



### SOURCEWELL – PARTICIPATION AGREEMENT

Sourcewell Agreement No.: 0022422-MML  
 Contract Category: Medical Supplies  
 Awarded Contractor: McKesson Medical-Surgical Government Solutions LLC  
 WASHINGTON STATEWIDE CONTRACT NO.: 26323

This Participation Agreement for the above referenced Sourcewell Agreement (“Participation Agreement”) is made and entered into by and between the State of Washington acting by and through the Department of Enterprise Services, a Washington State governmental agency (“Enterprise Services”) and McKesson Medical-Surgical Government Solutions, an LLC, (“Contractor”) and is dated and effective as of August 1, 2023.

### RECITALS

- A. Pursuant to Legislative direction codified in RCW 43.19.005 and RCW 39.26, Enterprise Services, on behalf of the State of Washington, is authorized to provide goods and services to support state agencies and to enter into agreements with other governmental entities to furnish such goods and services as deemed appropriate by both parties.
- B. Pursuant to Washington law, Enterprise Services is authorized, on behalf of the state, to participate in cooperative purchasing agreements for any goods or services. *See* RCW 39.26.060(1). Any such cooperative purchasing must be done in accordance with an agreement entered into between the participants. *See* RCW 39.26.060(1). Enterprise Services, through a participation agreement or similar authorization may authorize specified eligible purchasers to utilize the Washington State Contract resulting from Enterprise Services’ participation in the cooperative purchasing agreement.
- C. Sourcewell is a State of Minnesota local government unit and service cooperative created by the Minnesota legislature under the laws of the State of Minnesota (Minnesota Statutes Section 123A.21). *See* Minn. Const. art. XII, sec. 3. Under its enabling statute, Sourcewell is authorized to provide cooperative purchasing services to eligible members. Minn. Stat. § 123A.21 Subd. 7(23). Sourcewell follows the competitive contracting law process to solicit, evaluate, and award cooperative purchasing contracts for goods and services (Sourcewell Agreements). Sourcewell Agreements are made available through the joint exercise of powers law to eligible agencies. Minn. Stat. § 471.59 (2019).
- D. Pursuant to an Interagency Joint Powers Agreement between Enterprise Services and Sourcewell, Enterprise Services may participate in and authorize participation in competitively procured Sourcewell Agreements.
- E. Regarding the above-referenced Sourcewell Agreement, Enterprise Services timely provided public notice, through Washington’s Electronic Business Solutions (WEBS) system, of the competitive solicitation process conducted by Sourcewell.

- F. Sourcewell, as part of its competitive solicitation process, evaluated all responses to its procurement and identified Contractor as an apparent successful bidder and awarded a Sourcewell Agreement to Contractor.
- G. Enterprise Services has determined that participating in this Sourcewell Agreement is in the best interest of the State of Washington.
- H. The purpose of this Participation Agreement is to enable eligible purchasers, as defined herein, to utilize the Sourcewell Agreement as conditioned by this Participation Agreement.

## **A G R E E M E N T**

**NOW THEREFORE**, in consideration of the mutual promises, covenants, and conditions set forth herein, the parties hereto hereby agree as follows:

1. **TERM:** This Participation Agreement term is effective August 1, 2023 and continues for the duration of the term of the Sourcewell Agreement unless terminated upon thirty (30) calendar days' written notice to the other parties or written agreement executed by all parties.
2. **SCOPE:** This Participation Agreement covers the above-referenced contract category for the above-referenced Sourcewell Agreement with the above-referenced awarded Contractor.
3. **PRICING:** Pricing shall be as specified in the above-referenced Sourcewell Agreement.
4. **PARTICIPATION:** Pursuant to this Participation Agreement and the Interagency Joint Powers Agreement between Enterprise Services and Sourcewell, the above-referenced Sourcewell Agreement may be utilized by the following, each of which is an authorized eligible purchaser ("Purchaser"):
  - (a) **WASHINGTON STATE AGENCIES.** All Washington state agencies, departments, offices, divisions, boards, and commissions.
  - (b) **WASHINGTON STATE INSTITUTIONS OF HIGHER EDUCATION (COLLEGES).** Any the following specific institutions of higher education in Washington:
    - State universities – i.e., University of Washington & Washington State University;
    - Regional universities – i.e., Central Washington University, Eastern Washington University, & Western Washington University;
    - Evergreen State College;
    - Community colleges; and
    - Technical colleges.
  - (c) **CONTRACT USAGE AGREEMENT PARTIES.** The Sourcewell Agreement also may be utilized by any of the following types of entities that have executed a Contract Usage Agreement with Enterprise Services:
    - Political subdivisions (e.g., counties, cities, school districts, public utility districts, ports) in the State of Washington;
    - Federal governmental agencies or entities;
    - Public-benefit nonprofit corporations (i.e., § 501(c)(3) nonprofit corporations that receive federal, state, or local funding); and
    - Federally-recognized Indian Tribes located in the State of Washington.

By placing an order under this Participation Agreement, each Purchaser agrees to be bound by the terms and conditions of this Participation Agreement, including the Sourcewell Agreement. Each Purchaser is responsible for its compliance with such terms and conditions.

5. **STATE OF WASHINGTON MODIFICATIONS OR ADDITIONS TO THE SOURCEWELL AGREEMENT:**

5.1 **WASHINGTON STATE PROCUREMENT PRIORITIES:** Contractor understands and acknowledges that, in procuring goods/services, Washington State seeks to implement various state procurement priorities (e.g., goods/services that qualify as environmentally preferred products; goods/services produced in accordance with certain social welfare goals; and contracts with designated vendors (e.g., blind-made products, vendors who certify and qualify as Washington Small Businesses or Certified Veteran-Owned Businesses)) and may identify or categorize its goods/services contracts as such to assist eligible purchasers in identifying a procurement solution that meets their needs.

5.2 **WASHINGTON STATE GREEN PURCHASING POLICIES:** The summaries provided here are for convenience and are not necessarily intended to encompass the full description or requirements of each policy or statute. In addition, this list does not encompass in full the Washington State statutes with which the Contractor is required to comply.

5.2.1 **ENVIRONMENTALLY PREFERRED PURCHASING (EPP) REPORTING.** In support of Executive Order 20-01, Contractor shall provide annual sales reporting for all products purchased under this Participation Agreement in accordance with Exhibit A of this Participating Addendum. Product certifications shall be provided, as available from the manufacturer, for those products specified in Section 5.2.2. Products requiring certification shall be specified by Washington State in accordance with Section 5.2.2.

5.2.2 **POSTCONSUMER RECYCLED CONTENT.** In accordance with RCW 70A.245.020, Contractor shall, to the extent commercially reasonable, provide an annual report of postconsumer recycled content percentage on average for the total quantity of plastic containers, by weight, that are sold, offered for sale, or distributed in or into the State of Washington.

5.2.3 **EXPANDED POLYSTYRENE (EPS) PROHIBITION.** In accordance with RCW 70A.245.070, Packing peanuts and other EPS void-filling packaging shall not be used in Contractor shipments within or into the State of Washington. Effective June 2024, EPS portable coolers and food service containers shall not be used in Contractor shipments within or into the State of Washington.

5.2.4 **PURCHASING PREFERENCE FOR PRODUCTS THAT CONTAIN RECYCLED MATERIALS.** If available, Contractor shall provide products and product packaging that contain recycled materials. If multiple products containing recycled materials are available, the product with the highest amount of recycled material shall be provided.

5.2.5 **PURCHASING PREFERENCE FOR ELECTRONIC PRODUCTS RELATING TO REDUCTION OR ELIMINATION OF HAZARDOUS MATERIALS.** Applicable electronics must be on the EPEAT Registry at Bronze level or higher or meet another environmental standard that reduces the use of hazardous substances (e.g., TCO or the EU's Restriction of Hazardous Substances (RoHS) Directive).

- 5.2.6 PURCHASING PREFERENCE FOR PRODUCTS AND PRODUCT PACKAGING THAT DO NOT CONTAIN POLYCHLORINATED BIPHENYLS (PCBs). If available, Contractor shall supply a transparent, non-pigmented version of products and/or product packaging.
- 5.2.7 PURCHASING PREFERENCE FOR PRODUCTS WITHOUT ADDED MERCURY. Where there are nonmercury-added products available, Contractor shall supply those products to the exclusion of products that contain mercury-added compounds or components. If nonmercury-added products are unavailable, Contractor shall supply products that contain the least amount of added mercury required to achieve product performance.
- 5.3 **WASHINGTON’S ELECTRONIC BUSINESS SOLUTIONS (WEBS) SYSTEM:** Within seven (7) days of execution of this Participation Agreement, Contractor shall register in the Washington State Department of Enterprise Services’ Electronic Business Solutions (WEBS) System at [WEBS](#). Contractor shall ensure that all its information therein is current and accurate and that, throughout the term of the Sourcewell Agreement, Contractor shall maintain an accurate profile in WEBS.
- 5.4 **WASHINGTON’S STATEWIDE PAYEE DESK:** To be paid for contract sales, Contractor must register with Washington’s Statewide Payee Desk. Washington state agencies cannot make payments to a contractor until it is registered. Registration materials are available here: [Receiving Payment from the State](#).
- 5.5 **CONTRACT SALES REPORTING:** Contractor shall report total contract sales quarterly to Enterprise Services, as set forth below.
- 5.5.1 REPORTING. Contractor shall report quarterly Contract sales in Enterprise Services’ [Contract Sales Reporting System](#). Enterprise Services will provide Contractor with a login password and a vendor number.
- 5.5.2 DATA. Each sales report must identify every authorized Purchaser by name as it is known to Enterprise Services and its total combined sales amount invoiced during the reporting period (i.e., sales of an entire agency or political subdivision, not its individual subsections). The “Miscellaneous” option may be used only with prior approval by Enterprise Services. Upon request, Contractor shall provide contact information for all authorized Purchasers specified herein during the term of this Participation Agreement, which term shall run from the effective date of this Participation Agreement until the end of the Sourcewell Agreement; Provided, however, that Enterprise Services may terminate this Participation Agreement earlier by written notice. Refer sales reporting questions to the Primary Contact set forth below. If there are no contract sales during the reporting period, Contractor must report zero sales.
- 5.5.3 DUE DATES FOR CONTRACT SALES REPORTING. Quarterly Contract Sales Reports must be submitted electronically by the following deadlines for all sales invoiced during the applicable calendar quarter:

QUARTER	FOR SALES MADE IN CALENDAR QUARTER	CONTRACT SALES REPORT	
		DUE BY	PAST DUE
1	January 1 – March 31	April 30	May 1

QUARTER	FOR SALES MADE IN CALENDAR QUARTER	CONTRACT SALES REPORT	
		DUE BY	PAST DUE
2	April 1 – June 30	July 31	August 1
3	July 1 – September 30	October 31	November 1
4	October 1 – December 31	January 31	February 1

5.6 **VENDOR MANAGEMENT FEE:** Contractor shall pay to Enterprise Services a vendor management fee (“VMF”) of 1.25 percent on the purchase price for all contract sales (the purchase price is the total invoice price less applicable sales tax) authorized by this Participation Agreement.

5.6.1 The sum owed by Contractor to Enterprise Services as a result of the VMF is calculated as follows:

Amount owed to Enterprise Services = Total contract sales invoiced (not including sales tax) x .01250.

5.6.2 The VMF must be rolled into Contractor’s current pricing. The VMF must not be shown as a separate line item on any invoice unless specifically requested and approved by Enterprise Services.

5.6.3 Enterprise Services will invoice Contractor quarterly based on contract sales reported by Contractor. Contractor shall not remit payment until it receives an invoice from Enterprise Services. Contractor’s VMF payment to Enterprise Services must reference the following:

**5.6.3.1** The Washington Statewide Contract No.: 26323

**5.6.3.2** The Sourcwell Agreement No.: 0022422-MML

**5.6.3.3** The year and quarter for which the VMF is being remitted, and

**5.6.3.4** Contractor’s name as set forth above, if not already included on the face of the check.

5.6.4 Contractor’s failure accurately and timely to report total net sales, to submit timely usage reports, or to remit timely payment of the VMF to Enterprise Services, may be cause for Enterprise Services to suspend or terminate this Participation Agreement or exercise any other remedies as provided by law.

5.6.5 Enterprise Services reserves the right, upon thirty (30) days advance written notice, to increase, reduce, or eliminate the VMF for subsequent purchases.

5.6.6 For purposes of the VMF, the parties agree that the initial management fee is included in the pricing. Therefore, any increase or reduction of the management fee must be reflected in contract pricing commensurate with the adjustment.

5.7 **ADDITIONAL INSURED:** Contractor agrees to include the State of Washington, including its officers, agents, and employees, as additional insured under the Contractor’s commercial general liability insurance policy with respect to liability arising out of activities, “operations,” or “work” performed by or on behalf of the Contractor, and products and completed operations of the Contractor. The policy provision(s) must further provide that coverage is primary and not excess over or contributory with any other valid, applicable, and collectible insurance or self-insurance in force for the additional insureds. Proof of this coverage shall be provided by the Contractor upon execution of this agreement.

- 5.8 **CONTRACTOR REPRESENTATIONS AND WARRANTIES:** Contractor makes each of the following representations and warranties as of the effective date of this Participation Agreement and at the time any order is placed pursuant to the above-referenced Contract. If, at the time of any such order, Contractor cannot make such representations and warranties, Contractor shall not process any orders and shall, within three (3) business days notify Enterprise Services, in writing, of such breach.
- 5.8.1 **WAGE VIOLATIONS.** Contractor represents and warrants that, during the term of this Participation Agreement and the three (3) year period immediately preceding this Participation Agreement, it is not determined, by a final and binding citation and notice of assessment issued by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction, to be in willful violation of any provision of Washington state wage laws set forth in RCW 49.46, 49.48, or 49.52.
- 5.8.2 **CIVIL RIGHTS.** Contractor represents and warrants that Contractor complies with all applicable requirements regarding civil rights. Such requirements prohibit discrimination against individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin.
- 5.8.3 **EXECUTIVE ORDER 18-03 – WORKERS’ RIGHTS (MANDATORY INDIVIDUAL ARBITRATION).** Contractor represents and warrants, that Contractor does NOT require its employees, as a condition of employment, to sign or agree to mandatory individual arbitration clauses or class or collective action waivers. Contractor further represents and warrants that, during the term of this Participation Agreement, Contractor shall not, as a condition of employment, require its employees to sign or agree to mandatory individual arbitration clauses or class or collective action waivers.
- 5.9 **GOVERNING LAW AND VENUE:** The validity, construction, performance, and enforcement of this agreement shall be governed by and construed in accordance with the laws of the State of Washington, without regard to any choice of law principles that would provide for the application of the laws of another jurisdiction. The governing law and venue for any action related to Purchaser’s order will be determined by the Purchaser making the purchase.
- 5.10 **COMPLIANCE WITH LAW; TAXES, LICENSES, & REGISTRATION:** Contractor shall comply with applicable law. Prior to making any sales hereunder, if Contractor is not already registered, Contractor shall register with the Washington State Department of Revenue and the Washington Secretary of State to conduct business in the State of Washington and promptly acquire and maintain all necessary licenses and registrations and pay all applicable taxes and fees. In addition, for all sales to Purchasers in the State of Washington, if Contractor does not currently do so, Contractor shall calculate, collect, and remit, as appropriate, the applicable state and local sales tax on all invoices.
- 5.11 **CONTRACTOR’S SALES AUTHORITY; PURCHASE ORDERS; & INVOICES:**
- (a) **CONTRACTOR’S SALES AUTHORITY.** Pursuant to this Participation Agreement, Contractor is authorized to provide only those goods and/or services set forth in the above-referenced contract category for the above-referenced Sourcewell Agreement as conditioned by this Participation Agreement. Contractor shall not represent to any Purchaser hereunder that it has any authority to sell any other goods and/or services.

- (b) PURCHASE ORDERS. To utilize the Sourcewell Agreement, each order must include the following information and be submitted to an authorized dealer for Contractor:
  - 1. Sourcewell Agreement No. 0022422-MML;
  - 2. Washington Statewide Contract No. 26323;
  - 3. Purchase Order amount; and
  - 4. Purchaser's contact information (i.e., name, address, telephone number, email).
- (c) INVOICES. Contractor must provide a properly completed invoice to Purchaser. All invoices are to be delivered to the address indicated in the purchase order. Each invoice must include the following:
  - 1. Sourcewell Agreement No. 0022422-MML;
  - 2. Washington Statewide Contract No. 26323;
  - 3. Contractor's statewide vendor registration number assigned by the Washington State Office of Financial Management (OFM);
  - 4. Applicable Purchaser's order number;
  - 5. Invoices must be prominently annotated by the Contractor with all applicable volume discount(s).

6. **PRIMARY CONTACTS:** The primary contacts for this Participation Agreement are as follows (or their named successors):

**State of Washington**

Attn: Contracts Team Fir  
Washington Dept. of Enterprise  
Services  
PO Box 41411  
Olympia, WA 98504-1411  
Tel: (360) 407-2213  
Email:  
[DESContractsTeamFir@des.wa.gov](mailto:DESContractsTeamFir@des.wa.gov)

**McKesson Medical-Surgical**

Attn: Kristen Zellmer and Government  
Customer Service  
9954 Mayland Drive, Suite 517  
Henrico, VA 23233  
Tel: (833) 343-2700  
Email: [Kristen.Zellmer@McKesson.com](mailto:Kristen.Zellmer@McKesson.com) and  
Government.CustomerService@McKesson.com

7. **SUBCONTRACTORS AND DEALERS, DISTRIBUTORS, AND/OR RESELLERS:** Contractor is authorized, without additional consent, to utilize its Designated Subcontractors, Dealers, Distributors, and/or Resellers ("Subcontractors") to provide sales and service support to Purchasers hereunder; provided, however, that such participation shall be in accordance with the terms and conditions set forth in the Sourcewell Agreement and this Participation Agreement. Contractor shall maintain a list of such Subcontractors utilized for this Participation Agreement, and, upon request, promptly provide Enterprise Services with such list and any updates.
- a) PURCHASER PAYMENT REGARDING CONTRACTOR'S SUBCONTRACTORS. Notwithstanding any provision to the contrary, the parties understand and agree that for any contract sales or service provided pursuant to the Sourcewell Agreement and this Participation Agreement, Purchaser payment shall be made directly to Contractor as the awarded vendor pursuant to the competitive procurement.

8. **ORDERS:** Unless the parties to the Order agree in writing that another contract or agreement applies to such order, any Order placed by a Purchaser for any good and/or service in the above-referenced contract category for the above-referenced Sourcewell Agreement shall be deemed to be a sale under (and governed by the prices and other terms and conditions of) the Sourcewell Agreement as conditioned by this Participation Agreement.

9. **GENERAL:**

- (a) **INTEGRATED AGREEMENT; MODIFICATION.** This Participation Agreement and Sourcewell Agreement, together with its exhibits, set forth the entire agreement and understanding of the Parties with respect to the subject matter and supersedes all prior negotiations and representations. This Participation Agreement may not be modified except in writing signed by the Parties.
- (b) **AUTHORITY.** Each party to this Participation Agreement, and each individual signing on behalf of each party, hereby represents and warrants to the other that it has full power and authority to enter into this Participation Agreement and that its execution, delivery, and performance of this Participation Agreement has been fully authorized and approved, and that no further approvals or consents are required to bind such party.
- (c) **ELECTRONIC SIGNATURES.** An electronic signature or electronic record on this Participation Agreement or any other ancillary agreement shall be deemed to have the same legal effect as delivery of an original executed copy of this Participation Agreement or such other ancillary agreement for all purposes.
- (d) **COUNTERPARTS.** This Participation Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which counterparts together shall constitute the same instrument which may be sufficiently evidenced by one counterpart. Execution of this Participation Agreement at different times and places by the parties shall not affect the validity thereof so long as all the parties hereto execute a counterpart of this Participation Agreement.

EXECUTED as of the date and year first above written.

**STATE OF WASHINGTON  
DEPARTMENT OF ENTERPRISE SERVICES**

**MCKESSON MEDICAL-SURGICAL GOVERNMENT  
SOLUTIONS LLC**

By: *Elena McGrew*

Elena McGrew

Its: Acting Enterprise Procurement Manager

By: *Deborah S. Haywood*  
DocuSigned by:  
DE68AEC1C2D4447

Deborah Haywood

Its: Vice President, General Manager



# 26323\_Medical\_Supplies-McKesson

Final Audit Report


2023-08-02

Created:	2023-08-02
By:	Samantha Johnson (samantha.johnson@des.wa.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAA23n7P--I4HQw_r61M9quauXC27-wODzJ


## "26323\_Medical\_Supplies-McKesson" History

 Document digitally presigned by DocuSign\, Inc. (enterprisesupport@docusign.com)

2023-08-02 - 1:18:55 PM GMT

 Document created by Samantha Johnson (samantha.johnson@des.wa.gov)

2023-08-02 - 3:01:30 PM GMT

 Document emailed to Elena McGrew (elena.mcgrew@des.wa.gov) for signature

2023-08-02 - 3:02:28 PM GMT

 Email viewed by Elena McGrew (elena.mcgrew@des.wa.gov)

2023-08-02 - 3:52:30 PM GMT

 Document e-signed by Elena McGrew (elena.mcgrew@des.wa.gov)

Signature Date: 2023-08-02 - 3:54:07 PM GMT - Time Source: server

 Agreement completed.

2023-08-02 - 3:54:07 PM GMT