

For purposes of the GSS website, this is listed as a Request for Proposals. However, consistent with Chapter 49A of Title 16, responses shall be reviewed as applications and no state funds shall be disbursed.



DELAWARE HEALTH
AND SOCIAL SERVICES

Division of Management Services
1901 N. DuPont Highway
New Castle, DE 19720

REQUEST FOR PROPOSAL NO. HSS 16-003

FOR

**THE REGISTRATION AND OPERATION
OF MEDICAL MARIJUANA COMPASSION CENTERS
IN THE STATE OF DELAWARE**

FOR

**THE DIVISION OF PUBLIC HEALTH
DELAWARE HEALTH AND SOCIAL SERVICES
417 FEDERAL STREET
JESSE COOPER BUILDING
DOVER, DE 19901**

Application Fee
Marijuana Program

\$5,000 made payable to Division of Public Health Medical

Performance Bond

Waived

**Date Due: March 30, 2016
11:00 A.M. LOCAL TIME**

A **pre-bid meeting** will be held on **February 1, 2016 at 10:00 AM** at the Division of Public Health, Jesse Cooper Building, 417 Federal St., Dover, DE, in the third floor conference room.

Entities who wish to submit proposals are **required to attend this meeting for face to face discussion with state personnel responsible for managing the agreement(s) resulting from this solicitation. To better ensure meeting space will accommodate those desiring to attend, it is requested that BIDDERS limit representation to 2 individuals. BIDDERS should RSVP by calling (302) 744-4862 or emailing Dawn.Brubaker@state.de.us no later than January 15, 2016.**

REQUEST FOR PROPOSAL #HSS 16-003

Sealed proposals for The Registration and Operation of a Medical Marijuana Compassion Center in the State of Delaware for the Division of Public Health, Delaware Health and Social Services, 417 Federal Street, Jesse Cooper Building, Dover, DE 19901, will be **received** by:

**Kieran Mohammed
Department of Health and Social Services
Procurement Branch
Main Administration Building, Sullivan Street
Second Floor, Room 257
1901 North DuPont Highway
Herman M. Holloway Sr. Campus
New Castle, DE 19720**

Proposals will be accepted until **11:00am on March 30, 2016**. At which time the proposals will be opened and recorded.

A **mandatory pre-bid meeting** will be held on **February 1, 2016 at 10:00 AM** at Delaware Division of Public Health, Jesse Cooper Building, Third Floor Conference Room, Dover, DE 19946. For further information, please call 302-744-4862.

Entities who wish to submit a Proposal are required to attend this pre-bid meeting for face-to-face discussion with state personnel responsible for managing the agreement(s) resulting from this posting.

In the event that state offices are closed on the day of the pre-bid meeting due to a State of Emergency declared by the Governor of Delaware, the pre-bid meeting will be cancelled or postponed. The status of the pre-bid meeting will be posted to the RFP website as soon as possible at <http://bids.delaware.gov>. If the pre-bid meeting is cancelled, written questions will be accepted, in lieu of the pre-bid meeting, in accordance with the instructions presented in Section VI. I. "General Instructions/Questions" of this document. If the pre-bid meeting is postponed, the new date and time will be posted to the RFP website.

Obtaining Copies of the RFP

This RFP is available in electronic form [only] through the State of Delaware Procurement Website at <http://bids.delaware.gov>.

Public Notice

Although this registration of a compassion center is not subject to State of Delaware procurement requirements set forth in Chapter 69 of Title 29, public notice has been provided in accordance with 29 Del. C. § 6981.

NOTIFICATION TO RESPONDING BIDDERS

A responsive bidder shall list all contracts awarded to it or its predecessor firm(s) by the State of Delaware; during the last five years, by State Agency, Division, Contact Person (with address/phone number), period of performance and amount. The Evaluation/Selection Review Committee will consider these additional references and may contact each of these sources. Information regarding bidder performance gathered from these sources may be included in the Committee's deliberations and factored in the final scoring of the application. Failure to list any contract as required by this paragraph may be grounds for immediate rejection of the application.

There will be a ninety (90) day period during which the agency may extend the agreement period for renewal if needed.

IMPORTANT: ALL PROPOSALS MUST REFERENCE THIS RFP NUMBER (**HSS 16-003**) ON THE OUTSIDE ENVELOPE. IF THIS NUMBER IS OMITTED, THE PROPOSAL WILL IMMEDIATELY BE REJECTED.

FOR FURTHER INFORMATION PLEASE CONTACT:

Kieran Mohammed
Department of Health and Social Services
Procurement Branch
Main Administration Building, Sullivan Street
Second Floor, Room 257
1901 North DuPont Highway
Herman M. Holloway Sr. Campus
New Castle, DE 19720
302-255-9291

kieran.mohammed@state.de.us

IMPORTANT: DELIVERY INSTRUCTIONS

IT IS THE RESPONSIBILITY OF THE RESPONDING BIDDER TO ENSURE THAT THE PROPOSAL HAS BEEN RECEIVED BY THE DIVISION OF PUBLIC HEALTH BY THE DEADLINE.

ATTENTION RESPONDING BIDDERS: Your Proposal must include a cover letter and the forms in Appendices C, D, and E signed and all information on the forms must be complete.

The issuance of this REQUEST FOR PROPOSAL (RFP) neither commits the Delaware Department of Health and Social Services, Division of Public Health, to award a certificate, to pay any costs incurred in the preparation of a Proposal or subsequent negotiations, or to pay for any costs associated with the implementation and operation of the proposed services. The Division reserves the right to reject or accept any or all Proposals or portion thereof, to cancel in part or in its entirety this REQUEST FOR PROPOSAL, or to delay implementation of any agreement, which may result, as may be necessary to meet the Department's funding limitations and processing constraints. Although neither the Department nor the Division is obligated in any way to provide funding to a successful responding bidder pursuant to this RFP, should the Department or Division decide to provide funding to a successful responding bidder, the Department and Division reserve the right to terminate any agreement upon fifteen (15) days' notice in the event that the State determines that State or Federal funds are no longer available to continue the agreement. Unless otherwise specified, all terms in this RFP will be have the meaning ascribed to them pursuant to 16 Del. C. Ch. 49A and 16 Del. Admin. C. Ch. 4470.

Organizations Ineligible to Apply

Any individual, business, organization, corporation, consortium, partnership, joint venture, or any other entity including subcontractors currently debarred or suspended is ineligible to apply. Any entity ineligible to conduct business in the State of Delaware for any reason is ineligible to respond to the RFP.

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

Overview

In response to the Medical Marijuana Act, Title 16, Chapter 49A, the Department of Health and Social Services intends to select one or more vendor(s) to provide services in the area of the **Registration and Operation of Two Compassion Centers in the State of Delaware, with one compassion center supporting patients in Kent County and one center supporting patients in Sussex County**. The state procurement process has been chosen as the vehicle for securing these services for ease and transparency; however, the establishment and operation of the compassion center will be completely funded by the vendor(s). Certificate renewal every two years is contingent on the legal status of Medical Marijuana and center performance.

Pre-bid meeting

A mandatory pre-bid meeting will be held. The meeting will be on **February 1, 2016 at 10:00 AM** at the following location.

MEDICAL MARIJUANA PROGRAM
DIVISION OF PUBLIC HEALTH
JESSE COOPER BUILDING, 3RD FLOOR CONFERENCE ROOM
417 FEDERAL ST.
DOVER, DE 19901

Vendors must be on time as the location is a secure building and you will not be escorted to the meeting room after 10am.

BIDDERS may ask clarifying questions regarding this REQUEST FOR PROPOSAL at the pre-bid meeting. Responses to questions posed at the pre-bid meeting will be posted on the internet at <http://bids.delaware.gov>.

All questions concerning this REQUEST FOR PROPOSAL must reference the pertinent RFP section(s) and page number(s). Questions must be in writing and can be either mailed, faxed, or emailed to:

Medical Marijuana Program Analyst
Email: Dawn.Brubaker@state.de.us
Fax: 302-744-5366

Restrictions on Communications with State Staff

From the issue date of this RFP until a vendor(s) is selected and the selection is announced, Responding BIDDERS are NOT allowed to contact any Division of Public Health staff, except those specified in this RFP, regarding this process. Contact between vendors and Dawn Brubaker is restricted to emailed or faxed questions concerning this request for application. Questions must be submitted in writing and will be addressed in writing.

Questions are due by **January 15, 2016** and will be addressed at the pre-bid meeting. The complete list of questions and their answers may be released via e-mail or fax to the vendors that submitted any questions or attended the pre-bid meeting. The complete list of questions and their answers will be posted on the internet at <http://bids.delaware.gov>

Following the pre-bid meeting vendor communication is limited to

Kieran Mohammed
Purchasing Service Administrator

(302) 255-9291

kieran.mohammed@state.de.us

Contact with State Employees

Direct contact with State of Delaware employees other than the State of Delaware Designated Contact(s) regarding this RFP is expressly prohibited without prior consent. Vendors directly contacting State of Delaware employees risk elimination of their Proposal from further consideration. Exceptions exist only for organizations currently doing business in the State who require contact in the normal course of doing that business. In the case of such exception, communication may not include an active RFP.

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

I. INTRODUCTION

A. BACKGROUND

The mission of the Division of Public Health (DPH) is to protect and enhance the health of the people of Delaware. The Division accomplishes its mission by:

- Working together with others;
- Addressing issues that affect the health of Delawareans;
- Keeping track of the State's health;
- Promoting positive lifestyles;
- Responding to critical health issues and disasters; and
- Promoting the availability of health services

The accomplishment of this mission will facilitate the Division in realizing its vision of creating an environment in which people in Delaware can reach their full potential for a healthy life.

With the passing of The Delaware Medical Marijuana Act (hereafter referred to as "the Act"), Title 16, Chapter 49A, which took effect on July 1, 2011, Delaware joined the list of now 23 states that have removed state-level criminal penalties from the medical use of marijuana for the health and welfare of its citizens. The purpose of the law is to protect patients with debilitating medical conditions, as well as their physicians and providers, from arrest and prosecution, criminal and other penalties, and property forfeiture if such patients engage in the medical use of marijuana.

Marijuana's recorded use as a medicine goes back nearly 5,000 years. Modern medical research has confirmed the beneficial uses for marijuana in treating or alleviating the pain, nausea, and other symptoms associated with a variety of debilitating medical conditions, including cancer, multiple sclerosis, and HIV/AIDS, as found by the National Academy of Sciences' Institute of Medicine in March 1999.

Studies published since the 1999 Institute of Medicine report have continued to show the therapeutic value of marijuana in treating a wide array of debilitating medical conditions. These include relief of the neuropathic pain caused by multiple sclerosis, HIV/AIDS, and other illnesses that often fail to respond to conventional treatments and relief of nausea, vomiting, and other side effects of drugs used to treat HIV/AIDS and hepatitis C, increasing the chances of patients continuing on life-saving treatment regimens. Specifically, in February 2010, the Center for Medicinal Cannabis Research released a lengthy report

that summarized 15 recent studies clearly demonstrating marijuana's medical efficacy for a broad range of conditions. These studies, many of which were double blind, placebo-controlled trials, included neuropathic pain trials published in the Journal of Pain, Neuropsychopharmacology and Neurology, a study on the analgesic efficacy of smoked marijuana published in Anesthesiology, a study on the mechanisms of cannabinoid analgesia in rats published in Pain, and a study on vaporization as a "smokeless" marijuana delivery system published in Clinical Pharmacology & Therapeutics.

Marijuana has many currently accepted medical uses in the United States, having been recommended by thousands of licensed physicians to at least 350,000 patients in states with medical marijuana laws. Marijuana's medical utility has been recognized by a wide range of medical and public health organizations, including the American Academy of HIV Medicine, the American College of Physicians, the American Nurses Association, the American Public Health Association and the Leukemia and Lymphoma Society.

In February 2012, the portion of the law that allowed for the establishment of compassion centers was suspended by the Governor's Office following new guidance from the US Department of Justice. In August 2013, the Governor provisionally lifted the suspension of compassion centers. First State Compassion Center (FSCC) opened in June 2015 in the Wilmington area of New Castle County, to serve patients throughout Delaware. This REQUEST FOR PROPOSAL is designed to create greater access to qualified patients outside New Castle County. The Secretary of the Department of Health and Social Services (hereafter referred to as "the Department") has adopted revised program regulations, effective November 1, 2015. The revisions to the Medical Marijuana Code (hereafter referred to as "the Regulations") establish standards and address the scope of the program operating compassion centers without an independent testing facility.

The purpose of the Medical Marijuana Program (MMP) is to regulate the medical use of marijuana in Delaware and to minimize the risk of theft and diversion of marijuana to unregistered individuals. The patient and caregiver registry program began accepting Qualification Proposals in July 2012 and has now issued more than over 700 registry cards to qualified patients and caregivers. With the compassion center suspension lifted, the Division has now decided to potentially move forward with the implementation of the program by issuing registration certificates to one or more qualified vendor(s) for opening compassion centers in Kent and Sussex counties.

Any vendor who wishes to be considered as an owner and operator of a center should submit their RFP response to the Department before the 11:00 a.m. deadline on March 30, 2016, in response to this REQUEST FOR APPLICATION (RFP). After the selection of a qualified RFP bidder, or BIDDERS, the Department will issue a registration certificate to the winning vendor(s) on or before August 1, 2016. **After** Health Systems Protection (HSP) has inspected the facilities, certificates to operate will be issued allowing the selected

vendor(s) to begin growing and selling Medical Marijuana products. This effort will allow current and future registered patients in Delaware to buy the drug in a state-regulated center and to be educated on the use of the drug to treat their specific medical condition.

The successful RFP bidder must comply with all applicable federal and state laws and regulations, including but not limited to around-the-clock video monitoring, financial accounting controls, random inspections, and a requirement of center employees to verify that patients are registered with the Department before selling them marijuana. The compassion center will only be allowed to cultivate as many marijuana plants necessary to satisfy the patient demand, and maintain no more than 2,000 ounces of usable inventory.

B. PROGRAM GOALS

The goals related to establishing a compassion center in Delaware are consistent with the Act and the Regulations. The primary goal of the program is assuring the safe and efficient cultivation, harvesting, packaging, labeling, and distribution of marijuana to registered patients. Further, it is the goal of the Office of Medical Marijuana (OMM) to protect the public by preventing diversion of marijuana to individuals who are not qualified and registered with the Delaware MMP.

Qualified BIDDERS selected through this RFP must comply with all applicable state and federal laws and regulations. Selected BIDDERS are responsible for awareness of, and compliance with, all federal and state requirements, including but not limited to the following:

- Improve and maintain their organization's knowledge of, and compliance with, the guidelines and policies established in the Act, the Regulations, the Health Information Portability and Accountability Act (HIPAA) and the policies and procedures established by the OMM;
- Improve and maintain their organization's knowledge of the medical marijuana industry, including but not limited to a reasonable understanding of current and new strains of marijuana used to treat various debilitating conditions, current and new methods of delivering marijuana to the body, and current or new methods and standards related to testing marijuana for contaminants and potency of active ingredients;
- Work to improve their organization's delivery of education to registered patients and their caregivers that are impaneled to their compassion center by the OMM. This education should include, but is not limited to, knowledge of the state and federal laws related to marijuana use and an understanding of the options available to the patient with regard to specific marijuana strains, products and delivery methods;

- Work to increase the availability of affordable medical-grade marijuana to registered, qualifying patients enrolled in Medicaid or receiving Supplemental Security Income or Social Security Disability Insurance;
- Continually evaluate and improve as needed security measures of the compassion center premises and its operations to deter and prevent the theft of marijuana and unauthorized entrance into areas containing marijuana so as to minimize the risk of diversion of marijuana to unregistered individuals;
- Improve and maintain financial management and accurate recordkeeping of their organization, where revenues are tracked and accounted for, through efficient operations, securing supplies and equipment at the most cost effective pricing, and managing inventory effectively to allow for efficient and thorough audits of the accounting books by the Department and to provide a reasonable price-point on the marijuana products and paraphernalia to patients; and
- Promote and comply with State Legislative Mandates, Program Priorities and Key Issues as listed in the following:

1. State Law Requirements

16 Del. C. Ch. 49A sets out the legislative requirements to operate a compassion center. The registered compassion center business model proposed by an bidder must include the administrative, fiscal, inventory control, cultivation, harvesting, packaging, labeling and dispensing operations necessary to ensure adherence to these requirements. These legal obligations include, but are not limited to the following:

- a. The registered compassion center shall be operated on a not-for-profit basis. The organization need not be recognized as tax-exempt by the Internal Revenue Service and is not required to incorporate in response to Title 8 of Delaware Code.
- b. A physician may 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.
- c. The registered compassion center may not purchase usable marijuana or mature marijuana plants from any person other than another registered compassion center in the State of Delaware.
- d. The registered compassion center may not advertise medical marijuana sales in print, broadcast, or by paid in-person solicitation of customers. Appropriate signs on the property of the 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 will be permitted.

- e. The registered compassion center is prohibited from acquiring, possessing, cultivating, manufacturing, delivering, transferring, transporting, supplying, or dispensing marijuana for any purpose except to assist registered qualifying patients, who are impaneled to the center by the OMM, with the medical use of marijuana directly or through the qualifying patients' designated caregivers.

2. Program Priorities

- a. Assuring the safe cultivation and dispensing of quality, medical grade marijuana to authorized MMP cardholders in a form that is appropriate and effective for the patient and delivers the level of active ingredient needed to treat the patient's medical condition effectively. This includes making available specific strains of marijuana, and various delivery methods, believed by industry experts to be effective in treating the debilitating medical conditions recognized by the MMP.
- b. Assuring public health and safety by minimizing to all extents possible risks of marijuana theft or diversion of marijuana outside of the state-regulated system or to individuals who are not authorized MMP cardholders.
- c. Addressing Federal Justice Department concerns by developing and implementing strong, effective measures that will:
- deter the distribution of marijuana to unqualified minors, prohibit marijuana in areas that are associated with minors; and prohibit marketing of marijuana to minors;
 - deter revenue from the sale of marijuana from being diverted to criminal enterprises, gangs and cartels;
 - prevent diversion of marijuana outside of the state-regulated system and to other states;
 - prevent state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
 - prevent violence and the use of firearms in the cultivation and distribution of marijuana;
 - prevent drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
 - prevent the cultivation of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
 - prevent marijuana possession or use on federal or state property.

3. Key Issues

In addition to the Program Priorities, the following key issues have implications for the compassion center's continued registration with the program, and should be considered in developing the business plan:

- a. Efficiency and effectiveness in management and operations of the compassion center, including accessibility by the Department for audits and site inspections;
- b. Management and decision-making through performance measures and accountability for outcomes;
- c. Linkages and partnerships with research organizations focusing on increasing the effectiveness of marijuana used to treat debilitating medical conditions and decreasing risks and side effects associated with the drug;
- d. Incorporation of research outcomes that focus on the medical use of marijuana to treat specific debilitating medical conditions;
- e. Data collection for use in monitoring specific cannabinoid performance in treating specific debilitating medical conditions and using the outcomes to improve services to impaneled patients;

II. DEFINITIONS

Please see 16 *Del. C.* § 4902A and 16 *Del. Admin. C.* § 4470 for program-specific definitions.

III. SCOPE OF SERVICES

All components listed in this section are mandatory.

This section describes the responsibilities of the selected vendor(s) registered and contracted by the Department to open and operate a compassion center in Delaware. Tasks are associated with a deliverable when appropriate. The Department reserves the right to negotiate the requirements with the selected vendor(s) relative to monitoring tasks listed below. In addition to, and consistent with, the responsibilities described in this section the selected vendor shall be required to comply with requirements for the operation of a compassion center as set forth in 16 Del. C. Ch. 49A and 16 Del. Admin. C. Ch. 4470.

Compassion centers may only operate if they have been issued a valid registration certificate from the Department. The organization awarded the agreement for the compassion center will perform the following:

A. ESTABLISH AND MAINTAIN A MEDICAL MARIJUANA COMPASSION CENTER

This RFP is specifically issued to select one or more vendor(s) to establish and operate two registered compassion centers to be located in Kent and Sussex Counties. One compassion center shall be located in Kent County and one compassion center shall be located in Sussex County. Each compassion center shall be certified separately by the Department, even if operated by the same vendor.

A registered compassion center is a not-for-profit entity registered with the MMP 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 been impaneled to the dispenser to cultivate marijuana for their medical use and the registered designated caregivers of these patients.

Because the registered compassion center will be operating as an independent safety compliance facility, the selected vendor(s) will need to address items such as training and testing, as appropriate for the scale of the facility and allowed total quantity of marijuana.

A registered compassion center must provide documentation to meet all requirements in V. Format and Content of Response

1. Bylaws Establishment and Maintenance

The compassion center shall, as part of its initial application, provide to the Department a current copy of its bylaws, and shall maintain such bylaws in accordance with the Act and the Regulations. The bylaws shall include, at a minimum:

- a. The ownership structure of the registered compassion center;
- b. The composition of the board of directors;
- c. Procedures for the oversight of the registered compassion center;
- d. Procedures to ensure accurate record keeping and security measures;
- e. A description of the enclosed, locked facility where medical marijuana will be grown, cultivated, harvested, packaged, labeled, or otherwise prepared for distribution by the registered compassion center; and
- f. Such provisions relative to the disposition of revenues to establish and maintain the not-for-profit character of the registered compassion center.

2. Physical Location of Compassion Center

The physical location of the registered compassion center shall be selected in compliance with these legislative mandates:

- a. 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 MMP during the registration process, which can only be accessed by MMP-registered compassion center agents working or volunteering for the registered compassion center.
- b. The registered compassion center may not be located within 1,000 feet of the property line of a preexisting public or private school.
- c. The registered compassion center may not share office space with, nor refer patients to, a physician.

3. Security and Safety Measures

The registered compassion center shall implement appropriate security and safety measures, as determined by the Department, to deter and prevent the theft of marijuana and unauthorized entrance into areas containing

marijuana. Such measures shall include the following minimum requirements:

a. Exterior of compassion center premises:

- Access from outside the premises shall be kept to a minimum and be well controlled;
- The outside perimeter of the premises shall be well-lit;
- Entry into any area(s) where marijuana is held shall be limited to authorized personnel only and
- Marijuana production, packaging, labeling, or distribution shall not be visible from the street or other public area.

b. Alarm System:

The registered compassion center shall have a fully operational security alarm system at each authorized physical address that will provide suitable protection against theft and diversion. The system shall include, at a minimum:

- Immediate automatic or electronic notification to alert local or municipal *law enforcement agencies* to an unauthorized breach of security at the registered compassion center or at any other authorized physical address;
- Immediate automatic or electronic notification to alert local or municipal *public safety personnel* of a loss of electrical support backup system; and
- When appropriate, the security system shall provide protections against theft or diversion that is facilitated or hidden by tampering with computers or electronic records.

c. Video Surveillance

The registered compassion center shall provide an appropriate video surveillance system that includes the following areas and access to recorded surveillance:

- Video surveillance should record access areas, customer service areas, growing areas, and anywhere the marijuana is handled, to include processing and packaging areas;
- Video footage will be digitally recorded; and
- The compassion center shall provide the Department with access to the video footage (live and recorded) 24-hours a day, seven days a week through a secure internet connection.

d. Inventory Controls

- Total Allowed Quantity:

The registered compassion center shall grow an amount of plants sufficient to support the assigned patient population and shall possess no more than 2,000 ounces of usable marijuana regardless of

formulation. These total amounts would be applied to the certificate holder, and would apply to the cumulative amount held at all locations operated under the certificate even if the Department authorizes a separate physical address for the cultivation of the product.

- Bar Coding Inventory:

The registered compassion center shall employ a bar coding inventory control system to track batch, strain and amounts of marijuana from each plant to include patients' card registration numbers to whom it was dispensed, dates of harvest, storage, and packaging of usable product. All harvested usable marijuana should be traceable to a specific plant. The compassion center shall be accountable for the amount of marijuana produced by each of its plants and the end result of that production (distributed to specific patient, stored in retail area, used for testing, destroyed, etc.).

- Storage of Marijuana

The registered compassion center shall ensure that usable marijuana is stored in a locked area with adequate security. At a minimum, security should be assessed, established and maintained based on:

- (i) The quantity of usable marijuana that will be kept on hand at each authorized location;
- (ii) The registered compassion center's inventory system for tracking and dispensing usable marijuana;
- (iii) The number of principal officers, board members, agents, volunteers or employees who have or could have access to the usable marijuana;
- (iv) The geographic location of the registered compassion center (i.e.: high-crime or low-crime area);
- (v) The scope and sustainability of the security system; and
- (vi) The root-cause analysis of any breach of security and/or inventory discrepancy for usable marijuana at that location.

4. Financial Requirements

As the registered compassion center must be wholly owned and operated by the selected vendor(s), the vendor(s) will be required to demonstrate availability of sufficient capital to initiate and maintain operations of the compassion center. Sources of funding shall be identified as described in the records section of this RFP.

- a. List of expenses for vendor(s)

All expenses related to establishing the registered compassion center and maintaining its services are that of the selected vendor(s), including, but not limited to:

- The cost of preparing the Proposal in response to this RFP, including the \$5,000 non-refundable application fee;
- Initial certification and bi-annual fee of \$40,000;
- The costs related to obtaining MMP registry cards for all agents associated with the compassion center, now or in the future, including annual registry card application fees of \$125 per agent and the cost of state and multi-jurisdictional criminal background checks for all agents annually;
- The costs of sample testing initiated by the Department;
- The costs related to establishing an Information Technology system for tracking records and receiving patient and caregiver data from the Department;
- The costs of long term off-site records retention; and
- The costs of operations and maintenance in all approved locations or addresses, including establishing and maintaining security measures.

b. Financial Operating Principles

A registered compassion center shall:

- Operate on a not-for-profit basis, and shall provide an affidavit signed by all Board members that the corporation is being operated, and will continue to operate, on a not for profit basis and provide a yearly accounting statement demonstrating that the corporation is functioning as a not-for-profit. Such documentation shall be available for inspection by the Department upon request;
- Keep detailed financial reports of proceeds and expenses;
- maintain all inventory, sales and financial records in accordance with general accepted accounting principles ("GAAP"); and
- Create and maintain a plan for making medical marijuana available on an affordable basis to registered qualifying patients enrolled in Medicaid or receiving Supplemental Security Income or Social Security Disability Insurance.

5. Data Verification System

The selected vendor(s) shall develop and host a secure computer interface to receive patient and caregiver card data from the Department. The system shall be used to verify cardholder's status prior to dispensing marijuana for a registered patient.

6. Documentation and Records Maintenance and Retention

All electronic and paper records and documentation shall be maintained in compliance with the Act, the Regulations, and all applicable federal and state laws and regulations, and for a period of time consistent with the OMM retention schedule. All records and books, including financial and inventory operations, will be kept in an auditable format for review during inspections and audits initiated by the Department and available at all

times. The Department will be granted remote, secure access, 24 hours a day.

The retention schedule, which will be part of the agreement resulting from this RFP, may provide an onsite short term timeframe and an offsite, longer term, archival timeframe. It is strongly recommended that the archiving be done through a reputable records retention company. The records that will require short term and long term secure storage include, but are not limited to:

a. Dispensing Marijuana.

Records of dispensed marijuana, which may be traced according to patient MMP registry identification numbers to protect confidentiality and compassion center's security protocols, shall be maintained. Compliance with the patient possession limit of no more than three ounces dispersed in any fourteen day period and in possession of no more than six ounces at any given time shall be enforced by maintaining records that include at least the following information:

- how much marijuana is being dispensed to the registered qualifying patient for each transaction;
- whether it was dispensed directly to the registered qualifying patient or to the designated caregiver;
- the date and time the marijuana was dispensed; and
- the barcode tracking number of the marijuana being dispensed that is traceable to a specific compassion center harvested plant.

b. Inventory accountability records.

Documentation of all inventory audits and reviews shall include at least the following data:

- date the inventory audit or review was conducted;
- summary of the inventory findings;
- name, signature and title of individual who conducted the inventory; and

c. Product testing results.

All tests of medical marijuana samples, ensuring freedom from contaminants and determining the potency of the cannabinoids in the various marijuana strains, shall be recorded and maintained. These records should include at least:

- the batch number of marijuana being tested,
- the amount of marijuana being tested,
- the test being performed,
- where the test is performed,
- the results of the test, and
- the name, title, and signature of the person performing the test.

d. Facility inspections.

Records of all maintenance inspections and tests conducted, results of inspections and tests, and resulting corrective action taken shall be maintained and include, as a minimum, the following items:

- the date of the action,
- summary of the action(s) performed; and
- name, signature, and title of person who performed the action

e. Tracking logs of transporting marijuana.

Tracking logs will maintained for the transportation of marijuana on behalf of the compassion center. A document will accompany a registered compassion center agent when transporting marijuana on behalf of the registered compassion center. This document shall contain at least the following:

- the amount of marijuana being transported;
- the date the marijuana is being transported;
- the barcodes tracking the transported marijuana to the compassion center inventory control system;
- the registry identification number of the registered compassion center and a contact telephone number to verify that the marijuana is being transported on behalf of the registered compassion center;
- the registry identification number of the registered compassion center agent that is transporting the marijuana; and
- the reason for the transportation of the marijuana.

f. Security Inspections.

Records of inspections and reviews of security devices, including video monitoring, results of inspections and reviews, and any corrective action taken shall be maintained. This shall include any servicing, upgrades or modification to the security system or devices. Records of all such inspections and actions shall include, as a minimum, the following items:

- the date of the action,
- summary of the action(s) performed, and
- name, signature, and title of person who performed the action.

g. Alarm activations or breaches of security

Any alarm activation or other event that requires response by public safety personnel shall be recorded. This requirement includes unauthorized breaches of security, even if an alarm activation did not occur. The record will include at a minimum:

- the event;
- the action taken in response to the event;

- any changes to the physical nature of the compassion center (e.g. security upgrades, replacements, etc.); and
 - any changes to the operating procedures as a result of the event.
- h. All video footage of the facility, inside and out, will be digitally recorded and retained.
- i. Agent/personnel records.

A record shall be made and maintained for any instances in which a business or not-for-profit that any of the prospective board members managed or served on the board of was convicted, fined, censured, or had a registration or license suspended or revoked in any administrative or judicial proceeding.

The compassion center shall maintain at least the following records related to all agents of the compassion center. A personnel record shall be maintained for a period of at least six months after termination of the individual's affiliation with the compassion center. The record should include at a minimum:

- An application for employment or to volunteer;
- A record of any disciplinary action taken; and
- Documentation of all required training. Documentation shall include a signed statement from the individual indicating the date, time and place of said training and topics discussed, including the name and title of presenter(s);

- j. Financial records and audits for accountability.

A record of the source of any funds that will be used to open or maintain the compassion center, including the name, address, and date of birth of any investor contributing more than \$5,000, shall be recorded and maintained.

B. PROVISION OF MEDICAL MARIJUANA RELATED SERVICES

The selected vendor(s) will be required to provide safe access to medical grade marijuana for patients and their selected caregivers who possess an active MMP registry card and are impaneled to the compassion center by the OMM.

The vendor(s) will also be required to provide education about the use of medical grade marijuana and related paraphernalia to impaneled patients, with the patient's debilitating medical condition in mind. These services will be provided in accordance with the Act, the Regulations, HIPAA, the policies and procedures established by the OMM, requirements stipulated in this RFP and the agreement negotiated and agreed upon with the selected vendor(s).

1. Dispensing Marijuana

A compassion center shall not acquire, possess, cultivate, manufacture, deliver, transfer, transport, supply or dispense marijuana for any purpose

except to assist registered qualifying patients with the medical use of marijuana directly or through the qualifying patient's registered designated caregiver.

a. Patient Verification

Before marijuana may be dispensed to a designated caregiver or a registered qualifying patient, a compassion center agent must determine that the individual is a current cardholder in the verification system and must verify each of the following:

- that the registry identification card presented to the registered compassion center is valid and active;
- that the person presenting the card is the person identified on the registry identification card presented to the compassion center agent; and
- that the registered compassion center is the OMM designated compassion center for the registered qualifying patient who is obtaining the marijuana directly or via his or her designated caregiver.

A registered compassion center shall not dispense more than three ounces of marijuana to a registered qualifying patient, directly or via a designated caregiver, in any fourteen-day period. Further, a compassion center agent may not knowingly dispense marijuana to an impaneled patient, or a patient's caregiver, in an amount that will exceed the patient possession limit of six ounces at any given time.

b. Packaging and Labeling

All usable marijuana dispensed to registered patients and caregivers shall be issued in a sealed, tamperproof and labeled container clearly identified as having been issued by the registered compassion center. The label shall at least indicate the following:

- the name of the registered compassion center;
- the name of the patient, or the patient registry card number, for whom the marijuana is being dispensed;
- the name of the marijuana strain;
- a batch identified by number or barcode and traceable through inventory controls;
- the quantity of marijuana being dispensed;
- the statement "this product is for medical use only, not for resale;"
- a statement that the medical marijuana is free of contaminants; and
- details indicating the levels of active ingredients in the marijuana, as confirmed by testing.

Written instructions that the marijuana shall remain in this container at all times except while being consumed or prepared for consumption should be issued with the dispensed marijuana.

c. Adequate supply of drug and paraphernalia

The vendor(s) shall demonstrate a plan in the Proposal to provide an adequate supply of medical marijuana to the registered patients in the state. If appropriate, indicate the effects on this plan of providing all the necessary marijuana strains known to be effective in treating MMP recognized medical conditions, such as cancer or ALS. The vendor(s) should also propose a list of necessary paraphernalia needed to administer the drug, including quantities and proposed prices for each item.

2. Operation Procedures Manual

The registered compassion center shall develop, implement and maintain on the premises a current, correct, and true operations manual, which addresses, as a minimum, the requirements outlined in this RFP, the Act and the Regulations. The operations manual shall be available for review by the Department upon request.

The operations manual shall include at a minimum, the following:

- a. Procedures for the oversight of the registered compassion center including, but not limited to, documentation of the reporting and management structure of the registered compassion center;
- b. Procedures for safely dispensing medical marijuana to registered qualifying patients or their registered caregiver;
- c. Procedures to ensure accurate record keeping, including protocols to ensure that quantities purchased do not suggest re-distribution;
- d. Employee security policies;
- e. Safety and security procedures, including a disaster plan with procedures to be followed in case of fire or other emergencies;
- f. Personal safety and crime prevention techniques and procedures;
- g. A job description or employment contract developed for all employees and a volunteer agreement for all volunteers which includes duties, responsibilities, authority, qualification and supervision;
- h. The registered compassion center's alcohol and drug free work place policy;
- i. A description of the registered compassion center's outreach activities to registered qualifying patients or their registered caregiver, as defined in this Scope of Services;
- j. A description of the packaging of the usable marijuana that the registered compassion center shall be utilizing in the retail store for display and storage, and used to disperse the drug to the patient or caregiver;

- k. A description and example of the document that will accompany a registered compassion center agent when transporting marijuana on behalf of the registered compassion center;
- l. Detailed procedures regarding the testing of medical marijuana as required in these Scope of Services; and
- m. Detailed procedures of the methodology proposed to grow, cultivate, harvest, and prepare the marijuana for use by the registered patients. The use of pesticides is prohibited in the cultivation of marijuana per Title 16, Section 7.1.1.4 of the Regulations, so this section should explain how to prevent and treat insect infestations or fungus commonly found in agriculture.

3. Outreach Services

The registered compassion center shall have a plan for educating the registered patients and registered caregivers impaneled to the compassion center about the medical use of marijuana. The plan should include a description of how the information will be dispersed to the patients. This plan should include, but is not limited to, the following:

- a. Providing each new registered patient who visits the registered compassion center with written Frequently Asked Questions, designed by the Department, that explain the limitations on the right to use medical marijuana under state law;
- b. Knowledge of state and federal laws related to marijuana use, including the laws related to transportation of the drug across state lines (e.g. taking it on vacation, etc.);
- c. Education on ingesting options of usable marijuana that are available from the registered compassion center, as well as availability of required paraphernalia needed to make use of those options;
- d. Education on safe smoking techniques available to patients, and paraphernalia required to make use of those techniques; and
- e. Education on the potential side effects of using medical marijuana.

C. STAFFING AND TRAINING

1. Staffing

a. Eligibility

A person is eligible to work with the registered compassion center organization as a principal officer, board member, employee, volunteer, or other agent as long as they are at least 21 years old, have not been convicted of an excluded felony offense for a drug misdemeanor within five years of the date of qualification Proposal, and has not been found to have violated the dispensing limits referred to in the Act.

b. Records

The registered compassion center shall maintain records according to the requirements in the Act, the Regulations, and this Scope of Services

for the following items, as detailed in the Documentation section of this RFP:

- A personnel record for each agent, including any criminal activity or administrative reprimands; and
- Source of funds for the compassion center.

c. Background Checks

All agents of the registered compassion center, including principal officers, board members, employees and volunteers shall consent to a complete criminal history screening background check to demonstrate compliance with the eligibility requirements. This criminal background check will be conducted prior to any work done on behalf of the registered compassion center and shall include:

- a State Bureau of Identification (SBI) criminal history screening check; and
- a Full nationwide criminal history screening check.

All applicable fees associated with the required criminal history screening background checks shall be paid by the registered compassion center or the selected bidder.

Reports from the background checks can be sent directly to the OMM for expedition of the agent registration process.

d. Registry Identification Cards

All agents of the registered compassion center, including principal officers, board members, employees and volunteers, shall be issued a registry identification card by the OMM prior to any work done on behalf of the registered compassion center. OMM will issue an agent registration card within 30 days of receipt of a complete agent application, including background check reports. The agent shall report to the OMM in person to receive their registry identification cards.

Registry identification cards shall expire one year after issuance or at the expiration of the registered compassion center's certificate to operate, whichever comes first. Agent card renewal may be granted as long as eligibility is maintained by the agent and the registered compassion center.

Agent registry card applications, provided by OMM, shall be submitted for each agent to OMM for review and approval. Contents of the application, which will be appended to the agreement for the selected vendor(s), will include:

- A written and signed statement from an officer or executive staff member of the registered compassion center stating that the bidder is associated with the registered compassion center and in what capacity;
- The name, Delaware address, and telephone number of the bidder;

- The name, address and telephone number of the registered compassion center with which the agent will be associated;
- The bidder's signature and date;
- Bidder attestation statements indicating the bidder's compliance with the rules of the program, including not diverting marijuana or knowingly over dispensing marijuana.

The following items will be submitted with the application:

- Birth certificate verifying the bidder is at least 21 years of age;
- A reasonable xerographic copy of the bidder's Delaware Driver's license or comparable State of Delaware or Federal issued photo identification card verifying Delaware residence. Identification card must be available for inspection/verification at time of MMP card issuance;
- A non-refundable, non-returnable application or renewal fee of \$125;
- State of Delaware background criminal screening check results available through the State Bureau of Identification (SBI); and
- Federal background criminal screening check results available through the SBI.

2. Training

The registered compassion center shall develop, implement and maintain an on-site training curriculum, or enter into contractual relationships with outside resources capable of meeting employee, agent and volunteer training needs. Each employee, agent or volunteer, at the time of initial appointment, shall receive, as a minimum, training in the following:

- a. Professional conduct, ethics, and state and federal laws regarding patient confidentiality;
- b. Information developments in the field of medical use of marijuana;
- c. The proper use of security measures and controls that have been adopted;
- d. Specific procedural instructions for responding to an emergency, including robbery or violent incident; and
- e. A complete understanding of the State and Federal laws regarding the distribution and use of marijuana.

D. QUALITY ASSURANCE PROCEDURES, TESTING AND MONITORING OF OPERATIONS

1. Quality assurance procedures

The selected vendor(s) will develop monitoring procedures to insure that services are rendered to patients according to the Act, the Regulations, and the OMM policies and guidelines.

2. Product Testing Procedures

The registered compassion center shall have a detailed procedure regarding testing of marijuana produced for medical use to confirm it is free

of contaminants and to determine the potency of all active ingredients or cannabinoids. The procedure shall contain a description of how the marijuana will be tested, including:

- a. Whether the testing will be conducted in house or through a contracted facility;
- b. How the marijuana will be transported securely in connection with such testing;
- c. What tests will be conducted, including what testing procedures are used to perform the tests;
- d. How results are tracked and how samples are disposed; and
- e. The selection process and number of samples tested.

3. Safety and Compliance Activities

The registered compassion center will develop a plan to provide services, as appropriate, that were intended for the Safety Compliance Facility until such facility is certified by the Department to perform these functions. The plan shall include, at least, educating registered compassion center agents in the following areas:

- a. Safe and efficient cultivation, harvesting, packaging, labeling, and distribution of marijuana;
- b. Security and inventory accountability procedures; and
- c. Up-to-date scientific and medical research findings related to medical marijuana.

4. Monitoring of Operations

The vendor(s) will also develop monitoring procedures to insure the safe and secure cultivation of medical marijuana and the production and packaging of retail products. This should include security system monitoring.

The following inspections shall be included in the monitoring procedures:

- a. The registered compassion center shall conduct a maintenance inspection or test of the alarm system for each authorized location at intervals not to exceed 30 days from the previous inspection or test;
- b. All necessary repairs to ensure the proper operation of the alarm system shall be made promptly; and
- c. If a failure of the security system is due to loss of electrical support or mechanical malfunction that is expected to exceed an 8-hour period, a registered compassion center shall:
 - Notify the Department by telephone within 24-hours of the discovery of the event;
 - Provide alternative security measures approved by the Department or close the authorized physical address(es) impacted by the failure/malfunction until the security system has been restored to full operation.

d. Comprehensive and Monthly Inventories

A registered compassion center shall notify the Department and local law enforcement within 24 hours any time there is a suspected loss of marijuana and shall cooperate fully with any investigation into the suspected loss.

The registered compassion center shall conduct an initial comprehensive inventory audit of all medical marijuana, including usable marijuana available for dispensing, mature marijuana plants and unusable marijuana, at each authorized location on the date the registered compassion center first dispenses medical marijuana.

Additional comprehensive inventory audits shall be conducted at regular intervals not to exceed 24 months from the date of the previous comprehensive inventory audit.

Each month, the registered compassion center shall conduct an inventory review of stored, usable marijuana. If a discrepancy is identified during this process, the Department and appropriate local law enforcement authorities will be notified of the discrepancy with 24 hours of the discovery of the event.

5. Inspections by the Department

Registered compassion centers are subject to random inspection by the Department, with or without notice. The registered compassion center must participate and cooperate with all site review activities conducted by the Department. During an inspection, the Department may review the registered compassion center's confidential records, including its financial and dispensing records. The Department may request review of patient records, financial records, administrative materials and policies, outreach and educational materials and activities, cultivation and packaging operations, and the retail area of the registered compassion center. Inventory and sales information will be available to the Department through a remote, secure internet connection.

Inspections will be completed in order to ensure the compliance of the facility with the Act, the Regulations, this RFP, any certificate issued by the Department to the registered compassion center, and the agreement. The Department will inspect the facility of the registered compassion center, including any offsite growing facilities, for the presence of pesticides, which are prohibited from use in the registered compassion center, as well as fungus and molds. Samples may be collected for random quality testing by a laboratory selected by the Department. The lab results of sample testing will be compared with registered compassion center test results. The registered compassion center will be invoiced for the cost of random sampling testing ordered by the Department and responsible for the payment of any costs incurred by the Department related to such random sampling.

E. OTHER ITEMS TO CONSIDER

1. Confidential and Voluntary Nature of Services

Patients and caregivers served in the registered compassion center accept guidance and education from knowledgeable center agents and purchase marijuana on a voluntary basis. Patient confidentiality must be maintained. Patient and confidential policies found in the Act, the Medical Marijuana Regulations, Regulatory Provisions Concerning Public Health Informed Consent and Confidentiality (16 Del. C. Ch. 12), and HIPAA govern the privacy and security of patient treatment and information.

2. Culturally Competent Service Delivery

Outreach and retail services provided by the vendor(s) selected pursuant to this RFP must be delivered with cultural competency in terms of language, race, ethnicity, as well as, any demographic variable whose consideration would improve and enhance the effectiveness of the services.

3. Additional Items of Consideration

The Department shall give consideration to the accessibility of the services of the registered compassion center to registered patients is the area served by the specific application. This would include the following items:

- a. physical location of the registered compassion center;
- b. adequate available parking for patients and caregivers, including safe access for handicapped patients;
- c. hours the center is open to the patients and caregivers;
- d. potential for delivery services for patients that are not able to get to the center.

IV. SPECIAL TERMS AND CONDITIONS

A. SUBCONTRACTORS

The use of subcontractors will be permitted for administrative bookkeeping or laboratory testing functions as specified below. If a subcontractor is going to be used, this needs to be specified in the application, with an identification of the proposed subcontractor, the service(s) to be provided, and its qualifications to provide such service(s).

Subcontractors will be held to the same requirements as the primary vendor(s). The agreement with the primary vendor(s) will bind sub or co-vendors to the primary vendor(s) by the terms, specifications, and standards of the RFP. All such terms, specifications, and standards shall preserve and protect the rights of the agency under the RFP and any subsequent RFP postings and agreements with respect to the services performed by the sub or co-vendor(s), so that the sub or co-vendor(s) will not prejudice such rights. Nothing in the RFP shall create any contractual relation between any sub or co-vendor(s) and the

agency. The proposed subcontractors must be approved by the Division of Public Health.

Subcontracting payroll or other administrative functions is acceptable; however, access to the accounting books by the Department will not be hindered. No subcontractors will be allowed in any functions directly related to the marijuana handling, such as cultivating, growing, harvesting, packaging, labeling and dispensing, except the subcontracting of marijuana testing if services are acquired by an independent lab.

B. FUNDING DISCLAIMER CLAUSE

Delaware Health and Social Services reserves the right to reject or accept any Proposal or portion thereof, as may be necessary to meet this RFP's financial requirements and the Department's processing constraints.

C. RESERVED RIGHTS

Notwithstanding anything to the contrary, the Department reserves the right to:

- Reject any and all Proposals received in response to this RFP;
- Waive or seek clarification on any information, irregularities, or inconsistencies in proposals received;
- Negotiate as to any aspect of the proposal with the vendor(s) and negotiate with more than one vendor(s) at a time; or
- If negotiations fail to result in an agreement within two (2) weeks, the Department may terminate negotiations and select the next most responsive vendor(s), prepare and release a new RFP, or take such other action as the Department may deem appropriate.

D. EXPIRATION, RENEWAL, SUSPENSION AND TERMINATION CONDITIONS

1. Expiration

A registered compassion center's registration certificate shall expire two years after issuance. The compassion center may submit a renewal application at any time beginning 90 days prior to the expiration of its registration certificate. Such renewal applications must be submitted a minimum of 30 days prior to the expiration of its registration certificate to avoid suspension of the certificate. The renewal application will be available from the OMM at the time of renewal.

2. Renewal

The Department shall grant a registered compassion center's renewal application within 30 days of its Proposal if the following conditions are all satisfied:

- a. The registered compassion center submits materials required by the Section 7.9 of the Regulations, including a \$40,000 fee, which shall be refunded if the renewal application is rejected;

- b. The Department has not ever suspended the registered compassion center's registration certificate for violations of the Act or the Regulations;
- c. Inspections conducted in response to the Act and the Regulations do not raise any serious concerns about the continued operation of the registered compassion center applying for renewal; and
- d. The bidder continues to meet all of the requirements for the operation of a registered compassion center as set forth in the Act and the Regulations.

3. Suspension

The Department will suspend a registration certificate authorizing the operation of a registered compassion center, with or without notice, for any violation of an application law or regulation, or if a complete renewal application is not received before expiration of the current one. A registered compassion center may continue to cultivate and possess marijuana plants during a suspension, but it may not dispense, transfer, or sell marijuana per § 4919A (p) of the Act.

4. Termination

Before obtaining a registration certificate, the Department will require the vendor(s) to sign an agreement. The Department may terminate any agreement resulting from this RFP at any time that the vendor fails to carry out its provisions or to make substantial progress under the terms specified in this RFP and the resulting Proposal.

Prior to taking the appropriate action as described in the agreement, the Department will provide the vendor(s) with thirty (30) days' notice of conditions endangering performance. If after such notice the vendor(s) fails to remedy the conditions contained in the notice, the Department shall issue the vendor(s) an order to stop production and distribution of marijuana immediately and dispose of the existing inventory of marijuana.

Upon receipt of written notice that a registration certificate has been terminated, the compassion center has 30 business days to request, in writing, a hearing, for the purpose of review of such action. The hearing process shall follow the procedures in §§ 9.4-9.13 of the Regulations.

The Agreement may be terminated in whole or part:

- a. by the Department upon five (5) calendar days written notice for cause or documented unsatisfactory performance,
- b. by either party without cause upon thirty (30) calendar days written notice to the other party, unless a longer period is specified in the agreement or contract.

E. VENDOR(S) MONITORING/EVALUATION

The vendor(s) may be monitored/evaluated on-site at the registered compassion center and any related growing facilities at the discretion of the

Department. Failure of the vendor(s) to cooperate with the monitoring/evaluation process or to resolve any problem(s) identified in the monitoring/evaluation may be cause for termination of the agreement and/or loss of registration certificate.

F. PAYMENT

This is a zero cost agreement. The selected vendor(s) will be issued a registration certificate that will allow for operation of a registered compassion center.

Payment of the \$5,000 Application fee will be accepted in a check or money order made payable to "DPH Medical Marijuana Program." This payment is due with the RFP Proposal to the Department.

Payment of the \$40,000 bi-annual registration fee will be accepted in a check or money order made payable to "DPH Medical Marijuana Program." Only the selected vendor(s) will be responsible for this registration fee and it will be due with the vendor(s) signed agreement.

G. W-9 INFORMATION PROPOSAL

Effective January 5, 2009, a new vendor process and use of the new Delaware Substitute Form W-9 was implemented by the Delaware Division of Accounting. With the development of the new Delaware Substitute Form W-9, state organizations are no longer responsible for collecting the Form W-9 from vendor(s)s. The vendor(s) has the capability of submitting the required Form W-9 electronically and directly to the Delaware Division of Accounting for approval.

Awarded vendor(s) will be required to submit their Form W-9 by accessing this website, <http://accounting.delaware.gov/>. The vendor(s) will complete the secure form, read the affirmation, and submit the form by clicking the "Submit" button. Delaware Division of Accounting staff will review the submitted form for accuracy, completeness, and standardization. Once all the requirements are met, the form will be uploaded to the vendor(s) file and approved. The vendor(s) is/are then able to be paid for services provided.

For those vendors that do not have internet access, a printable version of the Delaware Substitute Form W-9 can be faxed or mailed to the vendor(s). Upon completion, the vendor(s) will then fax or mail the form directly to the vendor(s) staff at the Delaware Division of Accounting. All vendor requests, additions and changes, will come directly from the vendor(s). Questions for vendors who do not have internet access, contact vendor staff at (302) 734-6827.

This applies only to the successful vendor(s) and should be done when successful agreement negotiations are completed. It is not required to be done as part of the Proposal of the vendor(s)'s response to the RFP.

H. REQUIRED REPORTING

One of the primary goals in administering the agreement resulting from this RFP is to keep accurate records regarding its actual value/usage. This information is essential in order to update the contents of the agreement and to establish proper bonding levels if they are required. The integrity of future agreements revolves around our ability to convey accurate and realistic information to all interested vendors.

A Usage Report (Appendix G) shall be furnished on the 15th (or next business day after the 15th day) of each month by the successful vendor(s) **electronically in Excel format** detailing the purchasing of all items on this agreement. The reports (Appendix G) shall be submitted electronically in EXCEL and sent as an attachment to Dawn Brubaker at Dawn.Brubaker@state.de.us. It shall contain the six-digit department and organization code. Any exception to this mandatory requirement may result in cancellation of the award. Failure to provide the report with the minimum required information may also negate any agreement extension clauses. Additionally, vendors who are determined to be in default of this mandatory report requirement may have such conduct considered against them, in assessment of responsibility, in the evaluation of future Proposals.

Contracted organizations are to submit regular reports listing retail sales and inventory status. Report frequency may be either monthly or quarterly, but must be submitted timely to allow program staff to closely monitor compliance with the program regulations.

All empaneled patients receiving dispensed medical marijuana from the registered compassion center must be reported by the compassion center on their regular usage reports. Patients are reported for all income levels, as well as, patients who paid on a sliding fee or reduced fee scale. Details about the report are included as an attachment to your provider agreement.

I. ADDITIONAL ITEMS REQUIRED FOR SELECTED VENDOR(S) ONLY

When a vendor(s) is/are notified that the Department has approved its Proposal and selected its Proposal for the agreement negotiation process, the vendor shall submit updated information, if anything has changed from the Proposal, to the Department before agreement negotiations will proceed.

Changes could include but are not limited to:

- The legal name, articles of incorporation, and bylaws of the registered compassion center;
- The physical address of the registered compassion center and any additional address(es) to be used for the secure cultivation of marijuana, including evidence demonstrating compliance with all local zoning laws and required distance of 1,000 feet from existing schools;

- Current certificate of occupancy for the physical address and space to be utilized as a registered compassion center or for the secure cultivation of medical marijuana;
- Information about officers, principals, board members, or other agents, employees, and volunteers;

A certification fee, made payable to the DPH Medical Marijuana Program, in the amount of \$40,000, will be required at the time of agreement signing.

V. FORMAT AND CONTENT OF REPONSE

Proposals shall contain the following information, adhering to the order as shown:

A. PROPOSAL FEE

A non-refundable application fee, in the form of a check or money order made payable to DPH Medical Marijuana Program, in the amount of five thousand dollars (\$5,000), shall be submitted with the response to the RFP.

B. BIDDER(S)'S SIGNATURE FORM

This form, found in the Appendix C, must be completed and signed by the vendor(s)'s authorized representative.

C. TITLE PAGE

The Title page shall include: 1) the RFP subject; 2) the name of the bidder; 3) the bidder's full address; 4) the bidder's telephone number; 5) the name and title of the designated contact person; and 6) Proposal opening date (**MARCH 30, 2016 at 11:00am**).

D. TABLE OF CONTENTS

The Table of Contents shall include a clear and complete identification of information presented by section and page number.

E. CONFIDENTIAL INFORMATION

Per Section §4920A Confidentiality of the Act, none of the Proposal information will be subject to the Freedom of Information Act. All portions of the Proposal can be placed on a single CD for Proposal purposes.

§ 4920A. Confidentiality

(a)The following information received and records kept by the Department for purposes of administering this chapter are confidential and exempt from the Delaware Freedom of Information Act [Chapter 100 of Title 29], and not subject to disclosure to any individual or public or private entity, except as necessary for authorized employees of the State of Delaware to perform official duties pursuant to this chapter:

(2) Proposals and renewals, their contents, and supporting information submitted by or on behalf of compassion centers and safety compliance facilities in compliance with this chapter, including their physical addressees.

(3) The individual names and other information identifying persons to whom the Department has issued registry identification cards.

(4) Any dispensing information required to be kept under § 4919A of this title or Department regulation shall identify cardholders and registered compassion centers by their registry identification numbers and not contain names or other personally identifying information.

F. QUALIFICATIONS AND EXPERIENCE

This section shall contain sufficient information to demonstrate the organization's legal status, knowledge, experience and staff expertise to carry out the establishment and maintenance of a registered compassion center. A statement must be included that the vendor either has or certifies he/she will secure a Delaware Business License during the agreement negotiation process. The business code shall be 377-Wholesaler-Any Products. Documentation of policies, procedures, etc. to meet all criteria and requirements set forth in III. Scope of Services shall be provided as part of the Proposal.

1. Organizational Structure

Describe the proposed team structure and internal controls to be used in the operation of the registered compassion center, including any subcontractors. Define how the company will establish lines of authority for personnel who might be involved in performance of this potential agreement and relationships of this staff to other programs or functions within the company. This section should include at least the following information and documentation:

- a. proposed legal name of the registered compassion center;
- b. certificate and articles of incorporation (for corporations); certificate of partnership and partnership agreement (for partnerships); certificate of organization and operating agreement (for limited liability corporations);
- c. Evidence of the organization's not-for-profit status. The facility shall provide an affidavit signed by all Board members that the corporation is being operated, and will continue to operate, on a not for profit basis and provide a yearly accounting statement demonstrating that the corporation is functioning as a not-for profit. Such documentation shall be available for inspection by the Department upon request; and
- d. Proposed operating bylaws.

2. Agents of the Registered Compassion Center and Organization

The specific individuals, or agents, who will perform work on behalf of the registered compassion center, shall be identified by name and title along with explanation of the nature and extent of their involvement. This should include all board members, officers, owners, employees, volunteers, or other person involved with the ownership or operation of the registered compassion center. Provide qualification information on the named agent, including the individuals' particular skills related to the medical use of marijuana, education, experience, significant accomplishments and any

other pertinent information. These qualifications shall be presented in resumes or other formats.

If set up and operation of the registered compassion center will require hiring of one or more individuals who are not currently employed by the bidding organization, the Proposal shall provide detailed job descriptions, including required qualifications and experience.

If subcontractors are to be used, the Proposal shall also contain similar information regarding each subcontractor.

At a minimum, the following information shall be included in this section:

- a. For each proposed agent, provide the name, address and date of birth;
- b. For each proposed agent, provide the report of criminal history background check;
- c. Any instances in which a business or not-for-profit that any of the prospective board members managed or served on the board was convicted, fined, censured, or had a registration or license suspended or revoked in any administrative or judicial proceeding;
- d. A list of all persons or business entities having five percent (5%) or more ownership in the registered compassion center, 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;
- e. A list of all persons or business entities having direct or indirect authority over the management or policies of the registered compassion center; and
- f. The identities of all creditors holding a security interest in the premises, if any.

3. Ability, capacity, skills and expertise of the organization

- a. Describe your organization's ability, capacity, skills and other expertise in product and industry knowledge, including but not limited to the following:
 - How marijuana or agricultural products are grown, cultivated, harvested, cured, processed, packaged, labeled and prepared for retail sale;
 - Various types of marijuana strains and how they impact qualifying debilitating medical conditions, giving special attention to the conditions accepted by the Delaware Medical Marijuana Program;
 - Different forms in which to buy or sell marijuana (i.e. dried, concentrates, tinctures, etc.);
 - How marijuana should be packaged, labeled, transported, and sold at retail level;
 - How retail marijuana should be recalled and accounted for;

- How marijuana should be destroyed if overproduced, contaminated, or recalled;
 - Any experience with the marijuana industry that shows the level of expertise of your company; and
 - Describe your company's ability, capacity, skills and expertise in product quality standards.
- b. Describe your company's ability, capacity, skills and/or expertise in product quality standards and testing, including but not limited to the following:
- Knowledge of the infrastructure required to test marijuana to ensure product quality, content, ingredients and consumer safety considerations;
 - Assisting DPH with establishing quality standards for testing marijuana; and
 - Provide a complete description of your company's proposed approach and methodology to be used in assisting the State of Delaware to develop a reputable protocol for Product Quality Standards and Testing as requested to determine TCH/CBD levels and/or ratios, mold or chemical contaminants, and Product strain.

G. LOCATION AND SECURITY OF COMPASSION CENTER

This section should describe the details of the proposed location and facility of the registered compassion center, including all proposed security measures.

1. Location

Include the following information regarding the proposed location for the registered compassion center and any other proposed location, if any, where marijuana will be securely cultivated, harvested, packaged, labeled, or otherwise prepared for distribution by the registered compassion center:

- a. If precise addresses are known
- The proposed physical address or addresses;
 - evidence of compliance with local zoning laws for each physical address;
 - evidence of compliance that the sites are not located within 1,000 feet of a property line of a preexisting public or private school; and
 - legally binding evidence of site control (e.g., deed, lease, option, etc.) sufficient to enable the bidder to have use and possession of the subject property for the intended purpose.
- b. If precise address(es) have not been determined
- identify the general location where it would be sited;
 - any relevant information known about how site control will be obtained (e.g. purchased, leased, etc.); and
 - when the precise location would be established.

2. Facility description and proposed security

- a. Provide a description of enclosed locked facility that would be used in the cultivation of marijuana, including steps to ensure that the marijuana production, packaging, labeling, or distribution shall not be visible from the street or other public area.
- b. A proposed plan to implement proper and appropriate security and safety measures to deter and prevent the unauthorized entrance into areas containing marijuana and the theft of marijuana. The proposed plan should demonstrate compliance with the mandates in the Scope of Services of this RFP, the Act and the regulations. This should include the proposed alarm system, video surveillance, and inventory controls.

H. VENDOR REFERENCES

The names and phone numbers of at least three (3) organizations/agencies for whom the vendor(s) carried out a similar project must be included. If no similar project has been conducted, others requiring comparable skills can be used.

Vendor(s) shall list all contracts awarded to it or its predecessor firm(s) by the State of Delaware; during the last three years, by State Department, Division, Contact Person (with address/phone number), period of performance and amount. The Evaluation/Selection Review Committee will consider these additional references and may contact each of these sources. Information regarding vendor(s) performance gathered from these sources may be included in the Committee's deliberations and factored in the final scoring of the bid. Failure to list any contract as required by this paragraph may be grounds for immediate rejection of the bid.

I. PROPOSED METHODOLOGY AND WORK PLAN

This section shall describe in detail the approach that will be taken to carry out the activities described in the Scope of Services section of this RFP. Specific completion dates for various tasks must be shown. The work plan shall outline specific objectives, activities and strategies, and resources.

1. Products and Services provided

This section shall contain a list of proposed products and services that will be offered by the compassion center to registered and impaneled patients should the Proposal be selected and awarded the registration certificate.

This should contain details of the varieties of marijuana that will be offered and the quantities of each. It should also contain details of paraphernalia used to administer the drug that will be available to patients.

2. Packaging

This section shall contain an example of the design and security features of the containers proposed for use both in the retail store as well as the packaging for dispensed marijuana. This section should demonstrate compliance with the requirements for Medical Marijuana packaging as contained in the Act, the Regulations, and this RFP.

3. Operations

This section shall contain a draft Operations Manual demonstrating compliance with the Scope of Services in this RFP, the Act, and the Regulations. Should the Proposal be selected, the Operations Manual shall be finalized, implemented, and maintained on the premises. It shall also be supplied to the Department for review.

4. Testing Plan

As indicated in the Scope of Services.

5. Growing Strategy

As indicated in the Scope of Services.

6. Outreach Plans

As indicated in the Scope of Services.

7. Required Training

This section should outline the proposed training curriculum for the agents of the compassion center, as well as the proposed outreach education for the patients and caregivers.

8. Pricing and Payment

This section should include proposed pricing schedules for the retail medical marijuana products and paraphernalia as well as for patient and caregiver education and outreach services. It should include related information, such as a sliding scale, that may be used to provide access to affordable medical marijuana by impaneled patients enrolled in Medicaid or receiving Supplemental Security Income or Social Security Disability Insurance.

This section should also include financial policy plans including payment schedules that may be offered to patients, examples of receipt-of-payment forms, and a list of the forms of payment the registered compassion center will accept (cash, checks, credit/debit).

9. Records Retention Information

This section should contain information about the secure storage of records and the amount of time required to produce a file if requested by the Department. It should provide a description of the location and security of on-site storage of records, both electronic and paper. This is also the section where an address and company name should be provided for where the offsite retention of records will take place.

10. Form Samples

This section should include samples of proposed forms to be used in the operation of the registered compassion center. For example, a registered compassion center may want to have liability forms or patient consent forms for the purpose of agreement to hold harmless the compassion center or organization in the smoking of a product known to be a carcinogen. The organization may want to have employees sign an

awareness of confidentiality and voluntary nature of services statement. Or the registered compassion center may have a form or list of acceptable items of proof for a patient requesting a sliding scale price for services rendered or product sold.

J. CERTIFICATION AND STATEMENT OF COMPLIANCE

The vendor(s) must include statements that the bidder agency complies with all Federal and Delaware laws and regulations pertaining to equal opportunity and affirmative action. In addition, compliance must be assured in regard to Federal and Delaware laws and regulations relating to confidentiality and individual and family privacy in health care delivery and in the collection and reporting of data. (See Appendices D & E)

K. STANDARD AGREEMENT

1. Agreement Boilerplate

Appendix F is a copy of the standard boilerplate agreement for the State of Delaware, Delaware Health and Social Services, Division of Public Health. This boilerplate will be the one used for any agreement resulting from this REQUEST FOR PROPOSAL (RFP). If a vendor(s) has an objection to any agreement provisions or the RFP and its procurement provisions, objections shall be stated in the Transmittal Letter of the vendor's Proposal. Execution of the agreement is NOT required with response Proposal. The agreement is provided as a courtesy for review by an interested vendor's legal group.

2. Potential Additions to the Boilerplate

The lesser sanctions in the agreement are not all-inclusive and may be expanded for the agreement resulting from this RFP. Other details related to Proposal-specific requirements, or other registered compassion center specific details, will be included in the selected vendor(s)'s agreement. The appendices of the agreement may include, but are not limited to, the following documents:

- a schedule of required record retention,
- Frequently Asked Questions information page to be given to patients when marijuana is dispersed,
- the Registry Card Application for the Compassion Center Agents, and
- Details for the required Annual Report.

3. Registration Certificate to Operate

The initial registration certificate will be issued to the selected vendor(s) for a period of two years. Registration certificates may be renewed every two years thereafter. The registered compassion center may submit a renewal application beginning 90 days prior to the expiration of its registration certificate. The Department shall grant a renewal application within 30 days of its Proposal if the following conditions are all satisfied:

- The registered compassion center submits a renewal application and the required renewal fee, which shall be refunded within 30 days if the renewal application is rejected;
- The Department has not suspended the registered compassion center registration certificate for violations of the Medical Marijuana Act or Medical Marijuana Code;
- The inspections authorized by §4919A(u) and the annual report, provided in response to §4922A, do not raise serious concerns about the continued operation of the registered compassion center applying for renewal; and
- The bidder still complies with the qualifications required in §4914A and §4915A.

VI. BUDGET

A list of financial obligations and fiscal operating principles that will be required of the selected vendor(s) is included in the Scope of Services section of this RFP. In addition to demonstrating availability of sufficient capital to establish and maintain the compassion center, the application should also include a financial business plan that incorporates the listed obligations and principles. Sources of funding shall be identified as described in the records section of this RFP.

Suggested formats for a line item budget are included in Appendices A & B of this RFP. Details of specific equipment required should be included in the budget worksheet, including price of purchase or lease and how it will be used. BIDDERS shall also describe any factors that may have an impact on the projected budget.

A proposed plan for providing medical grade marijuana to registered, qualifying patients enrolled in Medicaid or receiving Supplemental Security Income or Social Security Disability Insurance should be placed in this section as well.

VII. GENERAL INSTRUCTIONS FOR PROPOSAL OF RESPONSES

A. NUMBER OF COPIES REQUIRED

Two (2) original CDs (Each Labeled as "Original") and six (6) CD copies (Each labeled as "Copy"). In addition, any required confidential financial or audit information relating to the company and not specifically to the Proposal may be copied separately to one set of up to three (3) additional CDs (Each labeled "Corporate Confidential Information"). All CD files shall be in PDF and Microsoft Word formats. Additional file formats (i.e. .xls, .mpp) may be required as requested.

It is the responsibility of the vendor to ensure all submitted CDs are machine readable, virus free and are otherwise error-free. CDs (or their component files) not in this condition may be cause for the vendor to be disqualified from bidding.

BIDDERS will no longer be required to make hard copies of their proposals **with the exception that** one copy of a Cover Letter along with one copy each of **the completed and signed BIDDERS Signature Form (Appendix C), Certification Sheet (Appendix D), and Statements of Compliance Form (Appendix E) be submitted in hardcopy with original signature with their CDs. Please also include PDF versions of these forms on your CDs.**

The cover letter should include: vendor recognition of all addenda posted on the RFP website (<http://bids.delaware.gov>) relative to this RFP, a statement confirming the Proposal remains effective through the date shown in **(D)** below, a statement the vendor has or agrees to obtain a Delaware business license if awarded an agreement, a statement confirming pricing was arrived at without collusion.

The responses to this RFP shall be submitted to:

**Kieran Mohammed
Department of Health and Social Services
Procurement Branch
Main Administration Building, Sullivan Street
Second Floor, Room 257
1901 North DuPont Highway
Herman M. Holloway Sr. Campus
New Castle, DE 19720**

B. PROPOSAL CLOSING DATE

All proposals must be received no later than MARCH 30, 2016 at 11:00am. Later Proposal will be cause for disqualification.

C. OPENING OF PROPOSALS

The State of Delaware will receive Proposals until the date and time shown in this RFP. Proposals will be opened only in the presence of the State of Delaware personnel. Any unopened Proposals will be returned to Vendor.

There will be no public opening of Proposals but a public log will be kept of the names of all vendor organizations that submitted Proposals. The contents of any Proposal shall not be disclosed to any parties absent a court order or other legal obligation.

D. PROPOSAL EXPIRATION DATE

Prices quoted in the Proposal shall remain fixed and binding on the vendor(s) at least through the two-year agreement period. The State of Delaware reserves the right to ask for an extension of time if needed.

E. ACKNOWLEDGEMENT OF UNDERSTANDING OF TERMS

By submitting a response, each vendor shall be deemed to acknowledge that it has carefully read all sections of this RFP, including all forms, schedules and exhibits hereto, and has fully informed itself as to all existing conditions and limitations.

F. REALISTIC PROPOSALS

It is the expectation of the State of Delaware that vendors can fully satisfy the obligations of the RFP Proposal in the manner and timeframe defined within the Proposal. Proposals must be realistic and must represent the best estimate of time, materials and other costs including the impact of inflation and any economic or other factors that are reasonably predictable.

The State of Delaware shall bear no responsibility or increase obligation for a vendor's failure to accurately estimate the costs or resources required to meet the obligations defined in the Proposal.

G. NON-CONFORMING PROPOSALS

Non-conforming Proposals will not be considered. Non-conforming Proposals are defined as those that do not meet the requirements of this RFP. The determination of whether an RFP requirement is substantive or a mere formality shall reside solely within the State of Delaware.

H. NOTIFICATION OF ACCEPTANCE

Notification of the Department's intent to enter into agreement negotiations will be made in writing to all vendors.

I. QUESTIONS

All questions concerning this REQUEST FOR PROPOSAL must reference the pertinent RFP section(s) and page number(s). Questions must be in writing and can be either mailed, faxed, or emailed to:

Medical Marijuana Program Analyst

Email: Dawn.Brubaker@state.de.us

Fax: 302-744-5366

Deadline for Proposal of all questions is **JANUARY 15, 2016**. All questions and answers will be posted on the RFP website at <http://bids.delaware.gov> no later than **March 1, 2016**. Please include your fax number and/or your email address with your request.

J. AMENDMENTS TO PROPOSALS

Amendments to Proposals will not be accepted after the deadline for RFP Proposal has passed. The State reserves the right at any time to request clarification and/or further technical information from any or all BIDDERS submitting proposals.

K. PROPOSALS BECOME STATE PROPERTY

All Proposals become the property of the State of Delaware and will not be returned to the vendors.

L. NON-INTERFERENCE CLAUSE

The awarding of this agreement and all aspects of the awarded Vendor(s) contractual obligations, projects, literature, books, manuals, and any other relevant materials and work will automatically become property of the State of Delaware. The awarded vendor(s) will not in any manner interfere or retain any information in relationship to the contractual obligations of said agreement, at the time of the award or in the future tense.

M. INVESTIGATION OF VENDOR(S)'S QUALIFICATIONS

Delaware Health and Social Services may make such investigation as it deems necessary to determine the ability of the vendor(s) to furnish the required services, and the vendor(s) shall furnish such data as the Department may request for this purpose.

N. RFP AND FINAL AGREEMENT

The contents of the RFP will be incorporated into the final agreement and will become binding upon the successful vendor(s). If the vendor(s) is/are unwilling to comply with any of the requirements, terms, and conditions of the RFP, objections must be clearly stated in the Proposal. Objections will be considered and may be subject to negotiation at the discretion of the state.

O. PROPOSAL AND FINAL AGREEMENT

The contents of each Proposal will be considered binding on the vendor(s) and subject to subsequent agreement confirmation if selected. The contents of the successful Proposal(s) will be included by reference in the resulting agreement.

All terms, and conditions contained in the Proposal will remain fixed and valid for the length of the resulting agreement.

P. COST OF PROPOSAL PREPARATION

All costs for Proposal preparation will be borne by the vendor(s).

Q. PROPOSED TIMETABLE

The Department's proposed schedule for reviewing Proposals is outlined as follows:

<u>Activity</u>	<u>Date</u>
RFP Advertisement	December 4, 2016
Questions Due	January 15, 2016
Mandatory Pre-bid meeting	February 1, 2016
Answers to Questions	March 1, 2016

Proposals Due (Opening at 11am)	March 30, 2016
Selection Process Begins	April 1, 2016
Vendor(s) Selection (tentative)	May 27, 2016
Agreement/Registration Certificates issued (tentative)	August 1, 2016

R. CONFIDENTIALITY AND DEBRIEFING

All data, documentation, and innovations developed as a result of these contractual services shall become the property of the State of Delaware. Proposals will not be public record as defined by Delaware's Freedom of Information Act, Title 29, Chapter 100 of the Delaware Code pursuant to 16 Del. C. § 4920A.

If a vendor wishes to request a debriefing, he must submit a formal letter to the Medical Marijuana Program, Division of Public Health, Jesse Cooper Building, 417 Federal St., Dover, Delaware 19901 within 10 days after receipt of Notice of Award. The letter must specify reasons for the request.

VIII. SELECTION PROCESS

All Proposals submitted in response to this RFP will be reviewed by an evaluation team composed of representatives of the Division of Public Health, Delaware Health and Social Service and the Medical Marijuana Oversight Committee., and others as may be deemed appropriate by the Department. Proposals for compassion center registration certificates will be evaluated using an impartial and numerically scored competitive bidding process. Each Proposal will be independently reviewed and rated against review criteria. Additionally, BIDDERS may be asked to host a Public Forum near the proposed location to collect public comment and feedback. Selection will be based upon the recommendations of the review team including the public comments. The registration considerations shall consist of the following criteria.

A. PROPOSAL EVALUATION CRITERIA

A maximum of 90 points is possible.

<u>Category</u>	<u>Weight</u>
1) Meets mandatory RFP provisions	
a. CD's properly submitted	Pass/Fail
b. Forms properly submitted	
2) Meets all state legislative mandates	
a. Proposal of all Department required materials, including	Pass/Fail

Category	Weight
<p>Proposal fee</p> <p>b. Documentation of not-for-profit status or evidence of operations consistent with not-for-profit status</p> <p>c. Proposed location is demonstrated to be in accordance with local zoning regulations and proper distance from schools</p> <p>d. Satisfaction of the minimal Medical Marijuana Regulations for security, oversight, and record keeping</p> <p>e. Proposed plans meet all requirements of §4919A of the Act</p> <p>f. None of the prospective principal officers or board members</p> <ul style="list-style-type: none"> • have been convicted of an excluded felony offense nor have been convicted of a misdemeanor drug offense, as provided in Title 16, within 5 years from the date of Proposal that is not excluded by §4902(g)(2)(b) • have served as principal officer or board member for a registered compassion center that has had its registration certificate revoked • are younger than 21 years of age 	
<p>3) Stability, Qualifications, and Experience of vendor(s)</p> <p>a. The principal officer and board members' character and relevant experience, including any training or professional licensing related to medicine, pharmaceuticals, natural treatments, botany, analytical testing, or marijuana cultivation, preparation, and testing and their experience running businesses or not-for-profits</p> <p>b. By laws</p> <p>c. Administrative Oversight</p> <p>d. Past experience in successfully operating quality programs of a similar type and with a similar population</p> <p>e. Quality Assurance Program details</p> <p>f. available resources, including demonstration of sufficient capital to establish and maintain the compassion center according to this RFP, the Act, and the Regulations</p> <p>g. ability to work well in a larger program of multiple compassion centers</p>	25 pts
<p>4) Responses to Scope of Services, Section III. A – E.</p> <p>a. proposed plan for operations and services</p> <p>b. proposed plan for packaging, labeling, and dispensing</p>	30 pts

<u>Category</u>	<u>Weight</u>
<p>marijuana</p> <ul style="list-style-type: none"> c. bidder's ability to grow marijuana without the use of pesticides d. proposed plan for staffing and training e. demonstrated ability to provide adequate supply and variety of medical marijuana and medical marijuana based products to the registered patients in the state, including availability of needed paraphernalia to administer the drug f. proposed plan for making medical marijuana available on an affordable basis to registered qualifying patients enrolled in Medicaid or receiving Supplemental Security Income or Social Security Disability Insurance g. Product line diversity (strain, delivery system, potency) h. Proposed plan for establishment and maintenance of records as required, including identification of long term records retention facility 	
<p>5) Safety, Security and Location Suitability</p> <ul style="list-style-type: none"> a. The suitability of the proposed location or locations, including but not limited to compliance with any local zoning laws, distance from existing schools, and the geographic convenience to patients from throughout the state of Delaware to compassion centers if the bidder were approved b. Sufficiency of RFP bidder's plans for safety, security, and prevention of diversion including inventory controls and security devices employed c. Proposed plan for safe and accurate packaging and labeling of medical marijuana, including all items listed in scope of services d. Proposed plan for testing medical marijuana for contaminants and potency of active ingredients e. Proposed plan for secure and safe record keeping of agents and product tracking 	35 pts
Total Possible Points	90 pts

RFP responsive BIDDERS requested to hold Public Forums for comments and feedback will be contacted by the Department. RFP BIDDERS are expected to coordinate the time and location of the Public Forum with the Department and demonstrate adequate public outreach for the meeting.

Upon selection of a vendor, or vendors, a Division of Public Health representative will enter into negotiations with the vendor(s) to establish an agreement.

B. CONSULTANTS AND LEGAL COUNSEL

The State of Delaware may retain consultants or legal counsel to assist in the review and evaluation of this RFP and the vendors' responses. BIDDERS shall not contact the State's consultant or legal counsel on any matter related to the RFP.

C. EXCLUSIONS

The Proposal Evaluation Team reserves the right to refuse to consider any Proposal from a vendor who:

Has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of the contract or subcontract;

Has been convicted under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offense indicating a lack of business integrity or business honesty that currently and seriously affects responsibility as a State vendor;

Has been convicted or has had a civil judgment entered for a violation under State or Federal antitrust statutes;

Has violated agreement provisions such as:

Knowing failure without good cause to perform in accordance with the specifications or within the time limit provided in the agreement; or

Failure to perform or unsatisfactory performance in accordance with terms of one or more agreements;

Has violated ethical standards set out in law or regulation; and

Any other cause listed in regulations of the State of Delaware determined to be serious and compelling as to affect responsibility as a State vendor, including suspension or debarment by another governmental entity for a cause listed in the regulations.

D. PROJECT COSTS AND PROPOSED SCOPE OF SERVICE

The Department reserves the right to award this project to any vendor(s) other than the one with the lowest cost or to decide not to enter into an agreement with any vendor. Cost will be balanced against the score received by each

vendor in the rating process. The State of Delaware reserves the right to reject, as technically unqualified; Proposals that are unrealistically low if, in the judgment of the evaluation team, a lack of sufficient budgeted resources would jeopardize project success.

Appendix A:

CATEGORY/DESCRIPTION	Year 1	Year 2	Year 3
<u>Income</u>			

Appendix B: **BUDGET SUMMARY SHEET**

Sales of paraphernalia			
Sales of marijuana			
Investment Capital			
Total Income			
<u>Salary/Wages</u>			
CEO			
Senior VPs			
Department Directors			
Team Leaders			
Receptionists			
Advisors			
Cultivators			
Testers			
Security Staff			
Total Salary/Wages			
<u>Fringe Benefits</u>			
Social Security			
Unemployment Compensation			
Workers Comp			
Health Benefits			
Retirement			
Total Fringe Benefits			
<u>Travel/Training</u>			
Travel for training			
Dispensary Operation Trainer			
Total Travel/Training			
<u>Contractual</u>			
Rent			
CAM			
Electric			
GAS			
Water and Sewer			
Telephone/Internet			
Insurance			
Equipment Rental			
Outside Security & Monitoring			
HVAC & Heating Maintenance			
Interest Expense			

Total Contractual			
<u>Supplies</u>			
Grow Supplies			
Packaging Supplies			
Janitorial			
Office			
Total Supplies			
<u>Professional Fees</u>			
Legal			
Accounting/Auditing			
Total Professional Fees			
<u>Other Expenses</u>			
Marketing/Community outreach			
Certification Fee	\$40,000		\$40,000
Software licensing fee			
Total Other Expenses			
Grand Total			

Budget Summary Sheet

Categories

Amounts

Staff Salaries	
-----------------------	--

Fringe Benefits	
------------------------	--

Travel / Training

Mileage (Rate \$0.00 X 0000 miles)	
Training	
Other (specify)	

Contractual

Rent	
Electricity	
Heat	
Communications	
Other Utilities	
Printing / Advertising	
Postage	

Insurance	
Repairs	
Other (specify)	

Supplies

Office	
Janitorial	
Medical	
Program	
Other (specify)	

Equipment / Other Direct Costs

Other (specify)	
-----------------	--

Indirect Costs (12%)

Other (specify)	
-----------------	--

TOTAL BUDGET

--

Appendix C:
BUDGET WORKSHEET

Budget Worksheet

(can attach additional sheets if necessary)

Category / Description	Amount
<u>Salary / Wages</u>	
List each position title: Directors, Supervisors, Healthcare Workers, Nutritionists, Drivers, Case Managers, Janitors, Instructors, Coordinators, etc	
-	-
Total: Salary / Wages	

<u>Fringe Benefits</u>	
Proportionate for above labor including Social Security, unemployment compensation, life insurance, worker's compensation, health insurance, pension, etc. that will be paid by the Agency	
Total: Fringe Benefits	

<u>Travel / Training</u>	
Include any programs staff are required to attend. Mileage reimbursement shall be no more than the IRS allowable amount. Subscriptions and association dues may be included in this category	
Total: Travel / Training	

Budget Worksheet, page 2

Category / Description **Amount**

<u>Contractual</u>	
Include the portions of rent, utilities, telephone, internet, Insurance, maintenance, etc that will be paid by the Agency	
Total: Contractual	

<u>Supplies</u>	
Include office supplies, supplies for routine building maintenance (janitorial), medical supplies, program supplies, and other related expenses	
Total: Supplies	

<u>Other Equipment</u>	
Specify Items or lots costing \$1000.00 or more and having a useful life of more than one year	
Total: Other Equipment	

Budget Worksheet, page 3

<u>Indirect Costs</u>	
Identify any line items contributing to total costs not delineated in the above sections	
Total: Indirect Costs	

Appendix D:
BIDDERS SIGNATURE FORM



**DELAWARE HEALTH AND SOCIAL SERVICES
REQUEST FOR PROPOSAL**

BIDDERS SIGNATURE FORM

NAME OF VENDOR: _____
SIGNATURE OF AUTHORIZED PERSON: _____
TYPE IN NAME OF AUTHORIZED PERSON: _____
TITLE OF AUTHORIZED PERSON: _____
STREET NAME AND NUMBER: _____
CITY, STATE, & ZIP CODE: _____
CONTACT PERSON: _____
TELEPHONE NUMBER: _____
FAX NUMBER: _____
DATE: _____
VENDOR'S FEDERAL EMPLOYERS IDENTIFICATION NUMBER: _____

THE FOLLOWING MUST BE COMPLETED BY THE VENDOR:

AS CONSIDERATION FOR THE AWARD AND EXECUTION BY THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES OF THIS AGREEMENT, THE (COMPANY NAME) _____
HEREBY GRANTS, CONVEYS, SELLS, ASSIGNS, AND TRANSFERS TO THE STATE OF DELAWARE ALL OF ITS RIGHTS, TITLE AND INTEREST IN AND TO ALL KNOWN OR UNKNOWN CAUSES OF ACTION IT PRESENTLY HAS OR MAY NOW HEREAFTER ACQUIRE UNDER THE ANTITRUST LAWS OF THE UNITED STATES AND THE STATE OF DELAWARE, RELATING THE PARTICULAR GOODS OR SERVICES PURCHASED OR ACQUIRED BY THE DELAWARE HEALTH AND SOCIAL SERVICES DEPARTMENT, PURSUANT TO THIS AGREEMENT.

Appendix E: **CERTIFICATION SHEET**



**DELAWARE HEALTH AND SOCIAL SERVICES
REQUEST FOR PROPOSAL**

CERTIFICATION SHEET

As the official representative for the proposer, I certify on behalf of the agency that:

- a. They are a regular dealer in the services being procured.
- b. They have the ability to fulfill all requirements specified for development within this RFP.
- c. They have independently determined their prices.
- d. They are accurately representing their type of business and affiliations.
- e. They will secure a Delaware Business License.
- f. They have acknowledged that no contingency fees have been paid to obtain award of this agreement.
- g. The Prices in this offer have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other vendor or with any competitor;
- h. Unless otherwise required by Law, the prices which have been quoted in this offer have not been knowingly disclosed by the vendor and prior to the award in the case of a negotiated procurement, directly or indirectly to any other vendor or to any competitor; and
- i. No attempt has been made or will be made by the vendor in part to other persons or firm to submit or not to submit an offer for the purpose of restricting competition.
- j. 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.

k. They (check one) operate ___an individual; ___a Partnership ___a non-profit (501 C-3) organization; ___a not-for-profit organization; or ___for profit corporation, incorporated under the laws of the State of _____.

l. The referenced offerer has neither directly or indirectly entered into any agreement, participated in any collusion or otherwise taken any action in restraint of free competitive bidding in connection with this bid submitted this date to Delaware Health and Social Services.

m. The referenced vendor agrees that the signed delivery of this bid represents the vendor's acceptance of the terms and conditions of this invitation to bid including all Specifications and special provisions.

n. They (check one): _____are; _____are not owned or controlled by a parent company. If owned or controlled by a parent company, enter name and address of parent company:

Violations and Penalties:

Each agreement entered into by an agency for professional services shall contain a prohibition against contingency fees as follows:

1. The firm offering professional services swears that it has not employed or retained any company or person working primarily for the firm offering professional services, to solicit or secure this agreement by improperly influencing the agency or any of its employees in the professional service procurement process.
2. The firm offering the professional services has not paid or agreed to pay any person, company, corporation, individual or firm other than a bona fide employee working primarily for the firm offering professional services, any fee, commission, percentage, gift, or any other consideration contingent upon or resulting from the award or making of this agreement; and
3. For the violation of this provision, the agency shall have the right to terminate the agreement without liability and at its discretion, to deduct from the agreement price, or otherwise recover the full amount of such fee, commission, percentage, gift or consideration.

The following conditions are understood and agreed to:

- a. No charges, other than those specified in the cost application, are to be levied upon the State as a result of an agreement.
- b. The State will have exclusive ownership of all products of this agreement unless mutually agreed to in writing at the time a binding agreement is executed.

Date

Signature & Title of Official Representative

Type Name of Official Representative

Appendix F:
STATEMENTS OF COMPLIANCE FORM



**DELAWARE HEALTH AND SOCIAL SERVICES
REQUEST FOR PROPOSAL**

STATEMENTS OF COMPLIANCE FORM

As the official representative for the vendor, I certify on behalf of the agency that _____ (Company Name) will comply with all Federal and Delaware laws and regulations pertaining to equal employment opportunity and affirmative action. In addition, compliance will be assured in regard to Federal and Delaware laws and regulations relating to confidentiality and individual and family privacy in the collection and reporting of data.

Authorized Signature: _____

Title: _____

Date: _____

Appendix G: **AGREEMENT BOILERPLATE**



**DPH CONTRACT # ##-###
BETWEEN
THE DIVISION OF PUBLIC HEALTH,
DELAWARE DEPARTMENT OF HEALTH & SOCIAL SERVICES,
AND
Compassion Center
FOR
Registration and Operation of a Medical Marijuana Compassion Center**

A. Introduction

1. This contract is entered into between the Delaware Department of Health and Social Services (the Department), Division of Public Health (Division) and **Contractor** (the Contractor).
2. The Contract shall commence on **Start Date** and terminate on **End Date** unless specifically extended by an amendment, signed by all parties to the Contract. Time is of the essence. (Effective contract start date is subject to the provisions of Paragraph C. 1. of this Agreement.)

B. Administrative Requirements

1. Contractor recognizes that it is operating as an independent Contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Contractor's negligent performance under this Contract, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act of omission on the part of the Contractor in their negligent performance under this Contract.
2. The Contractor shall maintain such insurance as will protect against claims under Worker's Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Contract. The Contractor is an independent contractor and is not an employee of the State.
3. If Contractor is unable to fulfill any of its contractual obligations under this Contract as a result of any legal or administrative proceeding, including, but not limited to, injunction, award of damages, settlement, imposition of fines, rescission or any other decision that adversely impairs its ability to perform any obligation of this Contract, the Department may, in addition to seeking other remedies, terminate this Contract in its sole discretion. The Contractor shall release any claims against the Department and further agrees to indemnify the Department against any claims resulting from such termination.

4. During the term of this Contract, the Contractor shall, at its own expense, carry insurance with minimum coverage limits as follows:

a) Comprehensive General Liability \$1,000,000

and

b) Medical/Professional Liability \$1,000,000/ \$3,000,000

or c) Misc. Errors and Omissions \$1,000,000/\$3,000,000

or d) Product Liability \$1,000,000/\$3,000,000

All contractors must carry (a) and at least one of (b), (c), or (d), depending on the type of service or product being delivered.

If the contractual service requires the transportation of Departmental clients or staff, the contractor shall, in addition to the above coverage, secure at its own expense the following coverage:

e) Automotive Liability (Bodily Injury) \$100,000/\$300,000

f) Automotive Property Damage (to others) \$25,000

Contractor shall be responsible for providing liability insurance for its personnel.

5. The policies required under Paragraph B.4. must be written to include Comprehensive General Liability coverage, including Bodily Injury and Property damage insurance to protect against claims arising from the performance of the Contractor and the contractor's subcontractors under this Contract and Medical/Professional Liability coverage when applicable.

6. The Contractor shall provide a Certificate of Insurance as proof that the Contractor has the required insurance. The certificate shall identify the Department and the Division as the "Certificate Holder" and shall be valid for the contract's period of performance as detailed in Paragraph A.2.

7. Contractor shall indemnify and hold harmless the State, its agents and employees, from any and all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees) directly arising out of:

a. The negligence or other wrongful conduct of the Contractor, its agents or employees, or

b. Contractor's breach of any material provision of this Agreement not cured after due notice and opportunity to cure, provided that

i. Contractor shall have been notified promptly in writing by Delaware of any notice of such claim; and

ii. Contractor shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise.

If Delaware promptly notifies Contractor in writing of a third party claim against Delaware that any Deliverable infringes a copyright or a trade secret of any third party, Contractor will defend such claim at its expense and will pay any costs or damages that may be finally awarded against Delaware. Contractor will not indemnify Delaware, however, if the claim of infringement is caused by:

- a. Delaware's misuse or modification of the Deliverable;
- b. Delaware's failure to use corrections or enhancements made available by Contractor;
- c. Delaware's use of the Deliverable in combination with any product or information not owned or developed by Contractor;
- d. Delaware's distribution, marketing or use for the benefit of third parties of the Deliverable or
- e. Information, direction, specification, or materials provided by Client or any third party. If any Deliverable is, or in Contractor's opinion is likely to be, held to be infringing, Contractor shall at its expense and option either
 - i. Procure the right for Delaware to continue using it,
 - ii. Replace it with a non-infringing equivalent,
 - iii. Modify it to make it non-infringing.

8. The Contractor acknowledges and accepts full responsibility for securing and maintaining all licenses and permits, including the Delaware business license, as applicable and required by law, to engage in business and provide the goods and/or services to be acquired under the terms of this Contract. The Contractor acknowledges and is aware that Delaware law provides for significant penalties associated with the conduct of business without the appropriate license. Contractor shall comply in all respects with the Delaware Medical Marijuana Act, 16 *Del. C.*4901A, *et. seq.* and all related administrative regulations.

9. The Contractor agrees to comply with all State licensing standards and all other applicable standards as required to provide service(s) under this Contract, to assure the quality of services provided under this Contract. The Contractor shall immediately notify the Department in writing of any change in the status of any accreditations, licenses or certifications in any jurisdiction in which they provide service(s) or conduct business. If this change in status regards the fact that its accreditation, licensure, or certification is suspended, revoked, or otherwise impaired in any jurisdiction, the Contractor understands that such action may be grounds for termination of the Contract.

- a. If a contractor is under the regulation of any Department entity and has been assessed Civil Money Penalties (CMPs), or a court has entered a civil judgment against a Contractor or vendor in a case in which DHSS or its agencies was a party, the Contractor or vendor is excluded from other DHSS contractual opportunities or is at risk of contract termination in whole, or in part, until penalties are paid in full or the entity is participating in a corrective action plan approved by the Department.

A corrective action plan must be submitted in writing and must respond to findings of non-compliance with State, and Department requirements. Corrective action plans must include timeframes for correcting deficiencies and must be approved, in writing, by the Department.

The Contractor will be afforded a thirty (30) day period to cure non-compliance with Section 9(a). If, in the sole judgment of the Department, the Contractor has not made satisfactory progress in curing the infraction(s) within the aforementioned thirty (30) days, then the Department may immediately terminate any and/or all active contracts.

10. Contractor, including its parent company and its subsidiaries, and any subcontractor, including its parent company and subsidiaries, agree to comply with all the terms, requirements and provisions of the Civil Rights Act of 1964, the Rehabilitation Act of 1973 and any other federal, state, local or any other anti discriminatory act, law, statute, regulation or policy along with all amendments and revision of these laws, in the performance of this Contract and will not discriminate against any bidder or employee or service recipient because of race, creed, religion, age, sex, color, national or ethnic origin, disability, status as a person in a marriage versus a person in a civil union, veteran's status, or any other unlawful discriminatory basis or criteria. Contractor agrees to honor the conflict of interest provisions of the Delaware Code of Ethics, 29 *Del. C.* Ch.58.
11. Contractor has or will retain such employees, as it may need to perform the services required by this Agreement. Such employees shall not be employed by Delaware or any other political subdivision of Delaware.
12. Contractor will not use Delaware's name, either express or implied, in any of its advertising or sales materials without Delaware's express written consent.
13. Contractor warrants that its services will be performed in a good and workmanlike manner. Contractor agrees to re-perform any work not in compliance with this warranty brought to its attention within a reasonable time after that work is performed.

Third-party products within the scope of this Agreement are warranted solely under the terms and conditions of the licenses or other agreements by which such products are governed. With respect to all third-party products and services purchased by Contractor for Delaware in connection with the provision of the Services, Contractor shall pass through or assign to Delaware the rights Contractor obtains from the manufacturers and/or vendors of such products and services (including warranty and indemnification rights), all to the extent that such rights are assignable.

14. This Contract may be terminated in whole or in part by the Department upon five (5) calendar days written notice for cause or documented unsatisfactory performance, provided that, in its sole discretion, the Department may impose sanctions in lieu of termination as set forth in **Appendix A: Division of Public Health Requirements** attached to and incorporated into this Contract.

This Contract may be terminated in whole or in part by either party in the event of substantial failure of the other party to fulfill its obligations under this Contract through no fault of the terminating party; but only after the other party is given:

- a. Not less than 30 calendar days written notice of intent to terminate; and
- b. An opportunity for consultation with the terminating party prior to termination.

This Contract may be terminated in whole or in part by the Department for its convenience, but only after Contractor is given:

- a. Not less than 30 calendar days written notice of intent to terminate; and
- b. An opportunity for consultation with the Department prior to termination.

If termination for default is effected by the Department, the Department will pay Contractor that portion of the compensation which has been earned as of the effective date of termination but:

- a. No amount shall be allowed for anticipated profit on performed or unperformed services or other work, and
- b. Any payment due to Contractor at the time of termination may be adjusted to the extent of any additional costs occasioned to Department by reason of Contractor's default.
- c. Upon termination for default, the Department may take over the work and prosecute the same to completion by agreement with another party or otherwise. In the event Contractor shall cease conducting business, the Department shall have the right to make an unsolicited offer of employment to any employees of Contractor assigned to the performance of the Contract, notwithstanding any provisions in this document to the contrary.

If after termination for failure of Contractor to fulfill contractual obligations it is determined that Contractor has not so failed, the termination shall be deemed to have been effected for the convenience of the Department.

If the Contractor fails to comply with the Delaware Medical Marijuana Act, 16 *Del. C.* 4901A, *et. seq.* and all related administrative regulations, the Department may terminate the Contract immediately without penalty, and the Contractor shall have no claim of damages against the Department.

The rights and remedies of the Department and Contractor provided in this section are in addition to any other rights and remedies provided by law or under this Contract.

In the event of termination, all finished or unfinished documents, data, studies, surveys, drawings, models, maps, photographs, and reports or other material prepared by Contractor under this contract shall, at the option of the Department, become the property of the Department.

In the event of termination, the Contractor, upon receiving the termination notice, shall immediately cease work and refrain from purchasing contract related items unless otherwise instructed by the Department.

The Contractor shall be entitled to receive reasonable compensation as determined by the Department in its sole discretion for any satisfactory work completed on such documents and other materials that are usable to the Department. Whether such work is satisfactory and usable is determined by the Department in its sole discretion.

The Department may demand from the Contractor at any time during this Contract, and for any reason, evidence of sufficient working capital acceptable to the Department in an amount determined by the sole discretion of the Department. Upon reasonable notice, Contractor agrees to provide such evidence of sufficient working capital as required by the Department.

Should the Contractor cease conducting business, become insolvent, make a general assignment for the benefit of creditors, suffer or permit the appointment of a receiver for its business or assets, or shall avail itself of, or become subject to any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or protection of the rights of creditors, then at the option of the Department, this Contract shall terminate and be of no further force and effect. Contractor shall notify the Department immediately of such events.

15. The Department may suspend performance by Contractor under this Contract for such period of time as the Department, at its sole discretion, may prescribe by providing written notice to Contractor at least 30 working days prior to the date on which the Department wishes to suspend. Upon such suspension, the Department shall pay Contractor its compensation, based on the percentage of the project completed and earned until the effective date of suspension, less all previous payments. Contractor shall not perform further work under this Contract after the effective date of suspension. Contractor shall not perform further work under this Contract after the effective date of suspension until receipt of written notice from the Department to resume performance.

In the event the Department suspends performance by Contractor for any cause other than the error or omission of the Contractor, for an aggregate period in excess of 30 days, Contractor shall be entitled to an equitable adjustment of the compensation payable to Contractor under this Contract to reimburse for additional costs occasioned as a result of such suspension of performance by the Department based on appropriated funds and approval by the Department.

16. Any notice required or permitted under this Contract shall be effective upon receipt and may be hand delivered with receipt requested or by registered or certified mail with return receipt requested to the addresses listed below. Either Party may change its address for notices and official formal correspondence upon five (5) days written notice to the other.

To the Division at:

Division of Public Health
417 Federal Street
Dover, DE 19901
Attn: Health Systems Protection, Medical Marijuana Program

To the Contractor at:

Compassion Center Name

Address

Attn:

17. In the event of amendments to current Federal or State laws which nullify any term(s) or provision(s) of this Contract, the remainder of the Contract will remain unaffected.

If any term or provision of this Contract is found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Contract, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.

18. This Contract shall not be altered, changed, modified or amended except by written consent of all Parties to the Contract.

19. The Contractor shall not enter into any subcontract for any portion of the services covered by this Contract without obtaining prior written approval of the Department. Approval by the Department of Contractor's request to subcontract or acceptance of or payment for subcontracted work by the Department shall not in any way relieve Contractor of responsibility for the professional and technical accuracy and adequacy of the work. All subcontractors shall adhere to all applicable provisions of this Agreement.

Any such subcontract shall be subject to all the conditions and provisions of this Contract. The approval requirements of this paragraph do not extend to the purchase of articles, supplies, equipment, rentals, leases and other day-to-day operational expenses in support of staff or facilities providing the services covered by this Contract.

20. This entire Contract between the Contractor and the Department is composed of these several pages and the attached:

Appendix A: Division of Public Health Requirements

Appendix B: Service and Budget Summary
Appendix C – Detailed Scope of Services

This contract and its Appendices shall constitute the entire agreement between The Department and Contractor with respect to the subject matter of this Contract and shall not be modified or changed without the express written consent of the parties. The provisions of this contract supersede all prior oral and written quotations, communications, agreements, and understandings of the parties with respect to the subject matter of this Contract.

Should a conflict arise in the language found among the above-named documents, the documents shall govern in the following order:

- 1) This DHSS Contract (pages 1 to 14)
- 2) **Appendix A** A of this contract - Divisional Requirements
- 3)

Appendix B B of this contract - Services and Budget Description

- 4) **Appendix C C** of this contract – Detailed Scope of Services
- 5) The Contractor's Edited Bylaws, edited after the Application was submitted
- 6) DHSS Request for Proposals (RFP) #HSS-13-056
- 7) Vendor's Proposal in response to RFP # HSS-13-056

If the scope of any provision of this Contract is too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Contract shall not thereby fail, but the scope of such provision shall be curtailed only to the extent necessary to conform to the law.

Contractor may not order any product requiring a purchase order prior to The Department's issuance of such order. Each Appendix, except as its terms otherwise expressly provide, shall be a complete statement of its subject matter and shall supplement and modify the terms and conditions of this Contract for the purposes of that engagement only. No other agreements, representations, warranties or other matters, whether oral or written, shall be deemed to bind the parties hereto with respect to the subject matter hereof.

21. This Contract shall be governed by and construed in accordance with the Laws of the State of Delaware. Contractor consents to jurisdiction and venue in the State of Delaware.

Except as may be otherwise provided in this contract, all claims, counterclaims, disputes and other matters in question between the Department and Contractor arising out of or relating to this Contract or the breach thereof will be decided by arbitration if the parties hereto mutually agree, or in a court of competent jurisdiction within the State of Delaware.

22. In the event Contractor is successful in an action under the antitrust laws of the United States and/or the State of Delaware against a vendor, supplier, subcontractor, or other party who provides particular goods or services to the Contractor that impact the budget for this Contract, Contractor agrees to reimburse the State of Delaware, Department of Health and Social Services for the pro-rata portion of the damages awarded that are attributable to the goods or services used by the Contractor to fulfill the requirements of this Contract. In the event Contractor refuses or neglects after reasonable written notice by the Department to bring such antitrust action, Contractor shall be deemed to have assigned such action to the Department.
23. Contractor covenants that it presently has no interest and shall not acquire any interests, direct or indirect, that would conflict in any manner or degree with the performance of this Contract. Contractor further covenants that in the performance of this contract, it shall not employ any person having such interest.
24. Contractor covenants that it has not employed or retained any company or person who is working primarily for the Contractor, to solicit or secure this Contract, by improperly influencing the Department or any of its employees in any professional procurement process; and, the Contractor has not paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working primarily for the Contractor, any fee,

commission, percentage, gift or any other consideration contingent upon or resulting from the award or making of this agreement. For the violation of this provision, the Department shall have the right to terminate the Contract without liability and, at its discretion, to deduct from the contract price, or otherwise recover, the full amount of such fee, commission, percentage, gift or consideration.

25. The Department shall have the unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data, or other materials prepared under this Contract. Contractor shall have no right to copyright any material produced in whole or in part under this Contract. Upon the request of the Department, the Contractor shall execute additional documents as are required to assure the transfer of such copyrights to the Department.

Contractor retains all title and interest to the data it furnished and/or generated pursuant to this Agreement. Retention of such title and interest does not conflict with Delaware's rights to the materials, information, and documents developed in performing the project. Upon final payment, Delaware shall have a perpetual, nontransferable, non-exclusive paid-up right and license to use, copy, modify, and prepare derivative works of all materials in which Contractor retains title, whether individually by Contractor or jointly with Delaware. Any and all source code developed in connection with the services provided will be provided to Delaware, and the aforementioned right and license shall apply to source code. The parties will cooperate with each other and execute such other documents as may be reasonably deemed necessary to achieve the objectives of this Section.

If the use of any services or deliverables is prohibited by court action based on a U.S. patent or copyright infringement claim, Contractor shall, at its own expense, buy for the Department the right to continue using the services or deliverables or modify or replace the product with no material loss in use, at the option of the Department.

26. Contractor agrees that no information obtained pursuant to this Contract may be released in any form except in compliance with applicable laws and policies on the confidentiality of information and except as necessary for the proper discharge of the Contractor's obligations under this Contract.
27. Waiver of any default shall not be deemed to be a waiver of any subsequent default. Waiver or breach of any provision of this Contract shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of the Contract unless stated to be such in writing, signed by authorized representatives of all parties and attached to the original Contract.
28. If the amount of this contract listed in Paragraph C.2. is over \$25,000, the Contractor, by their signature in Section E, is representing that the Firm and/or its Principals, along with its subcontractors and assignees under this Contract, are not currently subject to either suspension or debarment from Procurement and Non-Procurement activities by the Federal Government.

C. Financial Requirements

1. The rights and obligations of each Party to this Contract are not effective and no Party is bound by the terms of this contract unless, and until, a validly executed Purchase Order is approved by the Secretary of Finance and received by Contractor, *if required by the State of Delaware Budget*

and Accounting Manual, and all policies and procedures of the Department of Finance have been met. The obligations of the Department under this Contract are expressly limited to the amount of any approved Purchase Order. The State will not be liable for expenditures made or services delivered prior to Contractor's receipt of the Purchase Order.

2. Total payments under this Contract shall not exceed \$0.00 in accordance with the budget presented in Appendix N/A. Payment will be made upon receipt of an itemized invoice from the Contractor in accordance with the payment schedule, if any. The contractor or vendor must accept full payment by procurement (credit) card and or conventional check and/or other electronic means at the State's option, without imposing any additional fees, costs or conditions. Contractor is responsible for costs incurred in excess of the total cost of this Contract and the Department is not responsible for such costs.

Contractor shall submit monthly invoices to Delaware in sufficient detail to support the services provided during the previous month. Delaware agrees to pay those invoices within thirty (30) days of receipt. In the event Delaware disputes a portion of an invoice, Delaware agrees to pay the undisputed portion of the invoice within thirty (30) days of receipt and to provide Contractor a detailed statement of Delaware's position on the disputed portion of the invoice within thirty (30) days of receipt.

3. Validity and enforcement of this Contract is subject to appropriations by the General Assembly of the specific funds necessary for contract performance. Should such funds not be so appropriated the Department may immediately terminate this Contract, and absent such action this Contract shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available, at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

Notwithstanding any other provisions of this Contract, this Contract shall terminate and the Department's obligations under it shall be extinguished at the end of the fiscal year in which the state of Delaware fails to appropriate monies for the ensuing fiscal year sufficient for the payment of all amounts, which will then become due.

4. Delaware is a sovereign entity, and shall not be liable for the payment of federal, state and local sales, use and excise taxes, including any interest and penalties from any related deficiency, which may become due and payable as a consequence of this Agreement.
5. The Contractor is solely responsible for the payment of all amounts due to all subcontractors and suppliers of goods, materials or services which may have been acquired by or provided to the Contractor in the performance of this contract. The Department is not responsible for the payment of such subcontractors or suppliers.

Unless provided otherwise in an Appendix, all expenses incurred in the performance of the services are to be paid by Contractor. If an Appendix specifically provides for expense reimbursement, Contractor shall be reimbursed only for reasonable expenses incurred by Contractor in the performance of the services, including, but not necessarily limited to, travel and lodging expenses, communications charges, and computer time and supplies.

6. The Contractor shall not assign the Contract or any portion thereof without prior written approval of the Department and subject to such conditions and revisions as the Department may deem necessary. No such approval by the Department of any assignment shall be deemed

to provide for the incurrence of any obligations of the Department in addition to the total agreed upon price of the Contract.

7. Contractor shall maintain books, records, documents and other evidence directly pertinent to performance under this Contract in accordance with generally accepted accounting principles and practices. Contractor shall also maintain the financial information and data used by Contractor in the preparation of support of its bid or application. Contractor shall retain this information for a period of five (5) years from the date services were rendered by the Contractor. Records involving matters in litigation shall be retained for one (1) year following the termination of such litigation. The Department shall have access to such books, records, documents, and other evidence for the purpose of inspection, auditing, and copying during normal business hours of the Contractor after giving reasonable notice. Contractor will provide facilities for such access and inspection.
8. The Contractor agrees that any Proposal by or on behalf of the Contractor of any claim for payment by the Department shall constitute certification by the Contractor that the services or items for which payment is claimed were actually rendered by the Contractor or its agents, and that all information submitted in support of the claims is true, accurate, and complete.

All invoices, reports, documents provided in response to an audit, and any documentation provided to the Department pursuant to any contractual obligation as set forth herein, including any chart or compilation of data, report, or other document produced by the Contractor for presentment to the Department shall contain, in a prominently displayed location, the following written certification:

“I hereby certify that the information reported herein is true, accurate, and complete. I understand that these reports are made in support of claims for government funds.”

Any certification related to information and documents produced to the Department shall be certified only by the Contractor’s Contract Manager

9. The cost of any Contract audit disallowances resulting from the examination of the Contractor's financial records will be borne by the Contractor. Reimbursement to the Department for disallowances shall be drawn from the Contractor's own resources and not charged to Contract costs or cost pools indirectly charging Contract costs.
10. When the Department desires any addition or deletion to the deliverables or a change in the services to be provided under this Contract, it shall so notify the Contractor. The Department will develop a Contract Amendment authorizing said change. The Amendment shall state whether the change shall cause an alteration in the price or time required by the Contractor for any aspect of its performance under the Contract. Pricing of changes shall be consistent with those prices or costs established within this Contract. Such amendment shall not be effective until executed by all Parties.

D. Miscellaneous Requirements

1. *If applicable*, the Contractor agrees to adhere to the requirements of DHSS Policy Memorandum # 46, (PM # 46, effective 3/11/05), and divisional procedures regarding the reporting and investigation of suspected abuse, neglect, mistreatment, misappropriation of

property and significant injury of residents/clients receiving services, including providing testimony at any administrative proceedings arising from such investigations. The policy and procedures are included as Appendix N/A to this Contract. It is understood that adherence to this policy includes the development of appropriate procedures to implement the policy and ensuring staff receive appropriate training on the policy requirements. The Contractor's procedures must include the position(s) responsible for the PM46 process in the provider agency. Documentation of staff training on PM46 must be maintained by the Contractor.

2. *When required by Law*, Contractor shall conduct child abuse and adult abuse registry checks and obtain service letters in accordance with 19 Del. Code Section 708; and 11 Del. Code, Sections 8563 and 8564. Contractor shall not employ individuals with adverse registry findings in the performance of this contract.
3. *If applicable*, the Contractor agrees to adhere to the requirements of DHSS Policy Memorandum # 40 (PM #40, effective 3/10/2008), and divisional procedures regarding conducting criminal background checks and handling adverse findings of the criminal background checks. This policy and procedure are included as Appendix N/A to this Contract. It is understood that adherence to this policy includes the development of appropriate procedures to implement the policy and ensuring staff receive appropriate training on the policy requirements. The Contractor's procedures must include the title of the position(s) responsible for the PM40 process in the contractor's agency.
4. *If applicable*, the Contractor agrees to adhere to the requirements of DHSS Policy Memorandum # 36 (PM #36, effective 9/24/2008), and divisional procedures regarding minimal requirements of contractors who are engaging in a contractual agreement to develop community based residential arrangements for those individuals served by Divisions within DHSS. This policy and procedure are included as Appendix N/A to this Contract. It is understood that adherence to this policy includes individuals/entities that enter into a contractual arrangement (*contractors*) with the DHSS/Division to develop a community based residential home(s) and apartment(s). Contractors shall be responsible for their subcontractors' adherence with this policy and related protocol(s) established by the applicable Division.
5. All Department campuses are tobacco-free. Contractors, their employees and sub-contractors are prohibited from using any tobacco products while on Department property. This prohibition extends to personal vehicles parked in Department parking lots.

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E. Authorized Signatures:

IN WITNESS THEREOF, the Parties hereto have caused this Contract to be duly executed as of the date and year first above written.

For the Contractor:

For the Department:

Signature

Signature

Rita M. Landgraf
Secretary

Date

Date

For the Division:

Karyl T. Rattay, MD, MS
Director

Date

Appendix A: Division of Public Health Requirements

Sanctions

The Division reserves the right to reduce the number of people a Contractor currently serves, restrict the number of referrals a Contractor may receive, or rescind authorization to operate one or more service sites (e.g., compassion center, dispensary, growing facility, etc.) or any combination of such measures as sanctions for documented unsatisfactory contract performance as determined by the Division. The Division may impose such sanctions for a period of between 30 to 365 days, with the right to renew the sanctions at the Division's sole discretion.

Vendor Responsibilities

Contractor shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by Contractor, its subcontractors, and its and their principals, officers, employees and agents under this Agreement. In performing the specified services, Contractor shall follow practices consistent with generally accepted professional and technical standards. Contractor shall be responsible for ensuring that all services, products and deliverables furnished pursuant to this Agreement comply with the applicable standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of this Agreement. If any service, product or deliverable furnished pursuant to this Agreement does not conform to DTI standards, Contractor shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform to DTI standards. Contractor shall be and remain liable in accordance with the terms of this Agreement and applicable law for all damages to Delaware caused by Contractor's failure to ensure compliance with DTI standards.

It shall be the duty of the Contractor to assure that all products of its effort are technically sound and in conformance with all pertinent Federal, State and Local statutes, codes, ordinances, resolutions and other regulations. Contractor will not produce a work product that violates or infringes on any copyright or patent rights. Contractor shall, without additional compensation, correct or revise any errors or omissions in its work products. Permitted or required approval by Delaware of any products or services furnished by Contractor shall not in any way relieve Contractor of responsibility for the professional and technical accuracy and adequacy of its work. Delaware's review, approval, acceptance, or payment for any of Contractor's services herein shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement, and Contractor shall be and remain liable in accordance with the terms of this Agreement and applicable law for all damages to Delaware caused by Contractor's performance or failure to perform under this Agreement.

Contractor shall appoint an oversight manager who will manage the operations of the compassion center. All of the services specified by this Agreement shall be performed by the oversight manager, or by Contractor's associates and employees under the supervisory structure outlined in the RFP and the Contractor's application.

Designation of persons for each position is subject to review and approval by Delaware. Should the staff need to be diverted off the project for what are now unforeseeable circumstances, Contractor will notify Delaware immediately and work out a transition plan that is acceptable to both parties, as well as agree to an acceptable replacement plan to fill or complete the work assigned to this project staff position. Replacement staff persons are subject to review and approval by Delaware. If Contractor fails to make a required replacement within 30 days, Delaware may terminate this Agreement for default. Upon receipt of written notice from Delaware that an employee of Contractor is unsuitable to Delaware for good cause, Contractor shall remove such employee from the performance of services and substitute in his/her place a suitable employee.

Other Requirements

Funds received and expended under the contract must be recorded so as to permit the Division to audit and account for all contract expenditures in conformity with the terms, conditions, and provisions of this contract, and with all pertinent federal and state laws and regulations. The Division retains the right to approve this accounting system.

The Contractor shall recognize that no extra contractual services are approved unless specifically authorized in writing by the Division. Further, the Contractor shall recognize that any and all services performed outside the scope covered by this Contract and attached budgets will be deemed by the Division to be gratuitous and not subject to any financial reimbursement.

All products are expected to be free of misspellings and typos, as well as punctuation, grammatical and design errors. Acronyms should be avoided; when used, they should be spelled out on first reference with the acronym in parentheses after that reference. For example, 'Division of Public Health (DPH)' on first reference.

No part of any funds under this contract shall be used to pay the salary or expenses of any contractor or agent acting for the contractor, to engage in any activity (lobbying) designed to influence legislation or appropriations pending before the State Legislature and/or Congress. The contractor agrees that, if defunding occurs, all equipment purchased with Division funds for \$1,000.00 or more and a useful life expectancy of one (1) year, will be returned to the Division within thirty (30) days.

Contractors receiving Federal funds must comply with all the requirements of the Federal Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-profit Organizations.

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Appendix B: Service and Budget Summary

Contractor:

Address:

Phone:

Email:

Contact Person's name:

E.I. No.:

Division: Public Health

Service:

To establish a facility to be used as a compassion center for registered patients of the Delaware Medical Marijuana Program (MMP), per DHSS RFP #16-003 and the Contractor's application. Once the facility is complete the Contractor will begin to institute a safe and efficient plan for cultivating, harvesting, packaging and labeling high-quality medical-grade marijuana which they will then distribute to registered MMP patients. The details of these services are provided in Appendix C.

Cost:

This is a zero cost contract for the Department. The Department will issue a registration certificate that will permit the Contractor to establish and operate the compassion center for a period of two years per this contract.

Payments:

The establishment and operation of the compassion center will be funded entirely by the Contractor. No payments will be made by the Department to the Contractor for these services. Payment of the non-refundable \$40,000 certification fee by the Contractor will be due prior to issuance of the registration certificate. Payment will be accepted in the form of a check or money order made payable to "DPH Medical Marijuana Program."

Source of Contract Funding:

The entire project, including set-up and operation of the facility, will be completely funded by the Contractor as the owner and operation of the state-regulated compassion center.

Appendix C: Detailed Scope of Services

Establishment of Compassion Center

The Contractor's Non-Profit Organization and Bylaws

Organizational Structure.

Contractor is a non-profit corporation, incorporated in Delaware on **enter date**. The corporation is led by a Board of Directors, to which the President reports directly. The business and affairs of the corporation shall be managed by or under the direction of the Board, while the President holds ultimate operational oversight of the corporation.

Documentation. The following documents are included in appendices for immediate reference.

The Contractor's Certificate of Incorporation;

The Contractor's organizational chart;

The Contractor's Federal Employer's Identification Number;

The Contractor's Business License;

The Contractor's Amended ByLaws;

Non-Profit. The not-for-profit nature of the corporation will be evidenced by both:

An affidavit signed by all Board members that the corporation is being operated, and will continue to operate, on a not-for-profit basis, and

A yearly accounting statement sent to the Division of Public Health demonstrating that the corporation is functioning as a not-for-profit.

The Division may audit or inspect the Contractor's books, records or premises at any time to verify Contractor's not-for-profit status.

Bylaws. The bylaws proposed by the Contractor in their response to the RFP will be replaced by the amended set of bylaws submitted by the Contractor on **enter date** in response to the Department's request for edits. The first amendment refers to Article I, now mandating that all offices of the corporation, principal or other, be located in Delaware. The second amendment refers to Article III, now mandating all agents of the corporation be Delaware residents. The bylaws containing these edits are included in this contract in **Error! Reference source not found..**

Physical Location of the Compassion Center

Location. All operations of the compassion center shall take place inside the building located **enter address**. The County Department of Land Use has confirmed, in the letter included as **Error! Reference source not found.**, that the zoning of this property is Industrial, which permits industrial uses, including cultivation, harvesting, packaging, labeling, and

distribution of marijuana. **Enter firm** has confirmed, in a letter included in **Error! Reference source not found.**, the property is not within 1,000 feet of an existing school.

Facility. The Contractor shall lease the compassion center property from Mia Development LLC, who will purchase the property from 912 Reality LLC upon signature of this contract. Final copies of the lease and sales agreements shall be provided to the Department upon settlement.

The length of the lease term shall not affect the Department's decision to renew or not renew this contract. The two year pilot registration certificate renewal is based on center performance, continued qualification of the Contractor and additional needs to be addressed. Copies of the final building plans, applications, permits, and inspection reports shall be submitted to the Department for review Division of Public Health engineers. These should include, but are not limited to, electrical, plumbing, parking, signage, and handicapped access.

A copy of the certificate of occupancy shall be provided to the Department prior to any seeding, planting, or cultivating of marijuana.

Clear signage shall be placed in the compassion center patient areas to indicate sections of the facility that are only accessible by specifically authorized agents of the facility and other cleared persons.

Security and Safety Measures

Security Management Plan. Any changes to the Contractor's submitted security management plan shall be given to the Department for review. All written agreements with local or state law enforcement and public safety organizations and agencies, regarding the security of the compassion center facility or property, shall be submitted to the Department. The security management plan will be kept confidential and withheld from public record.

Security Personnel. Prior to any seeding, planting, or cultivating of marijuana, the Contractor shall submit to the Department copies of the selected security agency contract, if security personnel will be contracted, or employment contract(s), if security personnel will be employed by the Contractor directly.

Registry identification cards will be issued by the Department to all security personnel assigned to work on the compassion center property prior to work commencement, whether contracted or employed directly.

Snow Removal. For the safety of all the agents of the compassion center and that of the patient and caregiver visitors, the Contractor shall have a written snow removal plan for the compassion center property.

Financial Requirements.

Certified Public Accountant Firm. The Contractor shall submit to the Department the contract agreed upon with a subcontracting CPA firm and contact information.

Acquisition of Working Capital. The Contractor shall notify the Department in writing of any change in the proposed financial arrangements during the course of the contract. This will include, but is not limited to, a change in provision of working capital, building improvements and equipment, contractual expenses and investments in the compassion center.

Pre-Opening Budget Status Report. The Contractor shall submit to the Department an updated budget report 60 days prior to opening the center to patients. The report should reflect actual incurred expenses at the time of the report and projections for the remaining time on the two-year contract. Any projections dependent on data collected outside of the compassion center operations shall be appropriately cited.

Annual Report. The Contractor's fiscal year will coincide with the calendar year. The Contractor shall submit to the Department an annual financial report detailing the compassion center's revenue and expenses, as well as any donations, loans, lines of credit, or other means of acquiring the capital needed for operation of the center. The report shall reflect a calendar year and shall be submitted prior to February 1 of the following calendar year.

Patient Volume. There is no guarantee or requirement for the Department to empanel a minimum or maximum number patients or caregivers to the compassion center at any time during this contract.

Data Verification System and Video Monitoring:

ID Card Barcodes. Patient, caregiver and agent identification cards issued by the Department will contain barcodes printed using Code 39 Symbology. The scanner that the Contractor uses to verify a person's active status in the Medical Marijuana Program prior to allowing entrance to the compassion center must be able to recognize this symbology.

Data Transfer. The Contractor will work with the Department to develop a system and operating procedures to be used for transferring updated card holder data from the Department to the Contractor. Appendices S-W include the Department's standard Secure File Transfer Protocol Memorandum of Agreement, along with a Business Associate Agreement and User Request Package documents.

Surveillance Monitoring. The Contractor will work with the Department to develop protocols for access to 24/7 on-line video monitoring of the compassion center by the Department.

Sanction Terms. The protocols and procedures regarding file transfer and video monitoring access will be approved by the Department prior to the opening of the compassion center to patients.

Documentation and Records Maintenance and Retention:

Off-Site Storage Contract. A copy of the agreement or contract with Iron Mountain Wilmington regarding off-site secure storage of records shall be submitted to the Department indicating retention schedules for, and a list of people with access to, those records.

Records Retention Procedures. If the retention schedule and access list of on-site records will not be part of one of the existing Department Operations Manual, the Contractor will create an Operations Manual detailing the access to, retention schedule for, and destruction of all records, hard copy and electronic, detailed in the RFP and responding application.

The following records shall be maintained at the compassion center for three years. After this time, the records shall be transferred to long term storage for seven years, after which time they can be destroyed.

Patient files remain active until patient is no longer a member of the compassion center, then retention time begins.

Inventory reports are retained from the date the report was created.

Test results are retained from the date the test is completed.

Inspections of the compassion center and associated corrective action are retained from the date the correction has been completed and approved by the Department.

Transportation logs are retained from the date the transportation took place.

Inspections on security devices and videos performed monthly with immediate corrective action, if necessary, and documented with the annual report, are retained for two years after the date of the inspection or corrective action, whichever is the later date.

Financial records are retained at the agency for three years after a successful audit. After such time they shall be destroyed.

Personnel records shall be retained at the agency for five years after termination of services. After such time they shall be destroyed.

Provision of Medical Marijuana Related Services

Dispensing Marijuana

Hours of Operation. The hours the compassion center will be open for patient and caregiver access will be provided to the Department in writing, along with any changes to those hours. Also a list of key personnel on duty at the compassion center outside of those business hours shall be kept updated with the Department.

Package and Label. A final copy of a sample medicine label, along with pictures of actual containers, shall be provided to the Department prior to opening to patients. The label shall accurately reflect the ten digit identification card used by the Department to register patients and caregivers. If these packaging materials or label design change, a new image shall be sent immediately to the Department. The Department will disperse these images to state and local law enforcement for recognition purposes.

Patient Age. The operations manual in the application states that no one under the age of 21 shall be allowed in the facility. The Contractor shall modify the operations manual(s) to accurately reflect the patient age as 18.

Delivery Services. The Contractor will conduct a feasibility study at the end of 12 months of being open to patients. The study, and resulting report submitted to the Department by the end of the 13th month, shall detail the benefits and risks of safely operating a delivery service for those patients that are bedbound. If feasible, the Contractor will develop and implement a plan for providing that service.

Diminished Supply. If for any reason the compassion center experiences a diminished supply of marijuana to offer to the empanelled patients, the Contractor will notify the Department within 48 hours of becoming aware of the problem so appropriate action can be taken.

Operations Procedures Manual(s)

Operations Manuals. Complete and final copies of the Department Operations Manuals sampled in the application shall be submitted for review by the Department 60 days prior to the compassion center opening for patient access. The Department recognizes that these manuals contain proprietary secrets and will keep them confidential.

Destruction Plan. The operations manuals shall contain detailed protocols for proper disposal of all waste containing usable marijuana and marijuana that has not tested at a quality acceptable for patient use. This plan should also include procedures for receiving excess or contaminated marijuana from registered patients and caregivers.

Changes. Any changes to the Operations Manuals during the course of this contract, including changes in the growing process, the strains or forms offered to patients, or pricing of products, shall be submitted to the Department for reference.

Outreach Services

Member Handbook. Complete and final copies of the Member Handbook sampled in the application shall be submitted for review by the Department 60 days prior to the compassion center opening for patient access.

Forms. Complete and final copies of all forms used to collect data from patients and caregivers, or record information during regular operations of the center, shall be submitted for review by the Department 60 days prior to the compassion center opening for patient access.

DPH Question and Answer brochure. The Contractor will work with the Department to develop and maintain a Question and Answer brochure that shall be given to new patients on their first visit to the compassion center.

Education and Data Collecting. The Contractor will provide written explanation of any educational and outreach project proposed for the compassion center during the course of this contract. Any data collecting or surveying of the patients that is not explained in the Operations Manuals shall also be provided to the Department in writing and approved prior to commencing data collecting or surveying.

Staffing and Training

Agent Application. The Contractor will work with the Department to develop procedures for obtaining background checks on all compassion center employees and for applying to the Department for a Compassion Center Agent Identification Card.

No employee will begin work prior to obtaining the Agent Identification Card.

The Contractor shall notify the Department immediately upon termination of an agent of the compassion center. Their Marijuana Registry Card active status shall be terminated immediately.

Agent Application Packet. For each proposed agent of the compassion center, the Contractor will submit to the Department an Agent Application Packet including a reasonably legible copy of the proposed agent's birth certificate, a reasonably legible copy of the proposed agent's Delaware State driver's license or state issued identification, a check addressed to *DPH Medical Marijuana Program* in the amount of \$125, and a complete agent application signed by the bidder and the Contractor-designated officer or executive staff member.

Quality Assurance Procedures, Testing and Monitoring of Operations

Product Testing Plan. The Contractor will work with the Department to develop a quality testing plan that builds on the Contractor's existing plan as well as knowledge and experience of Delaware's Public Health Lab staff. The written plan, submitted to the Department no later than 60 days prior to the opening of the center to patients, will include:

- Laboratory organization and responsibility;
- List of Standard Operating Procedures for all testing, including Protocols for quality, purity, and consistency of dose;
- Sampling and handling procedures (if not detailed in SOPs);
- Equipment and other relevant infrastructure and layout of the lab in the compassion center;
- Detailed testing scheme, including test methodologies and detailed processes to ensure consistency in testing;
- Instrument calibration and verification procedures;
- Analytical procedures references and QC requirements;
- Specifications for acceptable thresholds of contaminants;
- Requirements for analytical instrument sensitivity;
- Data reduction, validation, reporting, and verification procedures;
- Quality control checks and frequency of use;
- Internal and External system schedules and data quality audits;
- Corrective action contingencies processes;
- Preventative maintenance schedules;
- Training (including education and criteria to qualify for each testing method) and method validation procedures;
- Traceability procedures;
- Record keeping procedures;
- Laboratory safety and security procedures; and
- Process for disposal and accounting of tested marijuana.
- The testing plan shall be developed and approved by the Department, and an on-site audit shall be conducted by the Department, prior to the opening of the compassion center for access by patients.
- Monitoring of Operations
- Inspections by the Department
- Timeline and Budget

Timeline. The Contractor shall submit to the Department within 5 business days of the signature of this contract a complete and updated projected timeline for the build-out of the facility, marijuana growing process, and preparedness for opening the center for patient access. Failure to timely submit the projected timeline for the build-out facility and preparedness for opening the center for patient access shall constitute a breach by the Contractor and the Department, in its sole discretion, may terminate the Contract without penalty, and Contractor shall have no claim of damages against the Department.

Budget. The Contractor shall submit to the Department within 15 days of the signature of this contract a complete and updated projected budget for the establishment of the facility and first two years of operations. Failure to timely submit the complete and updated

projected budget for the establishment of the facility shall constitute a breach by the Contractor and the Department, in its sole discretion, may terminate the Contract without penalty, and Contractor shall have no claim of damages against the Department.