



*Delaware Health
And Social Services*

DIVISION OF MANAGEMENT SERVICES

PROCUREMENT

DATE: March 4, 2016

HSS 16 003

THE REGISTRATION AND OPERATION OF MEDICAL MARIJUANA
COMPASSION CENTERS IN THE STATE OF DELAWARE
FOR
DIVISION OF PUBLIC HEALTH

Date Due: Extended to April 13, 2016
11:00AM

ADDENDUM # 4

Please Note:

THE ATTACHED SHEETS HEREBY BECOME A PART OF
THE ABOVE MENTIONED BID.

Responses to questions received and/or discussed at the pre-bid
meeting on February 1, 2016 are attached.

Due to a delay in getting these questions and answers published, the **proposal due date has been extended**. The new proposal due date is **April 13, 2016 @ 11:00am EST**

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RFP HSS 16-003 MEDCOMPCTR

*Registration and Operation of Medical Marijuana Compassion Centers in Delaware
Questions received prior to the Pre-bid Meeting on February 1, 2016*

Topic 1: Pre-Bid Meeting

QUESTION 1: Pre-bid Meeting: What do attendants have to bring for the pre-bid meeting? ID, BACKGROUNDS ETC, Can the meeting be recorded – if so what forms of media are allowed? Will there need to be documentation on who gets to see this recording / information? Will it be recorded for public record by the state?

DHSS RESPONSE: The pre-bid meeting is a public meeting with the purpose of giving potential bidders more information about the RFP and a chance to ask questions. A stenographer will be present to record the content of the meeting.

QUESTION 2: Is it possible to meet with you in person in a meeting not open to other competitive bidders?

DHSS RESPONSE: No, the state procurement process provides each bidder with an equal chance to be chosen as the winning vendor. All communication will be presented to the group at the same time, thus the mandatory pre-bid meeting.

QUESTION 3: Page 51, B.: Who is the state going to contract as a consultant or for counsel? Not to contact but to ensure there aren't any personal conflicts that may affect a decision

DHSS RESPONSE: The Department (DHSS) will select a review panel with the requisite knowledge and background to score the proposals. The State's bid review procedures have a conflict of interest disclosure process that the bid review panel will follow. If legal counsel is required, the Department will seek guidance for their assigned Deputy Attorney General.

Topic 2: Proposals, Bids, Contract, and Financial Issues

QUESTION 4: Does Section J of Appendix E (pages 65-66) prohibit us from hiring outside experts who have advised other bidders in previous RFPs in Delaware or other states?

DHSS RESPONSE: The section in question states, as part of the certification sheet, that "As the official representative for the proposer, I certify on behalf of the agency that: They have not employed or retained any company or person (other than a full-time bona fide employee working solely for the vendor) to solicit or secure this agreement, and they have not paid or agreed to pay any company or person (other than a full-time bona fide employee working solely for the vendor) any fee, commission percentage or brokerage fee contingent upon or resulting from the award of this agreement." This attestation asserts that the vendor has not hired outside experts for advice in helping to secure this bid, including development of proposal documents. The Department cannot speak to what an outside expert has done in previous RFPs.

QUESTION 5: If I want to apply for both Sussex and Kent Counties, are two separate proposals needed and two \$5,000 application fees required?

DHSS RESPONSE: If a vendor wants to apply for a compassion center in both counties (Kent and Sussex), the vendor shall submit two proposal bids, one for each county, separately. Supporting

materials for each of the bids should be specific to the county, including evidence of compliance with zoning and security requirements, explanation of staff qualifications for each center, evidence of sufficient capital for each center, and all details specific to the individual compassion center.

If a vendor is submitting a proposal for both counties, each bid shall include the non-refundable application fee of \$5,000.

QUESTION 6: We respectfully ask whether the fee will be waived for any applicants involved in the first round {RFP HSS 13-056}. Alternatively, if a fee is required, is it one flat fee for both Kent and Sussex Counties; or will a separate fee be required for each county?

DHSS RESPONSE: If a vendor is submitting a proposal in response to RFP HSS 16-003, and submitted a proposal to RFP HSS 13-056, the \$5,000 application fee will still apply. See Response to Question 5 regarding applications for both counties.

QUESTION 7: Are there governmental preferences given to minorities?

DHSS RESPONSE: An owner of an organization who is a minority, a woman, or disabled is welcome to visit the Office of Supplier Diversity webpage (gss.omb.delaware.gov/osd) and seek certification; however, identification as a MBE, WBE, DBE, etc., even if a certification is in place, does not give an organization any preferential treatment in the procurement process. They will not receive extra points in the grading of their proposal.

QUESTION 8: Are the bidding's political as far as who wins? Meaning there isn't special preference given or a monopoly situation with big businesses and if not what is in place to prevent this from occurring.

DHSS RESPONSE: An evaluation team will review all proposals submitted in response to this RFP. Proposals for Kent County will be separate from proposals for Sussex County; the evaluation team will grade each group independently. The team will evaluate each proposal using an impartial and numerically scored competitive bidding process. No preference will be given to any entity; each bid will be judged solely by what is contained in their written submitted proposal.

QUESTION 9: Section III(C)(d) - Registry Identification Cards (page 28-29): The RFP is requesting "a reasonable xerographic copy of the bidder's Delaware Driver's license or comparable State of Delaware. This is listed as a required document for the application of an Agent Registry Card. Our team is comprised of doctors, security personnel, and professionals with medical cannabis industry experience based outside of Delaware (in the DC metro area), and we are inquiring if we can apply to the RFP as non-residents of Delaware who intend to own and operate a Delaware licensed non-profit and with the understanding that we would be required to establish Delaware residency upon the successful award of a license?

DHSS RESPONSE: For the purpose of the bid, it is acceptable for a vendor to submit current addresses of the team members; however, a signed statement of intent to relocate residency to Delaware shall be included for each person in the team. If the evaluation team chooses the vendor as the winner and the vendor enters into contract negotiations with the Department, at that time the agents of the selected organization will be required to establish Delaware residency with the Delaware Division of Motor Vehicles. This includes all board members, employees, volunteers, etc.

QUESTION 10: Section VII (J) - Amendments to the Proposals (page 46): The RFP states that no amendments to the RFP will be accepted after submission. We will not be amending our Company's by-laws, operation plan, security plan, or other plans related to the operation of a medical marijuana compassion center. However, if we were to be awarded a license to operate a medical marijuana compassion center, would amendments to the operation team and members investing in the medical marijuana compassion center be permitted?

DHSS RESPONSE: This is part of the contract negotiations, but in general, the same people who submitted the proposal would be expected to remain as part of the organization, and in the same capacity as was submitted in the organization chart. Additional employees and possibly investors added to the team would be expected prior to the opening of the center.

QUESTION 11: Section VII (A) - Number of Copies required (page 44): Would the Department of Health and Social Services consider accepting the submission of USBs instead of CDs?

DHSS RESPONSE: USBs have been accepted in the past, but must only include the proposal documents and will not be returned.

QUESTION 12: What type of insurance is necessary for this business? Page 72

DHSS RESPONSE: The vendor shall maintain the following insurance during the term of the contract: Worker's Compensation and Employer's Liability Insurance in accordance with applicable law, and Comprehensive General Liability - \$1,000,000.00 per occurrence/\$3,000,000 per aggregate, and Medical/Professional Liability - \$1,000,000.00 per occurrence/\$3,000,000 per aggregate; or Miscellaneous Errors and Omissions - \$1,000,000.00 per occurrence/\$3,000,000 per aggregate, or Automotive Liability Insurance covering all automotive units used in the work with limits of not less than \$100,000 each person and \$300,000 each accident as to bodily injury and \$25,000 as to property damage to others.

QUESTION 13: Insurance requirements incl. workers comp

DHSS RESPONSE: See Response to Question 12.

QUESTION 14: Who approves the location of the facility? Page 40 & 41

DHSS RESPONSE: The suitability of the proposed location of the facility will be evaluated by the evaluation team as part of the evaluation criteria listed in the RFP (page 50)

QUESTION 15: What are applicable fees for the background checks? Page 28

DHSS RESPONSE: Refer to the Delaware State Bureau of Identification (SBI) for details (http://www.dsp.delaware.gov/state_bureau_of_identification.shtml). The Medical Marijuana Act specifically gives permission to SBI to complete both the local and nationwide criminal history screening check. The current cost for that service by the SBI is \$69.00.

QUESTION 16: Can you clarify how the compassion center is paid from government medical programs e.g. Medicaid? Page 42

DHSS RESPONSE: The compassion center does not get paid from government medical programs such as Medicaid. The medical insurance programs do not cover the cost of medical marijuana.

QUESTION 17: What date should the dispensaries open?

DHSS RESPONSE: The opening date will be solidified during the contract negotiations process. The tentative projected date is after August of 2016.

QUESTION 18: Will the licenses be for complete seed-to-sale operations, or just dispensaries?

DHSS RESPONSE: Licenses will be issued for a complete seed-to-sale operation or a dispensary operation, if the bidder has secured an agreement from a licensed compassion center to purchase

medical marijuana. The Medical Marijuana Act does not permit compassion centers to purchase useable marijuana or mature marijuana plants from any person other than another registered compassion center. (16 Del. C. Ch. 49A §4919A)

QUESTION 19: Are separate licenses required for both cultivation and dispensing?

DHSS RESPONSE: No, a license will be issued for the complete process of cultivating, packaging, and selling.

QUESTION 20: Is it possible for us to get copies of A) the RFP that was issued for the comfort center in New Castle County, and B) copies of all of the bids that were submitted in response to that RFP? We would like to learn in more detail what are the qualities and qualifications in which your office is most interested.

DHSS RESPONSE: The proposals that were submitted are available on the Medical Marijuana Program webpage (<http://dhss.delaware.gov/dhss/dph/hsp/medmarhome.html>) and the RFP can be found here (http://bidcondocs.delaware.gov/HSS/HSS_13056MedMarij_rfp.pdf).

QUESTION 21: Page 15, I.B.1.c.: Can we contact the growers of First State Compassion Center? – Are they competing bidders?

DHSS RESPONSE: First State Compassion Center (FSCC) is a privately owned business regulated by the Office of Medical Marijuana. OMM cannot speak to their participation in this RFP.

QUESTION 22: Page 15, I.B.1.c.: Is there a designated person to contact there? About strain management? (aka you grow this – we grow this – every patient wins)

DHSS RESPONSE: FSCC is a privately owned business regulated by the Office of Medical Marijuana. OMM cannot provide contact information for a private business.

QUESTION 23: Page 17, III.A.: Can we apply as a CA non-profit or as a “hypothetical” then, if contract is awarded, we form the nonprofit in DE?

DHSS RESPONSE: Yes. The details will be discussed in contract negotiations if the ‘hypothetical’ vendor nonprofit is selected as the winner.

QUESTION 24: Page 24, III.A.6.j.: Taking on loans vs 5% stakes. Do all investors (even silent ones) have to have their backgrounds checked / DE RESIDENTS? Or is it sufficient to just keep a record of investments

DHSS RESPONSE: The proposal will include a record of the source of any funds used to open or maintain the compassion center. This will include any person or business entities having 5% or more ownership, whether direct or indirect and whether the interest is in profits, land or building, including owners of any business entity which owns all or part of the land or building. During the course of operation, any funds received in excess of \$5,000 from any investor or loan will be recorded and maintained, and available to the Department for review and audit at any time.

QUESTION 25: Page 27, C.1.a.: Do all or any parties involved have to be a) DE residents b) DE patients

DHSS RESPONSE: All agents of the compassion center (employees, volunteers, board members, staff, etc.) must be Delaware residents. The compassion center will only serve patients or caregivers registered with the Office of Medical Marijuana and in possession of a Delaware Medical Marijuana Patient or Caregiver card.

QUESTION 26: Page 28 and 51, C.1.c., C, exclusions: BACKGROUND CHECKS: DUIs in past? Misdemeanors and traffic offenses? Where do we get them done? How long do they take? Do they all have to be done prior to Proposal Submission?

DHSS RESPONSE: The State Bureau of Identification (SBI) is responsible, per the Medical Marijuana Act, for providing the Department with a local and Federal background check of all agents associated with the compassion center.

(http://www.dsp.delaware.gov/state_bureau_of_identification.shtml) A statement from the organization's team members who are submitting the bid, that attests consent for a background check and states that no disqualifying marks are on their background report, is sufficient for purposes of the proposal. If selected as the winner, the agents will need to consent to and obtain the report from SBI. Please see 16 Del. C. 4918A for details on disqualifying offenses.

QUESTION 27: Page 28, C.1.d.: REGISTRATION IDENTIFICATION CARDS: Do they have to be done prior to Proposal Submission? Timeline conflicts Do all agents have to be DE residents

DHSS RESPONSE: The Office of Medical Marijuana will issue registration ID cards to each agent of the business entity after a contract is negotiated and signed. There is a separate application for those agent cards that will be discussed in the contract negotiation process. All agents must be Delaware residents before a license will be issued.

QUESTION 28: Page 33, D.1.: EXPIRATIONS AND RENEWALS: Expires every 2 years – BI-ANNUAL licensing fee of \$40,000 – twice a year or every 2 years PG 56 SHOWS EVERY 2 YEARS ON BUDGET SHEET WHERE DOES THE \$40,000 GO? How does it get used?

DHSS RESPONSE: The license for operating a compassion center in Delaware is \$40,000 for two years. The license fee is used to fund operations of the Medical Marijuana Program, including four employees and cost of operations. According to the law, the Medical Marijuana Program is to be financially self-sufficient. "Requiring application and renewal fees for registry identification cards, and registered compassion center registration certificates, according to the following: The total fees collected must generate revenues sufficient to offset all expenses of implementing and administering this chapter, except that fee revenue may be offset or supplemented by private donations." (16 Del. C. Ch. 49A §4923A(5)). Contact an Attorney or Accounting Professional for advice on recording fees and other expenses.

QUESTION 29: Page 45, D: PROPOSAL EXPIRATION: Prices quoted in the Proposal shall remain fixed and binding on the vendors at least through the two year agreement period. What prices quoted? For Products? Need clarification. Who is the Vendor here

DHSS RESPONSE: This is part of the boilerplate text for the Request for Proposal document used to procure services. In most cases, professional services are secured with this process and a contract results with the state paying for the services. In that case, the vendor is the supplier of services. In this case, the contract will be a zero cost contract because Delaware is not paying the compassion center to operate. There is no fixed and binding price on products that is imposed by this RFP.

QUESTION 30: Page 47, K: Does that mean that non awarded Proposals can be used for others? For example could you decide to use bits and pieces of other bids and use them for the Vendor you select?

DHSS RESPONSE: The winning vendor will establish and operate their compassion center as they stated in their submitted bid. The contract negotiation process may result in further clarification of the winning bidders intentions, but the proposals from other bidders will not be shared with the winning bidder, or any other bidders. They are protected from a Freedom of Information request under the Medical Marijuana Act

QUESTION 31: Page 48: EVALUATION CRITERIA: Will we receive our points awarded? Will these become public record? Is it entirely based on this point system?

DHSS RESPONSE: A bidding organization, if they didn't win the bid, can request a debriefing to discuss their proposal and request a copy of their scores, but only after the RFP is closed and contract is awarded. OMM will not discuss other bidders' proposals in that meeting, including the winning bidder. The point sheets will become public record, but the submitted bid proposals will not.

Topic 3: Organization and Operation Requirements

QUESTION 32: What type of corporation needs to be formed? ie: s-corp, non-for-profit?

DHSS RESPONSE: The requirements of the organization, as stated in Delaware code, are listed below. Applicants are advised to seek their own legal and financial advice with respect to all matters related to financial structure of a nonprofit.

The Delaware Medical Marijuana Act states, in 16 Del.C. §4919A(a), "A registered compassion center shall be operated on a not-for-profit basis. The bylaws of a registered compassion center shall contain such provisions relative to the disposition of revenues to establish and maintain its not-for-profit character. A registered compassion center need not be recognized as tax-exempt by the Internal Revenue Service and is not required to incorporate pursuant to Title 8."

Subsection 7.1.1.2 of 16 DE Admin. Code 4470 State of Delaware Medical Marijuana Code states, "A compassion center shall be operated on a not-for-profit basis. A compassion center need not be recognized as a tax-exempt organization by the Internal Revenue Service and is not required to incorporate in response to Title 8; however, a compassion center shall maintain appropriate documentation of its not-for-profit status, and such documentation shall be available for inspection in response to Section 7.2.7 of these Regulations."

Subsection 7.1.3.2.2 of these regulations state, "The bylaws of a compassion center shall include at a minimum...such provisions relative to the disposition of revenues to establish and maintain the not-for-profit character of the compassion center."

Subsection 7.6.5.2 of these regulations state, "Applicants shall only be accepted during an open application period announced by the Department and shall include the following items:... evidence of the compassion center's not-for-profit status, which can be:... documentation of recognition as a tax-exempt organization by the United States Internal Revenue Service; or other written materials which will allow the Department to determine the compassion center's ability to comply with the revenue criteria contained in 16 Del.C. §4914A and §4915A."

QUESTION 33: Page 38, F: Business Code: 377 Wholesaler – Any Products.

DHSS RESPONSE: The current compassion center obtained a Delaware business license with "Business Code 377 – Wholesaler – Any Products". A business license will be required at the contract negotiation process.

QUESTION 34: SECTION I. B. 1. a. Page 15: What, if any, formal or informal written regulations, policies, procedures or guidelines describe what constitutes a "not for profit" for the purposes of the MMP?

DHSS RESPONSE: See the answer to question 32. For further clarification, the Department recommends that applicants seek the advice of an attorney.

QUESTION 35: Does the name of the compassion center have guidelines or any mandatory verbiage? Can I have a different name all together?

DHSS RESPONSE: Delaware code does not contain any guidelines or mandatory verbiage for the name of a compassion center. That is a business decision left to the organization's leadership.

QUESTION 36: What is the mandatory amount need to be in the bank account for acceptance of the RFP?

DHSS RESPONSE: Delaware code does not stipulate a specific amount of cash on hand required. The proposal should contain adequate information for the review committee to ascertain the financial viability of the organization. As stated in subsection 7.1.3.2.3 of 16 DE Admin. Code 4470, the bylaws of a compassion center shall include such provisions relative to the disposition of revenues to establish and maintain the not-for-profit character of the compassion center. The successful bidder will demonstrate availability of sufficient capital to initiate and maintain operations of the compassion center. The proposal shall identify sources of funding as described in the records section of the RFP, and identify all projected expenses related to establishing the registered compassion center and maintaining its services. Applicants are advised to seek their own legal and financial advice with respect to all matters related to financial structure of a nonprofit.

QUESTION 37: SECTION I. B. 1. d. Page 15: Listings in business directories, phone books, trade or medical publications are permitted. Does this include directories, phone books, trade or medical publications available online via internet and/or published and distributed outside of Delaware?

DHSS RESPONSE: Appropriate business related listings online and outside of Delaware are permitted; for example, a business webpage is permitted to share information with current and potential registered patients of the Delaware Medical Marijuana Program. But any effort to advertise the sale of marijuana to a general audience is not permitted.

QUESTION 38: Are there any advantages not to incorporate? Page 15

DHSS RESPONSE: The Department recommends that vendors seek the advice of an attorney and/or accountant for incorporation guidance.

QUESTION 39: Do we need to be residents of Kent or Sussex?

DHSS RESPONSE: No, but all agents of the compassion center do need to be residents of Delaware.

QUESTION 40: What training /licenses are required?

DHSS RESPONSE: While the proposal should include details of the organization's staff qualifications for the operation of a medical marijuana compassion center, the law and regulations do not specify any training or licenses that are required in order to win the bid.

QUESTION 41: Does every equity share person in a company have to be a Delaware resident? What percentage, if any, of ownership is required to be consisted of Delaware residents for interested parties of compassion centers? Furthermore, are board members, employees, etc. of an interested party required to be Delaware residents?

DHSS RESPONSE: All agents who participate in the operation of a compassion center are required to be Delaware residents, including board members. Investors are not required to be Delaware residents, but they do have to be declared in the proposal and maintained in the compassion center books.

QUESTION 42: May non-Delaware residents apply for a compassion center license?

DHSS RESPONSE: Yes, but if selected as the winner, all agents of the center, including owners and operators, employees and volunteers, must relocated to Delaware and obtain a Delaware Division of Motor Vehicle's driver's license or state-issued identification card. No license will be issued and no Medical Marijuana ID card will be issued to a non-resident.

QUESTION 43: I read over the RFP guidelines. I did see that "The second amendment refers to Article III, now mandating all agents of the corporation be Delaware residents." Does this mean that compassion center owners must also be DE residents? Not just the agents/employees of the center?

DHSS RESPONSE: Yes, compassion center owners must be Delaware residents in addition to employees, volunteers, board members, and anyone involved in the operations of the compassion center.

QUESTION 44: Page 5, Intro: What does the term de-barred mean in this context? (last paragraph) same as disbarred?

DHSS RESPONSE: Disbarred applies specifically to an attorney who is no longer allowed to practice law. De-barred in this context refers to a person or business entity that is on the list of vendors who are ineligible to do business with the Federal government.

QUESTION 45: Would we be required to be open a certain number of hours per day/per week?

DHSS RESPONSE: The number of hours the compassion center is open will be a business decision made by the organization's management, but it will be presented in the proposal and considered with other information as part of the accessibility of the center.

QUESTION 46: Page 32, E.2.c.: State mandated hours of operations? Are we obligated to abide by state holiday closings?

DHSS RESPONSE: No, but the center hours will be presented in the proposal and considered along with other information as part of the accessibility of the center.

QUESTION 47: Page 32, E.2.d.: Would a vehicle or passenger van registered to the compassion center have to be a commercial vehicle registered with DelDOT? Any special requirements?

DHSS RESPONSE: No special requirements are called for in the law or regulations. Any vehicle used in the compassion center business in an official capacity will need to meet all normal DMV/DOT requirements.

QUESTION 48: Page 40, G.1.: If we have a precise location in mind and DPH & OMM does not approve - do we have an opportunity to change it without being disqualified or should we provide alternative locations within the proposal?...

DHSS RESPONSE: No altering of the proposals will be allowed after submission, so if multiple locations are proposed as possibilities, they should all be listed, and in the order of preference by the bidder, in the proposal.

QUESTION 49: Page 47, K/L: WHAT IF WE ARE USING THE INTELLECTUAL PROPERTY OF ANOTHER COMPANY TO OPERATE? For Example - Cultivation - Medicine Man Denver Dispensary Operations - Live High End

DHSS RESPONSE: Ownership, copyright or use of intellectual property decisions should be discussed with an attorney prior to entering a bid in response to this RFP.

QUESTION 50: Page 49, VIII.A.2.c.: Zoning - What are the appropriate zones for either dispensary or cultivation?!

DHSS RESPONSE: Contact the county where the compassion center will be located for more information about zoning laws. Section 7.1.2 of the Medical Marijuana Regulations (4470) states: Location of a compassion center: A compassion center shall not be located within 500 feet of the property line of a preexisting public or private school.

Topic 4: State Program (MMP)

QUESTION 51: When can we expect the 2015 annual fiscal report for the New Castle location?

DHSS RESPONSE: First State Compassion Center in New Castle County will undergo a state-initiated financial audit after they have been open a full year. Until that audit is complete, the Office of Medical Marijuana will not have financial information about the center. The Office of Medical Marijuana will post on the program website the 2015 annual report containing the OMM financial report as soon as the governor's office approves it.

QUESTION 52: What does the \$40,000 go towards? Page 21 & 37 mention this fee. Page 37 near the top says the \$40K is payable to DPH MMP. No mention of what the money goes towards.

DHSS RESPONSE: The license fee is used to fund operations of the Medical Marijuana Program, including four employees and cost of operations. According to the law, the Medical Marijuana Program is to be financially self-sufficient. "Requiring application and renewal fees for registry identification cards, and registered compassion center registration certificates, according to the following: The total fees collected must generate revenues sufficient to offset all expenses of implementing and administering this chapter, except that fee revenue may be offset or supplemented by private donations." (16 Del. C. Ch. 49A §4923A)

QUESTION 53: What is the estimated cost of the New Castle location fees? Referenced in Delaware MM Program Annual Report page3.

DHSS RESPONSE: There is not enough information in the question to determine what this question is asking.

QUESTION 54: How many people will be added to the MMP Program in the next 2 years? Page 13 discusses being issued to qualified patients but not about issuing more cards

DHSS RESPONSE: Any projections of patient enrollment provided by the Office of Medical Marijuana are based on several factors, including analysis of other state programs. They are only projections for internal planning purposes and not appropriate for or intended to be used as the basis for a business plan. Bidders should consider conducting their own research to develop estimates on patient population growth patterns.

QUESTION 55: Who issues the cards the doctor or state? Page 13 again but not clear who is issuing cards.

DHSS RESPONSE: The Office of Medical Marijuana issues the Medical Marijuana Identification cards, patient, caregiver, and agent cards.

QUESTION 56: Revenue generated with the New Castle location? Referenced in Delaware MM Program Annual Report page 3.

DHSS RESPONSE: First State Compassion Center is a private business regulated by the Office of Medical Marijuana, the State is not in a position to discuss a private entities revenue.

QUESTION 57: Of the 700 cards issued in Delaware how many are located in New Castle? Kent? Not mentioned.

DHSS RESPONSE:

2015	679
Jan	12
Kent	2
New Castle	8
Sussex	2
Feb	6

Kent	1
New Castle	3
Sussex	2
Mar	31
Kent	8
New Castle	21
Sussex	2
Apr	64
Kent	9
New Castle	44
Sussex	11
May	50
Kent	12
New Castle	26
Sussex	12
Jun	152
Kent	25
New Castle	96
Sussex	31
Jul	82
Kent	9
New Castle	62
Sussex	11
Aug	38
Kent	6
New Castle	26
Sussex	6
Sep	95
Kent	13
New Castle	61
Sussex	21
Oct	100
Kent	14
New Castle	73
Sussex	13
Nov	49
Kent	7
New Castle	34
Sussex	8

QUESTION 58: What is the distribution of registry cards holders for the three counties? Page 13

DHSS RESPONSE: See question 57 for by month, by county.

QUESTION 59: What plans are there to increase Compassion Centers in the state or county?

Page 17-18

DHSS RESPONSE: The decision to add additional centers will be made by the Oversight Committee based on the variables listed in the State law and regulations.

QUESTION 60: Does the state help with the determining the potency of the product? Page 22

DHSS RESPONSE: That is a business decision left to the Compassion Center.

QUESTION 61: Does the state offer continuing education concerning marijuana growing and development? Page 24

DHSS RESPONSE: No, a Compassion Center is responsible for their own development programs.

QUESTION 62: Is the application fee refundable if we do not get selected by the state?

DHSS RESPONSE: No. The application fee defers the cost of the time and expense required to process all of the RFP Applications.

QUESTION 63: How many card holders are there currently in Kent County / Sussex County? How many new cardholders can be expected?

DHSS RESPONSE: That number changes every day, currently the lower two counties have about 1/3 of the patient population. See question 57 for a one-year review of patient card issues by county. Potential bidders should do their own projections or estimations on patient population growth. The State takes no responsibility for projections as a number of variables can influence the estimates.

QUESTION 64: How many other applicants are there? / Have a lot of people expressed interest in bidding?

DHSS RESPONSE: All parties that expressed an interest in bidding were present at the pre-bid meeting.

QUESTION 65: Where & How can we get access to current cardholding patient demographics?

DHSS RESPONSE: Page 12 of the 2015 Annual Report has the most current published demographics, this report reflects July 2014 through June 2015.

Topic 5: Grow and Packaging Operations

QUESTION 66: Do the strains have to be grown, or can they be purchased? If purchased, what locations are permitted?

DHSS RESPONSE: Subsection 7.2.6.3 of 16 DE Admin. Code 4470 State of Delaware Medical Marijuana Code states “A registered compassion center may not purchase usable marijuana or mature marijuana plants from any person other than another registered compassion center.” This is also stated in 16 Del.C. §4919A(g), the Delaware Medical Marijuana Act. Further, in 16 Del.C. §4902A(14), a "registered compassion center" is defined as “a not-for-profit entity registered pursuant to §4914A of this title that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, sells, supplies, or dispenses marijuana, paraphernalia, or related supplies and educational materials to registered qualifying patients who have designated the dispenser to cultivate marijuana for their medical use and the registered designated caregivers of these patients.”

QUESTION 67: SECTION I. B. 1. c. Page 15: What, if any, formal or informal written regulations, policies, procedures or guidelines describe any criteria with respect to the purchase of usable marijuana or mature marijuana plants from another registered compassion center in the State of Delaware? Is there a definition of "usable" or "mature"?

DHSS RESPONSE: From the Medical Marijuana Code; “**Usable marijuana**” means the dried leaves and flowers of the marijuana plant and any mixture or preparation of those dried leaves and flowers, including but not limited to tinctures, ointments, other preparations including medical

marijuana oil, but does not include the seeds, stalks, and roots of the plant. It does not include the weight of any non-marijuana ingredients combined with marijuana, such as ingredients added to prepare a topical administration, food, or drink.

QUESTION 68: SECTION I. A. Page 14: The compassion center will only be allowed to cultivate as many marijuana plants as necessary to satisfy the patient demand, and maintain no more than 2,000 ounces of usable inventory. What, if any, formal or informal written regulations, policies, procedures or guidelines describe the criteria for determining how many plants are necessary to satisfy patient demand? For example, must patient demand be established prior to cultivating marijuana plants or may plants be cultivated based on a projected patient demand?

DHSS RESPONSE: Plants can be cultivated based on projected demand; the Program Regulators will monitor the progress of the growth cycle. If the supply exceeds demand and the 2000 ounce limit is going to be approached the center will be responsible for delivering a viable action plan before the limit is reached. Exceeding inventory limits will jeopardize the Compassion Center's license to operate.

QUESTION 69: SECTION I. A. Page 14: What is the definition of "usable" inventory?

DHSS RESPONSE: Marijuana suitable for sale.

QUESTION 70: SECTION I. B. Page 15: What, if any, formal or informal written regulations, policies, procedures or guidelines describe what constitutes a "reasonable price point."

DHSS RESPONSE: The pricing of a bidder's product line is an attribute the selection committee will use in the scoring process. Pricing is a business decision, however, bidders will be held to those price ranges.

QUESTION 71: At what point during the approval process can we begin growing the plants? Not mentioned

DHSS RESPONSE: Once a winning bid is selected, then the contract negotiations process begins. When a successful agreement is reached, and the contracted organization notifies the program adequate security is in place, State program Regulators and Investigators, accompanied by local and State Law Enforcement, will conduct a walk through inspection. Once all compliance areas are satisfactory, the Program will issue a permit to operate. No plants or purchased medical marijuana is authorized until the permit is issued.

QUESTION 72: Page 15, I.B.1.c.: Can we form cultivation / grow alliances?

DHSS RESPONSE: Any area used for cultivation or preparation, drying, curing, packaging or storing of Medical Marijuana will be covered by adequate surveillance and alarm systems. If Medical Marijuana is being transported from one facility to another, appropriate inventory controls and coordination with State Regulators must be accomplished.

QUESTION 73: Page 16, I.B.2.a: SAFE CULTIVATION, Specifics on the Grow Requirements?

DHSS RESPONSE: Please see Chapter 7 of the regulations (16 DE Admin. Code 4470 State of Delaware Medical Marijuana Code) for specifics.

QUESTION 74: Page 16, I.B.2.a: SAFE CULTIVATION, Any mandated: grow methods, Nutrients, Suppliers

DHSS RESPONSE: Those are business decisions, however to be clear, the use of pesticides is forbidden in the cultivation of Medical Marijuana in Delaware.

QUESTION 75: Page 16, I.B.2.a: SAFE CULTIVATION, Do we need specific contracts in place with COGS suppliers? Can they be imported? WHO are their preferred industry experts? What are their credentials?

DHSS RESPONSE: Suppliers and other support contracts should be kept up to date in the Operations Manual. Contracts for services will be limited to duties **not associated** with cultivation, harvesting or preparation of Medical Marijuana. Contracts for independent testing of Medical Marijuana when appropriate must be coordinated with the Program Regulators.

QUESTION 76: Page 19, III.A.3.d.: INVENTORY CONTROL - 2,000 Ounces of usable inventory – Does that include previously processed items that are now edibles, oils and tinctures? If so, how do we account for them in the max amount of inventory? What about clones and # of plants that can be grown? What about crop failure? If we prove needing excess of 2,000 oz. (125lbs) can this be amended?

DHSS RESPONSE: Edibles are not part of the Delaware Medical Marijuana Program. Oils and tinctures are counted toward the inventory based on the amount of active ingredient. A licensed Compassion Center is permitted to grow an amount of Medical Marijuana sufficient to satisfy patient demand. The regulations allow for usable inventory of 2,000 ounces. If a center has a crop failure, they will need to annotate the plant inventory and destroy it in compliance with the regulations.

QUESTION 77: Page 25, III.B.1.b.: PACKAGING – what defines tamperproof

DHSS RESPONSE: If the container is opened, it cannot be resealed and easily identifiable that the product was open after processing.

QUESTION 78: What forms of cannabis can we sell? How innovative are we allowed to get in the development of medicinal products and client care

DHSS RESPONSE: If the form were outside the definition given in the law or regulations, it would need to be reviewed by the Oversight Committee. “Usable marijuana” means the dried leaves and flowers of the marijuana plant and any mixture or preparation of those dried leaves and flowers, including but not limited to tinctures, ointments, other preparations including medical marijuana oil, but does not include the seeds, stalks, and roots of the plant.”

Topic 6: Patients and Sales

QUESTION 79: Page 14, I.A. Bid Requirements: Patient Verification – on state website only? Can patients use all compassion centers?

DHSS RESPONSE: This aspect of the program will be negotiated in the Contract process after selection is made.

QUESTION 80: Page 14, I.A. Bid Requirements: What do the IDs look like? What is in place to prevent someone to purchase from all centers and exceed their limit – liability of compassion center?

DHSS RESPONSE: The State will provide Centers with the current patient list. The exact mechanism will be discussed during the contracting process. The Medical Marijuana card has security features to discourage counterfeiting.

QUESTION 81: Page 14, I.A. Bid Requirements: ACCEPT OUT OF STATE PATIENT CARDS?!

DHSS RESPONSE: The Delaware program does not have any reciprocity agreements with other States at this time.

QUESTION 82: Page 25, III.B.a.: 3oz per week but to not exceed the 6oz that they are allowed to hold. Does this include edibles and tinctures? How are other forms accounted for? OMM designated compassion center – are patients assigned to use only one specific center?

DHSS RESPONSE: The Law allows for the purchase of 3 ounces in a 14 day period with a maximum of 6 ounces allowed at any one time. The Delaware program does not allow Compassion Centers to sell edibles. Tinctures and Oils will be based on the level active ingredient.

QUESTION 83: Can we offer non Cannabis products outside of paraphernalia a) HEMP imports b) HEMP meds RSHO etc. c) CBD imports d) Farmers Market Produce e) Aquaponics raised fish for Restaurants

DHSS RESPONSE: The Medical Marijuana Program (MMP) will only regulate sale of Medical Marijuana, sales of products outside the purview of the MMP will be subject to other regulatory bodies, (FDA, Food Inspection, EPA or other jurisdictions). Obtaining and maintaining the appropriate licenses and permits is the businesses responsibility, non-compliance issues could affect the medical marijuana permit.

Topic 7: Inspections

QUESTION 84: SECTION I. A. Page 13: Health Systems Protection (HSP) inspects the facilities prior to issuance of certificate to operate to the selected vendor may begin growing and selling Medical Marijuana products. What, if any, formal or informal written regulations, policies, procedures or guidelines describe the HSP inspection and the criteria for obtaining a certificate to operate?

DHSS RESPONSE: The documentation used for facility inspection, and criteria for obtaining a certificate to operate, is composed of 16 Del. C. Ch. 49A, the Delaware Medical Marijuana Act, 16 DE Admin. Code 4470 State of Delaware Medical Marijuana Code, Request for Proposal HSS16-003-MEDCOMPCTR: Registration and Operation of a Medical Marijuana Compassion Centers in Delaware, and the contract that will be established with the winning bidder.

QUESTION 85: Page 18, III.A.2.a.: INSPECTION ACCESS: How do we verify them if our policies have to be restricted to personnel only? Who will be doing these inspections? Police Access?! Emergency response team access? Fire Regulations?

DHSS RESPONSE: The contracted bidder will be very familiar with the Office of Medical Marijuana (OMM) staff. Emergency response personnel should be granted immediate access as appropriate in case of an emergency. State and local Police will coordinate access with State Regulators when appropriate. County building and State Fire inspectors should be given access when required.

QUESTION 86: Page 31, D.5.: INSPECTION ACCESS: Why not use a state determined lab to begin with and have public results across the board? What lab does the state use?

DHSS RESPONSE: The State is looking at several options for independent testing. Successful bidders will have a plan in the bid to address product testing.

QUESTION 87: INTERNAL VS EXTERNAL CONTROL OF AUDITS? WHO? WHEN? WHAT?

DHSS RESPONSE: The Compassion Center should have reasonable internal controls and audits as any business would. The State Regulators will request access to these internal control measure reviews and audits. The State will also contract with independent auditors to review inventory control and financial records.

Topic 8: Security

QUESTION 88: Page 16, I.B.2.c: What kind of security are we allowed to use? Prevent violence and use of firearms – but are we allowed to be REGISTERED GUN OWNERS?

DHSS RESPONSE: Bidders should contact an attorney for advice on registration of firearms in Delaware. The security of the Compassion Center is a scored attribute of the bid, security will need to meet the requirements detailed in the regulations. How each business reaches those standards is up to them, the scoring will look at the continuum of security efforts, not just bits and pieces.

QUESTION 89: Are you still allowed to carry your concealed carry? Page 16

DHSS RESPONSE: Bidders should contact an attorney for advice on registration of firearms in Delaware.

QUESTION 90: Page 19, III.A.3.c.: VIDEO surveillance and live feed – is there a preferred software system or company they had in mind? Who exactly needs access and should that be via online log in? Who does First State currently use?

DHSS RESPONSE: The Program Administrator, Program Analyst and the two Investigators will need 24/7 access to security feeds.

Topic 9: Technology

QUESTION 91: What is the estimated cost of technology software? Barcoding mentioned on page 20 but no pricing.

DHSS RESPONSE: The program used for barcoding needs to be compatible to standard software packages. There are several options available geared toward the Medical marijuana industry.

QUESTION 92: What type of barcode system do you use for the plants? Page 20

The program used for barcoding needs to be compatible to standard software packages. There are several options available geared toward the Medical marijuana industry.

QUESTION 93: Page 14, I.A. Bid Requirements: Centralized system to see if (not what) a patient purchased something – through state verification site?

DHSS RESPONSE: The State will not monitor individual purchases, but will look for violations of purchase limits during audits. The program is evaluating various options for a State-wide data solution to monitor purchases.

QUESTION 94: Page 17, I.B.3.e: Data Collection – is there a preferred format? Can we propose data collection methods to be implemented across all DE compassion centers? What does First State currently do?

DHSS RESPONSE: The program is open to hearing reasonable solutions that are cost effective.

QUESTION 95: Page 22, III.A.6.: DATA ACCESS - is there a preferred software system or company they had in mind? Who exactly needs access and should that be via online log in? Who or what does First State currently use?

DHSS RESPONSE: The Program Regulators will need 24/7 “read only” remote access to the purchasing data.

QUESTION 96: Page 24, III.A.6.h.: How long does digital data have to be retained?

DHSS RESPONSE: Bidders should consult an Attorney for information related to retaining

information required for audits.

QUESTION 97: Does all software & equipment have to be purchased prior to award or just the hypothetical purchasing plan?

DHSS RESPONSE: A successful bidder normally has an equipment purchase plan with proposed prices and timetables for implementation. The security system and plant inventory systems must be operational before the permit to grow is given to a contracted compassion center.

Topic 10: Testing

QUESTION 98: SECTION III. A. Page 18: What, if any, formal or informal written regulations, policies, procedures or guidelines describe what constitutes "an independent safety compliance facility."

DHSS RESPONSE: The Safety and Compliance Facility piece of the Delaware Medical Marijuana has not been implemented yet, the Oversight Committee is investigating options on how to implement that aspect.

QUESTION 99: Page 22 and 29/30, III.A.6.c. and D.2.: TESTING – is there a preferred lab or suggested list? Who does First State currently use? Tracking of Lab Tests and Results – Preferred software or system?

DHSS RESPONSE: An accredited lab must be able to provide testing protocols and evidence to support their efficacy. Tracking sample selection and documentation of sample results are auditable elements and must be maintained in an appropriate system.

Topic 11: Outreach

QUESTION 100: SECTION I. B. 1. d. Page 15: Sponsorship of health or not-for-profit charity or advocacy events will be permitted. What, if any, formal or informal written regulations, policies, procedures or guidelines describe what constitutes "sponsorship."

DHSS RESPONSE: The Program recommends contacting an Attorney about what constitutes sponsorship.

Under 16 Del.C. §4919A:

(k) No person may advertise medical marijuana sales in print, broadcast, or by paid in-person solicitation of customers. This shall not prevent appropriate signs on the property of the registered compassion center, listings in business directories including phone books, listings in trade or medical publications, or the sponsorship of health or not-for-profit charity or advocacy events.

QUESTION 101: Page 15, I.B.1.b.: Can we lobby to/educate Physicians on behalf of the DE program?

DHSS RESPONSE: The Program recommends contacting an Attorney about relationships with Physicians.

Under 16 Del.C. §4919A:

(l) A registered compassion center shall not share office space with nor refer patients to a physician.

(m) A physician shall not refer patients to a registered compassion center or registered designated caregiver, advertise in a registered compassion center, or, if the physician issues written certifications, hold any financial interest in a registered compassion center.

QUESTION 102: Page 15, I.B.1.b.: Can we provide educational materials to doctors?

DHSS RESPONSE: The Program recommends contacting an Attorney about relationships with Physicians.

Under 16 Del.C. §4919A:

(l) A registered compassion center shall not share office space with nor refer patients to a physician.

(m) A physician shall not refer patients to a registered compassion center or registered designated caregiver, advertise in a registered compassion center, or, if the physician issues written certifications, hold any financial interest in a registered compassion center.

QUESTION 103: Page 15, I.B.1.b.: Can we work with alternative healthcare providers such as acupuncturists?

DHSS RESPONSE: The Program recommends contacting an Attorney about relationships with Physicians.

Under 16 Del.C. §4919A:

(l) A registered compassion center shall not share office space with nor refer patients to a physician.

(m) A physician shall not refer patients to a registered compassion center or registered designated caregiver, advertise in a registered compassion center, or, if the physician issues written certifications, hold any financial interest in a registered compassion center.

QUESTION 104: Page 15, I.B.1.b.: Can we provide alternative medicine professionals on site? Educational Seminars from such providers?

DHSS RESPONSE: The Program recommends contacting an Attorney about relationships with Physicians.

Under 16 Del.C. §4919A:

(l) A registered compassion center shall not share office space with nor refer patients to a physician.

(m) A physician shall not refer patients to a registered compassion center or registered designated caregiver, advertise in a registered compassion center, or, if the physician issues written certifications, hold any financial interest in a registered compassion center.

QUESTION 105: Page 17, I.B.3.c: RESEARCH ORGANIZATIONS: Who do they have in mind?! MPP? DPA? NCIA? NORML?

DHSS RESPONSE: Information on the research on Medical Marijuana will come out under a separate cover as it is outside the intent of the RFP.

QUESTION 106: Page 27, III.3.B.3.: OUTREACH SERVICES: Is there anyone we CAN NOT contact? Is there a limit or restriction to our efforts?

DHSS RESPONSE: Under 16 Del.C. §4919A:

(k) No person may advertise medical marijuana sales in print, broadcast, or by paid in-person solicitation of customers. This shall not prevent appropriate signs on the property of the registered compassion center, listings in business directories including phone books, listings in trade or medical publications, or the sponsorship of health or not-for-profit charity or advocacy events.

QUESTION 107: Page 27, III.B.3.d.: On site lounge for consults on safe smoking techniques?

DHSS RESPONSE: The Program recommends contacting an Attorney about how the Clean Indoor Air Act and local regulations impact a particular location or structure.

Topic 12: Miscellaneous

QUESTION 108: SECTION I. B. 2. Page 16: What, if any, formal or informal written regulations, policies, procedures or guidelines describe the specific responsibilities of the compassion care center with respect to the identified Program Priorities?

DHSS RESPONSE: 16 DE Admin. Code 4470 State of Delaware Medical Marijuana Code, section 7 deals with the registration and operation of compassion centers.

QUESTION 109: How would legalization of Marijuana in Delaware affect medical dispensaries?

DHSS RESPONSE: The program will not speculate on how various initiatives would influence operations. Please consult an Attorney for information on such suppositions.

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RFP HSS 16-003 MEDCOMPCTR

*Registration and Operation of Medical Marijuana Compassion Centers in Delaware
Issues discussed at the Pre-bid Meeting
February 1, 2016*

QUESTION 1: What do we do as far as banks and taking money from patients, are the banks in this?

DHSS RESPONSE: That question is outside of the parameters of today's RFP meeting, I would advise you to contact an Attorney or financial advisor for information on banking.

QUESTION 2: What is the purpose of Section E on page 37?

DHSS RESPONSE: Under 16 *Del. C.* §4920A, applications by compassion centers are deemed confidential and are not releasable under the Freedom of Information Act. This Section reiterates this statutory protection.

QUESTION 3: If a bidder is submitting bids for both Kent and Sussex Counties, does it have to be two bid and two application fees?

DHSS RESPONSE: Yes, each County is a separate bid and separate application fee.

QUESTION 4: Is there start-up funding available from the State?

DHSS RESPONSE: No, funding start-up costs is the responsibility of the bidder. The availability of capital is one of the attributes the review team will look at.

QUESTION 5: Can a Compassion Center grow medical marijuana off site?

DHSS RESPONSE: Yes, but all areas where medical marijuana is grown, harvested, dried, cured, packaged or stored, must have a sufficient security system with live feed security footage. Growing off site increases the intricacy of the security system.

QUESTION 6: Where does the initial product come from, do I have to grow it in Delaware?

DHSS RESPONSE: All medical marijuana must be grown and processed in the State of Delaware. You may import seeds from a vendor outside of the State, but the product will be grown in Delaware. The law and regulations does allow for a compassion center to purchase medical marijuana from another compassion center within the State of Delaware. Of note, the selected bidder will not have a permit to begin growing until the contract process is completed and the security and plant inventory system is in place. Once those items are in place, you can request an inspection by the Department, in cooperation with State and local law enforcement for a walk through.

QUESTION 7: Is there a minimum dollar amount requirement for starting capital?

DHSS RESPONSE: There is nothing in the law or regulations that would prescribe the amount of start-up capital required. Bidders should disclose the amount and sources of capital in their bid proposal.

QUESTION 8: Are there size requirements for the compassion center?

DHSS RESPONSE: There is nothing in the law or regulations that would prescribe the size of the facility. Bidders should disclose the square footage, building layout and location in their bid proposal.

QUESTION 9: When is the \$40,000 permit fee due?

DHSS RESPONSE: The permit fee is expected when the contract is signed.

QUESTION 10: Does the whole business need to be non-profit?

DHSS RESPONSE: The Program recommends contacting an Attorney for detailed information on establishing a non-profit business in Delaware. However, the law states: “A registered compassion center shall be operated on a not-for-profit basis. The bylaws of a registered compassion center shall contain such provisions relative to the disposition of revenues to establish and maintain its not-for-profit character. A registered compassion center need not be recognized as tax-exempt by the Internal Revenue Service and is not required to incorporate pursuant to Title 8.” 16 Del. C. § 4919A(a).

QUESTION 11: Does the Non-profit need to be recognized by the Internal Revenue Service?

DHSS RESPONSE: The Program recommends contacting an Attorney for detailed information on establishing a non-profit business in Delaware. However, the law states: “A registered compassion center shall be operated on a not-for-profit basis. The bylaws of a registered compassion center shall contain such provisions relative to the disposition of revenues to establish and maintain its not-for-profit character. A registered compassion center need not be recognized as tax-exempt by the Internal Revenue Service and is not required to incorporate pursuant to Title 8.” 16 Del. C. §4919A(a).

QUESTION 12: Are the \$5,000 application fee or the \$40,000 permit fee refundable if the business fails to launch?

DHSS RESPONSE: No, application fees and permit fees are non-refundable.

QUESTION 13: What types of background checks are required?

DHSS RESPONSE: All compassion center board members and employees have to go through the State Police’s “State Bureau of Identification” or SBI. The cost of the Medical Marijuana Program background check is \$69 and takes a few weeks to complete.

QUESTION 14: Does the cultivation area for medical marijuana have to be inside a warehouse type facility or could a greenhouse be appropriate?

DHSS RESPONSE: The law states: 16 Del.C. §4919A: (c) A registered compassion center and a registered safety compliance facility shall implement appropriate security measures to deter and prevent the theft of marijuana and unauthorized entrance into areas containing marijuana.
(d) A registered compassion center and a registered safety compliance facility may not be located within 500 feet of the property line of a preexisting public or private school.
(f) All cultivation of marijuana for registered compassion centers must take place in an enclosed, locked location at the physical address or addresses provided to the Department during the registration process, which can only be accessed by compassion center agents working or volunteering for the registered compassion center.

QUESTION 15: Are sub-contractors allowed?

DHSS RESPONSE: The program understands and expects a business to employ some sub-contracts; those sub-contracts must be limited to duties **without** any contact with medical marijuana. Maintenance sub-contractors, plumbing contractors, HVAC contractor all need to be escorted by credentialed compassion center agents when operating around the medical marijuana.

QUESTION 16: How long is video footage maintained?

DHSS RESPONSE: The regulations require that footage is kept for an appropriate amount of time. The existing compassion center keeps footage for 90 days. Bidders can elaborate in the security

section of their proposal on this subject.

QUESTION 17: Can I pay myself out of the Compassion Center funds if it is non-profit.

DHSS RESPONSE: The program recommends consulting an Attorney or financial advisor in relation to advice on payroll and non-profit status.

QUESTION 18: What happens if I have to sell the business?

DHSS RESPONSE: 16 *Del. Admin. C.* 4470 State of Delaware Medical Marijuana Code, section 7 deals with the registration and operation of compassion centers.

7.11 Non-transferable registration certificate authorizing operation of a compassion center.

7.11.1 A registration certificate authorizing operation of a compassion center shall not be transferred by assignment or otherwise to other persons or locations. Unless the compassion center applies for and receives an amended registration certificate authorizing operation of a compassion center, the registration certificate shall be void and returned to the Department when one or more of the following situations occur:

7.11.1.1 a change in ownership of the compassion center;

7.11.1.2 a change in one or more authorized physical locations; or

7.11.1.3 the compassion center discontinues its operation.

7.11.2 A compassion center shall provide the Department with a written notice of any change described in Section 7.11 of these regulations at least 60 days prior to the proposed effective date of the change. The Department may waive all or part of the required advance notice to address emergent or emergency situations.

7.11.3 Transactions which usually do not constitute a change of ownership include the following:

7.11.3.1 changes in the membership of the board of directors or board of trustees; or

7.11.3.2 two or more legal entities merge and the entity to whom the registration certificate authorizing operation of a compassion center was issued survives.

7.11.4 Management agreements are generally not considered a change in ownership if the entity to whom the registration certificate authorizing operation of a compassion center was issued continues to retain ultimate authority for the operation of the compassion center; however, if the ultimate authority is surrendered and transferred from the entity to whom the registration certificate authorizing operation of a compassion center was issued to a new manager, then a change of ownership has occurred.

QUESTION 19: When will the board members require background checks?

DHSS RESPONSE: Once a bidder is selected, the Division of Public Health will enter contract negotiations with the winning bidder. During that time, the board members would need to initiate background checks. All employees will require background checks and apply for a credential from the Office of Medical Marijuana. Compassion Center Agent ID Cards are good for one year and cost \$125 for each employee and board member.

QUESTION 20: If a selected bidder is disqualified, will the Department choose the next highest scoring bid for that County?

DHSS RESPONSE: That is the usual course of action; however, the Department reserves the right to modify that decision if it is in the best interests of the State.

QUESTION 21: What sets the price of the product?

DHSS RESPONSE: That is a scored element of the bid proposal.

QUESTION 22: Will Medical Insurance cover Medical Marijuana?

DHSS RESPONSE: Nothing in the law mandates that insurance cover the cost of Medical Marijuana.

QUESTION 23: Will Delaware accept out of state cards?

DHSS RESPONSE: No, there is no reciprocity with any other state.

QUESTION 24: How close to a school can a compassion center be located?

DHSS RESPONSE: A registered compassion center may not be located within 500 feet **of the property line** of a preexisting public or private school. The Program reads that as property line to property line.

QUESTION 25: Who issues the Medical Marijuana cards and what is the purpose?

DHSS RESPONSE: The Office of Medical Marijuana issues cards for patients, caregivers and Compassion Center agents. The card must be verified by the compassion center to ensure it is valid, after verification the patient is allowed to purchase up to 3 ounces in a 14-day period. During the contract process, the State will discuss how the purchase limits will be enforced.

QUESTION 26: What is the plant count and why are there inventory limits?

DHSS RESPONSE: A registered compassion center may grow and package enough marijuana to satisfy the patient demand. The 2,000-ounce inventory limit gives the compassion center enough inventory to handle patient demands and keep a reasonable control on the amount of product held to mitigate the risk of theft or diversion.

QUESTION 27: Who sets the hours of operation?

DHSS RESPONSE: The compassion center should set hours of operation which best match patient needs and fits the business model.

QUESTION 28: Can I import marijuana from outside the State of Delaware?

DHSS RESPONSE: No. All Medical Marijuana must be grown in Delaware by a permitted compassion center under the regulation of the Division of Public Health.

QUESTION 29: What is the situation with edible products?

DHSS RESPONSE: Edible products are not allowed to be sold by the compassion centers. If a patient wants to use edibles as an ingestion option, they will have to make them in their own home.

QUESTION 30: How are oils and tinctures counted toward the 2,000-ounce inventory limit?

DHSS RESPONSE: To keep things simple in the inventory controls, the oils and tinctures will be counted based on the weight of the active ingredient.

QUESTION 31: What is considered usable Medical marijuana?

DHSS RESPONSE: “**Usable marijuana**” means the dried leaves and flowers of the marijuana plant and any mixture or preparation of those dried leaves and flowers, including but not limited to tinctures, ointments, other preparations including medical marijuana oil, but does not include the seeds, stalks, and roots of the plant. It does not include the weight of any non-marijuana ingredients combined with marijuana, such as ingredients added to prepare a topical administration, food, or drink. To be clear, the medical marijuana inventory limit becomes an issue after the marijuana is dried and cured.

QUESTION 32: How does the State measure and track efficacy of products sold?

DHSS RESPONSE: Tracking efficacy is a compassion center responsibility, during reviews, inspections or annual reporting periods, the Program may ask for efficacy information.

QUESTION 33: What is the most current patient population numbers?

DHSS RESPONSE: In general terms, around 800 (information current as of 1 February 2016).

QUESTION 34: What are the residency requirements for the State of Delaware?

DHSS RESPONSE: In order to sign a contract with the State to be eligible to receive a permit to grow medical marijuana the employees and board members must be Delaware residents, meaning have a current Delaware address and State of Delaware issued form of identification.

QUESTION 35: Does the testing agent or laboratory need to be non-profit?

DHSS RESPONSE: If the laboratory is not part of the compassion center, there is no requirement for them to be non-profit. If the lab were sharing space in the compassion center facility, those individuals would need to have background checks and apply for an Agent card through the Office of Medical Marijuana.

QUESTION 36: When will background checks be required for board members and employees?

DHSS RESPONSE: In the submission of the bid, a signed attestation from each principle on the board or currently identified employee that they do not have any disqualifying criminal history is sufficient. Once the winning bid is selected, the members will need to contact the State Bureau of Identification (SBI) to be fingerprinted and have a national background check conducted. The results of those background checks will need to be presented to the office of Medical Marijuana before the permit to grow is issued.

QUESTION 37: Does the proposed location have to be under physical control of the bidder at the time of the bid or can the bidder have a Letter of Intent to occupy the facility?

DHSS RESPONSE: A letter of intent to purchase or lease a facility based on a successful bid would be sufficient for the bid review process. If that facility did not materialize, the bidder would need to notify the department so the actual facility could be properly reviewed for suitability.

QUESTION 38: Will non-profit medical marijuana experience from other states count towards the experience requirement?

DHSS RESPONSE: Yes.

QUESTION 39: Do all board members need to be Delaware residents?

DHSS RESPONSE: Yes, all members of the board and employees must be Delaware residents with a legal address and State of Delaware issued form of identification.

QUESTION 40: Will patients be allowed to purchase medical marijuana from more than one compassion center?

DHSS RESPONSE: The State is working on a long term IT solution, which would allow purchases from multiple compassion centers. The IT solution has not been resolved at this point, so the process for multiple center purchases is not available yet. At the time the contracts are negotiated, the Program will work with the selected bidders on how that process will work.

QUESTION 41: If the board has medical and strategic advisors, will they be required to reside in Delaware?

DHSS RESPONSE: If the medical and strategic advisors are part of the board of directors, they will need to comply with the residency requirements. If they will routinely require access to the facility, they will need to secure an agent card and comply with the residency requirements. Program staff routinely monitors video feeds and visit the compassion center for administrative issues and inspections. Individuals accessing the center without agent cards would be a violation of the regulations and place the compassion center's permit in jeopardy.

QUESTION 42: The bidder wants to confirm that even though it was represented by a non-Delaware resident at the meeting that such presence satisfies the attendance requirement.

DHSS RESPONSE: There is no Delaware residency requirement for a bidder's proxy to be acknowledged at the pre-bid meeting.