



State of South Carolina Department of Mental Health

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John H. Magill
State Director of Mental Health

June 20, 2016

Sent via Email: angelajohnson@aps-llc.com and Certified Mail

Mark Bradford, President/CEO and Angela Johnson
APS Pharmacy #801, LLC
480 Airport Industrial Drive
Southaven, MS 38671

RE: Contract No. 4400009500 / Solicitation #5400008494 - Medication and Patient Assistance Program
Services "**Notice of Termination**"

Dear Mr. Bradford and Ms. Johnson:

The SC Department of Mental Health would like to thank you and your company for services provided in regards to this contract for Medication and PAP Programs for our Community Mental Health Centers. This letter is to provide formal notice that we are terminating the contract for convenience **effective Friday, August 19, 2016** pursuant to Part VII. Terms and Conditions- B. Special, of the contract:

TERMINATION FOR CONVENIENCE (JAN 2006)

(1) Termination. The Procurement Officer may terminate this contract in whole or in part, for the convenience of the State. The Procurement Officer shall give written notice of the termination to the contractor specifying the part of the contract terminated and when termination becomes effective.

(2) Contractor's Obligations. The contractor shall incur no further obligations in connection with the terminated work and on the date set in the notice of termination the contractor will stop work to the extent specified. The contractor shall also terminate outstanding orders and subcontracts as they relate to the terminated work. The contractor shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated work. The Procurement Officer may direct the contractor to assign the contractor's right, title, and interest under terminated orders or subcontracts to the State. The contractor must still complete the work not terminated by the notice of termination and may incur obligations as are necessary to do so.

(3) Right to Supplies. The Procurement Officer may require the contractor to transfer title and deliver to the State in the manner and to the extent directed by the Procurement Officer: (a) any completed supplies; and (b) such partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing material") as the contractor has specifically produced or specially acquired for the performance of the terminated part of this contract. The contractor shall, upon direction of the Procurement Officer,

MISSION STATEMENT

To support the recovery of people with mental illnesses.



protect and preserve property in the possession of the contractor in which the State has an interest. If the Procurement Officer does not exercise this right, the contractor shall use best efforts to sell such supplies and manufacturing materials in accordance with the standards of Uniform Commercial Code Section 2-706. Utilization of this Section in no way implies that the State has breached the contract by exercise of the Termination for Convenience Clause.

(4) Compensation. (a) The contractor shall submit a termination claim specifying the amounts due because of the termination for convenience together with cost or pricing data required by Section 11-35-1830 bearing on such claim. If the contractor fails to file a termination claim within one year from the effective date of termination, the Procurement Officer may pay the contractor, if at all, an amount set in accordance with Subparagraph (c) of this Paragraph.

(b) The Procurement Officer and the contractor may agree to a settlement and that the settlement does not exceed the total contract price plus settlement costs reduced by payments previously made by the State, the proceeds of any sales of supplies and manufacturing materials under Paragraph (3) of this clause, and the contract price of the work not terminated;

(c) Absent complete agreement under Subparagraph (b) of this Paragraph, the Procurement Officer shall pay the contractor the following amounts, provided payments agreed to under Subparagraph (b) shall not duplicate payments under this Subparagraph:

(i) contract prices for supplies or services accepted under the contract;

(ii) costs reasonably incurred in performing the terminated portion of the work less amounts paid or to be paid for accepted supplies or services;

(iii) reasonable costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to Paragraph (2) of this clause. These costs must not include costs paid in accordance with Subparagraph (c)(ii) of this paragraph;

(iv) any other reasonable costs that have resulted from the termination. The total sum to be paid the contractor under this Subparagraph shall not exceed the total contract price plus the reasonable settlement costs of the contractor reduced by the amount of payments otherwise made, the proceeds of any sales of supplies and manufacturing materials under Subparagraph (b) of this Paragraph, and the contract price of work not terminated.

(d) Contractor must demonstrate any costs claimed, agreed to, or established under Subparagraphs (b) and (c) of this Paragraph using its standard record keeping system, provided such system is consistent with any applicable Generally Accepted Accounting Principles.

(5) Contractor's failure to include an appropriate termination for convenience clause in any subcontract shall not (i) affect the state's right to require the termination of a subcontract, or (ii) increase the obligation of the state beyond what it would have been if the subcontract had contained an appropriate clause.

[07-7B265-1]

This same notice is being provided to all Qualified Providers under Contract awarded pursuant to Solicitation No. 5400008494.

In accordance with the Contract, Part VII. Terms and Conditions- B. Special:

CONTRACTOR'S USE OF STATE PROPERTY (JAN 2006)

Upon termination of the contract for any reason, the State shall have the right, upon demand, to obtain access to, and possession of, all State properties, including, but not limited to, current copies of all State application programs and necessary documentation, all data, files, intermediate materials and supplies held by the contractor. Contractor shall not use, reproduce, distribute, display, or sell any data, material, or documentation owned exclusively by the State without the State's written consent, except to the extent necessary to carry out the work. [07-7B067-1]

OWNERSHIP OF DATA and MATERIALS (JAN 2006)

All data, material and documentation prepared for the state pursuant to this contract shall belong exclusively to the State. [07-7B125-1]

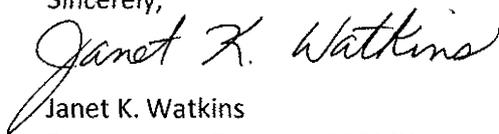
06/20/2016

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As required by the above, any documentation or other records in your possession (e.g. CMHC Patient Protected Health Information, and other confidential information (e.g. SS#s), which was created pursuant to the Contract, must be returned to the applicable Community Mental Health Center. This information shall not be used, reproduced, distributed, etc. as all data, material and documentation prepared pursuant to the contract is owned exclusively by the South Carolina Department of Mental Health.

Until the effective date of this termination, you are expected to perform the contract services and otherwise comply with all other contract obligations. If you have further questions regarding this termination letter please contact me at 803-898-8486 or my email address is: janet.watkins@scdmh.org.

Sincerely,

A handwritten signature in cursive script that reads "Janet K. Watkins". The signature is written in black ink and is positioned above the printed name and title.

Janet K. Watkins

Procurement Director, SCDMH

cc: Brandalyn Brewer, SCDMH Contracts Office
Jeffery Ham, Office of Community Mental Health Centers, SCDMH
Contract File