
Mail Minimum	\$54.50 Paid Claim for Brand Drugs
Specialty Minimum	\$16.50 Paid Claim for Brand Drugs
Manufacturer Revenue (Custom Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$9.72 Paid Claim for Brand Drugs
Retail 90 Minimum	\$21.94 Paid Claim for Brand Drugs
Mail Minimum	\$27.00 Paid Claim for Brand Drugs
Specialty Minimum	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-1, continued

PASS THROUGH MODEL – OPTION 4

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS ≥ 200,000 AND ACQUISITION COST PLUS PRICING WILL BE USED FOR MAIL PHARMACY SERVICES

Once the number of EHPC Covered Individual Lives reaches ≥ 200,000 and provided that Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services, Clients will pay Catamaran for the services provided herein pursuant to Table 4 below:

TABLE 4 – Pricing if EHPC Covered Individual Lives is ≥ 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services			
PASS THROUGH MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$1.25 per Paid Claim Retail 90: \$1.25 per Paid Claim Mail Service: \$1.25 per Paid Claim Specialty: \$1.25 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 15.30% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 15.30% plus \$1.20 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74.5%	AWP minus 75.0%	AWP minus 75.5%
Retail 90 (≥83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 17.90% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 17.90% plus \$0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74.5%	AWP minus 75.0%	AWP minus 75.5%
Catamaran Mail Service Pharmacy (Mail Acquisition Cost Plus Pricing)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 23.00% plus \$9.25 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$9.25 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 23.00% plus \$9.25 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 86.0%	AWP minus 86.0%	AWP minus 86.0%

EXHIBIT C-1, continued

PASS THROUGH MODEL – OPTION 4, continued

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS \geq 200,000 AND ACQUISITION COST PLUS PRICING WILL BE USED FOR MAIL PHARMACY SERVICES

TABLE 4 – Pricing if EHPC Covered Individual Lives is \geq 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services, continued	
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)	
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee	
Manufacturer Revenue (2-Tier Open Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$13.00 Paid Claim for Brand Drugs
Retail 90 Minimum	\$13.00 Paid Claim for Brand Drugs
Mail Minimum	\$47.50 Paid Claim for Brand Drugs
Specialty Minimum	\$13.00 Paid Claim for Brand Drugs
Manufacturer Revenue (3-Tier Catamaran Managed Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$16.50 Paid Claim for Brand Drugs
Retail 90 Minimum	\$42.50 Paid Claim for Brand Drugs
Mail Minimum	\$54.50 Paid Claim for Brand Drugs
Specialty Minimum	\$16.50 Paid Claim for Brand Drugs
Manufacturer Revenue (Custom Formulary)	
	[Greater of 100% or]
Retail 30 Minimum	\$9.72 Paid Claim for Brand Drugs
Retail 90 Minimum	\$21.94 Paid Claim for Brand Drugs
Mail Minimum	\$27.00 Paid Claim for Brand Drugs
Specialty Minimum	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-1, continued

PASS THROUGH MODEL – OPTION 5

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS < 200,000 AND THE CLIENT WISHES TO HAVE RETAIL 90 AND MAIL CLAIMS FILLED BY WALGREENS

Once the number of EHPC Covered Individual Lives is < 200,000 and provided that Client wishes to utilize Walgreens Co. to fill its Retail 90 and Mail claims, Clients will pay Catamaran for the services provided herein pursuant to Table 5:

TABLE 5 – Pricing if EHPC Covered Individual Lives is < 200,000 and the Client wishes to have Retail 90 and Mail claims filled by Walgreens			
PASS THROUGH MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$1.25 per Paid Claim Retail 90: \$1.25 per Paid Claim Mail Service: \$1.25 per Paid Claim Specialty: \$1.25 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 15.30% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 15.30% plus \$1.20 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74%	AWP minus 74.5%	AWP minus 75%
Retail 90 (≥83 day supply) Pharmacy Network (net effective average rate) – WALGREENS ONLY			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 22.00% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 22.00% plus \$0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 77%	AWP minus 77.5%	AWP minus 78%
Walgreens Mail Service Pharmacy			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 22.00% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 22.00% plus \$ 0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 77.0%	AWP minus 77.5%	AWP minus 78.0%

EXHIBIT C-1, continued

PASS THROUGH MODEL – OPTION 5, continued

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS < 200,000 AND THE CLIENT WISHES TO HAVE RETAIL 90 AND MAIL CLAIMS FILLED BY WALGREENS

TABLE 5 – Pricing if EHPC Covered Individual Lives is < 200,000 and the Client wishes to have Retail 90 and Mail claims filled by Walgreens, continued	
PASS THROUGH MODEL	
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)	
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information	
\$0.00 dispensing fee	
Manufacturer Revenue (2-Tier Open Formulary)	
	Greater of 100% or
Retail 30 Minimum	\$13.00 Paid Claim for Brand Drugs
Retail 90 Minimum	\$13.00 Paid Claim for Brand Drugs
Mail Minimum	\$47.50 Paid Claim for Brand Drugs
Specialty Minimum	\$13.00 Paid Claim for Brand Drugs
Manufacturer Revenue (3-Tier Catamaran Managed Formulary)	
	Greater of 100% or
Retail 30 Minimum	\$16.50 Paid Claim for Brand Drugs
Retail 90 Minimum	\$42.50 Paid Claim for Brand Drugs
Mail Minimum	\$54.50 Paid Claim for Brand Drugs
Specialty Minimum	\$16.50 Paid Claim for Brand Drugs
Manufacturer Revenue (Custom Formulary)	
	Greater of 100% or
Retail 30 Minimum	\$9.72 Paid Claim for Brand Drugs
Retail 90 Minimum	\$21.94 Paid Claim for Brand Drugs
Mail Minimum	\$27.00 Paid Claim for Brand Drugs
Specialty Minimum	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-1, continued

PASS THROUGH MODEL – OPTION 6

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS \geq 200,000 AND THE CLIENT WISHES TO HAVE RETAIL 90 AND MAIL CLAIMS FILLED BY WALGREENS

Once the number of EHPC Covered Individual Lives is \geq 200,000 and provided that Client wishes to utilize Walgreens Co. to fill its Retail 90 and Mail claims, Clients will pay Catamaran for the services provided herein pursuant to Table 6:

TABLE 6 – Pricing if EHPC Covered Individual Lives is \geq 200,000 and the Client wishes to have Retail 90 and Mail claims filled by Walgreens			
PASS THROUGH MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$1.25 per Paid Claim Retail 90: \$1.25 per Paid Claim Mail Service: \$1.25 per Paid Claim Specialty: \$1.25 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network (net effective average rate)			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 15.30% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 15.30% plus \$1.20 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 74.5%	AWP minus 75%	AWP minus 75.5%
Retail 90 (\geq83 day supply) Pharmacy Network (net effective average rate) – WALGREENS ONLY			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 23.10% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 23.10% plus \$0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 78%	AWP minus 78.5%	AWP minus 79%
Walgreens Mail Service Pharmacy			
Brand Drugs Minimum AWP Effective Rate Guarantee	AWP minus 23.10% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs Minimum AWP Effective Rate	AWP minus 23.10% plus \$ 0.00 dispensing fee		
Overall Generic Minimum AWP Effective Rate Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 78.0%	AWP minus 78.5%	AWP minus 79.0%

EXHIBIT C-2

TRADITIONAL MODEL – OPTION 1

PRICING IF COALITION INDIVIDUAL COVERED LIVES IS < 200,000

Should Client elect Traditional Pricing, the following pricing options apply as set forth in the Tables below.

If the number of EHPC Covered Individual Lives in the coalition is < 200,000, Clients will pay Catamaran for the services provided herein pursuant to Table 1 below:

TABLE 1 – Pricing if EHPC Individual Covered Lives is < 200,000			
TRADITIONAL MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$0.00 per Paid Claim Retail 90: \$0.00 per Paid Claim Mail Service: \$0.00 per Paid Claim Specialty: \$0.00 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 75%	AWP minus 75.5%	AWP minus 76%
Retail 90 (≥83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 18.90% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs	AWP minus 18.90% plus \$0.00 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 75%	AWP minus 75.5%	AWP minus 76%
Catamaran Mail Service Pharmacy			
Brand Drugs	AWP minus 22.00% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Generic Non-MAC Drugs	AWP minus 22.00% plus \$ 0.00 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 77.5%	AWP minus 78%	AWP minus 78.5%
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			
Manufacturer Revenue (2-Tier Open Formulary)			
Retail 30 Fixed	\$13.00 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$13.00 Paid Claim for Brand Drugs		
Mail Fixed	\$47.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$13.00 Paid Claim for Brand Drugs		
Manufacturer Revenue (3-Tier Catamaran Managed Formulary)			
Retail 30 Fixed	\$16.50 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$42.50 Paid Claim for Brand Drugs		
Mail Fixed	\$54.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$16.50 Paid Claim for Brand Drugs		

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 1, continued

PRICING IF COALITION INDIVIDUAL COVERED LIVES IS < 200,000

TABLE 1 – Pricing if EHPC Covered Individual Lives is < 200,000, continued	
TRADITIONAL MODEL	
Manufacturer Revenue (Custom Formulary)	
Retail 30 Fixed	\$9.72 Paid Claim for Brand Drugs
Retail 90 Fixed	\$21.94 Paid Claim for Brand Drugs
Mail Fixed	\$27.00 Paid Claim for Brand Drugs
Specialty Fixed	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 2

PRICING IF COALITION INDIVIDUAL COVERED LIVES IS < 200,000 AND ACQUISITION COST PLUS PRICING WILL BE USED FOR MAIL PHARMACY SERVICES

If the number of EHPC Covered Individual Lives in the coalition is < 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services, Clients will pay Catamaran for the services provided herein pursuant to Table 2 below:

TABLE 2 – Pricing if EHPC Individual Covered Lives is < 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services			
TRADITIONAL MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$0.00 per Paid Claim Retail 90: \$0.00 per Paid Claim Mail Service: \$0.00 per Paid Claim Specialty: \$0.00 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 75%	AWP minus 75.5%	AWP minus 76%
Retail 90 (≥83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 18.90% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs	AWP minus 18.90% plus \$0.00 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 75%	AWP minus 75.5%	AWP minus 76%
Catamaran Mail Service Pharmacy (Mail Acquisition Cost Plus Pricing)			
Brand Drugs	AWP minus 23.00% plus \$9.25 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$9.25 dispensing fee		
Generic Non-MAC Drugs	AWP minus 23.00% plus \$9.25 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 86.0%	AWP minus 86.0%	AWP minus 86.0%
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			
Manufacturer Revenue (2-Tier Open Formulary)			
Retail 30 Fixed	\$13.00 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$13.00 Paid Claim for Brand Drugs		
Mail Fixed	\$47.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$13.00 Paid Claim for Brand Drugs		
Manufacturer Revenue (3-Tier Catamaran Managed Formulary)			
Retail 30 Fixed	\$16.50 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$42.50 Paid Claim for Brand Drugs		
Mail Fixed	\$54.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$16.50 Paid Claim for Brand Drugs		

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 2, continued

PRICING IF COALITION INDIVIDUAL COVERED LIVES IS < 200,000 AND ACQUISITION COST PLUS PRICING WILL BE USED FOR MAIL PHARMACY SERVICES

TABLE 2 – Pricing if EHPC Individual Covered Lives is < 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services, continued	
TRADITIONAL MODEL	
Manufacturer Revenue (Custom Formulary)	
Retail 30 Fixed	\$9.72 Paid Claim for Brand Drugs
Retail 90 Fixed	\$21.94 Paid Claim for Brand Drugs
Mail Fixed	\$27.00 Paid Claim for Brand Drugs
Specialty Fixed	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 3

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS ≥ 200,000

Once the number of EHPC Covered Individual Lives is ≥ 200,000, Clients will pay Catamaran for the services provided herein pursuant to Table 3 below:

TABLE 3 – Pricing if EHPC Covered Individual Lives is ≥ 200,000			
TRADITIONAL MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$0.00 per Paid Claim Retail 90: \$0.00 per Paid Claim Mail Service: \$0.00 per Paid Claim Specialty: \$0.00 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
	Year 1	Year 2	Year 3
Effective Overall Generic Guarantee (Ingredient cost)	AWP minus 75.5%	AWP minus 76.0%	AWP minus 76.5%
Retail 90 (≥83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 18.90% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs	AWP minus 18.90% plus \$0.00 dispensing fee		
	Year 1	Year 2	Year 3
Effective Overall Generic Guarantee (Ingredient cost)	AWP minus 75.5%	AWP minus 76.0%	AWP minus 76.5%
Catamaran Mail Service Pharmacy			
Brand Drugs	AWP minus 23.10% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Generic Non-MAC Drugs	AWP minus 23.10% plus \$ 0.00 dispensing fee		
	Year 1	Year 2	Year 3
Effective Overall Generic Guarantee (Ingredient cost)	AWP minus 78.0%	AWP minus 78.5%	AWP minus 79.0%
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			
Manufacturer Revenue (2-Tier Open Formulary)			
Retail 30 Fixed	\$13.00 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$13.00 Paid Claim for Brand Drugs		
Mail Fixed	\$47.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$13.00 Paid Claim for Brand Drugs		
Manufacturer Revenue (3-Tier Catamaran Managed Formulary)			
Retail 30 Fixed	\$16.50 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$42.50 Paid Claim for Brand Drugs		
Mail Fixed	\$54.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$16.50 Paid Claim for Brand Drugs		

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 3, continued

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS \geq 200,000

TABLE 3 – Pricing if EHPC Covered Individual Lives is \geq 200,000	
TRADITIONAL MODEL	
Manufacturer Revenue (Custom Formulary)	
Retail 30 Fixed	\$9.72 Paid Claim for Brand Drugs
Retail 90 Fixed	\$21.94 Paid Claim for Brand Drugs
Mail Fixed	\$27.00 Paid Claim for Brand Drugs
Specialty Fixed	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 4

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS ≥ 200,000 AND ACQUISITION COST PLUS PRICING WILL BE USED FOR MAIL PHARMACY SERVICES

Once the number of EHPC Covered Individual Lives is ≥ 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services, Clients will pay Catamaran for the services provided herein pursuant to Table 4 below:

TABLE 4 – Pricing if EHPC Covered Individual Lives is ≥ 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services			
TRADITIONAL MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$0.00 per Paid Claim Retail 90: \$0.00 per Paid Claim Mail Service: \$0.00 per Paid Claim Specialty: \$0.00 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 75.5%	AWP minus 76.0%	AWP minus 76.5%
Retail 90 (≥83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 18.90% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs	AWP minus 18.90% plus \$0.00 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 75.5%	AWP minus 76.0%	AWP minus 76.5%
Catamaran Mail Service Pharmacy (Mail Acquisition Cost Plus Pricing)			
Brand Drugs	AWP minus 23.00% plus \$9.25 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$9.25 dispensing fee		
Generic Non-MAC Drugs	AWP minus 23.00% plus \$9.25 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 86.0%	AWP minus 86.0%	AWP minus 86.0%
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			
Manufacturer Revenue (2-Tier Open Formulary)			
Retail 30 Fixed	\$13.00 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$13.00 Paid Claim for Brand Drugs		
Mail Fixed	\$47.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$13.00 Paid Claim for Brand Drugs		
Manufacturer Revenue (3-Tier Catamaran Managed Formulary)			
Retail 30 Fixed	\$16.50 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$42.50 Paid Claim for Brand Drugs		
Mail Fixed	\$54.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$16.50 Paid Claim for Brand Drugs		

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 4, continued

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS \geq 200,000 AND ACQUISITION COST PLUS PRICING WILL BE USED FOR MAIL PHARMACY SERVICES

TABLE 4 – Pricing if EHPC Covered Individual Lives is \geq 200,000 and Acquisition Cost Plus Pricing Will be Used for Mail Pharmacy Services, continued	
TRADITIONAL MODEL	
Manufacturer Revenue (Custom Formulary)	
Retail 30 Fixed	\$9.72 Paid Claim for Brand Drugs
Retail 90 Fixed	\$21.94 Paid Claim for Brand Drugs
Mail Fixed	\$27.00 Paid Claim for Brand Drugs
Specialty Fixed	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 5

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS < 200,000 AND THE CLIENT WISHES TO HAVE RETAIL 90 AND MAIL CLAIMS FILLED BY WALGREENS

Once the number of EHPC Covered Individual Lives is < 200,000 and provided that Client wishes to utilize Walgreens Co. to fill its Retail 90 and Mail claims, Clients will pay Catamaran for the services provided herein pursuant to Table 5:

TABLE 5 – Pricing if EHPC Covered Individual Lives is < 200,000 and the Client wishes to have Retail 90 and Mail claims filled by Walgreens			
TRADITIONAL MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$0.00 per Paid Claim Retail 90: \$0.00 per Paid Claim Mail Service: \$0.00 per Paid Claim Specialty: \$0.00 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 75.0%	AWP minus 75.5%	AWP minus 76.0%
Retail 90 (≥83 day supply) Pharmacy Network – WALGREENS ONLY			
Brand Drugs	AWP minus 22.00% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs	AWP minus 22.00% plus \$0.00 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 77.5%	AWP minus 78.0%	AWP minus 78.5%
Walgreens Mail Service Pharmacy			
Brand Drugs	AWP minus 22.00% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Generic Non-MAC Drugs	AWP minus 22.00% plus \$ 0.00 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1	Year 2	Year 3
	AWP minus 77.5%	AWP minus 78.0%	AWP minus 78.5%
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			
Manufacturer Revenue (2-Tier Open Formulary)			
Retail 30 Fixed	\$13.00 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$13.00 Paid Claim for Brand Drugs		
Mail Fixed	\$47.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$13.00 Paid Claim for Brand Drugs		
Manufacturer Revenue (3-Tier Catamaran Managed Formulary)			
Retail 30 Fixed	\$16.50 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$42.50 Paid Claim for Brand Drugs		
Mail Fixed	\$54.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$16.50 Paid Claim for Brand Drugs		

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 5, continued

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS < 200,000 AND THE CLIENT WISHES TO HAVE RETAIL 90 AND MAIL CLAIMS FILLED BY WALGREENS

TABLE 5 – Pricing if EHPC Covered Individual Lives is < 200,000 and the Client wishes to have Retail 90 and Mail claims filled by Walgreens, continued	
TRADITIONAL MODEL	
Manufacturer Revenue (Custom Formulary)	
Retail 30 Fixed	\$9.72 Paid Claim for Brand Drugs
Retail 90 Fixed	\$21.94 Paid Claim for Brand Drugs
Mail Fixed	\$27.00 Paid Claim for Brand Drugs
Specialty Fixed	\$9.72 Paid Claim for Brand Drugs

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 6

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS \geq 200,000 AND THE CLIENT WISHES TO HAVE RETAIL 90 AND MAIL CLAIMS FILLED BY WALGREENS

Once the number of EHPC Covered Individual Lives reaches \geq 200,000 and provided that Client wishes to utilize Walgreens Co. to fill its Retail 90 and Mail claims, Clients will pay Catamaran for the services provided herein pursuant to Table 6:

TABLE 6 – Pricing if EHPC Covered Individual Lives is \geq 200,000 and the Client wishes to have Retail 90 and Mail claims filled by Walgreens			
TRADITIONAL MODEL			
Administrative Fees			
Base Fees:	Retail 30: \$0.00 per Paid Claim Retail 90: \$0.00 per Paid Claim Mail Service: \$0.00 per Paid Claim Specialty: \$0.00 per Paid Claim		
Paper Claim Fee:	\$2.50 per paper claim		
Retail 30 (<83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$1.20 dispensing fee		
Non-MAC Generic Drugs	AWP minus 15.60% plus \$1.20 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1 AWP minus 75.5%	Year 2 AWP minus 76%	Year 3 AWP minus 76.5%
Retail 90 (\geq83 day supply) Pharmacy Network			
Brand Drugs	AWP minus 23.10% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Non-MAC Generic Drugs	AWP minus 23.10% plus \$0.00 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1 AWP minus 78%	Year 2 AWP minus 78.5%	Year 3 AWP minus 79%
Walgreens Mail Service Pharmacy			
Brand Drugs	AWP minus 23.10% plus \$0.00 dispensing fee		
Generic MAC Drugs	Catamaran MAC plus \$0.00 dispensing fee		
Generic Non-MAC Drugs	AWP minus 23.10% plus \$0.00 dispensing fee		
Effective Overall Generic Guarantee (Ingredient cost)	Year 1 AWP minus 78.0%	Year 2 AWP minus 78.5%	Year 3 AWP minus 79.0%
Specialty Pharmacy (Open or Exclusive) (Client's will have a choice)			
See Attached Specialty Pricing Schedule for Individual Drug Level Pricing Information \$0.00 dispensing fee			
Manufacturer Revenue (2-Tier Open Formulary)			
Retail 30 Fixed	\$13.00 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$13.00 Paid Claim for Brand Drugs		
Mail Fixed	\$47.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$13.00 Paid Claim for Brand Drugs		
Manufacturer Revenue (3-Tier Managed Formulary)			
Retail 30 Fixed	\$16.50 Paid Claim for Brand Drugs		
Retail 90 Fixed	\$42.50 Paid Claim for Brand Drugs		
Mail Fixed	\$54.50 Paid Claim for Brand Drugs		
Specialty Fixed	\$16.50 Paid Claim for Brand Drugs		

EXHIBIT C-2, continued

TRADITIONAL MODEL – OPTION 6, continued

PRICING IF COALITION COVERED INDIVIDUAL LIVES IS \geq 200,000 AND THE CLIENT WISHES TO HAVE RETAIL 90 AND MAIL CLAIMS FILLED BY WALGREENS

TABLE 6 – Pricing if EHPC Covered Individual Lives is \geq 200,000 and the Client wishes to have Retail 90 and Mail claims filled by Walgreens, continued	
TRADITIONAL MODEL	
Manufacturer Revenue (Custom Formulary)	
Retail 30 Fixed	\$9.72 Paid Claim for Brand Drugs
Retail 90 Fixed	\$21.94 Paid Claim for Brand Drugs
Mail Fixed	\$27.00 Paid Claim for Brand Drugs
Specialty Fixed	\$9.72 Paid Claim for Brand Drugs

EXHIBIT D
DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

1. **“Activation Date”** means the go live date when Client’s Claims will first be processed under the Client Addendum.

2. **“Acquisition Cost Plus Pricing”** means a pricing arrangement where the Ingredient Cost for a Covered Drug is Catamaran’s Invoice Cost plus a fixed additional amount or percentage. Catamaran shall apply this Ingredient Cost at the time of the Claim adjudication.

3. **“Administrative Fee”** means the amount per Paid Claim, if any, payable to Catamaran for the performance of Covered Drugs under this Agreement, as set forth in Exhibit C-1 (Administration and Other Fees – Pass Through Model) or Exhibit C-2 (Administration and Other Fees – Traditional Model). For avoidance of doubt, this does not include amounts paid for Covered Drugs (e.g., Ingredient Cost, Dispensing Fees, and Taxes).

4. **“Authorized Generic”** means a drug listed in the FDA Orange Book that was approved under the Federal Food, Drug, and Cosmetic Act § 505(c) and that is marketed, sold, or distributed directly or indirectly to retail class of trade under a different labeling, packaging (other than repackaging as the listed drug in blister packs, unit doses, or similar packaging for use in institutions), product code, labeler code, trade name, or trademark than the listed drug.

5. **“Average Wholesale Price” or “AWP”** means the average wholesale price of a prescription drug as established and reported by the Pricing Source. The applied AWP of a drug shall be the AWP for the actual eleven (11) digit National Drug Code (“NDC”), drug specific, quantity appropriate actual package size, submitted by a Participating Pharmacy, mail order pharmacy, or specialty pharmacy at the time that the prescription is filled. Catamaran shall not use AWP’s of licensed re-packagers where the data source identifies an AWP price greater than the AWP price reported by the pharmaceutical manufacturer. Catamaran shall update AWP data no less than weekly.

6. **“AWP Rate”** means the percentage discount off of AWP applied upon Claim adjudication to calculate the Ingredient Cost for Covered Drug Paid Claims. For avoidance of doubt, this does not include Dispensing Fees or applicable tax.

7. **“AWP Effective Rate”** means the actual aggregate AWP Rate achieved for each Pricing Category, as reported and reconciled in accordance with the Pricing Conditions.

The AWP Effective Rate shall be calculated by multiplying the AWP for Covered Drug Paid Claims (in the aggregate for the Pricing Category) dispensed during the Contract Year by one (1) minus the applicable AWP Effective Rate Guarantee for such Pricing Category. For reference, this is expressed for each Pricing Category as $AWP * (1 - AWP \text{ Effective Rate Guarantee})$.

8. **“AWP Effective Rate Guarantee”** means the aggregate AWP Rate guarantees as set forth in Exhibit C-1 or Exhibit C-2 for each Pricing Category, as reported and reconciled in accordance with the Pricing Conditions.

The AWP Effective Rate Guarantee is calculated as follows: $(A-B)/A \times 100\% = AWP \text{ Effective Rate Guarantee percent}$.

A = The total sum of the applicable AWP for each Pricing Category
B = The total sum of the Ingredient Costs for each Pricing Category.

9. **“Brand Drug”** means a prescription drug product that is not a Generic Drug.

10. **“Claim(s)”** means an electronic or paper request for reimbursement as a result of a Participating Pharmacy, mail order pharmacy or specialty pharmacy dispensing a Covered Prescription to a Covered Individual.

EXHIBIT D, continued

DEFINITIONS

11. **"Client"** means a corporation, association or other entity or group of individuals that has a contract or other arrangement in effect with EHPC through which the Eligible Person covered under such Client are entitled to prescription drug benefits pursuant to the Agreement.

12. **"Compound Drug"** means a mixture of two or more ingredients when at least one of the ingredients in the preparation is a federal legend drug or state restricted drug in a therapeutic amount. It excludes the addition of only water or flavoring to any preparation. Further, "Compound Drug" shall not include a compound preparation administered by infusion.

13. **"Contract Quarter"** means the full three (3) month period commencing on the Effective Date and each full consecutive three (3) month period thereafter that this Agreement remains in effect.

14. **"Contract Year"** means the full twelve (12) month period commencing on January 1 and each full consecutive twelve (12) month period thereafter that the Agreement remains in effect. The previous sentence notwithstanding, for Clients whose Activation Date is between July 1 and December 31 of any contract year, such Client's first contract year will cover the duration between the Activation Date and December 31 of the calendar year following the calendar year in which the Activation Date falls. For Clients whose Activation Date is between January 1 and June 30, such Client's first contract year will cover the duration between the Activation Date and December 31 of the calendar year in which the Activation Date falls.

15. **"Cost Share"** means an amount which a Covered Individual is required to pay, other than premiums, under the terms of the applicable Plan. Such payment may be referred to as an allowance, coinsurance, copayment, deductible, penalty or other Covered Individual payment responsibility, and may be a fixed amount or a percentage of applicable payment for Covered Services rendered to the Covered Individual. An Covered Individual is responsible for the payment of any Copayment directly to a Participating Pharmacy at the time the prescription is dispensed and for mailing the payment of any Copayment to the Mail Service Pharmacy or Specialty Pharmacy.

16. **"Covered Drug(s)"** means prescription drugs, devices, over-the-counter drugs, and supplies that are prescribed by a provider and covered under the applicable Plan Design Document, and shall include all services usually and customarily rendered by a provider in the normal course of business, including counseling and product consultation.

17. **"Covered Individual"** means each individual who is eligible for benefits through Client under a Client's applicable Plan Design Document as of the date the Covered Drug is provided.

18. **"Covered Individual Pay Difference Charge"** based on the applicable Plan Design Document, means a charge which the Covered Individual is required to pay to a provider for a Covered Drug when the Covered Individual or the Covered Individual's provider requests that a Brand Drug be dispensed when a Generic Drug substitution is available. The Covered Individual Pay Difference Charge, if any, shall be the difference between the Ingredient Cost plus Dispensing Fee for the Brand Drug and the Ingredient Cost plus Dispensing Fee for the Generic Drug. The Covered Individual Pay Difference Charge is in addition to the applicable Cost Share and shall not be applied to the Ingredient Cost or Dispensing Fee.

19. **"Dispensing Fee"** means the amount payable by Client pursuant to Exhibit C-1 or Exhibit C-2 of this Agreement for a Participating Pharmacy, mail order pharmacy and/or specialty pharmacy to dispense a Covered Drug to a Covered Individual. Any charge by a Participating Pharmacy mail order pharmacy and/or specialty pharmacy to dispense a Covered Drug that is not Ingredient Cost or applicable tax shall be the Dispensing Fee.

EXHIBIT D, continued

DEFINITIONS

20. **"Dispensing Fee Guarantee"** means the average aggregate Dispensing Fee guarantees as set forth in Exhibit C-1 or Exhibit C-2 for each Pricing Category, as measured, reported, and reconciled in accordance with the Pricing Conditions. The Dispensing Fee Average achieved for each Pricing Category will be calculated by dividing the Dispensing Fee for Covered Drug Paid Claims (in the aggregate for the Pricing Category) dispensed during the Contract Year by the number of Paid Claims for the Pricing Category.

The Dispensing Fee Guarantee is calculated as follows: $A/B = \text{Dispensing Fee Average}$.

A = The total sum of the applicable Dispensing Fee for each Pricing Category

B = The total sum of the Paid Claims for each Pricing Category

21. **"Duplicate Claim"** means a Claim that has the same Participating Pharmacy, mail pharmacy and/or specialty pharmacy, Covered Individual, date of service, prescription number and NDC as another Claim.

22. **"EHPC"** means Employers Health Purchasing Corporation, which provides health benefit consulting services to Clients by arranging, on behalf of Client, for Catamaran to provide certain prescription benefit management, with respect to Client's Plan.

23. **"EHPC Covered Individual Lives"** means the total number of individuals who are eligible for benefits under the Coalition Agreement.

24. **"EHPC Standard Formulary"** means the EHPC's proprietary formulary in its composition developed, maintained and administered by Catamaran at no additional charge to EHPC and/or Client.

25. **"Generic Drug"** means a prescription drug, whether identified by its chemical, proprietary, or non-proprietary name that (a) is accepted by the U.S. Food and Drug Administration as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient and (b) has a multisource code field in Medi-Span of "Y" (generic). An item shall also be considered a generic drug if the Multisource Code is "O" and there is a DAW code of 3,4,5,6, or 9. Generic Drugs shall also include multi-source Brand Drugs that adjudicate at MAC, Brand Drugs that are treated as "house" generic drugs (DAW5) by the dispensing pharmacy, and Single Source Generic Drugs. Any drug that has been a Single Source Generic or a Generic Drug will always be considered a Generic Drug.

26. **"Ingredient Cost"** means the amount payable by Client pursuant to the adjudication logic in Pricing Conditions of this Agreement for a Covered Drug, excluding Dispensing Fees and applicable tax, and before Cost Share. Any charge by a Participating Pharmacy, mail order pharmacy and/or specialty pharmacy to dispense a Covered Drug that is not Dispensing Fee or applicable tax shall be the Ingredient Cost.

27. **"Invoice Cost"** means the actual cost paid by Catamaran for a particular Covered Drug less any additional revenues and discounts directly related to the purchase of a particular Covered Drug received by Catamaran from the manufacturer or wholesaler from which Catamaran purchased such particular Covered Drug. If Catamaran enters into an agreement with a pharmaceutical manufacturer or wholesaler that increases the Invoice Cost for a particular Covered Drug in exchange for an increase in other revenues directly related to the purchase of such Covered Drug, then Catamaran shall deduct such other revenues directly related to purchase of such Covered Drug from the Invoice Cost of such Covered Drug.

28. **"Maximum Allowable Cost" or "MAC"** means the maximum allowable Ingredient Cost for a Covered Drug as included on the applicable MAC List.

29. **"MAC List"** means the lists developed and maintained in accordance with the requirements set forth in the Pricing Conditions of Covered Drugs identified as readily available as a Generic Drug or generally equivalent to a Brand Drug (in which case the Brand Drug may also be on the MAC List).

EXHIBIT D, continued

DEFINITIONS

30. **“Manufacturer Administrative Fee”** means the fees paid to Catamaran by pharmaceutical manufacturers for the administrative services provided by Catamaran to pharmaceutical Manufacturers.
31. **“Manufacturer Revenue”** means the collective amount of Rebates and Manufacturer Administrative Fees.
32. **“Manufacturer Revenue Guarantee”** means the average aggregate Manufacturer Revenue per Brand Drug Paid Claim guarantees as set forth in Exhibit C-1 or Exhibit C-2, calculated as Manufacturer Revenue divided by Brand Drug Paid Claims for each applicable Pricing Category.
33. **“Net Effective Discount Guarantee”** means the average annual aggregate AWP discount guarantees as determined in accordance with submitted pricing table(s) for respective brand and generic products.
34. **“Outlier Claim”** means any non-Compound Drug Brand Drug Claim with an AWP Rate greater than 60% or any non-Compound Drug Generic Drug Claim with an AWP Rate greater than 99%.
35. **“Paid Claim”** means a Claim that meets coverage requirements and is subsequently paid. All Claims with an associated Rejected Claim, Reversed Claim, or Duplicate Claim shall not be considered Paid Claims and are excluded from the financial guarantees and Administrative Fee calculations.
36. **“Participating Pharmacy”** means a retail pharmacy that has entered into an agreement with Catamaran under which the pharmacy has agreed to provide Covered Drugs to Covered Individuals and to comply with applicable regulatory requirements.
37. **“Pass Through Pricing”** means the pricing applicable to Client under this Agreement for Claims set forth in Exhibit C-1 (Administration and Other Fees – Pass Through Pricing), where Catamaran applies and charges Client the actual Ingredient Cost, Dispensing Fees, and Taxes that Catamaran is obligated to pay to providers dispensing Covered Drugs in connection with Paid Claims if Client elects the pricing set forth in Exhibit C-1. Pass-Through Pricing does not apply to the pricing set forth in Exhibit C-2.
38. **“Pharmacy & Therapeutics Committee”** or **“P&T”** means the committee formed by Catamaran or Client that reviews a legend drug for inclusion on the Catamaran or EHPC Standard Formulary and creates criteria, policies and procedure for such inclusion including, but not limited to, clinically-appropriate quantity restrictions, step therapies and prior authorizations.
39. **“Plan Design Document”** means a document describing the prescription plan for Covered Individuals, applicable to Covered Individuals as provided by Client as mutually agreed to by the parties.
40. **“Pricing Category”** means each separate line item pricing category set forth on Exhibit C-1 or Exhibit C-2 for Brand Drugs and Generic Drugs, for each days supply, for retail and mail order, each separately.
41. **“Pricing Condition(s)”** means the terms and conditions set forth in Exhibit C of this Agreement. The Pricing Conditions apply to Pass Through Pricing and Traditional Pricing.
42. **“Pricing Source”** means MediSpan (or other nationally recognized third party pricing source as selected by Catamaran). Catamaran shall not utilize more than one (1) Pricing Source and shall use the same updated national drug file for invoicing Rx and for paying providers.

EXHIBIT D, continued

DEFINITIONS

43. **“Qualified Claim”** means Claims for Brand Drugs as set forth in First Databank data drug file, or other such nationally recognized source determined by Catamaran, that are eligible for Rebates in accordance with this Agreement. Claims not meeting the definition of Qualified Claim are (i) any claims for services of any unfunded discount card, or any state or government medical or pharmaceutical assistance program where other discounts apply; (ii) or any claims for OTC products, duplicate claims, 340B program, government subrogation claims, secondary claims, long term care claims, and home infusion claims.

44. **“Rebates”** means retrospective discounts or other payments including administrative fees, based upon the utilization of a pharmaceutical manufacturer’s Brand Drug pursuant to a valid prescription and exclusive of services fees, and purchase discounts.

45. **“Rejected Claim”** means a Claim that is not paid.

46. **“Reversed Claim”** means a Claim that initially is paid but a subsequent Claim with the same Participating Pharmacy, mail order pharmacy and/or specialty pharmacy, Covered Individual, prescription number, and NDC was submitted for reversal of payment.

47. **“Secondary Payer Claim”** means a Covered Drug Claim for which the Plan Design Document does not have primary payment responsibility.

48. **“Single Source Generic Drugs”** means those Generic Drugs which are provided by only one pharmaceutical manufacturer, including an Authorized Generic Drug. Single Source Generic Drugs shall cease to be considered Single Source Generic Drugs at such time as more than one manufacturer or distributor of the Generic Drug exists, or after the first 180 days from the day of the first Generic Drug approval as reported by the Pricing Source, whichever comes first, at which time the product remains a Generic Drug.

49. **“Catamaran Formulary”** or **“Preferred Drug List”** (collectively known as “Formulary”) means the list of prescription drugs and medications that are recommended by Catamaran to Client for regular use and which will be dispensed through Participating Pharmacies, the Mail Service Pharmacy or the Specialty Pharmacy to Covered Individuals.

50. **“Specialty Drugs”** shall mean medications that (i) treat unique populations, (ii) require close therapy management and monitoring, (iii) require special handling and/or storage, (iv) are produced through biotechnologies, (v) may involve complex reimbursement processes; and/or (vi) other ancillary services (i.e. nursing services).

51. **“Usual and Customary (U&C) Charge”** means the amount a regular cash paying customer pays a Participating Pharmacy for a pharmaceutical good or service and is submitted to Catamaran. Catamaran shall require Participating Pharmacies, to submit their Usual and Customary Charges with all Claim submissions.

52. **“Usual and Customary (U&C) Claim”** means a Claim where the Ingredient Cost plus the Dispensing Fee is greater than or equal to the Usual and Customary Charge for a Pharmacy for a pharmaceutical good or service. These Claims will be included in the Brand Drug and Generic pricing guarantees. The calculation for the identification of these Claims will be as follows: Usual and Customary Claim Calculation: $U\&C \text{ Charge} - (\text{Ingredient Cost} + \text{Dispensing Fee}) = \text{Less than or equal to "0" (zero)}$.

EXHIBIT E-1

IMPLEMENTATION PERFORMANCE GUARANTEES

Upon the Activation Date, Catamaran will measure its implementation performance guarantees according to the implementation timeline and report results to Client. The maximum Performance Penalty related to the implementation performance guarantees set forth below shall not exceed 50% of the total Administration Fees paid by Client during the first twelve (12) months of the Agreement (“Year 1”) with a maximum of 20% of the total allocated to any one category of performance guarantees. Client may allocate the penalties based on the areas of most concern. Subject to Client’s adherence to payment obligations under this Agreement, penalties, if any, will be paid within sixty (60) days of the end of Year 1. Penalties represent Client’s sole and exclusive remedy for any performance guarantee set forth herein. Any such performance failure will not be deemed a material breach that gives Client right to terminate under Section 5(b) of this Agreement. EHPC acknowledges and agrees that Catamaran will measure the performance guarantees as described herein but shall not provide reports to EHPC or Client for any failure to satisfy a performance guarantee during any time that no executed agreement existed between Catamaran and EHPC and Client. Reports will be provided and any subsequent penalties will be paid when an executed agreement exists between the parties for the time period being measured.

Performance Guarantee	Due Date	Date Complete	Penalty Allocation (Determined by Client)	Catamaran, Client or EHPC Book of Business
Plan Design Category				
	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X		
Accurate loading of plan designs			% of category fee at risk to be determined by Client	Client
Total Fee at Risk in the Plan Design Category			% of admin fee to be determined by Client	
Eligibility Category				
	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X		
Accurate loading of member eligibility			% of category fee at risk to be determined by Client	Client
Total Fee at Risk in the Eligibility Category			% of admin fee to be determined by Client	
Historical Claims Data Category				
	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X		
Complete loading of historical claims data			% of category fee at risk to be determined by Client	Client

EXHIBIT E-1, continued

IMPLEMENTATION PERFORMANCE GUARANTEES

Performance Guarantee	Due Date	Date Complete	Penalty Allocation (Determined by Client)	Catamaran, Client or EHPC Book of Business
Historical Claims Data Category, continued				
Mail Order Open File Transfer will be completed	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
Specialty Open File Transfer will be completed	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
Total Fee at Risk in the Historical Claims Data Category			% of admin fee to be determined by Client	
Member Communication Category				
New ID cards will be produced and mailed	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
New Welcome Packets will be prepared and mailed	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
Member call center will be operational	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client

EXHIBIT E-1, continued

IMPLEMENTATION PERFORMANCE GUARANTEES

Performance Guarantee	Due Date	Date Complete	Penalty Allocation (Determined by Client)	Catamaran, Client or EHPC Book of Business
Member Communication Category, continued				
Member website will be operational	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
All members with non-refillable or non-transferrable mail order prescriptions will be notified	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
All members with non-refillable or non-transferrable Specialty prescriptions will be notified	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
Total Fee at Risk in the Member Communication Category			% of admin fee to be determined by Client	
Clinical Programs Category (Each applies only to Clients who select the applicable program)				
Custom formulary will be loaded (Applies only to Clients who select this program)	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
Custom Utilization UM will be loaded (Applies only to Clients who select this program)	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client

EXHIBIT E-1, continued

IMPLEMENTATION PERFORMANCE GUARANTEES

Performance Guarantee	Due Date	Date Complete	Penalty Allocation (Determined by Client)	Catamaran, Client or EHPC Book of Business
Clinical Programs Category, continued (Each applies only to Clients who select the applicable program)				
Complete loading of Clinical edits, prior authorizations, (Applies only to Clients who select this program)	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
Total Fee at Risk in the Clinical Programs Category			% of admin fee to be determined by Client	
Pharmacy Network Category				
Pharmacy Network disruption report will be run and all members who may experience a disruption of pharmacy network are notified and provided alternatives with similar geoaccess	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
Custom preferred Pharmacy Network is set up and functional (Applies only to Clients who select this program)	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
Direct Price MAC lists are loaded and functional (Applies only to Clients who select this program)	Insert Date Based on Implementation Timeline X ____/____/____ X	Insert Date Completed X ____/____/____ X	% of category fee at risk to be determined by Client	Client
Total Fee at Risk in the Pharmacy Network Category			% of admin fee to be determined by Client	

EXHIBIT E-2

PERFORMANCE GUARANTEES

Upon the Activation Date, Catamaran will measure its performance guarantees quarterly and report results to Client. The maximum Performance Penalty shall not exceed 50% of the total Administration Fees paid by Client during each Contract Year with a maximum of 20% of the total allocated to any one category of performance guarantees. Client may allocate the penalties based on the areas of most concern. Client may change the aforementioned allocation once during each Contract Year. Subject to Client's adherence to payment obligations under this Agreement, penalties, if any, will be paid annually within sixty (60) days of the completion of each Contract Year. Penalties represent Client's sole and exclusive remedy for any performance guarantee set forth herein. Any such performance failure will not be deemed a material breach that gives Client right to terminate under Section 5(c) of this Agreement. EHPC acknowledges and agrees that Catamaran will measure the performance guarantees as described herein but shall not provide reports to EHPC or Client for any failure to satisfy a performance guarantee during any time that no executed agreement existed between Catamaran and EHPC and Client. Reports will be provided and any subsequent penalties will be paid when an executed agreement exists between the parties for the time period being measured.

Performance Guarantee	Target	Measurement	Frequency of Measurement	Penalty Allocation (Determined by Client)	Penalties Assessed	Catamaran, Client or EHPC Book of Business
Claims						
Accurate loading of plan designs	99.5%	Plan design changes and/or updates loaded within 5 business days of receiving complete documentation when system coding changes are not required.	Quarterly	% of category fee at risk to be determined by Client	Quarterly	EHPC
Accurate loading of member eligibility	99.5%	Member eligibility changes and/or updates will be loaded within 2 business days of receiving documentation	Quarterly	% of category fee at risk to be determined by Client	Quarterly	EHPC
Accurate Claims Processing (Processed, Paid and Billed)	99.9%	All claims audited and found to be without error of any form, divided by all claims audited.	Quarterly	% of category fee at risk to be determined by Client	Quarterly	EHPC
Accurate mail order dispensing	99.9%	Total mail order paid claims with errors/ total number of mail order paid claims	Quarterly	% of category fee at risk to be determined by client	Quarterly	EHPC
Accurate specialty pharmacy dispensing	99.9%	Total specialty pharmacy paid claims with errors/ total specialty pharmacy paid claims dispensed	Quarterly	% of category fee at risk to be determined by Client	Quarterly	EHPC

EXHIBIT E-2, continued

PERFORMANCE GUARANTEES

Performance Guarantee	Target	Measurement	Frequency of Measurement	Penalty Allocation (Determined by Client)	Penalties Assessed	Catamaran, Client or EHPC Book of Business
Claims, continued						
Mail order dispensing turnaround	95%	Total clean* mail claims with ≤ 2 day turnaround/total number of clean mail paid claims. Turnaround = time paid claim received to time paid claim leaves pharmacy. * Clean claims require no intervention	Quarterly	% of category fee at risk to be determined by Client	Quarterly	Client
Paper claim turnaround time	95%	Number of paper claims processed within 5 business days of receipt of complete documentation/by the total number of paper claims with complete documentation received	Quarterly	% of category fee at risk to be determined by Client	Quarterly	Client
System availability	99%	Calculated as the minutes a claim system is unavailable or down in any given year/ number of minutes in the year	Annually	% of category fee at risk to be determined by Client	Quarterly	Client
Total Fee at Risk in the Claims Category				% of admin fee to be determined by Client		
Customer Service						
Accurate ID Card Mailing	98%	Calculated as total number of new ID cards mailed to correct address within 5 days of receiving an accurate eligibility file from Client/Total number of ID cards required	Annually	% of category fee at risk to be determined by Client	Annually	Client

EXHIBIT E-2, continued

PERFORMANCE GUARANTEES

Performance Guarantee	Target	Measurement	Frequency of Measurement	Penalty Allocation (Determined by Client)	Penalties Assessed	Catamaran, Client or EHPC Book of Business
Customer Service, continued						
Accurate ID Card Preparation	99.9%	Calculated as total number of ID cards with no errors based on the information contained in the accurate eligibility file provided by Client/number of ID cards prepared	Annually	% of category fee at risk to be determined by Client	Annually	Client
Timely Eligibility Maintenance	99.8%	Calculated as total number of eligibility files loaded within 2 days of receipt contingent upon Client sending a clean eligibility file in the agreed upon format and using the agreed upon naming convention/Total number of files received	Annually	% of category fee at risk to be determined by Client	Annually	Client
Timely Response to Written Inquiries	95%	Number of written inquiries responded to within 5 business days/Total number of written inquiries received	Quarter	% of category fee at risk to be determined by Client	Quarterly	Client
Efficient Answering Speed	100%	Average time for customer service or an automated device to answer incoming members calls < 30 seconds	Quarter	% of category fee at risk to be determined by Client	Quarterly	Client
Automated Call System Abandonment Rate	≤ 3%	Number of calls where a caller hangs up if call is not answered within 30 seconds/total number of customer service calls	Quarter	% of category fee at risk to be determined by Client	Quarterly	Client
Blocked Call Rate	≤ 2%	Number of calls with a busy or no answer signal/total number of calls	Quarter	% of category fee at risk to be determined by Client	Quarterly	Client

EXHIBIT E-2, continued

PERFORMANCE GUARANTEES

Performance Guarantee	Target	Measurement	Frequency of Measurement	Penalty Allocation (Determined by Client)	Penalties Assessed	Catamaran, Client or EHPC Book of Business
Customer Service, continued						
First Call Resolution	95%	Number of calls resolved within one (1) business day of first contact/total number of calls	Quarter	% of category fee at risk to be determined by Client	Quarterly	Client
Total Fee at Risk in the Customer Service Category				% of admin fee to be determined by Client		
Satisfaction						
Account management satisfaction	Overall score of satisfactory or greater	Based on a account management survey. Survey should be developed with client and administered at a mutually agreed upon time.	Annually	% of category fee at risk to be determined by Client	Annually	Client
Member satisfaction	>90 %	Based on annual member survey. Over 90% will score satisfactory or greater	Annually	% of category fee at risk to be determined by Client	Annually	Client
Total Fee at Risk in the Satisfaction Category				% of admin fee to be determined by Client		
Reporting Category						
Delivery of Claims file	100%	Number of files delivered by the 15th of the following month/3 months	Quarterly	% of category fee at risk to be determined by Client	Quarterly	Client

EXHIBIT E-2, continued

PERFORMANCE GUARANTEES

Performance Guarantee	Target	Measurement	Frequency of Measurement	Penalty Allocation (Determined by Client)	Penalties Assessed	Catamaran, Client or EHPC Book of Business
Reporting Category, continued						
Timeliness of Monthly Reporting	100%	Number of standardized monthly reports originating from the RxTRACK data warehouse delivered to Catamaran's account management staff by the 15th of the following the close of the calendar month cycle/3 months. The scope of the standardized monthly reports will be based on Catamaran's current RxTRACK Connect report log.	Quarterly	% of category fee at risk to be determined by Client	Quarterly	Client
Timeliness of Quarterly Reporting	100%	Receipt of quarterly report at least 7 days prior to the scheduled meeting and no more than 45 days after the end of the quarter	Quarterly	% of category fee at risk to be determined by Client	Quarterly	Client
Timeliness of Manufacturer Revenue Payment	100%	Manufacturer Revenues paid 90 days after the end of the calendar quarter,	Quarterly	% of category fee at risk to be determined by Client	Quarterly	EHPC
Manufacturer Revenue payment accuracy	99%	Manufacturer Revenue payment received compared to amount invoiced to manufacturer	Quarterly	% of category fee at risk to be determined by Client	Quarterly	EHPC
Total Fee at Risk in the Reporting Category				% of admin fee to be determined by Client		

EXHIBIT E-2, continued

PERFORMANCE GUARANTEES

Performance Guarantee	Target	Measurement	Frequency of Measurement	Penalty Allocation (Determined by Client)	Penalties Assessed	Catamaran, Client or EHPC Book of Business
Clinical Category, continued						
Retail Generic Dispensing Rates	80%	Number of adjusted generic claims/total number of adjusted claims Adjusted prescriptions (0-44 days supply = 1 Rx, 45-74 = 2 Rx, 75-90 = 3 Rx)	Quarterly	% of category fee at risk to be determined by Client	Quarterly	Client
Mail Generic Dispensing Rates	70%	Number of adjusted generic claims/total number of adjusted claims Adjusted prescriptions (0-44 days supply = 1 Rx, 45-74 = 2 Rx, 75-90 = 3 Rx)	Quarterly	% of category fee at risk to be determined by Client	Quarterly	Client
Prior Authorizations - Non urgent	95%	Number of clean, non-urgent prior authorizations resolved in ≤ 4 days of receipt/by total number of prior authorizations received	Quarterly	% of category fee at risk to be determined by Client	Quarterly	Client
Prior Authorizations - Urgent	99.9%	Number of clean, urgent prior authorizations responded to within 48 hours of receipt/by the total number of clean, urgent prior authorizations received	Quarterly	% of category fee at risk to be determined by Client	Quarterly	Client
Total Fee at Risk in the Clinical Category				% of admin fee to be determined by Client		

EXHIBIT F

CATAMARAN PBM OF ILLINOIS, INC. NON-DISCLOSURE AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into on this [Insert Month & Day], 20[Insert Year], by and between Catamaran PBM of Illinois, Inc. with offices at 2441 Warrenville Road, Suite 610, Lisle, Illinois 60532-3642 ("Catamaran"), and [Insert Company Name], a [Insert State of Incorporation] corporation with offices at [Insert Company Address] ("Company").

Catamaran and the Company (the "Parties") hereto desire to engage in discussions of a possible business transaction or in regard to current business between the companies. Consequently, the Parties wish to enter into an agreement that outlines the terms governing disclosure of proprietary information. Therefore, in consideration of the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Definition of Confidential Information.

(a) For purposes of this Agreement, "Confidential Information" means any data or information that is proprietary to the party making disclosure (the "Disclosing Party") and not generally known to the public, whether in tangible or intangible form, whenever and however disclosed, including, but not limited to: (i) any marketing strategies, plans, financial information, or projections, operations, sales estimates, business plans and performance results relating to the past, present or future business activities of such party, its affiliates, subsidiaries and affiliated companies; (ii) plans for products or services, and customer or supplier lists; (iii) any scientific or technical information, invention, design, process, procedure, formula, improvement, technology or method (iv) any concepts, reports, data, know-how, works-in-progress, designs, development tools, specifications, computer software, source code, object code, flow charts, databases, inventions, information and trade secrets; (v) any and all summaries, analysis, determinations, distillations, excerpts, work product, results or other documents utilizing or incorporating Confidential Information, whether in whole or in part; (vi) any Protected Health Information, as that term is defined by the HIPAA Privacy Rule, 45 C.F.R. Secs. 160 and 164, that is provided by either Catamaran or Company pursuant to this Agreement; (vii) any information that either Party learns or becomes aware of, directly or indirectly, through the disclosure of Confidential Information; and (viii) any other information that should reasonably be recognized as confidential information of the Disclosing Party. Confidential Information need not be novel, unique, patentable, copyrightable or constitute a trade secret in order to be designated Confidential Information. The party receiving the information (the "Receiving Party") acknowledges that the Confidential Information is proprietary to the Disclosing Party, has been developed and obtained through great efforts by the Disclosing Party and that Disclosing Party regards all of its Confidential Information as trade secrets. All Confidential Information shall at all times, and throughout the world, remain the property of either Catamaran or the Company (as the case may be), exclusively, and all applicable rights in patents, copyrights, trademarks, service marks, trade names and trade secrets shall remain vested in the appropriate party, exclusively.

(b) Notwithstanding anything in the foregoing to the contrary, Confidential Information shall not include information which: (i) was demonstrably known by the Receiving Party prior to receiving the Confidential Information from the Disclosing Party; (ii) becomes rightfully known to the Receiving Party from a third-party source under no obligation to Disclosing Party to maintain confidentiality; (iii) is or becomes publicly available through no fault of or failure to act by the Receiving Party or any of the Receiving Party's directors, officers, shareholders, partners, employees, agents or affiliates in breach of this Agreement; and (iv) is or has been independently developed by employees, consultants or agents of the Receiving Party without violation of the terms of this Agreement or reference or access to any Confidential Information.

2. Disclosure of Confidential Information.

From time to time, the Disclosing Party may disclose Confidential Information to the Receiving Party. The Receiving Party will: (a) limit access to any Confidential Information to its employees, consultants, agents or representatives (collectively "Representatives") who have an absolute need to know such Confidential Information in connection with the current or contemplated business relationship between the Parties to which this Agreement relates, and only for that purpose; (b) advise its Representatives of the proprietary nature of the Confidential Information and of the obligations set forth in this Agreement and require such Representatives to keep the Confidential Information confidential, and require such Representatives to be legally bound by a written agreement to keep the Confidential Information, and any

information of third parties received by the Parties from the other, confidential to the extent set forth in this Agreement; (c) maintain all Confidential Information in strict confidence by using a reasonable degree of care, but not less than the degree of care used by it in safeguarding its own confidential information; and (d) not disclose any Confidential Information received by it to any third parties (except as otherwise provided for herein).

Each party shall be responsible for any breach of this Agreement by any of their respective Representatives.

3. **Use of Confidential Information.**

The Receiving Party agrees to use the Confidential Information solely in connection with the current or contemplated business relationship between the Parties and not for any purpose other than as authorized by this Agreement without the prior written consent of an authorized representative of the Disclosing Party. No other right or license, whether expressed or implied, in the Confidential Information is granted to the Receiving Party hereunder. Title to the Confidential Information will remain solely in the Disclosing Party. All use of Confidential Information by the Receiving Party shall be for the benefit of the Disclosing Party and any modifications and improvements thereof by the Receiving Party shall be the sole property of the Disclosing Party.

4. **Compelled Disclosure of Confidential Information.**

Notwithstanding anything in the foregoing to the contrary, the Receiving Party may disclose Confidential Information pursuant to any governmental, judicial, or administrative order, subpoena, discovery request or similar method, provided that the Receiving Party promptly notifies the Disclosing Party in writing of such demand for disclosure so that the Disclosing Party, at its sole expense, may seek to make such disclosure subject to a protective order or other appropriate remedy to preserve the confidentiality of the Confidential Information. The Receiving Party agrees that it shall not oppose and shall cooperate with the Disclosing Party with respect to any such request for a protective order or other relief. Notwithstanding the foregoing, if the Disclosing Party is unable to obtain or does not seek a protective order and the Receiving Party is legally compelled to disclose such Confidential Information, disclosure of such Confidential Information may be made without liability.

5. **Term.**

The term of this Agreement shall be two (2) years.

6. **Remedies.**

Both Parties acknowledge that the Confidential Information to be disclosed hereunder is of a unique and valuable character, and that the unauthorized dissemination of the Confidential Information would destroy the value of such information. The damages to Disclosing Party that would result from the unauthorized dissemination of the Confidential Information would be impossible to calculate. Therefore, both Parties hereby agree that the Disclosing Party shall be entitled to injunctive relief (without the posting of any bond or other security) preventing the dissemination of any Confidential Information in violation of the terms hereof. Such injunctive relief shall be in addition to any other remedies available hereunder, whether at law or in equity.

7. **Return of Confidential Information.**

Each party shall immediately return and redeliver to the other all tangible material embodying the other's Confidential Information provided hereunder and all notes, summaries, memoranda, drawings, manuals, records, excerpts or derivative information deriving there from and all other documents or materials (and all copies of any of the foregoing, including "copies" that have been converted to computerized media in the form of image, data or word processing files either manually or by image capture) based on or including any Confidential Information, in whatever form of storage or retrieval, upon the earlier of (i) the completion or termination of the dealings between the Parties contemplated hereunder; (ii) the termination of this Agreement; or (iii) at such time as the Disclosing Party may so request. Alternatively, with the written consent of the Disclosing Party, the Receiving Party may immediately destroy any of the foregoing embodying Confidential Information (or the non-recoverable data erasure of computerized data) and certify in writing such destruction by an authorized officer of the Receiving Party supervising the destruction.

8. **Notice of Breach.**

Each party shall notify the other party immediately upon discovery of any unauthorized use or disclosure of Confidential Information of the other party, or any other breach of this Agreement, and will cooperate with the other party in every reasonable way to help the other party regain possession of Confidential Information and prevent its further unauthorized use.

9. **No Binding Agreement for Transaction.**

To the extent applicable, the Parties agree that neither party will be under any legal obligation of any kind whatsoever with respect to a transaction by virtue of this Agreement, except for the matters specifically agreed to herein. The Parties further acknowledge and agree that they each reserve the right, in their sole and absolute discretion, to reject any and all proposals and to terminate discussions and negotiations with respect to a transaction at any time. This Agreement does not create a joint venture or partnership between the Parties.

10. **Warranty.**

Each party warrants that it has the right to make the disclosures under this Agreement. **NO OTHER WARRANTIES ARE MADE BY EITHER PARTY UNDER THIS AGREEMENT WHATSOEVER.**

11. **Miscellaneous.**

(a) This Agreement constitutes the entire understanding between the Parties and supersedes any and all prior or contemporaneous understandings and agreements, whether oral or written, between the Parties, with respect to the subject matter hereof. This Agreement can only be modified by a written amendment signed by the party against whom enforcement of such modification is sought.

(b) The Parties shall indemnify each other against all losses incurred by the Parties which result from breach of any portion of this Agreement by the Parties or by any director, officer, shareholder, partner, employee, agent, affiliate, representative or contractor of the Parties.

(c) The validity, construction and performance of this Agreement shall be governed and construed in accordance with the laws of the State of Illinois. The Federal and state courts located in the State of Ohio, shall have the sole and exclusive jurisdiction over any disputes arising under the terms of this Agreement. The Parties hereby expressly consent to such exclusive jurisdiction and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. The Parties further agree that service of any process, summons, notice or document by U.S. certified mail to such party's respective address set forth in Section 11(g) shall be effective service of process for any action, suit or proceeding with respect to any matters to which it has submitted to jurisdiction in this paragraph.

(d) Any failure by either party to enforce the other party's strict performance of any provision of this Agreement will not constitute a waiver of its right to subsequently enforce such provision or any other provision of this Agreement.

(e) Although the restrictions contained in this Agreement are considered by the Parties to be reasonable for the purpose of protecting the Confidential Information, if any such restriction is found by a court of competent jurisdiction to be unenforceable, such provision will be modified, rewritten or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten or interpreted to be enforceable in any respect, it will not be given effect, and the remainder of the Agreement will be enforced as if such provision was not included.

(f) All terms and provisions of this Agreement that should by their nature survive the termination of this Agreement shall so survive.

(g) Any notices or communications required or permitted to be given hereunder may be delivered by hand, deposited with a nationally recognized overnight carrier, or mailed by certified mail, return receipt requested, postage prepaid, in each case, to the address of the other party indicated in this subsection (or such other addressee as may be furnished by a party in accordance with this paragraph). All such notices or communications shall be deemed to have been given and received (a) in the case of personal delivery, on the date of such delivery, (b) in the case of delivery by a nationally recognized overnight carrier, on the third business day following dispatch and (c) in the case of mailing, on the seventh business day following such mailing. Address for notices are as follows:

To Catamaran: Catamaran PBM of Illinois, Inc.
2441 Warrenville Road, Suite 610
Lisle, IL 60532-3642
Attn: General Counsel

To Company: [Insert Company Name]
[Insert Street Address]
[Insert City, State and Zip Code]
Attn: [Insert Contact Name]

(h) This Agreement is personal in nature, and neither party may directly or indirectly assign or transfer it by operation of law or otherwise without the prior written consent of the other party, which consent will not be unreasonably withheld. All obligations contained in this Agreement shall extend to and be binding upon the Parties to this Agreement and their respective successors, assigns and designees.

(i) Paragraph headings used in this Agreement are for reference only and shall not be used or relied upon in the interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Accepted By:
[Insert Company Name]

Accepted By:
CATAMARAN PBM OF ILLINOIS, INC.

Authorized Signature

Authorized Signature

Printed Name

Printed Name

Title

Title

Date

Date

EXHIBIT G

SAMPLE CLIENT ADDENDUM

Client Name: [Insert Client Name]
Address: [Insert Client Address]
Contact: [Insert Contact Name]
Activation Date: [Insert Activation Date]

THIS ADDENDUM is effective [Insert Month and Day], 20[Insert Year] between Catamaran PBM of Illinois, Inc., a Delaware corporation, with its principal place of business at 2441 Warrenville Road, Suite 610, Lisle, Illinois 60532-3642 ("Catamaran") and [Insert Client Name], a [Insert State of Incorporation] corporation with its principal place of business at [Insert Client Address] ("Client").

WHEREAS, pursuant to the Coalition Master Services Agreement (the "Coalition Agreement") dated [Insert Month and Day -2], 20[Insert Year-2] between Catamaran and Employers Health Purchasing Corporation, an Ohio not-for-profit organization, with its principal place of business at 4143 Fulton Drive NW, Canton, OH 44718 ("EHPC"), those parties desire for prescription drug benefit services to be provided to Client under this separate Client Addendum to be executed between Catamaran and Client; and

WHEREAS, Catamaran provides prescription drug benefit services (the "Services") as described in the Coalition Agreement; and

WHEREAS, Client desire to retain the services of Catamaran as described in the Coalition Agreement; and

WHEREAS, Catamaran and Client acknowledge that this arrangement is part of the Employers Health Purchasing Corporation coalition as provided in the Coalition Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. SERVICES

Pursuant to the Coalition Agreement, Catamaran will provide the Services to clients who are affiliated with EHPC and that have elected to participate under the Coalition Agreement. Pursuant to this Client Addendum, Catamaran will provide the Services directly to Client's Covered Individuals. Client agrees to be bound by all of the terms of the Coalition Agreement and the Coalition Agreement is hereby incorporated by reference and made a part of this Client Addendum.

Client's Pricing Options Choice (Choose 1)

- Pass Through Model - Option 1
Pass Through Model - Option 2
Pass Through Model - Option 3
Pass Through Model - Option 4
Pass Through Model - Option 5
Pass Through Model - Option 6
Traditional Model - Option 1
Traditional Model - Option 2
Traditional Model - Option 3
Traditional Model - Option 4
Traditional Model - Option 5
Traditional Model - Option 6

Ancillary Services (Choose all that are applicable):

- Clinical Analytics (Complex)
P&T Committee Support (Level 2)
Disease Management Support
Dose Optimization (Retrospective)
High Utilization Program
Pharmacy "Gap in Care" Programs
Therapeutic Interchange Program
Prior Authorization (Overrides)
Prior Authorization (Level 1)
Prior Authorization (Level 2)

2. BILLING

2.1 Administrative Payments to Catamaran. Catamaran shall invoice Client for services on the schedule set forth on Attachment 1. Client will pay all valid invoices for such services within thirty (30) days after the date of the invoice. Invoices remaining unpaid over forty-five (45) days following the date of the invoice by Client will be charged a late fee of the lesser of one and one-half percent (1½%) or the highest rate allowed by law, for each thirty (30) days that payment is late.

2.2 Network Claims Funding. All payments by Client to Catamaran for the Catamaran National Network for Covered Drugs (“**Network Claims Funding**”) shall be made via electronic fund transfer or Automated Clearing House (together “**Electronic Payment**”) debit within ten (10) days after Client receives notification of the amount due from Catamaran. Late payment shall bear a fee of the lesser of one and one-half percent (1½%) or the highest rate allowed by law, for each thirty (30) days, that payment is late. Catamaran shall retain cash management responsibilities over the Network Claims Funding to help ensure prompt payment to Participating Pharmacies.

2.3 Non-payment. If Client fails to meet the payment obligations of Section 2.2 within the time specified, Client shall be deemed in breach of the Client Addendum. Notwithstanding Section 2.2 of this Client Addendum, or any other provisions contained in this Client Addendum and/or the Coalition Agreement, if Client fails to cure such breach within three (3) business days, Catamaran, in its sole discretion, shall have the non-exclusive and cumulative options to: (a) suspend processing of claims, (b) require Client to pre-fund a pharmacy spend account in the amount of two (2) times the average monthly prescription drug spend of Client, or (c) utilize available deposited or escrowed funds all as set forth in Section 3.4 below.

3. GENERAL

3.1 Benefit Plan Administration. Catamaran shall provide support in pharmacy benefit plan development, set-up and administration to assist Client. Catamaran will maintain pharmacy benefit plan administration protocols as requested by Client via plan implementation documents provided by Client to Catamaran. Client and Catamaran shall mutually agree on the format of the implementation documents; however, Client will have the ultimate responsibility for approving all pharmacy benefit plan design and protocols. Additionally, Client acknowledges that nothing in this Client Addendum shall be deemed to confer upon Catamaran the status of fiduciary as defined in the Employee Retirement Income Security Act of 1974, as amended, or any responsibility for the terms or validity of the pharmacy benefit plans.

3.2 HIPPA Compliance. Catamaran and Client agree to the terms of Exhibit B of the Coalition Agreement. The parties’ obligations under this section will survive termination of this Agreement.

3.3 Compliance with Laws. Catamaran and Client shall take all actions necessary and appropriate to assure that they comply with the applicable federal, state and local laws and regulations, including, without limitation, the Anti-Kickback Statute, the Public Contracts Anti-Kickback Act, the Stark Law and the laws and regulations relating to disclosure or notification of plan benefits or the terms of Manufacturer Revenue administration under this Client Addendum to Client.

3.4 Notices. Unless otherwise specifically provided herein, all notices, consents, requests, demands and other communications required or permitted hereunder (a) shall be in writing; (b) shall be sent by messenger, certified or registered U.S. mail, a recognized national overnight delivery service for next business day delivery, facsimile or e-mail (with a copy sent by one of the foregoing means), charges prepaid as applicable, to the appropriate address or number set forth below; and (c) shall be deemed to have been given on the date of receipt by the addressee (or, if the date of receipt is not a business day, on the first business day after the date of receipt), as evidenced by (i) a receipt executed by the addressee (or a responsible person in his or her office), the records of the person delivering such communication or a notice to the effect that such addressee refused to claim or accept such communication, if sent by messenger, U.S. mail or recognized national overnight delivery service, or (ii) a receipt, or other evidence of transmittal, generated by the sender’s facsimile or e-mail software showing that such communication was sent to the appropriate number or e-mail address on a specified date, if sent by facsimile or e-mail.

All such communications shall be sent to the following addresses or numbers, or to such other addresses or numbers as any Party may inform the others by giving five (5) business days’ prior notice:

If to Catamaran: Catamaran PBM of Illinois, Inc.
2441 Warrenville Road, Suite 610
Lisle, IL 60432-3642
Attention: Contract Administration
Facsimile: (630) 288-9825
E-Mail: legal@sxc.com

If to Client: Client Name: _____
Address: _____
Attention: _____
Phone: _____
Facsimile: _____
Email: _____

3.5 Except as specifically modified by this Addendum, all of the terms and conditions of the Coalition Agreement will remain in effect. Capitalized terms used herein and not defined shall have the meaning set forth in the Coalition Agreement.

Accepted By:
[INSERT CLIENT NAME]

Accepted By:
CATAMARAN PBM OF ILLINOIS, INC.

Authorized Signature

Printed Name

Title

Date

Authorized Signature

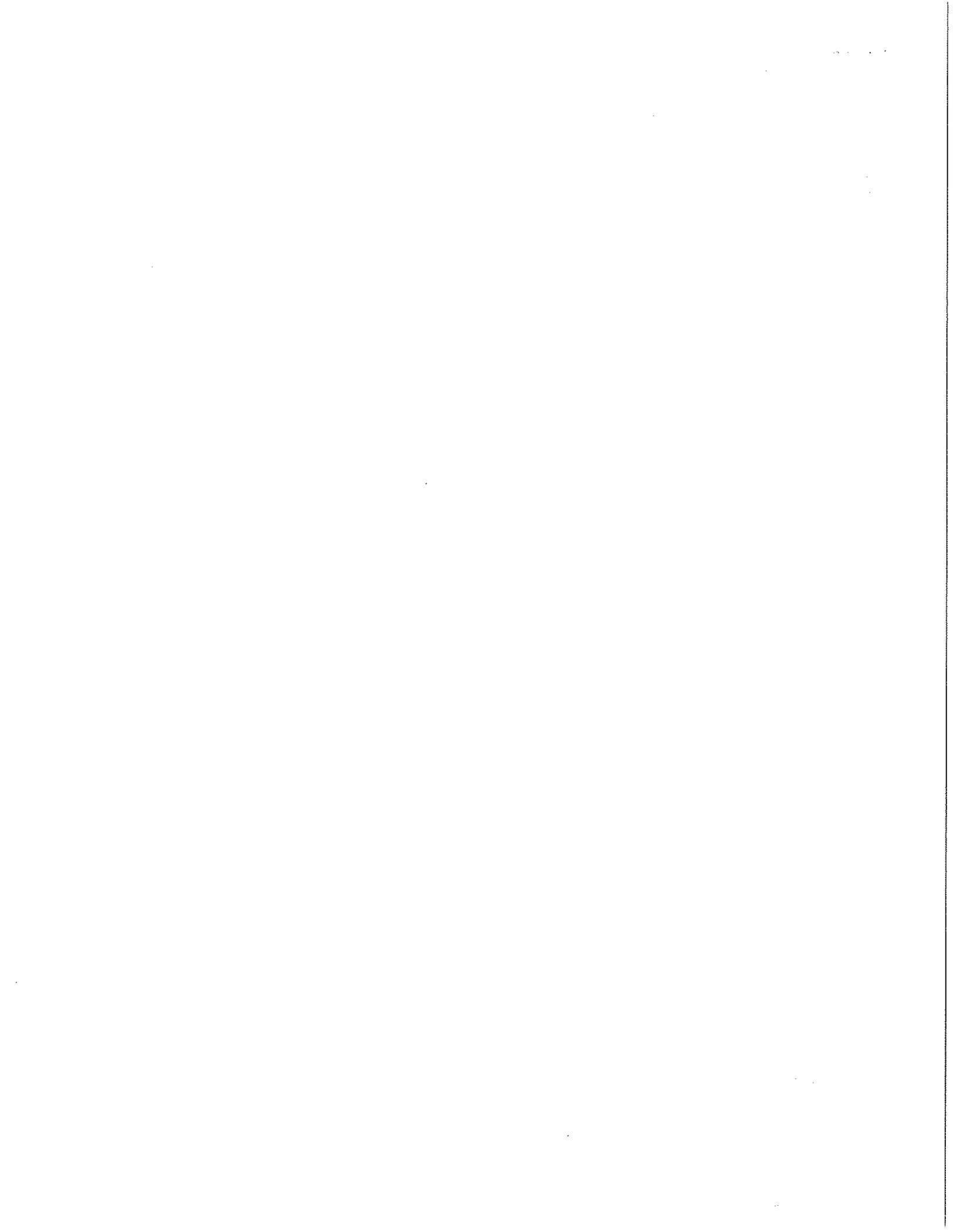
Printed Name

Title

Date

ATTACHMENT 1

FEE



Business Associate Agreement

This HIPAA Business Associate Agreement (“Agreement”) is hereby made and entered into this first day of January, 2013 (“Effective Date”), by and between [INSERT COVERED ENTITY], (“Covered Entity”) and the Employers Health Purchasing Corporation (“Business Associate”) (each a “Party” and collectively, the “Parties”).

WHEREAS, Covered Entity and Business Associate have entered into one or more Services Agreement(s) (the “Services Agreements”) pursuant to which Business Associate performs services for Covered Entity;

WHEREAS, Business Associate acknowledges and agrees that it may be a Business Associate, and Covered Entity acknowledges that it may be a Covered Entity as those terms are defined under the Health Insurance Portability and Accountability Act of 1996, as amended (“HIPAA”), and its implementing regulations, specifically 45 C.F.R. § 160.103;

WHEREAS, Covered Entity and Business Associate mutually desire to outline their individual responsibilities with respect to the use and/or disclosure, safeguarding, and transmission of Protected Health Information (“PHI”) and electronic Protected Health Information (“ePHI”), as mandated by the Privacy Rule and Security Rule under HIPAA and its implementing regulations at 45 C.F.R. Parts 160 -164;

WHEREAS, Covered Entity and Business Associate understand and agree that the Security Rule and Privacy Rule require that a Covered Entity and Business Associate enter into this Agreement, as required by 45 C.F.R. § 164.314(a) and 45 C.F.R. § 164.504(e), respectively, and that this Agreement is intended to satisfy these obligations and will govern the terms and conditions under which such PHI and/or ePHI may be used and/or disclosed and safeguarded by Business Associate;

NOW, THEREFORE, Covered Entity and Business Associate hereto agree to the foregoing and as follows:

1. Definitions

Capitalized terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in 45 C.F.R. Parts 160 -164 and ARRA (defined below in Section 1.a.), as applicable.

- a. ARRA shall mean the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment

Act of 2009, Pub. Law No. 111-5 and its implementing regulations. References in this Agreement to a section or subsection of title 42 of the United States Code are references to provisions of ARRA, and any reference to provisions of ARRA in this Agreement shall be deemed a reference to that provision and its existing and future implementing regulations, when and as each is effective.

- b. Compliance Date shall mean, in each case, the date by which compliance is required under the referenced provision of ARRA.
- c. Electronic Protected Health Information or ePHI. “Electronic Protected Health Information” or “ePHI” shall have the same meaning as the term “electronic protected health information” in 45 C.F.R. §160.103 and includes Protected Health Information transmitted by, or maintained in, electronic media.
- d. Individual. “Individual” shall have the same meaning as the term “individual” in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- e. Privacy Rule. “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, subparts A and E.
- f. Protected Health Information or PHI. “Protected Health Information” or “PHI” shall have the same meaning as the term “protected health information” in 45 CFR § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- g. Required By Law. “Required By Law” shall have the same meaning as the term “required by law” in 45 C.F.R. § 164.103.
- h. Secretary. “Secretary” shall mean the Secretary of the Department of Health and Human Services or his designee.
- i. Security Rule. “Security Rule” shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. Part 160 and Part 164, subpart C.
- j. Services Agreement. “Services Agreement” shall mean any agreement to which Covered Entity subscribes that is between Business Associate and an external, third party vendor to provide health care related services that require the transmission or use of PHI belonging to Covered Entity.

2. Obligations and Activities of Business Associate

- a. Business Associate agrees to use or disclose Protected Health Information only as permitted or required by this Agreement or as Required By Law and in compliance with each applicable requirement of 45 C.F.R. § 164.504(e).
- b. Business Associate agrees to (i) implement and use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement; (ii) reasonably and appropriately protect the confidentiality, integrity, and availability of the ePHI that it creates, maintains, or transmits on behalf of the Covered Entity; and (iii) as of the Compliance Date of 42 U.S.C. § 17931, comply with the Security Rule requirements set forth in 45 C.F.R. §§ 164.308, 164.310, 164.312, and 164.316.
- c. Business Associate agrees to use reasonable efforts to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
- d. Business Associate agrees to report to Covered Entity (i) any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware; (ii) any Security Incident affecting Protected Health Information of which it becomes aware, and (iii) without unreasonable delay and in no case later than sixty (60) calendar days after discovery, any Breach of any Unsecured PHI in accordance with the security breach notification requirements set forth in 42 U.S.C. § 17932 as of its Compliance Date.
- e. Business Associate agrees (i) to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to that information, and (ii) to the extent that Business Associate provides ePHI to an agent, including a subcontractor, ensure that the agent, including a subcontractor, agrees to implement reasonable and appropriate safeguards to protect that information.
- f. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity, Business Associate agrees to provide access, at the request of Covered Entity, and in the time and manner mutually agreed, to Protected Health Information in that Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 C.F.R. § 164.524.

- g. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity, Business Associate agrees to make any amendment(s) to Protected Health Information in that Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 C.F.R. § 164.526 at the request of Covered Entity or an Individual, and in the time and manner mutually agreed.
- h. Business Associate agrees to make its internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Secretary, in a time and manner mutually agreed or designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule and Security Rule.
- i. Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528 and, as of its Compliance Date, in accordance with the requirements for accounting for disclosures made through an Electronic Health Record in 42 U.S.C. 17935(c).
- j. Business Associate agrees to provide to Covered Entity or, when directed in writing by Covered Entity, directly to an Individual, in time and manner mutually agreed, information collected in accordance with Section 2.i. of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528 and, as of its Compliance Date, in accordance with the requirements for accounting for disclosures made through an Electronic Health Record in 42 U.S.C. 17935(c).
- k. In the event that Business Associate in connection with the Services Agreements uses or maintains an Electronic Health Record of information of or about an Individual, then the Business Associate shall provide an electronic copy (at the request of Covered Entity, and in the time and manner designated by Covered Entity) of the PHI, to Covered Entity or, as directed by Covered Entity, to an Individual or a third party designated by the Individual, all in accordance with 42 U.S.C. § 17935(e) as of its Compliance Date.
- l. Business Associate shall request, use and/or disclose only the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure; provided, that Business Associate shall comply with 42 U.S.C. § 17935(b) as of its Compliance Date.

- m. Business Associate shall not directly or indirectly receive remuneration in exchange for any PHI in compliance with 42 U.S.C. § 17935(d) as of its Compliance Date.
- n. Business Associate shall not make or cause to be made any communication about a product or service that is prohibited by 42 U.S.C. § 17936(a) as of its Compliance Date.
- o. Business Associate shall not make or cause to be made any written fundraising communication that is prohibited by 42 U.S.C. § 17936(b) as of its Compliance Date.

3. Permitted Uses and Disclosures by Business Associate

a. General Use and Disclosure Provisions

Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Services Agreements, provided that, except as set forth in Section 3.b., such use or disclosure would not violate the Privacy Rule and Security Rule if done by Covered Entity.

b. Specific Use and Disclosure Provisions

- 1) Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
- 2) Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

- 3) On behalf of Covered Entity, Business Associate may de-identify any and all PHI obtained by Business Associate under this Agreement, and use such de-identified data on Business Associate's own behalf, all in accordance with the de-identification requirements of the Privacy Rule.
- 4) Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
- 5) Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. § 164.502(j)(1).

4. Obligations of Covered Entity

Provisions for Covered Entity To Inform Business Associate of Privacy Practices and Restrictions; Compliance Obligations:

- a. Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 C.F.R. § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of Protected Health Information under this Agreement.
- b. Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of Protected Health Information under this Agreement.
- c. Covered Entity shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which Covered Entity has agreed in accordance with 45 C.F.R. § 164.522 or 42 U.S.C. § 17935(a) as of its Compliance Date, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information under this Agreement.
- d. Covered Entity in performing its obligations and exercising its rights under this Agreement shall use and disclose Protected Health Information in compliance with the Privacy Rule, Security Rule and ARRA.

5. Permissible Requests by Covered Entity

Covered Entity shall not request or require Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule and Security Rule if done by Covered Entity, provided that Business Associate may use or disclose PHI as set forth in Section 3.b. of this Agreement. Covered Entity shall disclose or provide access to Business Associate only to the minimum PHI necessary for Business Associate to perform its obligations under the Services Agreements as required by the Privacy Rule and 42 U.S.C. § 17935(b) as of its Compliance Date.

6. Term and Termination

- a. Term. The Term of this Agreement shall be effective as of the Effective Date and shall terminate upon the final expiration or termination of the last remaining Services Agreement subject to this Agreement, unless earlier terminated in accordance with this Section 6.
- b. Termination for Cause. In accordance with 42 U.S.C. § 17934(b), if either Party knows of a pattern of activity or practice of the other Party that constitutes a material breach or violation of this Agreement then the non-breaching Party shall provide written notice of the breach or violation to the other Party that specifies the nature of the breach or violation. The breaching Party must cure the breach or end the violation on or before thirty (30) days after receipt of the written notice. In the absence of a timely cure reasonably satisfactory to Covered Entity, or in the event that cure is not possible, then Covered Entity shall immediately terminate this Agreement unless neither termination nor cure is feasible, in which case Covered Entity shall report the violation to the Secretary.
- c. Effect of Termination.
 - 1) Except as provided in paragraph (2) of this Section 6.d., upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, including Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
 - 2) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the

conditions that make return or destruction infeasible and Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

- 3) Covered Entity agrees that it is infeasible for Business Associate to return or destroy the Protected Health Information reasonably needed to be retained by Business Associate for its own legal and risk management purposes.

7. Miscellaneous

- a. Amendment of Services Agreement. The Parties agree that this Agreement hereby amends and is incorporated into the Services Agreements as of the Effective Date of this Agreement, and any reference to the Services Agreements on or after that date shall mean the Services Agreements as amended by this Agreement. This Agreement supersedes all prior Business Associate Agreements between the parties with respect to the Services Agreements.
- b. Regulatory References. A reference in this Agreement to a section in the Privacy Rule, Security Rule and/or ARRA means the section as in effect or as amended.
- c. Future Amendment. Covered Entity and Business Associate agree to take such action as is necessary to amend this Agreement from time to time as is necessary for the Parties to comply with the requirements of the Privacy Rule, Security Rule, the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104–191, and ARRA.
- d. Survival. The respective rights and obligations of Business Associate under Section 6.d. of this Agreement shall survive the termination of this Agreement.
- e. Interpretation. Any ambiguity in this Agreement shall be resolved to permit both Parties to comply with the Privacy Rule, Security Rule, and/or ARRA.

IN WITNESS WHEREOF, Covered Entity and Business Associate have executed the Business Associate Agreement on the date written below.

[COVERED ENTITY]

Employers Health Purchasing Corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Rank Order Table

One (1) is highest rank, three (3) is lowest.

<u>Vendor</u>	<u>Financial</u>	<u>Disruption/ Distance</u>	<u>Customer Service/ Quality</u>
Blue Cross	3	2	2
Catamaran	2	1	1
Humana	1	3	3

Figure 7: Rank Order of Finalists. One (1) is highest rank, three (3) is lowest.

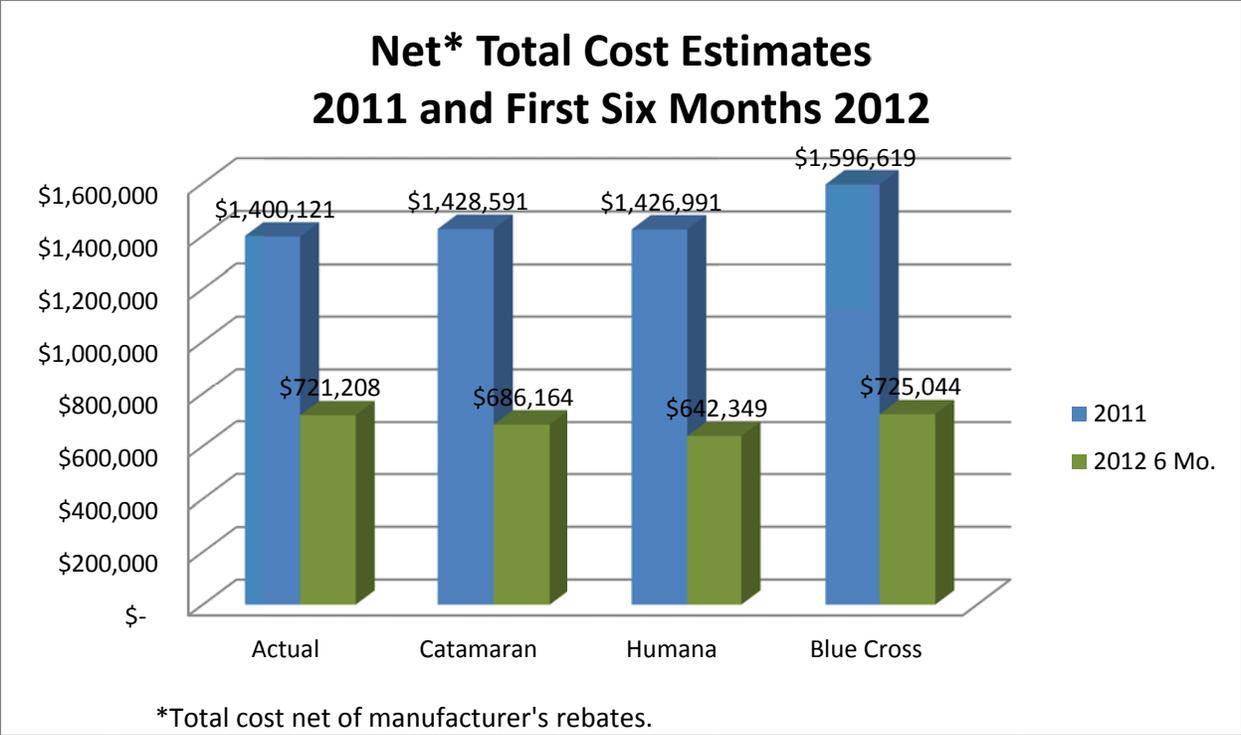


Figure 1: Net total cost estimates for 2011 and the first six (6) months of 2012.

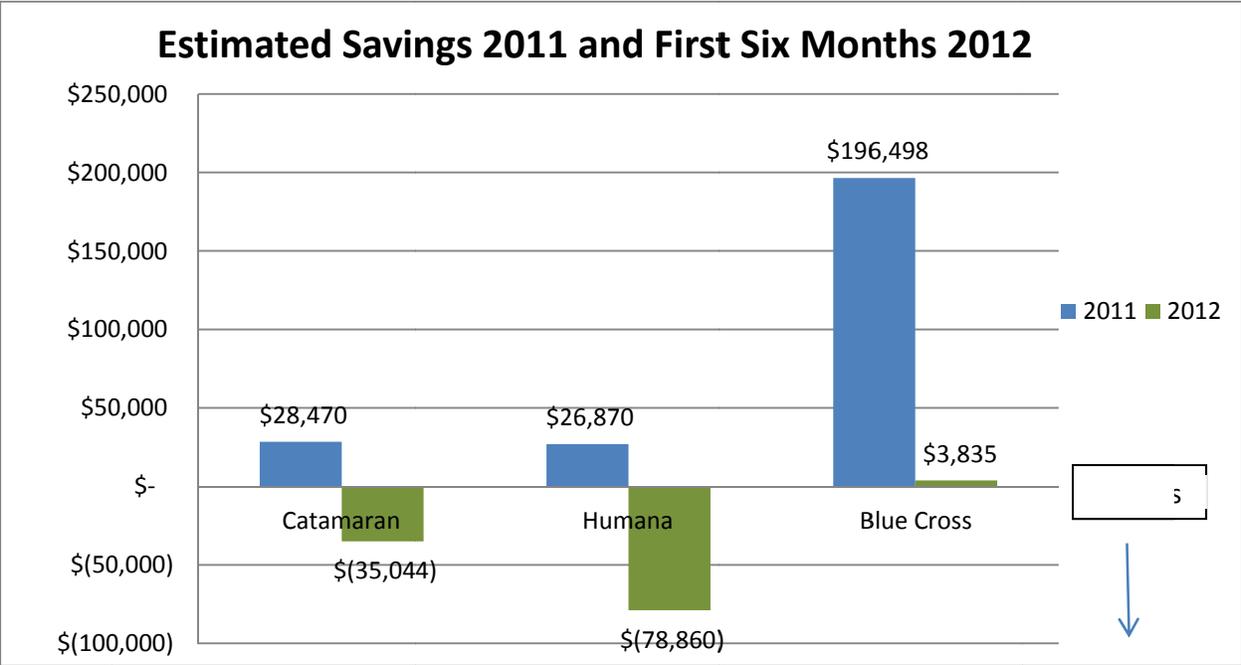


Figure 2: Estimated Savings for 2011(had the proposed contract been in place) and for the First Six (6) Months of 2012.

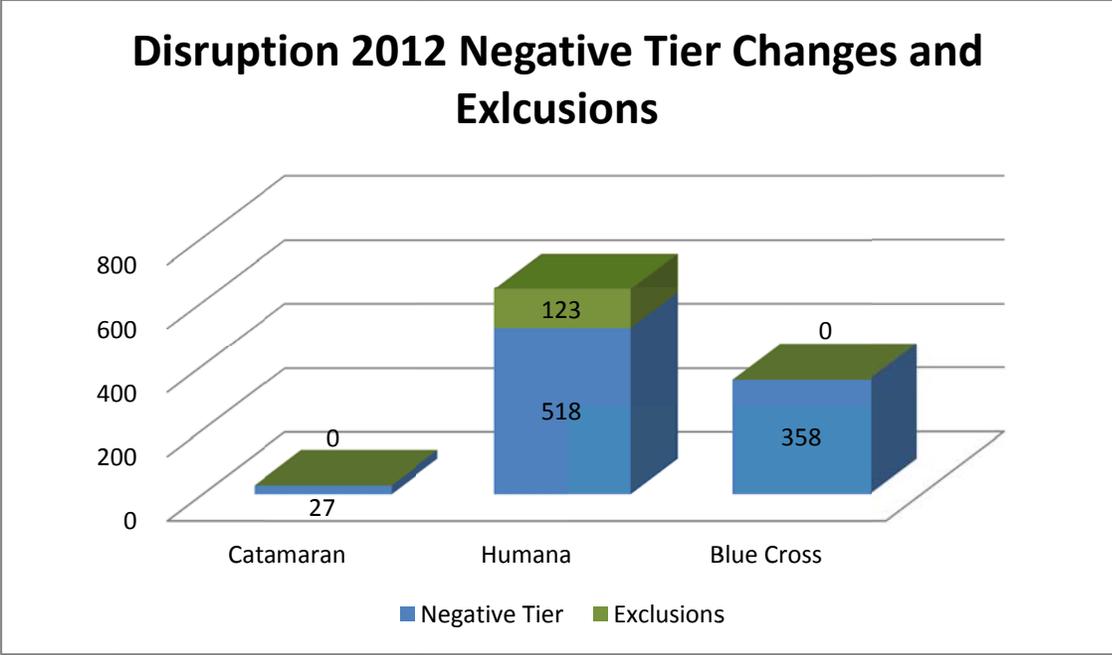


Figure 3: Disruption based on 2012 data. Negative tier changes are the number of prescriptions that would have moved to a higher copay level based on the firm's formulary. Exclusions are the number of prescriptions that would not have been covered at all.

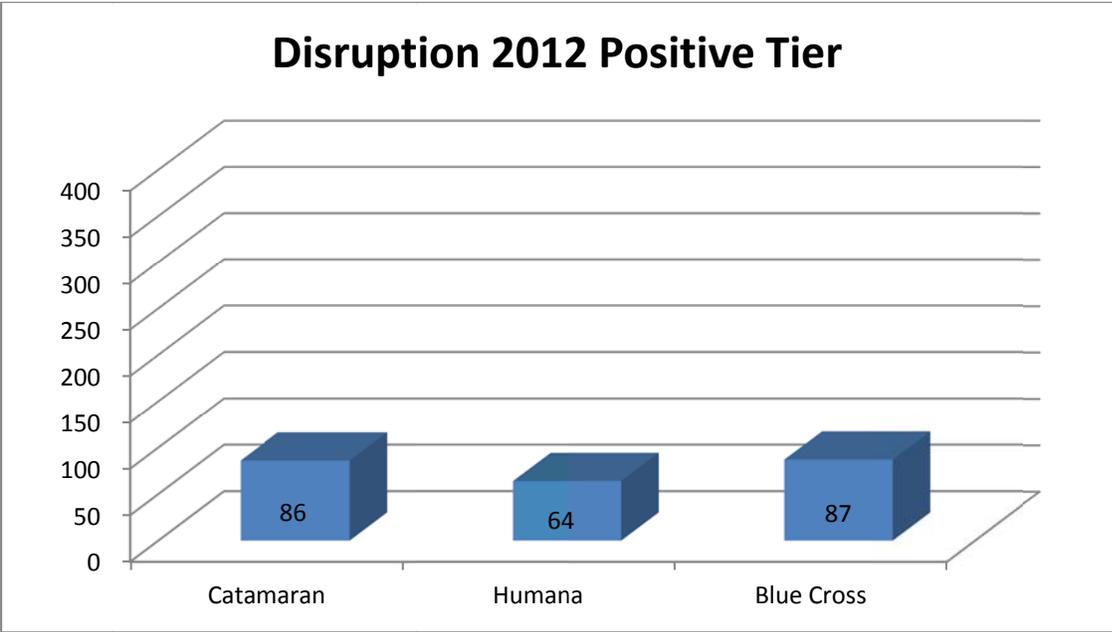


Figure 4: Disruption based on 2012 data. Positive tier changes are the number of prescriptions that would have moved to a lower copay level based on the firm's formulary.

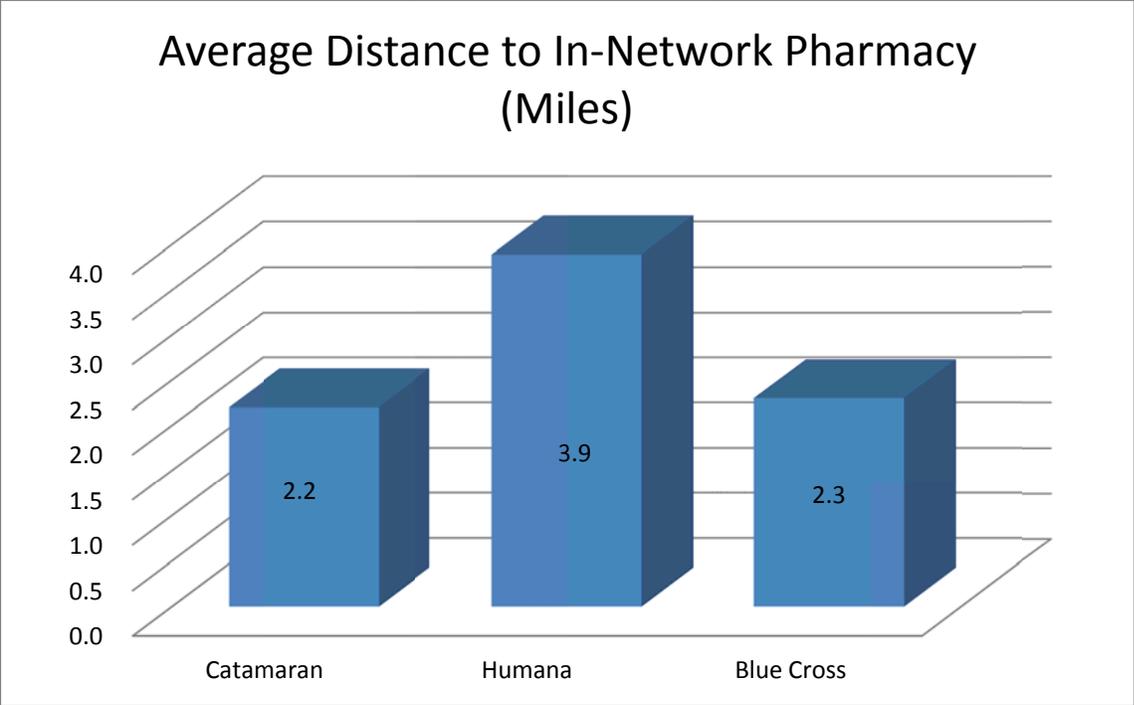


Figure 5: Average distance to an in-network pharmacy based on an analysis by zip code.

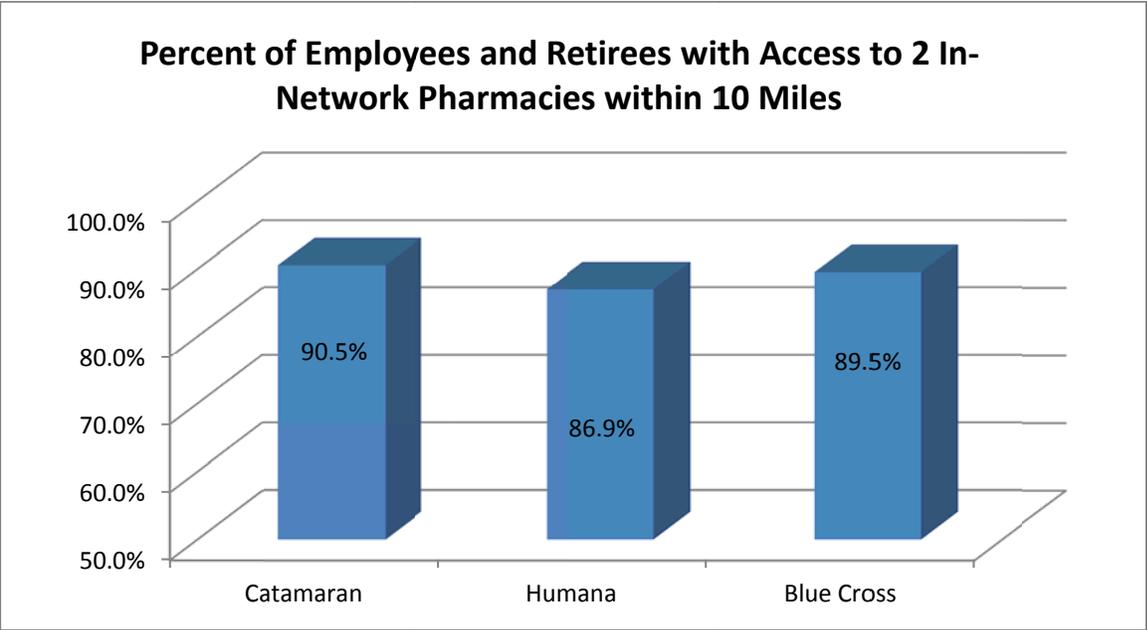


Figure 6: Percent of employees and retirees with access to two (2) in-network pharmacies within ten (10) miles.

FOR COUNCIL: October 8, 2012

SUBJECT: Purchase of additional curtaining system for the US Cellular Coliseum

RECOMMENDATION/MOTION: That the purchase of additional curtaining system from Athletic + Performance and Rigging in the amount of \$49,227 be approved, and the Purchasing Agent be authorized to issue a Purchase Order for same.

BACKGROUND: Since the opening of the US Cellular Coliseum in 2006, Central Illinois Arena Management (CIAM) has been responsible for bringing events into the Coliseum. At that time, City Council approved the purchase of drapes and truss that would allow CIAM to create smaller size seating capacities, thus allowing them to book different types of events.

Over the last couple of years, CIAM discovered shows have requested a fully draped concert stage. By adding these additional curtaining system pieces this will allow CIAM to enclose the stage to give the performers a closed box look, creating a true proscenium theater that touring shows desire. This will increase the capabilities and versatility of the facility, allowing theater type shows to also play in this cut down arena theater set up. New shows include; Broadway shows, comedians, theatrical and dance productions, concerts that require a more intimate setting and local performers and organizations.

The desired capacity of the new theater set up would range from 2600 – 3,900 seats. The variance in capacity and the more intimate theater set up will allow for flexibility based on the show's needs. While this will allow CIAM the opportunity to host new types of shows, the US Cellular Coliseum's size of the theater will not directly compete with any other entertainment venue in the City of Bloomington.

The City's Purchasing Agent released Bids on August 20, 2012 with a deadline of September 7, 2012.

Bids were received in the City Clerk's Office. Three Bids were received and were opened on September 7, 2012 at 11:00 AM Central Standard Time (CST).

Company	Amount of Bid	Location
*Athletic + Performance and Rigging	\$49,227.40	Tiffin, OH
Sosonic	\$55,626.00	Madison, WI
iWeiss	\$53,626	Fairview, NJ

**After reviewing the Bids, Staff determined that Athletic + Performance Rigging was the lowest and met all of the criteria of the bid specifications. There is a one year manufactures warranty.*

If the purchase is approved, CIAM anticipates the project to be completed by November of 2012

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Advertise in the Pantagraph and City of Bloomington website.

FINANCIAL IMPACT: The FY 2013 Budget appropriated \$70,000 to purchase the additional curtaining system in line item 57107110-72140. The low and recommended bid of \$49,227.40 was submitted and is \$20,772.60 or 29.6% below the appropriation amount.

Respectfully submitted for Council consideration.

Prepared by:

Reviewed by:

Reviewed by:

John Butler
President of Central Illinois
Arena Management

Barbara J. Adkins
Deputy City Manager

Kim Nicholson
Purchasing Agent

Financial review by:

Recommended by:

Patti-Lynn Silva
Director of Finance

David A. Hales
City Manager

Attachments: Attachment 1. Photos & Diagrams

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Anderson				Alderman Purcell			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman McDade				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Stockton			





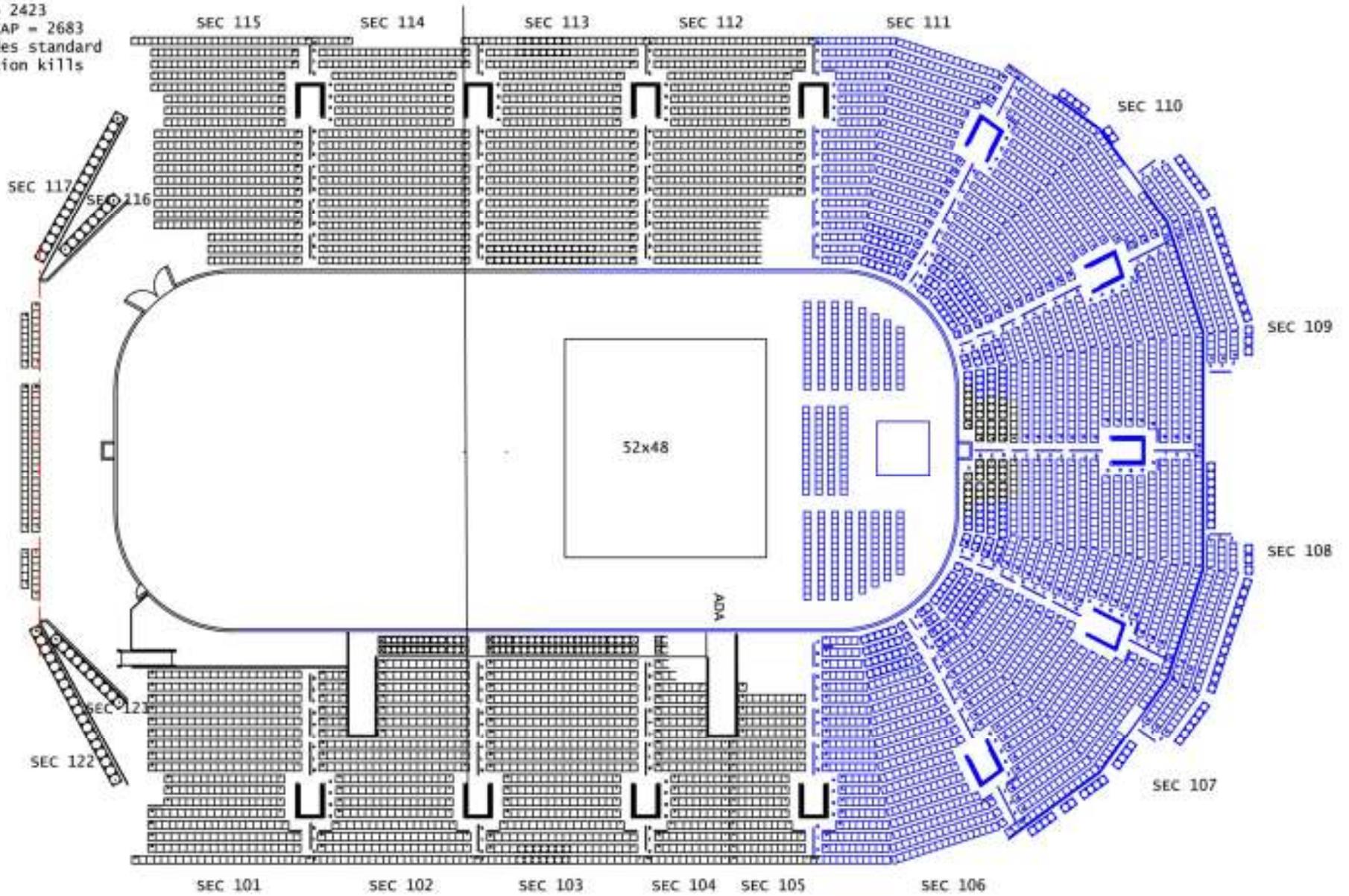
SMALL THEATER

FLOOR = 260

BOWL = 2423

TOTAL CAP = 2683

*includes standard
production kills

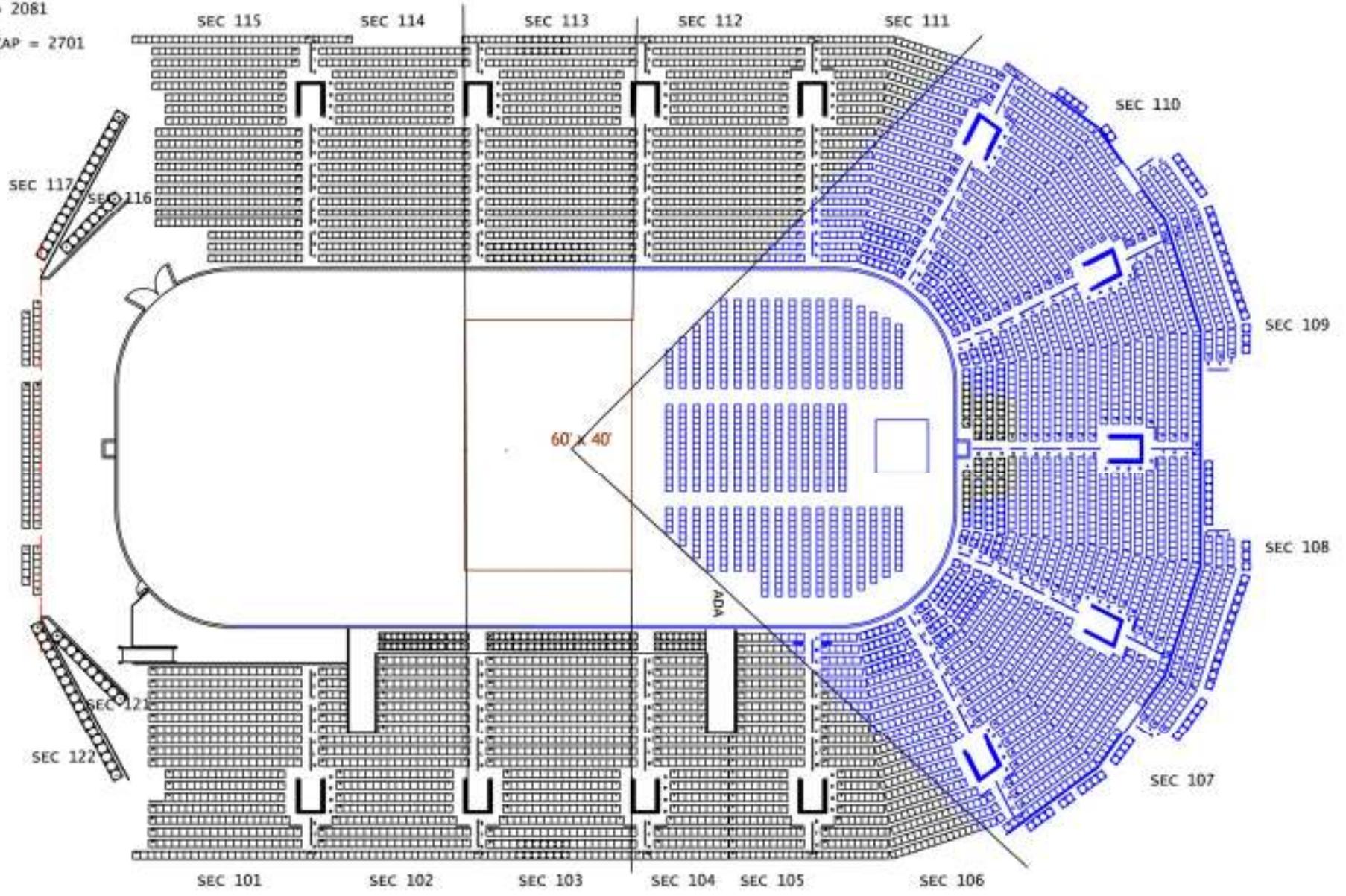


THEATER HALF HOUSE

FLOOR = 620

BOWL = 2081

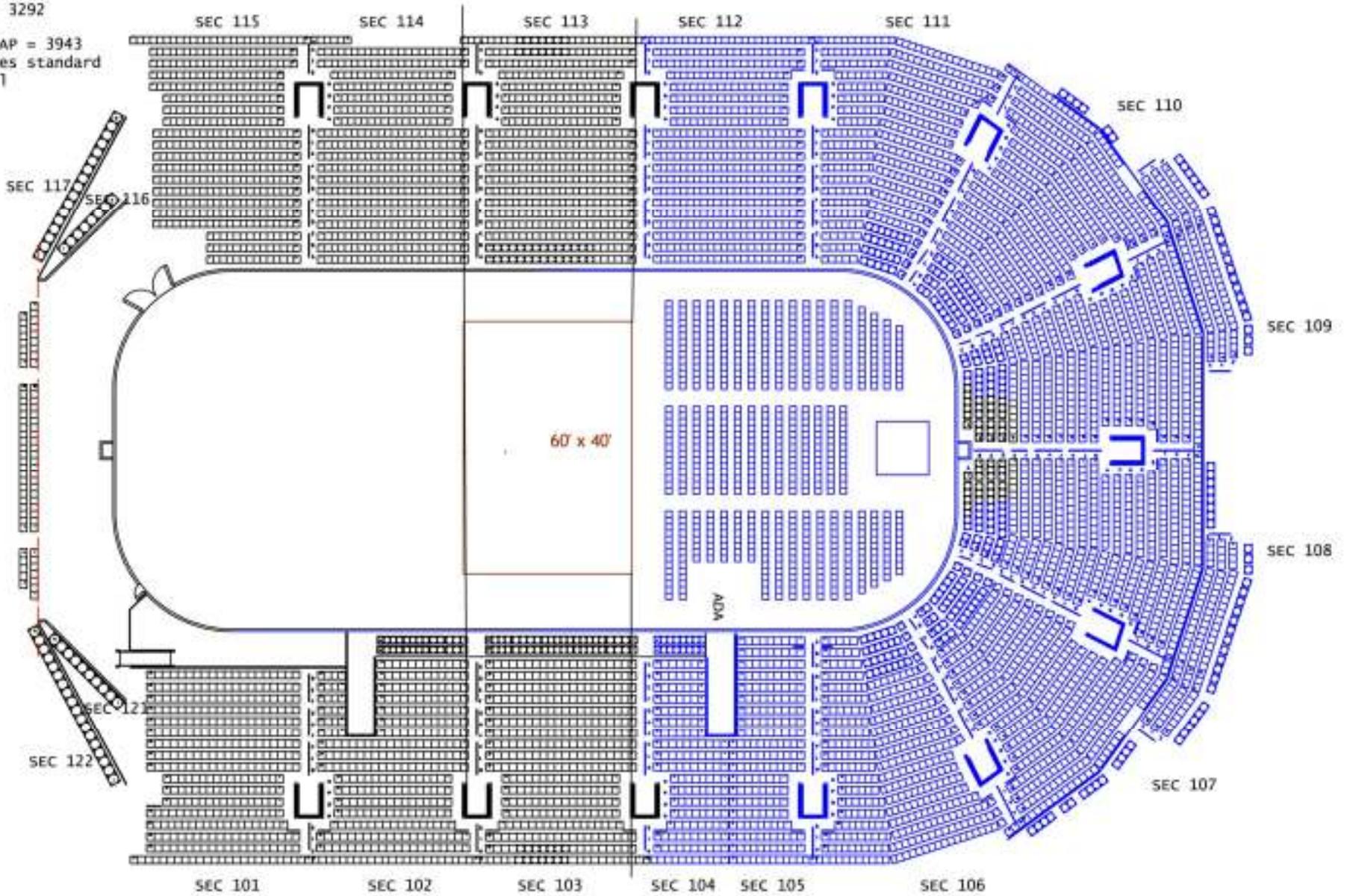
TOTAL CAP = 2701



HALF HOUSE

FLOOR = 651
BOWL = 3292

TOTAL CAP = 3943
*includes standard
mix kill



FOR COUNCIL: October 8, 2012

SUBJECT: Request Approval of Miller Park Zoo Master Plan

RECOMMENDATION: That the Miller Park Zoo Master Plan be adopted as presented without any funding requirements.

BACKGROUND: On September 12, 2011 City Council approved a \$126,230 contract with WDM Architects to prepare a master plan for Miller Park Zoo. The Miller Park Zoological Society (MPZS) agreed to fund \$116,230 for this master plan, with the remaining \$10,000 funded within the Miller Park Zoo's operating budget. A Master Plan is needed for the Miller Park Zoo to demonstrate a roadmap for what the facility will look like over the next twenty years. This Master Plan also includes a business plan element to help project attendance, admission rates and analyze the competitive market throughout the region. The purpose of the Master Plan will be to provide a tool for future facility development that provides a dynamic vision and realistic plan for improvement. The Zoo seeks to develop a viable plan for facility and program development that encompasses the most current zoo trends and best practices that will enhance the guest's experience and enhance the Zoo's conservation and education programming.

A very important aspect in the success of Miller Park Zoo is its accreditation status with the Association of Zoos and Aquariums (AZA). Miller Park Zoo has been AZA-accredited since 1978 and goes through a thorough review process every five (5) years. Being accredited is the only way the Zoo can house many of its featured animals and assures that the management practices meet the highest standards within the industry. Without the accreditation Miller Park Zoo would most likely not be able to have such a diverse and interesting animal collection. For FY 2012 the City Council approved funding for a Zoo Curator position in order to satisfy one of the findings in the AZA Accreditation report. Another concern of the AZA was the lack of a Master Plan. Completing a Master Plan will greatly improve the Zoo's ability to recertify its accreditation.

On July 9, 2012 the City Council heard a presentation on the Draft Miller Park Zoo Master Plan (land use plan). A business plan was distributed to the City Council later in July. This business plan included pro forma projections, a draft schedule and budget along with recommendations for both the City and the Miller Park Zoological Society. On August 27, 2012, the City Council heard a presentation of the Draft Business Plan with funding alternatives. These two plans (land use plan and business plan) combine to form the Miller Park Zoo Master Plan being recommended for adoption.

The recommendation is to adopt the Miller Park Zoo Master Plan, as presented without binding any financial requirements. The financial planning and funding would be decided within the citywide long-term capital improvement budget which would require City Council approval. The funding received from private funding, such as through the Miller Park Zoological Society, will be need to assist in financial planning for the implementation of the Master Plan.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Numerous community groups and users of zoo facilities. Two City Council discussions.

FINANCIAL IMPACT: The adoption itself of the Miller Park Zoo Master Plan as a working document has no financial impact. The approval of various projects suggested within the Master Plan will have financial impact that would require City Council approval during future annual budget review processes. Adoption of the Miller Park Zoo Master Plan does not commit the City Council to the funding of the individual projects within the Master Plan.

Respectfully submitted for Council consideration.

Prepared by:

Reviewed by:

John Kennedy
Director of Parks, Recreation & Cultural Arts

Barbara J. Adkins
Deputy City Manager

Recommended by:

David A. Hales
City Manager

Attachments: Attachment 1. Resolution
Attachment 2. Master Plan

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Anderson				Alderman Purcell			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman McDade				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Stockton			

RESOLUTION NO. _____

**A RESOLUTION RECOMMENDING APPROVAL OF THE MILLER PARK ZOO
MASTER PLAN**

WHEREAS, the City of Bloomington is a home rule unit of local government with authority to legislate in matters concerning its local government and affairs; and

WHEREAS, it is highly recommended by the Association of Zoos and Aquariums for the governing body to adopt a Master Plan for the operations of an accredited zoo.

WHEREAS, it is in the best interests of the health, safety and welfare of the animals of Miller Park Zoo to obtain proper care at an accredited zoo.

WHEREAS, it is in the best interests of the health, safety and welfare of the citizens of the City of Bloomington to receive and accept the Miller Park Zoo Maser Plan and that said Plan be adopted.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL FOR THE CITY OF BLOOMINGTON, ILLINOIS:

SECTION ONE: That the Miller Park Zoo Master Plan prepared by WDW Architects is and the same is hereby accepted and placed on file and approved; however, the City Council explicitly does not approve a funding mechanism to implement said Plan.

ADOPTED this 8th day of October, 2012.

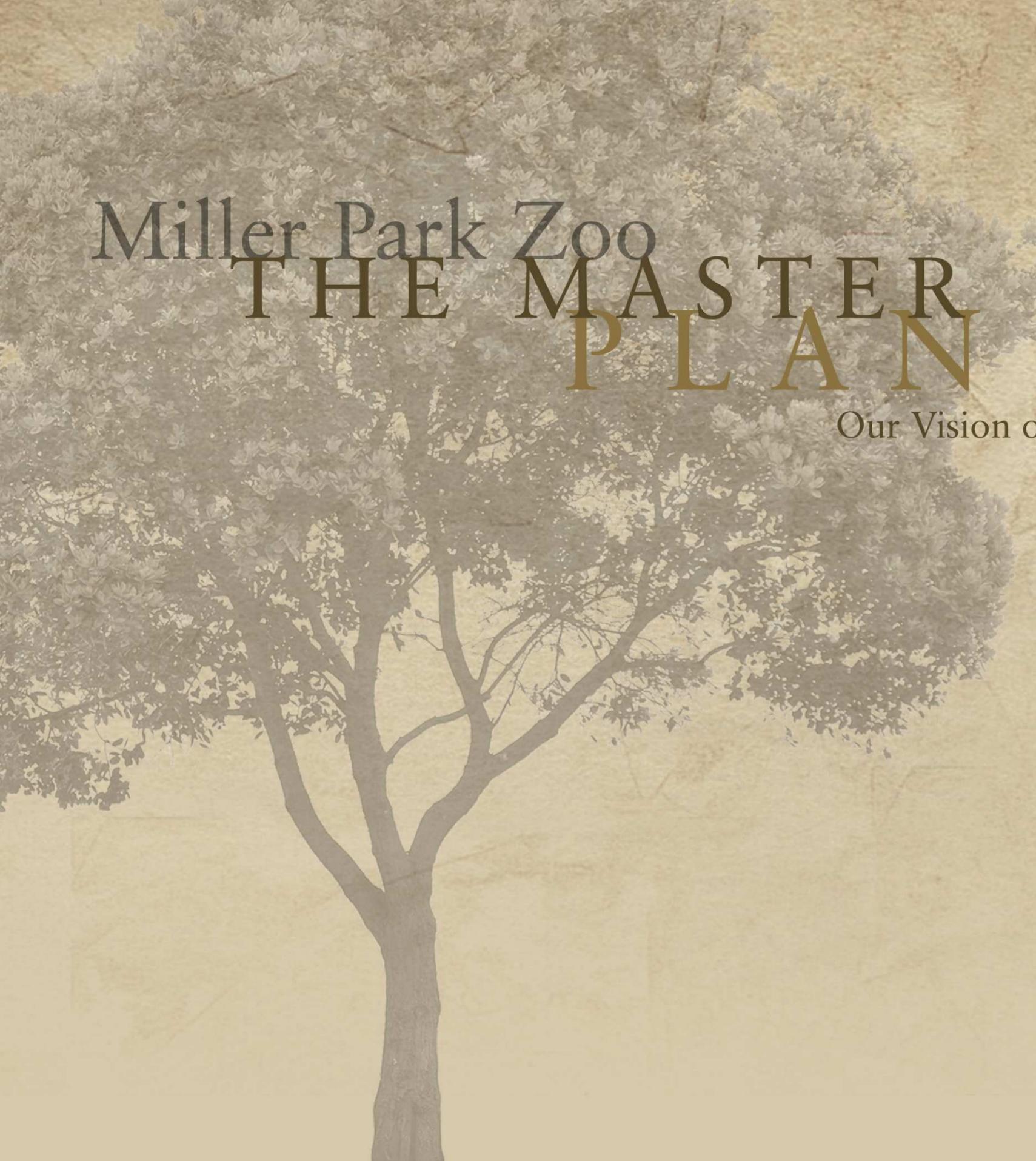
APPROVED:

Mayor of the City Council of Bloomington, Illinois

ATTEST:

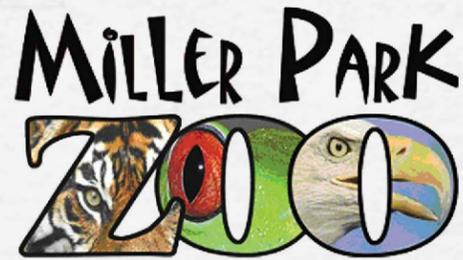
City Clerk

(Seal)



Miller Park Zoo
THE MASTER
PLAN

Our Vision of the Future



Intro

Mission-

To expand our understanding of the interrelationship between people and animals and the need to preserve the natural resources of the world.

Planning Goals-

This Master Plan was commissioned to document possible future development of the Miller Park Zoo. It serves as a snapshot in time, a living document that reflects the current needs and those needs and opportunities foreseeable in the future. This plan reflects the vision of the Zoo staff, society, and design team.

Challenges-

- Current Zoo footprint is extremely limiting, there is very little undeveloped space.
- Intersection at the entrance area between pedestrian and vehicular traffic is a safety concern.
- Circulation throughout the Zoo is not efficient.
- Several animal exhibit areas need upgrading to meet Association of Zoos and Aquariums (AZA) & U.S. Department of Agriculture (USDA) Standards.

Opportunities-

- The zoogeographical layout of the Zoo can be enhanced.
- New revenue opportunities are available with added concessions and education and event venue spaces.
- Undeveloped space within Miller Park provides possibilities for growth.

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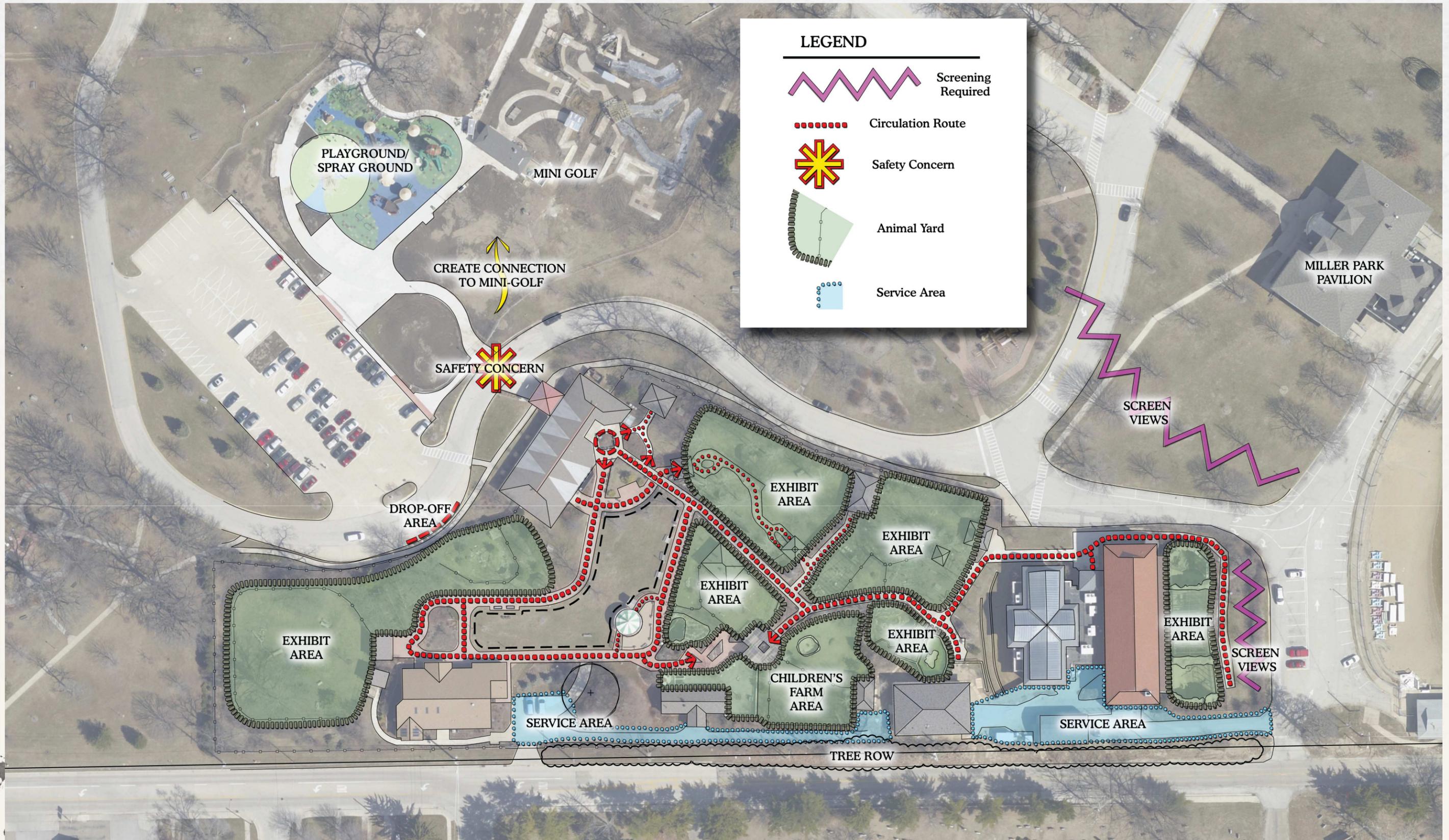


Site Analysis...

where did we start...



Site Analysis



Miller Park Zoo is located in Miller Park, at the intersection of Morris Ave. and Wood Street. The Zoo is home to a surprising variety of species considering its modest size. Community favorites include: Reindeer, Sumatran Tiger, Sea Lion, River Otter, Red Panda, Lemur, Galapagos Tortoise, Snow Leopard, and Red Wolf. The Zoo features indoor and outdoor exhibit areas such as the Tropical America Rainforest, Zoo Lab, Katthoefer Animal Building, Wallaby Walk About, Children's Zoo, and Animals of Asia.

Vehicular Circulation and Parking

The Zoo is currently served by a 93 space parking lot, that it shares with other park attractions including the splash pad and miniature golf. The lot regularly fills to capacity. Additional parking is necessary. A public street separates the Zoo from the parking, with the connection at the crosswalk is a safety concern. The location of this public street also limits the current expansion capability of the Zoo. There is also a lack of bus parking available.

Zoo Entrance

Upon approach from the parking, the entry is clearly marked. The single ticket window is currently adequate, most of the time, however, expanding to a second window would improve the guest flow during busy times.

Pedestrian Circulation

As you enter into the Zoo from the entrance building, views are limited due to plant material, structures, and path design. There is no clearly defined route for visiting the Zoo that takes the guest to all exhibits. There is significant back tracking required to visit all animal exhibits at the Zoo.

Open Space

The current footprint of the Zoo is limited and does not allow for growth. There is some open space near the carousel, however, without other reconfiguration, there is not much opportunity to add exhibits.

Animal Exhibits

There are several exhibits that are not viable to remain in use for more than a few more years for varying reasons including structural concerns and AZA or USDA requirements. These exhibits include- Sea Lion, Otter, Lemur, Bobcat, and the Katthoefer Animal Building. Many exhibits could benefit from an improved guest experience by getting the guest closer to the animals and creating more naturalistic habitats.



Master Plan...

the big ideas...



Master Plan

LEGEND

	NEW BUILDING- PUBLIC USE
	NEW BUILDING
	NORTH AMERICA
	AFRICA
	CHILDREN'S AREA
	SOUTH AMERICA
	ASIA
	AUSTRALIA



Looking forward with a plan

This master plan seeks to more definitely organize the Zoo into geographic regions. The following pages represent each of the following areas: Entry and Parking, Africa, North America, Children's Area, South America, Asia, and Australia.

The major species and experiences found in each of these areas are highlighted with brief descriptions of their proposed habitats, and an improvement impacts statement describing how these proposed changes will benefit the animals and improve the guest experience.

This master plan has been developed by a discovery and programming process. During a series of interviews and site observation trips, the Zoo's challenges and opportunities were shared, catalogued and reviewed to determine the significance of each and what solutions may be taken to minimize the challenges and capitalize on the opportunities.

This document identifies opportunities and concepts for improving, adding or expanding facilities and operations to meet the needs, goals and mission of the Miller Park Zoo, and develop from a local family attraction into a regional community destination. Primary factors in decision making were: animal health and welfare, and overall guest experience.

Some of the things that were focused on include- providing a cohesive circulation pattern that emphasizes the different zoogeographic areas of the Zoo, creating unique guest experiences, strategically locating guest services, providing opportunities to incorporate storylines and cultural themes to strengthen educational messages, considering revenue generating opportunities, addressing needed facility improvements, and providing adequate space and services for the present and future animal collection.

The initial phases of the plan are intended to be implemented over the next 15 years with additional improvements identified to span beyond that time frame. The animal collection plan identified within each zoogeographic area is tentative in nature and may change when final exhibit design and or fundraising goals are completed. The collection plan is compiled here to provide a framework for program development, fund raising, public relations, and exhibit design. Factors affecting the ultimate collection include species availability, AZA Species Survival Plan (SSP) Programs needs and requirements, and creating a differentiation among other zoological institutions in the region.

The Miller Park Zoo of today...
A local family attraction

The Miller Park Zoo of tomorrow...
A regional community destination

Entry & Parking

Improvement Impacts

- Expanded lot providing additional parking spaces, as well as a dedicated bus parking area.
- New larger drop-off area to improve both safety and convenience for all Zoo guests.
- Eliminate the existing conflict between pedestrian & vehicular crossing by removing the public street currently in front of Zoo. This will provide a safer entry and exit to Zoo, as well as improving the connection to the adjacent park/ mini golf/ playground areas.
- Creation of large plaza area for seating area, which acts as a connection between the Zoo, mini-golf, and playground
- Enlarging the gift shop will increase revenue generation opportunities
- The addition of a concession stand that serves park patrons inside and outside the Zoo will benefit guests participating in all park activities.
- A new education and event building will expand the possibilities for the community to be involved in a variety of environmental based programs.



Existing Zoo Entrance



The entrance to the Zoo is clearly marked. The single ticket window is currently adequate, however, expanding to a second window would improve guest flow during peak times.

Example of a small covered amphitheater



Miller Park Zoo has a history of successful live animal presentations. A new amphitheater would allow the Zoo to take a show to the next level of entertainment and education.

Africa

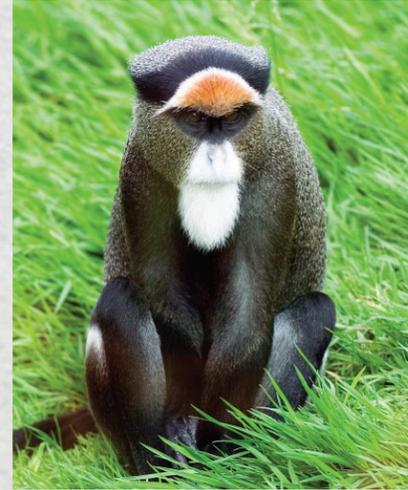
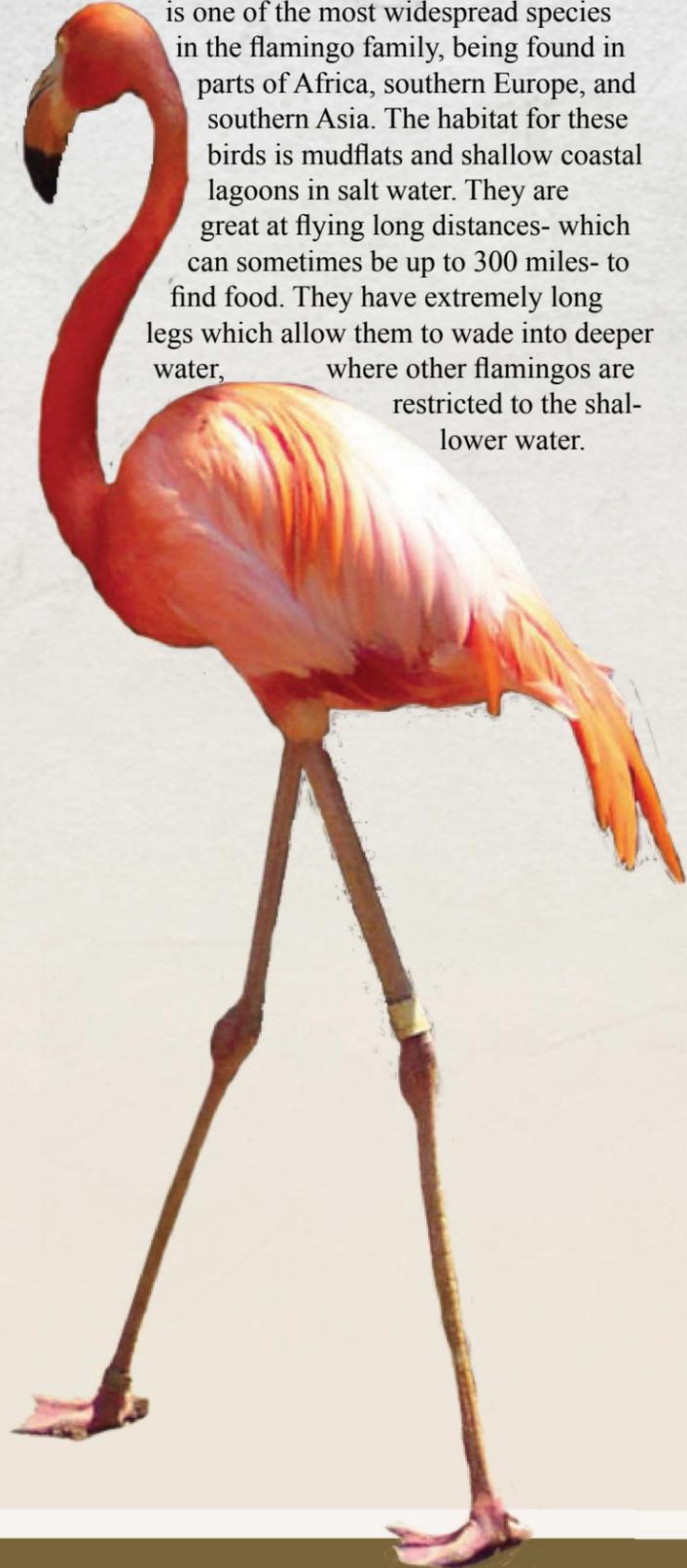
Improvement Impacts

- A new Greater Flamingo exhibit at the entrance will bring color, sound, and activity to the front of the Zoo, creating an arrival experience the Zoo currently lacks.
- The guest paths are modified immediately upon entering the Zoo to create a natural flow to the right, into the new African area.
- The Debrazza Monkey with its distinctive facial features and coloring will capture the guests attention.
- New Sifaka, Fossa, and Lemur exhibits will showcase the uniqueness of Madagascar.



Greater Flamingo

The Greater Flamingo is one of the most widespread species in the flamingo family, being found in parts of Africa, southern Europe, and southern Asia. The habitat for these birds is mudflats and shallow coastal lagoons in salt water. They are great at flying long distances- which can sometimes be up to 300 miles- to find food. They have extremely long legs which allow them to wade into deeper water, where other flamingos are restricted to the shallower water.



Debrazza Monkey



Ring-tailed Lemur



Fossa

Sifaka

Sifaka are powerful jumpers and skillful climbers- leaping up to 30 feet. They are herbivores, eating flowers, fruits, and leaves. They have a unique call, which the Malagasy people named them for. Sifakas are being threatened by the destruction of their forest habitat



North America

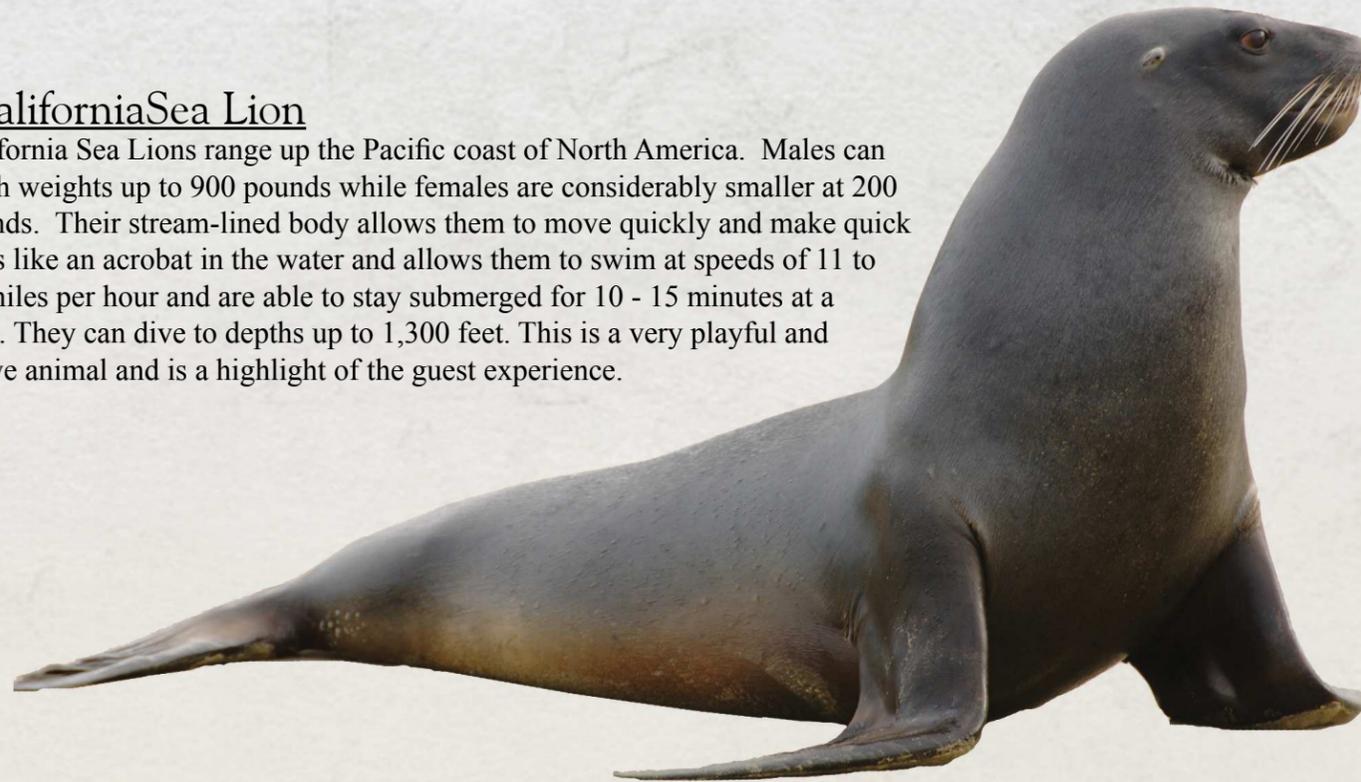
Improvement Impacts

- New Sea Lion exhibit with shade structure over majority of the pool, to benefit the animals eye sight.
- Amphitheater style seating area for educational shows demonstrating the abilities and training styles used for the sea lions. This will only increase the love the community has shown for one of the Zoo's favorite species.
- An opportunity for underwater viewing of the sea lion and smaller aquariums to highlight underwater ecosystems of the North American region.
- New river otter exhibit with underwater viewing, water level viewing so the guest is eye to eye with the otters, and a terrestrial land viewing area. This will allow the guest to better appreciate their playful antics.
- Upgraded viewing area for the red wolf.
- Expanded education space of the Zoo Lab building will provide the opportunity for the Zoo to reach out to a large and ore diverse audience.
- Circulation path to prevent the previous "dead end".



California Sea Lion

California Sea Lions range up the Pacific coast of North America. Males can reach weights up to 900 pounds while females are considerably smaller at 200 pounds. Their stream-lined body allows them to move quickly and make quick turns like an acrobat in the water and allows them to swim at speeds of 11 to 24 miles per hour and are able to stay submerged for 10 - 15 minutes at a time. They can dive to depths up to 1,300 feet. This is a very playful and active animal and is a highlight of the guest experience.



Bald Eagle



Red Wolf

River Otter

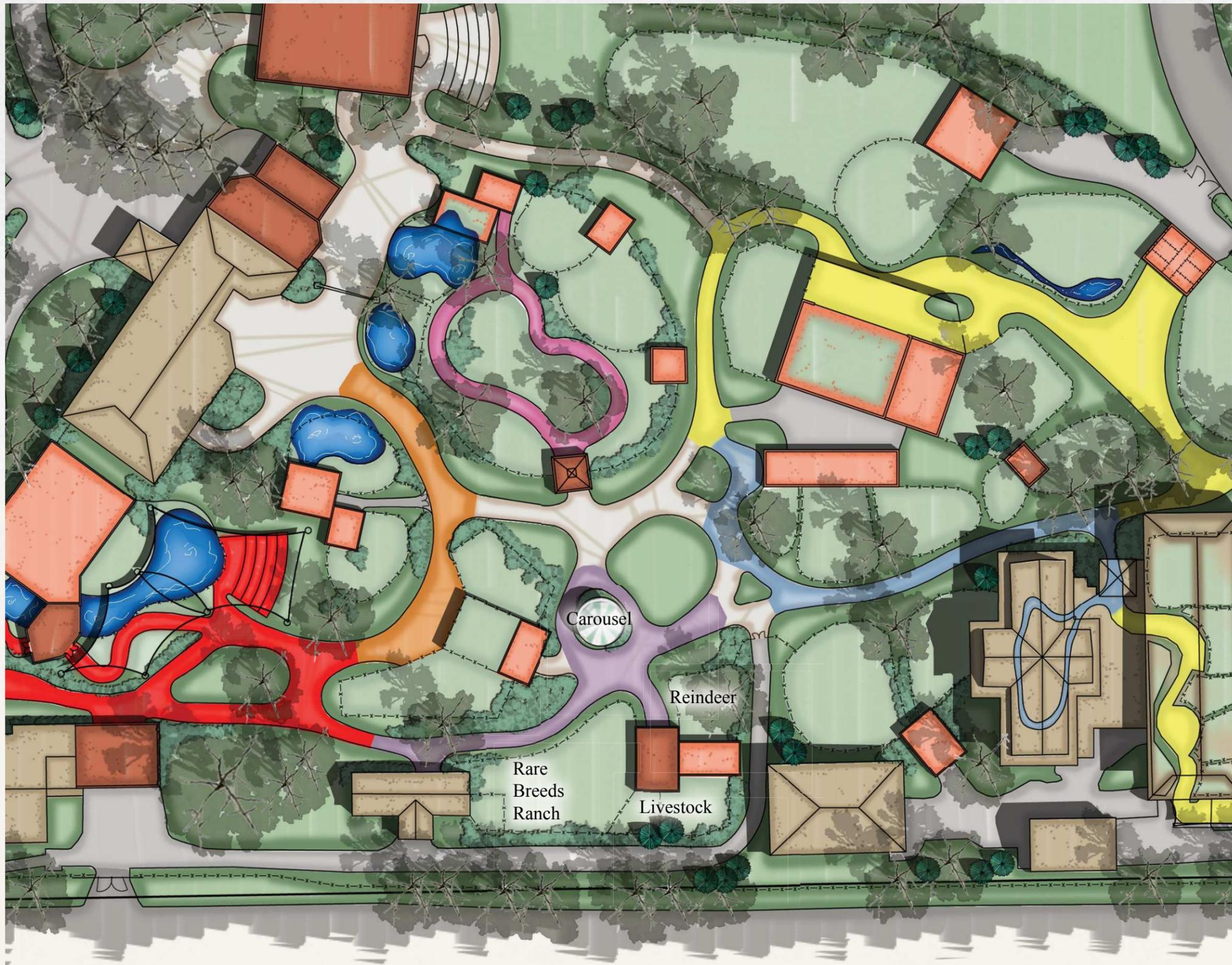
North American River Otters are found throughout all of Canada and the United States (except SW USA). They are excellent swimmers and divers, swimming at an average speed of seven miles per hour. Unlike muskrats or beavers, the otter barely makes a ripple when swimming or a splash when diving. Otters can also run up to 18 mph, and can run and slide, gliding 25 feet on ice. This is a guest favorite due to their playful nature.



Children's Area

Improvement Impacts

- The Rare Breeds Ranch or "RBR" will be home to domestic animals such as goats, cattle, sheep and chickens. With "RBR", the Zoo will be able to talk about conservation everywhere throughout the Zoo including the "Petting Zoo." It will be home to a place where children will be able to feed and pet different animals that are very rare. San Clemente Island Goats are down to less than 500 animals. Many rare or heritage breeds ensures genetic diversity and maintains animals that are well-suited for sustainable agriculture.





Chicken

Carousel

The Carousel is a favorite of Miller Park Zoo guests. Guests can ride a tiger, a giraffe, or any one of the fourteen animals. With two additional benches, it can handle up to eighteen riders at a time. It adds to the overall guest experience and also brings in revenue for the Zoo.



Reindeer

Also known as Caribou, Reindeer are the only member of the deer family in which both males and females have antlers. Reindeer come from inhabit tundra and coniferous forests across northern Europe, Asia and North America. A highly nomadic species, Reindeer may travel up to 3,000 miles in a year, the longest documented movements of any terrestrial mammal.

San Clemente Island Goats

These goats are small, fine-boned, deer-like with the males having twisting, Spanish type horns. They are a domestic goat, derived from feral goats, which were once on San Clemente Island. The United States Navy was put under a directive to preserve the endangered flora and fauna of the island, which were threatened by the grazing goats. This led to the removal of these animals from the island. This species is listed as a critically endangered heritage breed by the American Livestock Breeds Conservancy.



Dutch Belted Cattle

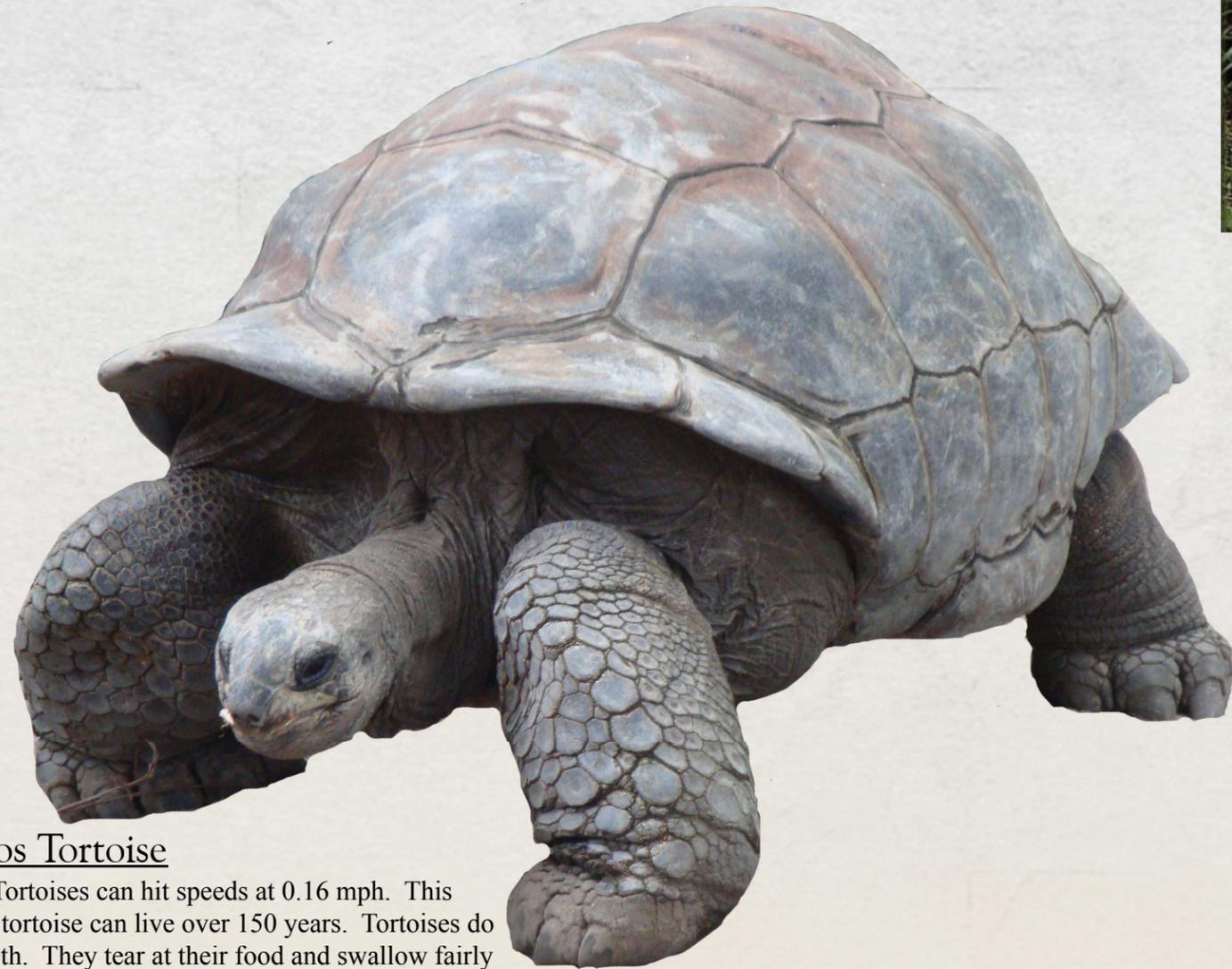
South America

Improvement Impacts

- This plan will include a revised experience for the entire South American area. It will include new animal species such as: Galapagos Tortoise, Anteater, Bush Dog, Tayra, Chacoan Peccary, Andean Bear, along with the existing South American Rainforest building.



New Experience & Exhibits



Galapagos Tortoise

Galapagos Tortoises can hit speeds at 0.16 mph. This endangered tortoise can live over 150 years. Tortoises do not have teeth. They tear at their food and swallow fairly quickly. Males can weigh over 500 pounds.



Giant Anteater



Tayra



Chacoan Peccary



Andean Bear

Also known as the Spectacled Bear for its facial markings, this South American bear can weigh up to 400 pounds and is listed as Vulnerable with a decreasing population. Habitat loss and fragmentation, and poaching of the Andean bear are the main threats to this species. Due to the difficult terrain of the Andean Bear, there still is not much known about this arboreal species.

Asia



Improvement Impacts

- The long-time icon of Miller Park Zoo- the Katthoefer Animal Building- will offer an all new tropical Asian experience through its completely revamped interior.
- The area south of the Katthoefer Animal Building will be expanded toward the existing parking. This area will be all new habitats for species such as: Crane/ Muntjac, Pheasant, Snow Leopard, Vulture, Pallas Cat, Red Panda, Koi pond, and an aviary.
- Future expansions to Asia will include Orangutans with both indoor and outdoor yards, Gibbon, Langur, Asian Deer, Asian Cattle, Malayan Tapir, and a new facility for Tiger, all of which are outside of the existing Zoo footprint.

New Experience & Exhibits



Sumatran Tiger

The Sumatran Tiger, the smallest subspecies of Tiger, is critically endangered due to primarily habitat loss. It is suggested that there are less than 500 Sumatran Tigers left. Tigers are solitary cats that only are seen together to breed or females with cubs. Sumatran Tigers are carnivores, and prey on small animals from fish and birds, to large ungulates like Wild Boar, Tapir, and Deer. Every Tiger has its own distinct striped coat pattern so no Tigers look alike.



Red Panda



Malayan Tapir



Muntjac

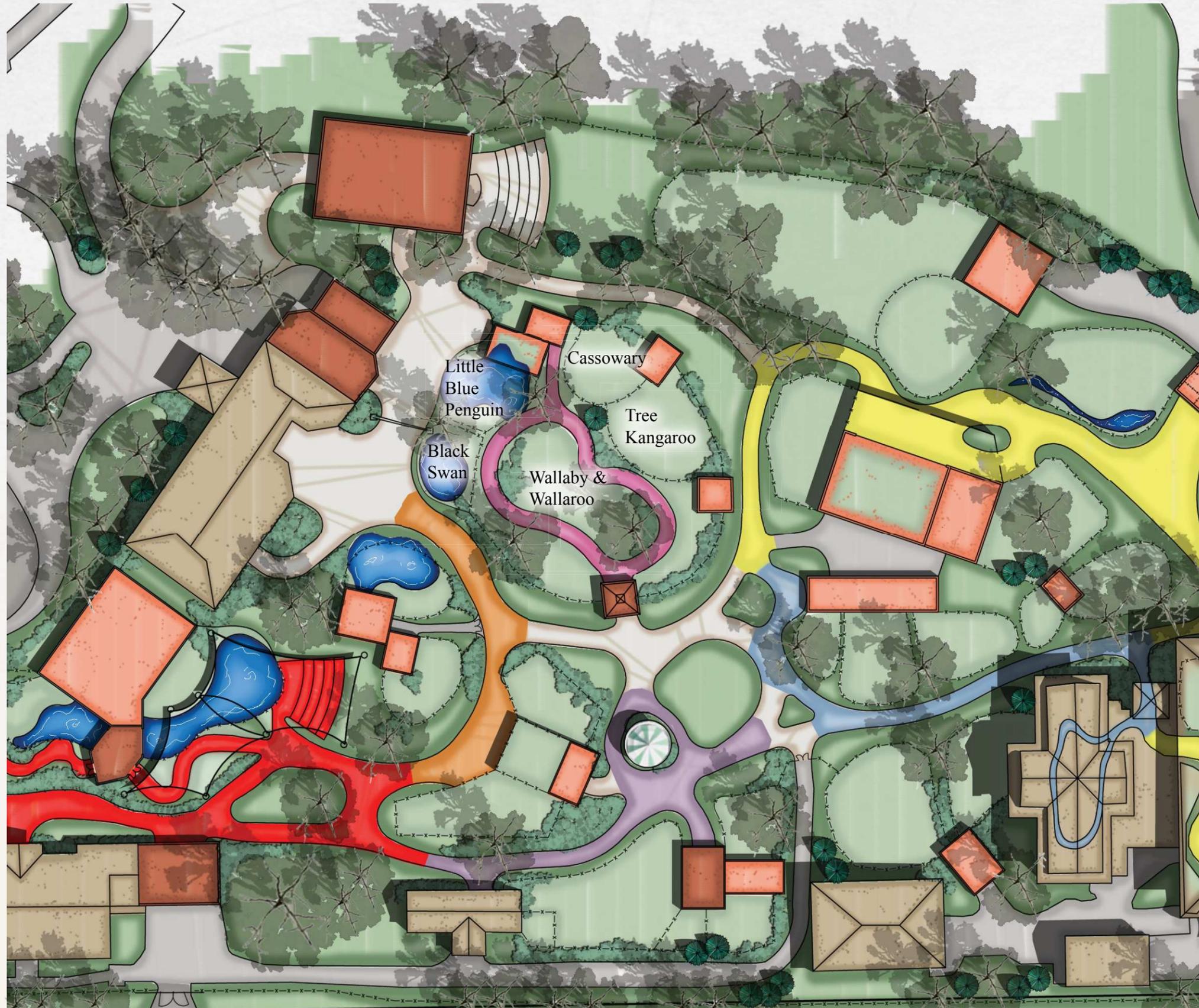
Orangutan

Sumatran Orangutans are a great ape that very intelligent and are adept at problem solving. The orangutan is exclusively an arboreal forest dweller and builds a nest in which to sleep on that can be as high as 70 feet in the air. Orangutans are the only non-social primate. Orangutans are critically endangered mostly due to human activities such as overpopulation, logging, and agriculture, which are destroying the orangutan forest environment. In fact, over the last 20 years, approximately 80 percent of the orangutans' habitat has been destroyed. Much of their habitat has been converted to palm oil plantations. Palm oil is used in many products we use every day. Current estimates show that four times more land is in palm oil production than is reserved for orangutans.



Pallas Cat

Australia



Improvement Impacts

- Australia will be reconfigured to accommodate a greater variety of species, while still giving guests the experience of a walk-thru with Wallaby & Wallaroos.
- New Tree Kangaroo and Cassowary habitats viewed from within the Wallaby and Wallaroo walking area.
- New Black Swan pond upon entrance into the Zoo will present an interesting contrast in color and posture to the Flamingos across the path.
- New Little Blue Penguin exhibit with viewing from both the plaza area leading to the amphitheater, and within the Wallaby & Wallaroo walk-about area.

New Experience & Exhibits



Tree Kangaroo

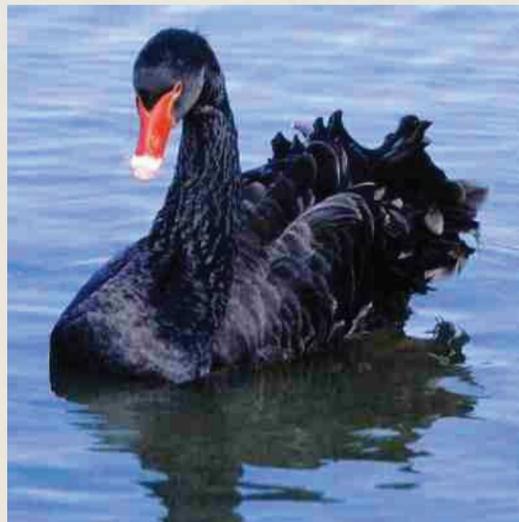
Tree Kangaroo's are adapted for life up in trees. They are considered endangered because of habitat loss and hunting. Up in trees, they are very agile and are able to move around by wrapping their forelimbs around the backs of trees and then using their powerful hind legs to hop. They are able to leap downwards up to 30 feet, and jump out of trees from as far up as 59 feet without getting hurt.



Cassowary



Wallaby



Black Swan



Wallaroo

Little Blue Penguin

Little Blue Penguins are the smallest species of penguin. They are found on the coastlines of southern Australia and New Zealand. They usually grow to between 12 and 13 inches tall and weigh about 1.5 pounds. They will spend the entire day swimming looking for food.



Implementation...

We need your help!!!

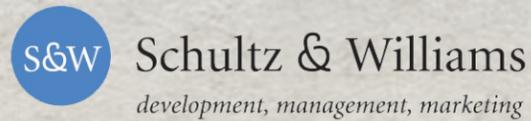




Miller Park Zoo
1020 S. Morris Ave.
Bloomington, IL 61701
www.millerparkzoo.org
309.434.2250



WDM Architects
105 N. Washington
Wichita, Kansas 67202
www.wdmarchitects.com
316.304.1720



Schultz & Williams
325 Chestnut Street, Suite 700
Philadelphia, PA 19106
www.schultzwilliams.com
215-625-9955



Miller Park Zoological Society
1020 S. Morris Ave.
Bloomington, IL 61701
<http://www.mpzs.org>
309.434.2250



City of Bloomington
109 E. Olive St.
Bloomington, IL 61701
<http://www.cityblm.org>
309.434.2509

Miller Park Zoo

Strategic Business Plan / Master Plan Integration

July 2012

Business Plan Elements:

- Initial Assessment
- Business Goals
- Opportunities
- Funding Sources
- Attendance Potential
- Organizational Strategies
 - Zoo & Zoo Society

Planning Overview

The following activities have informed the development of the current Strategic Plan:

- *Review and analysis of background documents, plans, financials*
- *Personal interviews with community stakeholders, various board members, and staff members*
- *Four planning team workshops*
- *Full staff input sessions*
- *Participation in Society Board of Directors meetings*
- *Preparation and presentation of final plan document*

SWOT Analysis

An analysis of the Zoo's strengths, weaknesses, opportunities, and threats revealed the following:

Strengths

- Intimate setting
- Historic zoo
- Junior Zookeepers Program
- Diverse animal collection
- Recent improvements and additions to the animal collection
- Passionate, engaged employees
- Zoo Superintendent's vision and passion

Weaknesses

- Path circulation within Zoo; dead ends
- Interpretive graphics
- Clarification of City/Society roles
- Board's limited fundraising capacity
- Parking
- Organizational capacity limited
- MOU unsigned
- No "marquee" exhibit
- Awareness of Zoo and programs is limited

SWOT Analysis

Opportunities

- Expansion into park
- Value of Zoo, Park to community/history
- Possibility for additional attractions, guest amenities in Zoo
- Well-educated, white collar market; below average unemployment rate
- Partnership with Neighborhood Association
- Pavilion
- “Going green” is possible link for Zoo to community/corporate initiatives
- Untapped funding opportunities—families, corporations (State Farm, Country, Mitsubishi)
- Zoo Superintendent –greater exposure through membership/speaking engagements (Kiwanis, Young Men’s Club, etc.)

Threats

- “East – west divide;” perception of bad neighborhood
- Possible public discomfort/ill will from 2000 planning process
- Seven other zoos in region; recent new exhibit at Peoria
- Lack of understanding of Zoo/City/Society relationship
- Fear of a new “zoo tax”

City / Zoo Society Structure Observations:

- City is effectively managing the gift shop with revenues and expenses running through the Society
- The annual payment of \$115,000 from the Society to the City relative to the Society's income is a 'good deal' for the City, with almost all net income being invested back in the Zoo (paid back to the City)
- There is an opportunity and need to grow unrestricted giving – both individual and corporate
- Heavy dependence on events for fundraising; it's been effective, but are fundraising efforts maximizing ROI

Key Planning Issues

As part of the planning process, S&W facilitated discussions based on the findings from the assessment work to develop these six preliminary key planning issues.

- Organizational Capacity: staffing, resources
- Community: Neighborhood Perception/Partnership Opportunities
- Board/Society: Role and Capacity
- Strategic Growth: Site Development/Facilities
- Business Model: City funding standards (cost recovery); Opportunity for contributed income
- Awareness/Branding: Uniqueness vs. Regional zoos

Strategic Focus Areas

Four Strategic Focus Areas were derived from the initial key planning issues:

I. Community Asset

- Strengthen the Zoo as a vibrant part of the community and central to a strong quality of life in the area.

II. Financial Sustainability

- Increase the Zoo's revenue from both earned and contributed sources to create a more balanced funding model.

III. Regional Attraction

- Develop the Zoo as a premier destination and attraction for Bloomington/Normal residents and visitors to Central Illinois.

IV. Philanthropic Priority

- Establish the Zoo as a top tier priority for the donor community.

Focus Areas - Business Goals:

- Strengthen the Miller Park Zoo as a community asset to enhance the quality of life for area residents and guests.
 - Improve the guest experience; exhibits and attractions to increase the Zoo's draw in the community (Master Plan Improvements)
 - Add additional amenities and attractions that appeal to the guests
 - Shows & animal demonstrations
 - Fee-based experiences; animal feedings
 - Attractions
 - Identify opportunities to further integrate and partner with the neighborhood in contribute to the area's economic and social vitality; include the neighborhood in planning
 - Increase outreach efforts to get the Zoo out into the community more
 - Explore having the Zoo, in conjunction with the park, host events that could appeal to a broader audience, e.g. music or theater
 - Work to fully integrate the Park and Zoo experience through common theming, signage, and promotions

Focus Areas - Business Goals:

- Enhance the financial sustainability of the Zoo by increasing earned and contributed income.
 - Increase attendance & grow number of member households to drive greater earned income
 - Build individual contributed base of support
 - Initial focus on building upper-level members to provide operating funds and as a donor base-of-support for capital projects
 - Begin hosting a series of more intimate donor cultivation events to promote the new master plan and vision for the Zoo
 - Maximize core revenue generation areas including
 - Admission – revisit pricing strategies to reflect added value
 - Food – new and improved concessions to get per capita spending more in line with industry benchmarks
 - Gift – enhanced merchandising & larger space
 - Identify and implement new revenue sources through fee-based experiences

Business Goals:

- Establish the Zoo as a unique regional attraction and increase awareness of its offerings.
 - Build marketing and communication efforts to increase visibility of the Zoo within the community; partner with corporate community to provide marketing expertise and leverage their spending through partnerships and sponsorships
 - Continue to utilize free communications and public relations strategies to get the word out about the Zoo, utilizing the animal, education, and conservation mission as a unique differentiator and ‘hook’ for the media
 - Develop exhibits which set the Zoo apart from it’s regional competition
- Make the Miller Park Zoo a top philanthropic priority for the region.
 - Build the Board to support and communicate the new vision for the Zoo
 - Maximize Board size, make-up, and policies
 - Improve the Zoo’s fundraising efforts by building a strong development team
 - Link the Zoo’s conservation and education programs with its fundraising efforts; provide a unique hook for donors

Opportunities:

- Integrate the Zoo with park activities
 - Market the Zoo with other park activities; playground, mini-golf, water area
 - Explore combined ticketing for the Zoo and the mini-golf
 - Heavily promote the Zoo's gift and food service operations to all park guests
- Promote Zoo's conservation and educational messages & programs
 - Improve the Zoo's graphics and interpretatives to better communicate the Zoo's mission-driven messages
 - Develop the Zoo's case-for-support linking the new master plan, the Zoo's importance to the community, and its mission driven programs
- Increase visibility of the Zoo's leadership in the community
 - Zoo Superintendent should be spending an increasing amount of time externally; the Zoo Society Board should continue to get out into the community to act as ambassadors in promoting the Zoo

Opportunities:

Earned Revenue Strategies

- Increase attendance through aggressive marketing; growth of repeat guests, and promotion of new exhibits
 - Target attendance growth through:
 - Increased awareness of the Zoo and all of its improvements
 - Driving increased member visits
- Support Zoo Society to grow membership base
 - Increase on-site membership sales through better training, incentives, and promotions
 - Improve membership renewal rates; coordinated campaign for lapsed members; test auto-renewal of memberships
 - Increase value of membership with additional members-only member activities; easier member access
 - Evaluate membership levels
 - Implement improved member database and tracking system
- Test new pricing strategies
 - Adjust pricing up by \$0.95 to maximize revenue while staying below perceived price point; make regular price adjustments annually, linking price increase to value and experience offered

Opportunities:

Contributed Revenue

- Clearly identify fundraising and development roles for Society staff; Board Leadership, and Zoo Staff
- Add Development and support staff as needed and as resources become available
- Develop communications plan to coordinate messaging and management to cultivate prospective donors
- Hone Zoo's case-for-support, highlighting key reasons why to give to the Zoo
- Create consistent, professional donor materials and tools, beginning with master plan materials
- Establish a donor management and tracking system
- Conduct fundraising training for Board and staff
- Begin a program of prospect research identifying potential donors starting with your member list
- Utilize annual Zoo fundraising gala event to cultivate key donors

Funding Sources:

- Funding Opportunities for Capital Improvement Projects
 - A number of other zoos have implemented taxing initiatives to funding a combination of capital and operating improvements
 - Zoo Arts Parks (ZAP) Tax – Salt Lake City, UT
 - Property Tax Millage – Ohio Zoos
 - Dedicated Sales Tax – Point Defiance Zoo; Great Plains Zoo; Fresno
 - Arts & Culture Tax - Denver
 - Quality of Life Bonding has also been utilized to help fund capital improvement projects at other Zoos
 - \$50M bond being tested for capital improvements at the El Paso Zoo
 - A number of aquariums have been built funded through publicly backed bonds
 - Regional funding should be explored as a supplementary source of income for the Zoo; this is a longer-term option but exploration of potential should begin in the short-term

Master Plan Integration

- The Master Plan was developed with the following business elements in mind:
 - **Realistic phasing and budgets** based on market size and available community resources
 - Placing new **high impact and visible exhibits** and improvements right at the front of the Zoo to appeal to and wow guests
 - An improvement schedule which can be **implemented easily** as funds, including smaller amounts, become available
 - An exhibit improvement schedule which maximizes **attendance growth**
 - Adding amenities which can **generate revenue** – expanded gift and added food areas
 - Enhancing and revitalizing exhibits which have a **strong link to the community** and thus have greater donor appeal, i.e. sea lions, KAB
 - Building exhibits which are unique to the region and **differentiate the Zoo** from its competition

Zoo Potential – Master Plan Integration

- Master Plan Improvements – Phase I
 - Attendance Potential – close to **150,000** through Phase I build-out; achievable given market size and demographics; expansion of competition will be a factor
 - Ability to continue to grow admission pricing to match additional value; as new exhibits are opened, prices can increase as the Zoo delivers more to the guest
 - Improved food & gift areas and better promotion will drive higher per capita spending to meet industry standards; current spending less than half of comparable zoos
 - City subsidy level can decrease as earned income increases (attendance and pricing growth); goal to have subsidy fall below 50% level as new improvements are implemented
 - Expense growth can be effectively managed; additional investment in staffing will be necessary but many new exhibits do not require significant additional staffing; utility costs can be reduced with newer more energy efficient designs
 - New attractions will also drive membership growth; both Zoo and Society benefit
 - Current membership levels are very low; potential to appreciably grow membership numbers within planning period through better marketing, acquisition, and renewal strategies

Zoo Potential – Master Plan Integration

Fiscal Year	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
New Improvement	<i>Flamingo</i>	<i>Red Panda</i> <i>New F/G</i>	<i>Anteater</i> <i>Bush Dog</i>	<i>Eagle</i> <i>Tayra</i>	<i>Sea Lion</i>	<i>Otter</i>
Admission Growth	5.0%	3.0%	2.5%	1.0%	15.0%	12.0%
Pricing	\$5.95/\$3.95	\$6.95/\$4.95	\$6.95/\$4.95	\$7.95/\$5.95	\$8.95/\$6.95	\$8.95/\$6.95
Attendance	106,241	109,428	112,164	113,286	130,279	145,912
Membership Households	1,656	1,706	1,748	1,766	2,030	2,274
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>Admission Per Cap</i>	\$3.15	\$3.65	\$3.65	\$4.15	\$4.65	\$4.65
<i>Net Gift Per Cap</i>	\$0.55	\$0.75	\$0.79	\$0.83	\$0.87	\$0.91
<i>Concessions Per Cap</i>	\$0.31	\$0.55	\$0.58	\$0.61	\$0.64	\$0.67

Zoo & Zoo Society Recommendations

A significant amount of time during the planning process was focused on understanding and identifying opportunities to enhance the relationship between the Zoo and the Zoo Society. This included looking at areas that included structure, operating models, roles, and financial performance.

In the following slides, a number of recommendations have been outlined which will improve the likelihood of a successful implementation of the Master Plan. By building a strong foundation between the two organizations, capital fundraising efforts will be strengthened and the Zoo's long-term vision can be realized.

However, it will be critical that there is a strong partnership between the two organizations; a partnership that is reflective of open and coordinated communications, leveraging each partners assets, and working towards a common and unified vision.

Detailed recommendations on a new MOU between the Zoo and the Zoo Society have been provided to Zoo leadership.

Linking Goals with the Society Roles:

- Primary - Increase level of support (operating and capital) to the Zoo (FUNDRAISING)
 - Secondary - Position the Zoo as a vital asset in the community (AWARENESS & ADVOCACY)
 - Secondary - Strengthen conservation initiatives and support (FUNDRAISING FOR MISSION)

Objectives:

- Grow membership base and membership revenues
- Increase unrestricted fundraising efforts
- Fundraise for first capital improvement project: ~\$400,000



*All interrelated and
build off each other*

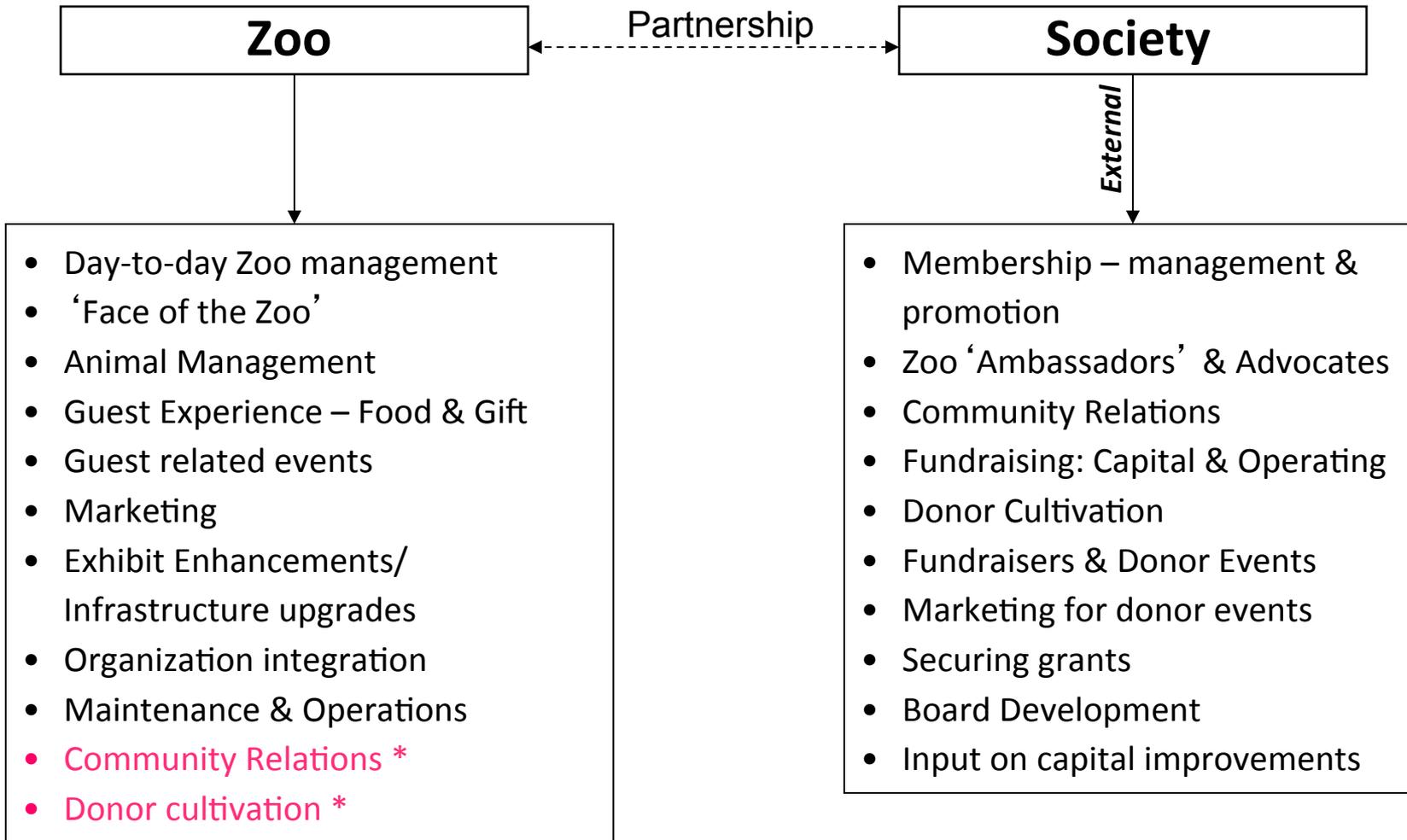
Accomplished Through:

- Investing in the product (exhibits & experience will drive increased attendance and membership) – *Zoo & Society*
- Marketing and promotional strategy (membership acquisition) – *Zoo & Society*
- Enhanced Development staffing - *Society*
- Board development & training - *Society*

Structure - Assumptions:

- Society Revenue – (Macro Level)
 - Fundraisers - \$50,000
 - Membership - \$70,000
 - Gift - \$57,000
- City needs to maintain or grow the influx of external funds of \$115,000 (from some source) to support annual operating expenses of the Zoo
- Zoo Superintendent will be the ‘leader’ of the Zoo and provide all management and direction of Zoo activities and operations

Primary Roles



* Shared responsibility with Society

Fundraising Team

Zoo Superintendent
(Face)

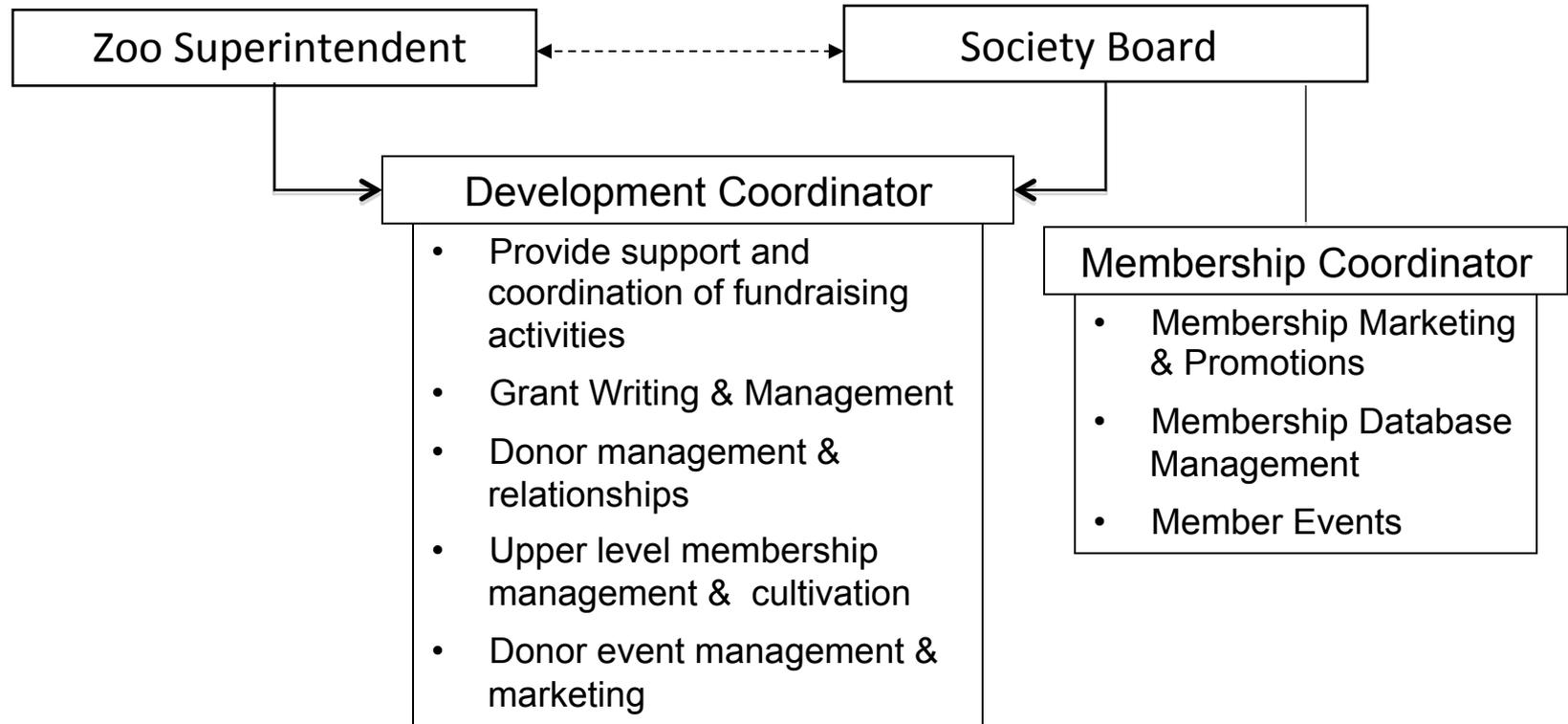
Society Board
(\$, Cultivation & Connections)

Development Support
(Back-office Coordination)

Organizational Model - DRAFT

- Develop fundraising team of: Board; Superintendent; and Coordinator
- Position Zoo Superintendent as ‘Chief Fundraiser’ with strong support and mentoring of the Board
- Contributed funds directed back to Society
- Development Coordinator would be funded by Society but Zoo Superintendent would have management and oversight of this position
- Zoo Superintendent would provide accountability back to Board regarding fundraising activities
- Focus would shift from events to individual and corporate giving
- Fundraising training will be required for Zoo leadership

Organizational Model - DRAFT



Implications

- City should take over full management of gift shop; centralizing control of guest service operations
- The funding from the Society to the City needs to be adjusted in light of gift shop shift
- Society will need additional resources to invest in fundraising activities
- Society should shift focus of fundraising to individual and corporate giving and away from event based support
- Increased efforts need to be placed on growing membership base and cultivating upper level members
- Interaction, Management & Coordination of fundraising ‘team’ will be critical for success
- Fundraising training will be required for Board and fundraising ‘team’
- An assessment is needed of current fundraising and development capacity; staffing, tools; resources

Board Development Strategies

Board Development/Benchmarking

While there is no prescription for an effective board, some benchmarking of national trends and practices may be instructive as the Zoo Society board gears up for the challenges ahead.

Data are from the *BoardSource Nonprofit Governance Index 2010*© and although not specific to the zoo field, the data are, in general, backed up by S&W' s experience in this area.

Board practices around the country have changed in the last five years, due primarily to changes in IRS 990 reporting guidelines and the 2008 recession. Against this background, nonprofit boards report increased emphasis on fundraising and increased personal giving, and adoption of more practices to ensure greater accountability.

The following slides provide insights and guidance to support the Zoo board' s work related to fundraising and planning.

“The Board’s effectiveness is directly related to the level of the chief executive’s engagement with the board. Despite having exceptional and professional leaders serving on the board, the chief executive has been critical to ensuring that all board activities, including committee work, are successful.”

— Board Member, BoardSource NonProfit Governance Index 2010©

Board Development Strategies:

Develop the Board to support their fundraising role

1. Build board with community and corporate leadership

- A. Conduct board assessment to identify gaps in expertise
- B. Create recruiting and orientation strategy for new members
- C. Engage high-level corporate members (A list within the community); utilize new vision and master plan to gain their involvement

2. Define role of the Board

- A. Reinforce role as fundraisers and ambassadors for the Zoo
- B. Focus on governing and not managing

3. Provide the Board with the tools necessary for their roles

- A. Offer training in fundraising and board development
- B. Provide key messaging points for consistent and coordinated communication strategies
- C. Develop reporting structure to regularly assess performance

Board Development: Policies and Practices

- **Board size:** 15-22 members = the “sweet spot,” with an average of 16 members. Larger organization size usually = larger board size.
- **Term limits:** 70% of boards have term limits; most 3 years, Average member tenure is 7.2 years, or about two 3-year consecutive terms.
- **Meetings:** Average is 7.4 meetings/year, with the average meeting lasting 3.4 hours. In general, boards that meet more often have fewer meetings. Tips for effective meetings include using a consent agenda and a implementing a dashboard.
- **Participation:** Engagement is key to an board effectiveness, and meeting attendance is one indicator. About 84% of boards report meeting attendance at an average of 75% and higher.
- **Committees:** Mixed reviews on committee effectiveness; most common governance/nominating, finance, executive; followed by fundraising. Some see committees as a way to vet potential board members.

Board Development: Policies and Practices

- **Core Functions:** In practice, boards identify three roles: setting direction, ensuring adequate resources, and providing oversight.
- **Fundraising:** About 71% of all boards require 100% giving and a “personally significant” or “stretch” gift; these organizations report about 71% board giving, up from previous years. Those boards with clearly stated expectations report increases in board giving. Although fundraising is seen as a key board function, just 16% of board members gave themselves an “A” or “B” score in this area.
- **Effectiveness:** The report cites three benefits of an informed board: board engagement, board effectiveness, positive impact, and offer an equation: information + engagement = effectiveness + impact.
- **Leadership Roles:** Board leadership and CEO share leadership and responsibility for the organization, and note three component of this relationship: open/honest communication, effective collaboration on major decisions, and CEO actively involving board in leading the organization.

Board Roles

- Provide strategic direction, leadership and vision
- Governance and financial oversight
- Fundraising & Development
- Donor cultivation & solicitation
- Hosting donor events
- Attending and participating in Zoo functions
- Building community and government support
- Community ambassadors
- Board development and recruitment

Board Performance ‘Dashboard’

- New donors; annual fund
- Cultivation interactions
- Capital improvement spending
- Government relations
- Strategic Plan; Quarterly with annual updates
- Board
 - Fundraising participation
 - Meetings attended; participation
 - Zoo events attended
 - Donor solicitations

Appendix

Market Competition Matrix

Attraction	Location	Distance from MP	Admission Adult/Child	Family Membership	Size	Governance	Focus	Attendance	Annual Budget	Comments
Miller Park Zoo	Bloomington		\$5.95/3.95	\$60	6 acres	city/society	diverse collection; carousel	111,863	\$1,170,208	
Peoria Zoo	Peoria	45 min	\$8.50/4.75	\$80	14	park dist/ society	diverse collection; new Africa exhibit	152,195	\$ 2,601,456	\$32 M capital campaign
Scovill Zoo	Decatur	1 hr	\$5.00/3.00	\$65	15	park dist	diverse collection; carousel	97,247	\$ 998,662	seasonal; new masterplan; planning new penguin exhibit \$500-750K
Wildlife Prairie State Park	Hanna City	1 hr	\$7.00/5.00		40	state	natives; lodging, sports & rec			
Henson Robinson Zoo	Springfield	1.5 hr	\$4.50/2.75	\$45	15	park dist	diverse collection	83,411	\$771,800	
Niabi Zoo	Coal Valley	2.25 hr	\$6.00/5.00	N/A	50	forest preserve/ society	diverse collection; carousel; train	225,000	\$1,600,000	seasonal
Phillips Park Zoo	Aurora	2.25 hr	\$4.00/2.00		N/A	city/society	small zoo; kids zone			
Cosley Zoo	Wheaton	2.25 hr	\$3.00/2.00	\$55	5	park dist/ foundation	large waterfowl collection, domestics	120,000	\$1,158,649	
Brookfield Zoo	Brookfield	2.25 hr	\$13.50/9.50; all incl \$23.50/18.00	\$91	216	society	major attraction	2,283,065	\$59,724,000	
Lincoln Park Zoo	Chicago	2.5 hr	free	\$90	35		major attraction	3,000,000	\$22,128,604	
Shedd Aquarium	Chicago	2.5 hr	\$8.00/6.00; all incl \$34.95/25.95	\$175	5	society	major attraction	2,063,694	\$48,542,780	
Children's Discovery Museum	Normal		\$6.00	\$95		city parks & rec				1st children's museum in US w LEED certification
Prairie Aviation Museum	Bloomington		\$5.00/2.00	\$60						501 (c)3 governance n/a
McLean County Museum of History	Bloomington		\$5.00/4.00	\$30		private		40,000		
Illinois State University Planetarium	Normal		\$4.00/3.00	(309) 438-2496 call for info on membership		university		15,000-25,000		
David Davis Mansion	Bloomington		\$4.00/2.00 donation	\$50		state/ foundation				
Upper Limits Rock Climbing Gym	Bloomington		\$15.00/12.00	\$638 + \$50 per child		private for profit				